

**Schedule 13**

**Department of Human Services**

**Funding Request for The FY 2019-20 Budget Cycle**

Request Title

**R-07 Employment Affairs Staffing**

Dept. Approval By: Melissa Wardle

Supplemental FY 2018-19

OSPB Approval By: [Signature]

Budget Amendment FY 2019-20

X

Change Request FY 2019-20

Summary Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		<b>\$81,552,629</b>	<b>\$0</b>	<b>\$80,518,757</b>	<b>\$589,251</b>	<b>\$618,084</b>
<b>FTE</b>		<b>65.9</b>	<b>0.0</b>	<b>65.9</b>	<b>5.4</b>	<b>6.0</b>
<b>Total of All Line Items Impacted by Change Request</b>	<b>GF</b>	<b>\$56,940,790</b>	<b>\$0</b>	<b>\$51,902,789</b>	<b>\$329,981</b>	<b>\$346,127</b>
	<b>CF</b>	<b>\$665,192</b>	<b>\$0</b>	<b>\$4,594,640</b>	<b>\$0</b>	<b>\$0</b>
	<b>RF</b>	<b>\$18,782,999</b>	<b>\$0</b>	<b>\$14,590,229</b>	<b>\$259,270</b>	<b>\$271,957</b>
	<b>FF</b>	<b>\$5,163,648</b>	<b>\$0</b>	<b>\$9,431,099</b>	<b>\$0</b>	<b>\$0</b>

Line Item Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		<b>\$46,696,345</b>	<b>\$0</b>	<b>\$45,681,295</b>	<b>\$47,563</b>	<b>\$47,563</b>
<b>FTE</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>01. Executive Director's Office, (A) General Administration, (1) General Administration - Health, Life, And Dental</b>	<b>GF</b>	<b>\$33,413,551</b>	<b>\$0</b>	<b>\$29,357,601</b>	<b>\$26,635</b>	<b>\$26,635</b>
	<b>CF</b>	<b>\$144,915</b>	<b>\$0</b>	<b>\$2,930,144</b>	<b>\$0</b>	<b>\$0</b>
	<b>RF</b>	<b>\$10,356,168</b>	<b>\$0</b>	<b>\$7,685,079</b>	<b>\$20,928</b>	<b>\$20,928</b>
	<b>FF</b>	<b>\$2,781,711</b>	<b>\$0</b>	<b>\$5,708,471</b>	<b>\$0</b>	<b>\$0</b>
<b>Total</b>		<b>\$472,856</b>	<b>\$0</b>	<b>\$469,396</b>	<b>\$791</b>	<b>\$879</b>
<b>FTE</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>01. Executive Director's Office, (A) General Administration, (1) General Administration - Short-Term Disability</b>	<b>GF</b>	<b>\$330,992</b>	<b>\$0</b>	<b>\$312,663</b>	<b>\$443</b>	<b>\$492</b>
	<b>CF</b>	<b>\$8,592</b>	<b>\$0</b>	<b>\$27,320</b>	<b>\$0</b>	<b>\$0</b>
	<b>RF</b>	<b>\$93,723</b>	<b>\$0</b>	<b>\$69,252</b>	<b>\$348</b>	<b>\$387</b>
	<b>FF</b>	<b>\$39,549</b>	<b>\$0</b>	<b>\$60,161</b>	<b>\$0</b>	<b>\$0</b>

Line Item Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$14,268,257</b>	<b>\$0</b>	<b>\$14,199,753</b>	<b>\$20,827</b>	<b>\$23,141</b>
01. Executive Director's Office, (A) General Administration, (1)	FTE	0.0	0.0	0.0	0.0	0.0
General Administration - Amortization	GF	\$9,956,150	\$0	\$9,429,823	\$11,663	\$12,959
Equalization	CF	\$255,862	\$0	\$814,901	\$0	\$0
Disbursement	RF	\$2,884,962	\$0	\$2,136,137	\$9,164	\$10,182
	FF	\$1,171,283	\$0	\$1,818,892	\$0	\$0

	<b>Total</b>	<b>\$14,268,257</b>	<b>\$0</b>	<b>\$14,199,753</b>	<b>\$20,827</b>	<b>\$23,141</b>
01. Executive Director's Office, (A) General Administration, (1)	FTE	0.0	0.0	0.0	0.0	0.0
General Administration - S.B. 06-235	GF	\$9,956,807	\$0	\$9,429,823	\$11,663	\$12,959
Supplemental	CF	\$255,823	\$0	\$814,901	\$0	\$0
Equalization	RF	\$2,884,522	\$0	\$2,136,137	\$9,164	\$10,182
Disbursement	FF	\$1,171,105	\$0	\$1,818,892	\$0	\$0

	<b>Total</b>	<b>\$5,846,914</b>	<b>\$0</b>	<b>\$5,968,560</b>	<b>\$499,243</b>	<b>\$523,360</b>
01. Executive Director's Office, (B) Special Purpose, (1) Special Purpose - Employment and Regulatory Affairs	FTE	65.9	0.0	65.9	5.4	6.0
	GF	\$3,283,290	\$0	\$3,372,879	\$279,577	\$293,082
	CF	\$0	\$0	\$7,374	\$0	\$0
	RF	\$2,563,624	\$0	\$2,563,624	\$219,666	\$230,278
	FF	\$0	\$0	\$24,683	\$0	\$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Department of Human Services Prioritized Request	Interagency Approval or Related Schedule 13s:	No Other Agency Impact



### ***Cost and FTE***

- The Department requests \$589,251 total funds, including \$329,981 General Fund and \$259,270 reappropriated funds and 5.4 FTE in FY 2019-20, and \$618,084 total funds, including \$346,127 General Fund and \$271,957 in reappropriated funds and 6.0 FTE and in FY 2020-21 and ongoing.
- This request adds human resources staff to ensure the Department can hire and retain talent to design and deliver high quality human services that help individuals, families and communities to be safe and independent. At the out-year cost, this is an 11% increase to the current appropriation.

### ***Current Program***

- The Division of Employment Affairs (HR) was restructured effective October 2017 without adding additional resources. Service delivery evaluations show that more staff are needed to meet Departmental objectives.
- Human resources provides consultation to the business regarding the attraction, motivation and retention of staff. Customers include all 5,146 FTE working in programs covering 80+ lines of business.
- The Department is currently resourced at 0.63 HR Professionals per 100 employees. This ratio is below national averages and below other State Executive Branch agencies.

### ***Problem or Opportunity***

- The HR team has less than half of the FTE needed to meet national benchmarks for the delivery of human resource services for a department of its size and complexity.
- HR cannot effectively assist programs to ensure that performance management, staff discipline, and grievance issues are handled proactively and in accordance with State personnel rules.

### ***Consequences of Problem***

- HR team turnover is 28 percent, costing more than \$400,000 per year; Department-wide turnover is 24 percent, the highest of all State agencies, costing \$24.7 million per year.
- Employee discipline and grievance issues cannot be proactively addressed.

### ***Proposed Solution***

- The Department requests \$589,251 total funds, including \$329,981 General Fund and \$259,270 reappropriated funds and 5.4 FTE in FY 2019-20, and \$618,084 total funds, including \$346,127 General Fund and \$271,957 in reappropriated funds and 6.0 FTE in FY 2020-21 and ongoing to ensure the Department can hire and retain talent and deliver high quality human services. The requested funds will bring the ratio of HR employees closer to the suggested national benchmark.

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# COLORADO

## Department of Human Services

John W. Hickenlooper  
Governor

Reggie Bicha  
Executive Director

FY 2019-2020 Funding Request | November 1, 2018

**Department Priority:** R-07

**Request Detail:** Employment Affairs Staffing

Employment Affairs Staffing	Total Funds	FTE	General Fund	Reappropriated Funds
<b>Total Funds Request</b> for FY 2019-20	\$589,251	5.4	\$329,981	\$259,270
<b>Total Funds Request</b> for FY 2020-21 and Ongoing	\$618,084	6.0	\$346,127	\$271,957

### **Problem or Opportunity:**

The Department requests \$589,251 total funds, including \$329,981 General Fund and \$259,270 reappropriated funds and 5.4 FTE in FY 2019-20, and \$618,084 total funds, including \$346,127 General Fund and \$271,957 in reappropriated funds and 6.0 FTE and ongoing in FY 2020-21 to ensure the Department can hire and retain talent and deliver high quality human services.

The Department of Human Services, Division of Employment Affairs is under-resourced compared to best practice in human resources for an agency with its size and complexity. As will be explained in more detail later in this document, the Department is:

- **Under-resourced:**
  - Under-resourced by between 19 and 40 human resource professionals compared to national human resource benchmarks.
  - Under-resourced by between 14 and 55 human resource professionals compared to 7 of the 8 other State Executive Branch agencies responding to the Department's survey of other agencies' human resource directors.
  - Not having a sufficiently resourced employment affairs team is causing serious delays in the recruitment and retention of direct care and other staff and resulting in a lack of support for the programs run by the Department.

- **More complex than other state executive branch agencies:**
  - More job classifications - Operating a more complex staffing structure than other state agencies, with 254 different job classifications to recruit and retain compared to the other two largest state executive branch agencies which have 154 and 170 different job classifications (Departments of Corrections and Transportation, respectively).
  - Higher turnover: Operate large volumes of highly competitive and high turnover job classifications compared to other state agencies.
  - More difficult personnel system requirements: Compared to private sector employers, the Department must follow highly complex personnel system rules and processes that make recruiting and retaining more difficult in a State system.

The Department has worked to maximize the effectiveness of its resources, the restructuring of its Division of Employment Affairs in October 2017. The Department's restructuring created the following Centers of Excellence to better meet the Department's human resources needs:

- **Business Partnership:** Human Resources Business Partners (HRBPs) provide programs with human resources consulting services. The HRBPs are responsible for working with all Department programs to analyze and anticipate the business needs, and working with programs to implement process and policy to drive improved engagement, reduce turnover, and coach supervisors and appointing authorities in effective performance management and staff development.
- **Talent Acquisition (TA):** The Talent Acquisition team is responsible for recruiting highly qualified employees across the organization.
- **Learning and Development (L&D):** The L&D team is responsible for employee development. L&D has implemented the Leadership Development training program for all new and upcoming leaders, the Supervisory Training Program for all current supervisors, and an online learning system that offers more than 2,000 courses available to employees.
- **Human Resources Operations and Civil Rights:** The Human Resources and Civil Rights team provides help to employees with benefits, including health, life and dental selections, as well as assistance accessing Family Medical Leave Act, Workers Compensation and Short Term Disability. This team also conducts investigations into allegations of inappropriate workplace conduct, rights violations, and other matters.

The above activities are carried out by 32 human resources professionals with Human Resources Specialist and Training Specialist job classifications. While the Division of Employment Affairs is now structured appropriately to best leverage its limited resources, it is still apparent that the Division is severely understaffed to effectively deliver required services.

### **Under-Resourced**

The Employment Affairs team (human resources) is comprised of 47 regular full-time staff, of which 32 are professional-level employees and nine are technical employees (responsible for data entry of personnel actions and new staff background checks and onboarding activities), five supervisors (who also carry human resources activity workloads), and one director. According to Bloomberg Law's 2017 report titled "HR Departments Benchmark and Analysis" (Bloomberg Report), human resources departments nationally have gained a larger overall share of their organizations' financial resources over the last decade, with the median being a human resources budget of at least 1.1 percent of budgeted operating costs in 10 of the last 11 years. Additionally, the Bloomberg report recommends that agencies budget to spend about \$1,087 per employee on human resources services. At \$1,087 per FTE per year, the

Department’s human resources budget should be about \$5.6 million (\$1,087 x 5,146 FTE). The Department’s budget for human resources is \$3.8 million for FY 2018-19, and has not received any increase since FY 2008- 2009.

**Resources Compared to National Standards for Human Resources Departments:**

According to the Bloomberg Report, private-sector employers have an average of 1.4 human resources professionals for every 100 employees. Other surveys indicate the ratio is 1.0 human resources professionals for every 100 employees. Table 1 shows that the Department is staffed at less than half of the national best practice ratio for human resources FTE.

<b>Table 1: Number of Human Resources Professional FTE Needed to Meet National Standard Ratio of Human Resources Staffing</b>		
<b>National Ratio of Human Resources Professionals to Employees</b>	<b>1.4 Human Resources Professionals per 100 Employees<sup>1</sup></b>	<b>1.0 Human Resources Professionals per 100 Employees<sup>2</sup></b>
<b>Total Department of Human Service FTE</b> (As of the May 4, 2018 CDHS Staff List)	5,146	5,146
<b># HR Professionals Needed</b> (to meet specified ratio)	72	51
<b>Department’s Current # HR Professionals</b> (Ratio .63 human resources professionals per 100 Employees)	32	32
<b># Additional HR Professionals needed to achieve national ratio of 1.4 to 100 or 1.0 to 100</b>	40	19
<b>Source:</b> Department of Human Services Analysis of: <sup>1</sup> Bloomberg Law 2017 Report Titled “HR Department Benchmark and Analysis” (Bloomberg Report). <sup>2</sup> Society of Human Resources Management (SHRM).		

Workloads corroborate that the ratio of human resources staff to Department employees is insufficient to effectively support Department needs. For example:

- Human resources talent acquisition specialists handle between 60 and 90 requests to post and fill a position (i.e., requisitions) at any given time. The Society for Human Resources Management (SHRM) - one of the leading benchmarking organizations for the HR professional - published an article entitled Talent Acquisition: Recruitment and Selection on April 18, 2016. The key findings in this article indicate that the mean number of requisitions per human resources FTE is 40. This requisition load does not allow the team to focus on implementing process improvements that could make HR practices more efficient and free up the talent acquisition team to perform more valued-added activities. On average private sector human resources professional handle less than half the volume as the Department’s talent acquisition team.
- This HR team performed over 11,659 required personnel actions from October 2017 to March 2018. This equates to an estimated total of over 23,000 personnel actions annually.

Feedback from Department customer groups also corroborate workload concerns for the human resources team. Specifically, a November 2017 survey of all Department customer groups (ie., CDHS supervisors), indicated that the human resources team needed improvement in customer service, response time, recruitment, easy access to human resources team members and onboarding.

**Resources Compared to other Executive Branch Agencies:**

The Department’s current staffing ratio is 0.63 HR professionals for every 100 employees. *[Calculation: 32 HR staff divided by 51 (~5,100 employees/100) = 0.63 staff member per 100 employees]* This ratio is well below national averages, but also below the average ratios seen in other state agencies.

The Department surveyed other State Executive Branch agency human resource directors to identify how many HR professionals they have compared to the total number of employees. Table 2 shows the ratio of HR staff for every 100 employees for several other State Executive Branch agencies that participated in the Department’s survey. As shown, with the exception of one of the agencies that responded to the survey, the Department is significantly under-resourced compared to other Executive Branch agencies. Based on this data, the Department would need between 13 and 55 additional HR staff to be resourced similarly to other State Executive Branch agencies.

<b>Table 2: HR Staffing Ratios for State Executive Branch Agencies</b>				
<b>Agency</b>	<b># HR Professionals</b>	<b># Employees<sup>1</sup></b>	<b># HR Staff for Every 100 Employees</b>	<b># Additional HR Staff Needed for CDHS to be at Same Ratio</b>
Office of Information Technology	11	960	1.1	25
Department of Health Care Policy and Financing	9	553	1.6	50
Colorado Department of Labor and Employment	22	1,298	1.7	55
Department of Local Affairs	2	193	1.0	19
Department of Military and Veteran Affairs	2.5	165	1.5	45
Department of Natural Resources	10	2,077	0.48	-8
Department of Public Health and Environment	12.5	1,421	0.88	13
Department of Transportation	43	3,057	1.4	40

**Source:** Department of Human Services’ analysis of survey conducted of state executive branch Human Resource Directors.

1 - Data on the total number of employees was obtained from the Department of Personnel and Administration as of April 2018.

2 - Data on the number of HR Professionals obtained through a Department of Human Services survey of all State Executive

Branch agencies. Agencies included are those that responded to the survey.

Not having a sufficiently resourced employment affairs team is causing serious delays in the recruitment and retention of direct care and other staff, resulting in a lack of support for the programs run by the Department, many of which are 24/7 care facilities serving the State's most vulnerable population. This budget request will assist the Department in more closely meeting its workload by improving the HR staff-to-employee ratio to 0.75 (assuming an increase of 6 HR professionals, for a total of 38 professional HR staff to provide support to 5,146 employees).

## Complexity

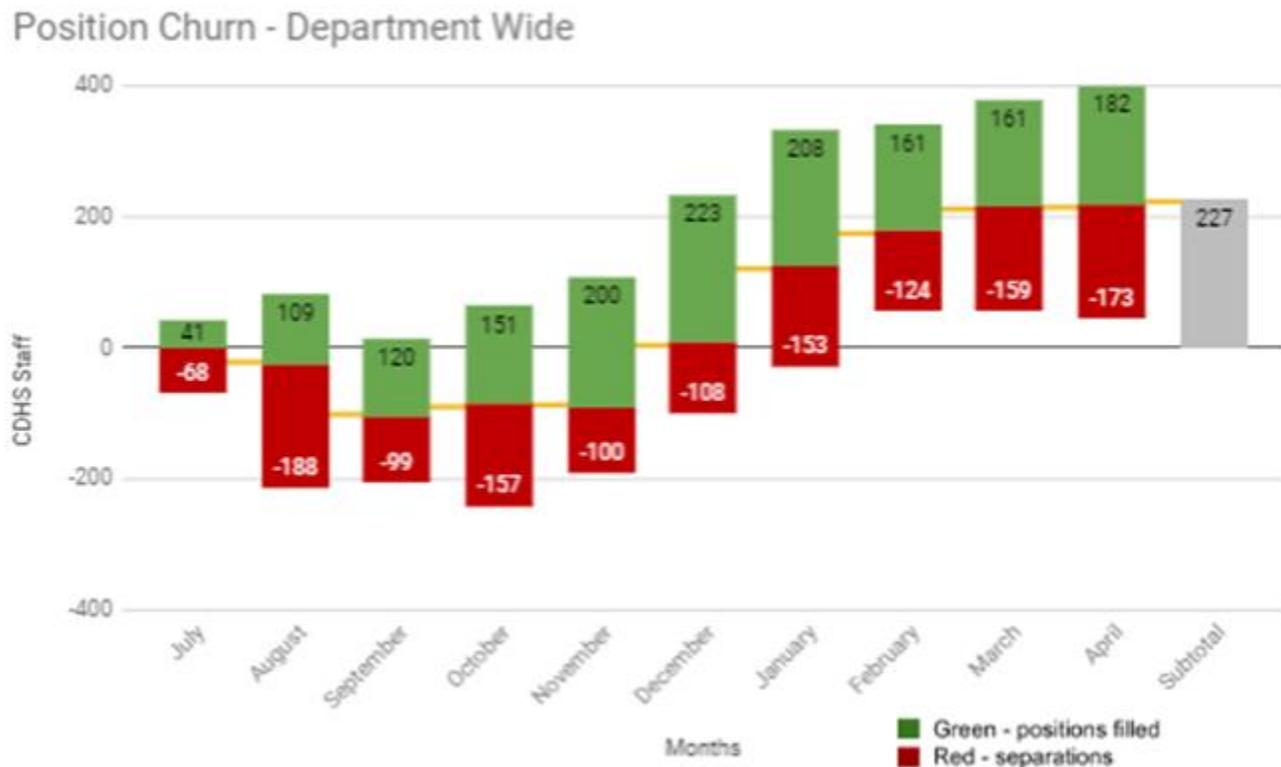
The Department is even further behind the best practice ratios expected in the private sector and when compared to other state agencies when consideration is given to the complexity of the Department's employee base and requirements of the State personnel system. The Department of Human Services is a \$2 billion per year organization with more than 5,000 employees that operate more than 80 lines of business. As a result, the Department's operations are significantly more complex than other state agencies and many private sector businesses. Examples of this complexity follow:

- **Job Classifications:** The Employment Affairs team must handle recruitment and retention for more than 264 different job classifications with diverse duties and minimum qualifications. By comparison, the Colorado Department of Corrections has a greater number of employees (6,066) but uses only 154 job classes, and the Colorado Department of Transportation has 3,057 employees but uses only 170 job classes (Data from DPA/CPS Reporting).

The Department's human resources team is responsible for recruiting and retaining people for jobs ranging from accountants, to custodians, medical professionals, social workers, managers, nursing home administrators, and business management professionals, among others. Each job class hired for each different program requires a unique approach to recruitment and retention.

- **Turnover:** The Department has the highest turnover rate compared to other State agencies, at 24 percent. Turnover in other state agencies ranges from a low of 6.8 percent for Public Safety and a high of 19.7 percent for Treasury. Note that the 19.7 percent at Treasury represents the loss of only five employees. The 24 percent at THE DEPARTMENT represents 1,187 employees. Some job classifications at the Department have turnover as high as 60 percent for Youth Services Specialist I's in one of our Division of Youth Services facilities. This drives significant workload for the Employment Affairs team. For example, in FY 2017-18, the Employment Affairs team posted and filled 1,991 positions. This means that in a one-year period slightly less than half of the Department's total positions were vacated and filled by the Employment Affairs team.

**Figure 1: Position Fills against Separations from July 2017 to April 2018 - Position Churn Department-wide**



- Figure 1 illustrates the positions filled (green) versus separations (red) Department-wide from November 2017 to April 2018. In total, the human resources team filled 1,135 positions but lost 817 during the same period. Put another way, the Department lost 70 percent of the positions filled due to separations.
- Position churn is exacerbated in the Department’s 24/7 facilities where work environments are stressful and compensation does not always compete with the market. For example, for the Office of Behavioral Health, the human resources team filled 492 positions and lost 415 employees during the same period.
- For the Division of Youth Services (DYS), the human resources team filled 468 positions but lost 327 employees during this same time. This Division oversees 10 youth services 24/7 facilities for committed and detained youth.

High turnover is driven by a number of factors that the Employment Affairs team, if properly resourced, could help the Department to address through:

- Developing and implementing effective retention plans.
- Professional development of supervisors and leaders to promote a positive workplace culture and retain highly effective employees.
- Training to guide supervisors to proactively address employee discipline issues.
- Developing comprehensive plans to improve compensation for high-turnover, highly competitive positions to ensure salaries are competitive with the private sector. The Department has undertaken several budget actions since November 2016 to address

compensation concerns for direct care employees and will continue these efforts in the FY 2019-20 budget cycle.

- **State Personnel System Challenges:** A significant contributor to the complexity of the Department’s human resources functions compared to private sector organizations is the State Personnel System. Specifically, the Personnel System rules and processes are onerous and drive significant complexity not typically found in the private sector when implementing personnel transactions. It is an exceptionally complex process to hire, compensate properly, progressively discipline and terminate employees who have a property right to their job.
  - **Significantly more complex hiring:** State Personnel Board rules require that agencies follow highly prescriptive processes for recruiting and filling vacant positions. This includes, posting a position for weeks, screening candidates for minimum qualifications, establishing a process for interviewing and selecting candidates, and ultimately if no candidate is selected from a list of qualified candidates, the agency must wait 30 days before being allowed to repost the position. These processes are often more onerous and time-consuming than the private sector, resulting in the loss of qualified candidates who can progress through a private-sector hiring process quickly and with less effort.
  - **More difficult to move non-performing employees out:** Employee morale is a large driver of turnover. One contributor to negative morale among high-performing employees is an inability to move out employees who are not performing effectively. According to the Colorado Constitution, State employees have a property right to their job (Colorado Constitution Article XII, Section 13 - (8)). This concept is supported in the State Personnel Board rules which dictate the complex underlying processes for administration and implementation of personnel actions in this environment. One of the responsibilities of the Employment Affairs team is to assist leadership with responding to grievances, some of which appear to be arbitrary and done in anticipation of disciplinary actions.

***Consequences of the Problem:***

The issues described here drive exhaustive workloads that can be tied to the 23 percent turnover rate in human resources staff over the last two calendar years (see Table 3). This turnover is down from 46 percent prior to when the HR organizational restructure began.

<b>Table 3: Actual Turnover Rate for Division of Employment Affairs FY 2017-April 2018</b>			
<b>Work Unit</b>	<b>FY2015-16</b>	<b>FY2016-17</b>	<b>FY2017-18</b>
Employment Affairs North & West Administration Office	38.89%	25.00%	25.71%
Employment Affairs South Administration Office	26.67%	20.00%	14.29%
Employment Affairs Total	35.29%	23.40%	22.45%

The Department's human resources professionals typically leave the Department for jobs at other State agencies or in the private sector with significantly smaller workloads.

Studies done by the Society for Human Resources Management predict that every time a business replaces an employee, it costs six to nine months' salary on average. For an employee making \$40,000 a year, that's \$20,000 to \$30,000 in recruiting and training expenses. The cost of turnover at the Department is significant:

- **\$24.7 million in Department-wide turnover** - Based on salary data, as of May 4, 2018, the average salary for a CDHS employee is \$49,382 per year. Using the low end of the range for the cost of turnover (\$20,000 per lost employee), the annual cost of turnover for the Department as a whole is approximately \$24.7 million (24 percent annual turnover of 5,146 total FTE equals a loss of 1,245 employees per year. At a cost of \$20,000 to replace each employee, the Department spends an average of \$24.7 million on turnover).
- **\$403,000 in Human Resources Team Turnover** - At an average salary of \$60,000 for an HR professional level employee and six months, the cost of turnover alone for one HR staff member is \$30,000. Based on a staff of 47 employees with 28 percent turnover, the annual cost of turnover in HR alone is \$403,000.

If the Human Resources team was resourced consistent with national averages between 1.0 and 1.4 HR professionals per 100 FTE it could support programs to both recruit and retain highly qualified employees, while also reducing Department-wide turnover by an estimated 10 percent, and creating an overall reduction in turnover cost of \$2.4 million per year to the State. The present request of 5.4 FTE will move the Department from 0.63 to 0.75 HR professionals per 100 FTE and provide the Department with an opportunity to validate its anticipated outcomes relative to turnover.

### **Efforts to Correct the Problem Include the Following:**

#### *HR Restructure and Retention*

- The Department restructured the human resources team effective October 2017 without adding resources. While the human resources team is now structured to more effectively deliver HR services, the team is severely understaffed to properly serve an organization of this size and complexity.
- The team was restructured from a team of generalists, all doing a variety of work, to a team with specialized units that have distinct roles in the Department's HR processes. The team now has talent acquisition specialists; HR business partners who specialize in all day-to-day HR supports and activities helping programs to develop employee engagement and retention plans and to manage performance; a group specialized in benefits and civil rights; and a group dedicated to data entry and reporting.
- The Human Resources team implemented an employee recognition program in an effort to reduce turnover on the team.

#### *Technology Improvements*

- The HR team has worked with the Department's Business Technology Unit (BTU) to implement eClearance, an online business process technology which reduces paper transactions and brings further clarity and consistency to the implementation of personnel actions.
- The HR team is working with BTU to implement an online position description (PD) system to improve consistency and efficiency in PD tracking, the updating and evaluation of positions and in the talent acquisition process.

- The job evaluation process is being reviewed from a LEAN perspective to reduce the time to evaluate a position from 2-3 weeks to 24-48 hours.

#### *LEAN and Process Improvement*

- The HR team has used LEAN processes to evaluate and substantially improve its talent acquisition, onboarding and data input processes.

#### *Talent Acquisition*

- The Talent Acquisition team is constantly evaluating the efficiency and enhancements available with the Statewide NeoGov applicant tracking system to further enhance the candidate experience and drive a shorter Time to Fill metric. There is more work to be done on this. With increased staff, the TA team will have more time to focus on process improvement initiatives.
- Many of the Department's open positions are reviewed by over 1,000 candidates but only an average of 2 percent apply. Further resources on the Talent Acquisition team are needed to spend time understanding and improving candidate pools.
- The Talent Acquisition team piloted a new process for issuing offer letters to prospective employees. In the Office where this has been piloted, we have reduced the time it takes the offer letter to get to the candidate from four days to two and reduced the overall process time (from creation to hire) by six days. We are continuing to implement this process across the Department's many offices.
- Online reference checking has been piloted when hiring HR professionals. We are evaluating the pilot system with Neogov to determine if it will add efficiency to the process in spite of the system's limitations.

#### *Learning and Development*

- In an effort to develop great leaders and reduce turnover, the Learning Development (L&D) team implemented the Cornerstone Learning Management System (LMS) to design, deliver and track the success rate of online, web based and in person training.
- The L&D implemented online performance management program (PMP) beginning with FY 2016 in an effort to improve the efficiency and effectiveness of performance management and goal setting.
- The L&D team has implemented various learning initiatives for leaders including a highly regarded Leadership Academy for both the Northern and Southern Districts of CDHS as well as the New Leader Onboarding program.
- The L&D team has created a mentor program to engage high potential employees as a stepping stone to possible leadership roles.
- L&D is piloting a Talent Review to evaluate employee development for leaders and high performing employees.
- Expanded organizational development consulting services to provide more customized learning and performance solutions for individual units.
- All process improvement initiatives listed here are even more critical as we have such severely limited resources. It's imperative for the HR team to become even more efficient to best allocate limited resources.
- Causes may include the complex nature of human services work and the use of many entry-level job classes to staff direct care facilities around the clock. As a result of this turnover, associated personnel actions that must be processed by certified human resources specialists to support the

Department's staffing needs has increased, averaging 11,659 actions per year.

***Proposed Solution:***

The Department requests 5.4 FTE to bring its Human Resources team closer to the national average for staffing ratios for an organization of over 5,000 FTE and more than 80 different lines of business. This will improve the Human Resources team's ability to appropriately address the Department's recruitment, retention, development, and performance management needs. To accomplish this, the Department requests funding in FY 2019-20 and ongoing to add the equivalent of 6.0 FTE at a total cost of \$665,114 including \$373,490 General Fund and \$291,624 reappropriated funds.

Table 4 shows how many of each type of HR professional are planned to be hired and where the individuals will be disseminated throughout the organization.

<b>Table 4: Employment Affairs New FTE</b>				
	<b>Working Title</b>	<b>Location</b>	<b>Unit</b>	<b>Client Groups</b>
1	Civil Rights Investigator	1575 Sherman	Civil Rights	CDHS
2	Compensation/Policy Analyst	1575 Sherman	HR Operations	CDHS
3	Talent Acquisition Specialist	Western Slope	Talent Acquisition	OCYF, OCAI
4	Talent Acquisition Specialist	1575 Sherman	Talent Acquisition	DYS, OBH
5	Training Specialist	1575 Sherman	Learning & Development	CDHS
6	HR Business Partners	1575 Sherman	Business Partnership	DYS

***Anticipated Outcomes:***

Overall, adding FTE to the Human Resources team will result in a reduction of turnover (both Department-wide and within HR), a reduction in vacant positions, and improvement in overall staff knowledge of and adherence to State Personnel Rules for all aspects of the human resources functions. The most critical anticipated outcome would be an expected reduction of DHS turnover. Further description of the improvements follows:

- **Talent Acquisition Team:** The Talent Acquisition team handles a significantly higher workload than other agencies and more than typically found in the private sector. Additional FTE will allow the Talent Acquisition team to focus on improving recruitment and hiring processes, reducing the Time to Fill metric, implementing strategic social media recruitment initiatives, sourcing qualified

candidates, and conducting comparative analyses. Increased Talent Acquisition capacity will further enhance the candidate experience as well as lead to recruiting higher caliber employees better suited to the organization, which ultimately will result in reduced turnover.

- **Human Resources Business Partners (HRBPs):** HRBPs are responsible for aligning business objectives with employees and management in designated work units. However, the newly restructured HRBP team is spending a significant amount of time reacting to instead of proactively addressing a myriad of employee relations issues. HRBP responsibilities include R6-10 meetings (pre-disciplinary meeting held between the employee and supervisor as described in part 6-10 of the State Personnel Board Rules), corrective and disciplinary actions, performance improvement plans (PIP), investigations, complaints and grievances, general performance consultation, eClearance transaction processing (i.e., electronic processing of personnel actions), training, litigation, meetings, and job evaluation. This does not allow the team to proactively address performance issues, work with the organization to create outcome-based goals for teams, or address organizational development issues to improve engagement, retention and reduce turnover.
- **Human Resources Operations and Civil Rights:** As part of the HR reorganization strategy, the Department centralized all investigations, appeals, Equal Employment Opportunity Commission/Colorado Civil Rights Division responses, and settlement agreement management within the Civil Rights Unit. Additional human resources FTE will allow the Civil Rights Unit to organize and distribute work in a more equitable and efficient manner, in order to increase response time to emerging issues and investigation requests. A number of factors determine the scope and time commitment involved in a civil rights investigation. Variable factors include the complexity of issues under investigation, number of witnesses, travel time to the investigation site, and the volume of pertinent documents under review related to the investigation. At a minimum, assuming six witnesses to interview, including the complainant and respondent, the average time involved to complete an investigation from start to finish is about 50 hours per investigation. With approximately 65 investigations per year totaling 50 hours per investigation, the Civil Rights team spends 3,250 hours on investigations alone, not counting assistance with appeals, settlement agreements, and employee relations follow up. The Department currently has 1 FTE dedicated to investigations. The supervisor handles appeals, employee relations follow up, investigation review, supervises the benefits team, and handles projects like the implementation of a new background check regulation. The supervisor spends 60-70 hours/week on this workload. This is an insurmountable workload even with two full time investigators on staff. Further, an additional Investigator on staff will reduce cost to the Department of hiring a contractor at a minimum of \$85 per hour, as well as reduce CDHS turnover as well as turnover on the HR Investigator team.
- **Learning and Development:** The Learning and Development (L&D) Team includes one Training Specialist V who oversees three Training Specialist IIIs serving approximately 5,146 CDHS employees. The team manages an online learning management system (LMS) and all professional and leadership development opportunities that are available to the entire Department. This includes open enrollment courses, the Leadership Academy, Mentorship Program, New Leader Onboarding, annual compliance training and Organizational Development Consulting Services.

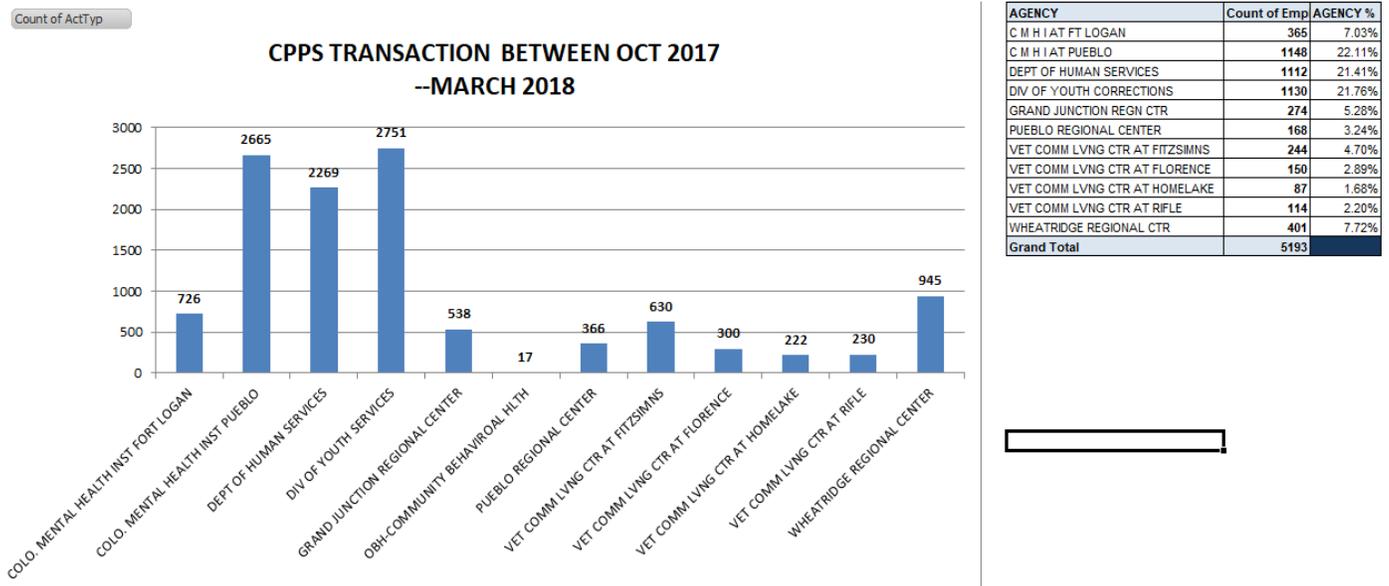
Additional HR resources for the training unit will ensure the smooth and effective functioning of learning events and special projects related to training implementation as well as with the Cornerstone LMS. An additional position will also provide technical expertise as a subject matter

expert for the LMS and will ensure the LMS is being utilized to its full potential at CDHS. This includes additional bandwidth in the training unit to:

- assist in data management for the LMS,
- assign courses to employees,
- monitor progress through data reporting,
- ensure employees are trained and utilizing the system to its highest potential.
- prepare or assist with the preparation of presentations and reports; gather and analyze information as directed by the appointing authority,
- track employee training records, and
- produce specific ongoing and ad-hoc reports for leadership across the organization; enter data; and track course completion.

There is a significant need for leadership development at CDHS. This can be seen through the high turnover rate and number of investigations, grievances, and employee relations challenges.

**Figure 2: Colorado Personnel Payroll System (CPPS) Transactions October 2017 to March 2018**



- The HR team completed 11,659 personnel transactions from October 2017 to March 2018 for an estimated total of over 23,000 annually.

***Assumptions and Calculations:***

The following assumptions informed this request:

- The Department wishes to add a total of 6 HR professional FTE beginning in FY 2019-20. The number of FTE in this request will bring the Department closer, but not fully, in line with what would be needed to meet nationally recognized HR Department staffing ratios of 1.4 HR FTE for every 100 employees.

- The cost of FTE is based on salary plus the cost of benefits using the FTE calculator supplied by the Office of State Planning and Budgeting. (See Table 5 below.)
  - Salary is determined by using the midpoint salary of the FY 2017-18 Pay Plan published by the Department of Personnel and Administration for the Human Resources Specialist IV job classification.
    - The Human Resources Specialist IV classification was used because the Department has found that hiring at the III level does not produce sufficient candidate pools, and that when we are able to hire in at a level III, we often lose that employee to other State agencies that hire in at Level IV.
    - Salary midpoint was used because as the Department has tried to fill vacant Human Resources Specialist positions, the Department has had to offer at midpoint of the range or above in order to recruit qualified candidates. Of the 7 Human Resources Specialist positions filled, 6 had to be filled at midpoint or above and 3 of these were hired at the maximum.
  - The cost of benefits were included based on template published by OSPB, and include:
  - POTS (PERA, SAED, and AED of 20.4 percent on all increases to wages, based on the FY 2018-19 rates published by DPA).
  - Cost of HLD POTs based on a \$7,927.19 per person rate that DPA publishes.
  - Cost of STD at .19 percent of the salaries.
  - Cost of Medicare at 1.45 percent of the salaries.

**Table 5: FTE Calculations Template**

<b>FTE Calculation Assumptions:</b>								
<b>Operating Expenses</b> -- Base operating expenses are included per FTE for \$500 per year. In addition, for regular FTE, annual telephone costs assume base charges of \$450 per year.								
<b>Standard Capital Purchases</b> -- Each additional employee necessitates the purchase of a Personal Computer (\$900), Office Suite Software (\$330), and office furniture (\$3,473).								
<b>Expenditure Detail</b>			<b>FY 2019-20</b>		<b>FY 2020-21</b>		<b>FY 2021-22</b>	
Classification Title		Monthly Salary	FTE	FTE	FTE	FTE	FTE	FTE
	HR Specialist IV	\$6,428	5.4	\$416,534	6.0	\$462,816	-	\$0
	PERA			\$43,320		\$48,133		\$0
	AED			\$20,827		\$23,141		\$0
	SAED			\$20,827		\$23,141		\$0
	Medicare			\$6,040		\$6,711		\$0
	STD			\$791		\$879		\$0
	Health-Life- Dental			\$47,563		\$47,563		\$0
	<b>Subtotal Position 2, ## FTE</b>		<b>5.4</b>	<b>\$555,902</b>	<b>6.0</b>	<b>\$612,384</b>	<b>-</b>	<b>\$0</b>
<b>Operating Expenses:</b>								
			FTE				FTE	
	Regular FTE							
	Operating Expenses	\$500	5.4	\$2,700	6.0	\$3,000	-	\$0
	Telephone Expenses	\$450	5.4	\$2,430	6.0	\$2,700	-	\$0
	PC, One-Time	\$1,230	6.0	\$7,380	0.0	\$0	-	\$0
	Office Furniture, One-Time	\$3,473	6.0	\$20,838	0.0	\$0	-	\$0
	Other							
	Other							
	Other							
	Other							
	<b>Subtotal Operating Expenses</b>			<b>\$33,348</b>		<b>\$5,700</b>		<b>\$0</b>
<b><u>TOTAL REQUEST</u></b>			5.4	<b><u>\$589,250</u></b>	6.0	<b><u>\$618,084</u></b>	-	<b><u>\$0</u></b>
	<i>General Fund:</i>			\$330,889		\$347,080		\$0
	<i>Cash funds:</i>			\$0		\$0		\$0
	<i>Reappropriated Funds:</i>			\$258,361		\$271,004		\$0
	<i>Federal Funds:</i>			\$0		\$0		\$0