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**Study of the
Human Resources Structure in State Government
Related to Technology Systems**

Report to the Minnesota Legislature

January 19, 2004

Minnesota Department of Employee Relations

The total cost of salaries, printing, and supplies incurred in development and preparation of this report was \$10,000 (reported as required by Minn. Stat. § 3.197).

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January 2004

Printed on recycled paper with at least 10 percent post-consumer waste

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Purpose of Report

The 2003 Legislative Session Language required the Commissioner of Employee Relations to convene a work group to study the structure of current human resources (HR) processes and responsibilities related to technology systems. The study was to include the following components:

- an analysis of the current division of labor for completing standard human resource electronic transactions
- opportunities for improvements to the current structure that will create more effective and efficient methods of operation
- the recommended course of action to maximize the use of statewide systems and resources
- a plan to address any fiscal impact necessitated by the proposed plan

The Commissioner was required to provide a report of findings to the Chairs of the House State Government Finance Committee and Senate State Government Budget Division by January 19, 2004. This report addresses these components as well as some background information on how the current structure is arranged and has changed over the past decade.

Acknowledgments

DOER would like to thank the following individuals who participated in the work group:

Pat Burt, Natural Resources

Lena Garcia, Veterans Homes

Jamie Gudknecht, Health

Cheri Hanson, Employee Relations

Heidi Hartwig, Secretary of State

Suzette Henry, Pollution Control

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Teri Weitz, Minnesota Zoological Gardens

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Executive Summary

The State's HR structure is currently well positioned to allow agencies to develop innovative and strategic plans to meet their short- and long-term business goals. In order for agencies to reduce their overall costs, HR's value-added participation in these areas is critical. The HR community—all HR staff in the Executive Branch—is continuing to focus on increasing the value associated with including HR in strategic business decisions, rather than on merely reducing the costs associated with basic administrative services.

The Human Resources Directors Partnership (HRDP – the HR Directors of 25 Cabinet level agencies and DOER Executive Leadership) has identified—and will continue to identify—opportunities to improve existing systems and to modify structures to capitalize on technical and environmental changes, as outlined in the attached HRDP Strategic Plan.¹ By utilizing new technologies, opportunities will arise for additional restructuring of HR to leverage their use and add value to executive leadership within agencies. Significant changes to the existing structure, however, without changes to systems or increased training and development, will not positively impact HR's ability to meet its customers' needs or reduce their costs.

Listed below are recommendations that would maximize the efficiency and effectiveness of state HR services. There are several of these projects that could be pursued right away, as they are relatively easy to expedite and have the potential of realizing short- and long-term positive results.

- Development of training on the capabilities of existing statewide HR technology systems to reduce need for duplicative systems at the agency level
- Development of an online statewide contact/resource database
- Expanded use of online (web-accessible) HR training tools
- Development of an HR "university," classroom training for HR staff on HR topics
- Continued, coordinated workforce planning activities and standard reports development
- Development of an "onboarding" system that automates standard new hire forms completion and sends the data to existing statewide systems and staff
- Development of a statewide insurance call center to provide a "one-stop shop" for employees' insurance questions
- Development of an online knowledge management database that provides HR-related information to HR staff and/or state employees

Among the possible solutions to fund the recommendations are:

- Allow DOER to charge statewide indirect costs to agencies to cover the costs of developing and maintaining new systems
- Implement a fee-for-service structure or per-transaction fee
- Implement an automatic, upfront assessment based on number of employees or FTEs within each agency
- Receive appropriations from the legislature
- Use a combination of any or all solutions listed

¹ See Appendix B

History of Human Resource Structure

Ten years ago, HR staff working within agencies had limited authority and ability to make final decisions about personnel changes, including items such as job classification decisions, assessing applicant qualifications, determining employee wages in unusual situations and assembling lists of applicants for consideration by hiring managers. Although some degree of delegation was granted to agencies, most of these activities were performed solely by DOER staff. The technology for access to statewide systems was not yet developed, so agencies forwarded all transactional requests to DOER for data input as well.

In several surveys conducted since 1993, agency HR staff have expressed a need for more authority and autonomy in making the final decisions about issues that affect them, such as staffing, employee related issues, and salary changes. In response to these expectations, DOER and agency HR leaders have worked together to redesign service delivery of human resource activities for internal and external customers. New statewide HR systems have been rolled out that allow agencies direct access to information and the ability to enter transactions related to their activities. These systems include SEMA4, the human resource management system; Resumix and related online hiring tools, systems that track applicant and job vacancy information; and GenComp, the system used to store workers' compensation information for state employees. A glossary is provided in Appendix A that provides a more thorough explanation of the functions of each system.

In recent years, DOER has assumed the costs of some system and process changes implemented since 1999. The largest project was the rollout of the hiring process and tools (Resumix, Manager's Referral, and VacancyBuilder) in March, 2002. DOER had to forego other opportunities, such as upgrading its technical infrastructure and fully staffing its divisions, in order to design and roll out the new tools. This change was completed prior to the unexpected budget reductions of 2002. Regardless, the State has proved the value of the new system and processes: the time to fill positions is less than half what it used to be, applicants are increasingly using the online tools (nearly 90% of all resumes are received electronically), and 97% of new hires continue to pass their probationary periods. Additionally, the State is able to more deeply analyze affirmative action issues because of the richness of the demographic data stored in the Resumix database. However, with the budget cuts that ensued, DOER has realized all savings from the new system. DOER has seen staff reductions of 24% since 1996. DOER has now captured all the efficiencies possible from using the new technology and processes but has no way to permanently fund this proven system. The cost for upgrades, maintenance and support for WebEx, Resumix and the associated online tools is about \$100,000 annually. To sustain value, these associated costs need ongoing funding.

Analysis of Division of Labor for Completing Standard Human Resource Electronic Transactions

The table on the following pages identifies current state agency and DOER staff responsibilities. The information addresses only those standard transactions performed through statewide electronic systems and does not reflect the broader HR responsibilities of DOER and agency HR staff. As noted above, a glossary is provided in Appendix A.

Electronic Transactions in Statewide HR Systems

Responsibilities

System Activities	Responsibilities	
	State Agency Staff	DOER Staff
Employee and Position Transactions in SEMA4	<ul style="list-style-type: none"> • Initiate and maintain accurate employee data throughout each individual's state service career • Review regular reports to track and analyze staffing patterns, position management, etc. • Review/compare online reports for accuracy against agency records • This averages about 200,000 transactions per year, statewide 	<ul style="list-style-type: none"> • Program mass updates to records, such as across-the-board salary and benefit adjustments • Monitor SEMA4 HR and insurance data and ensure data integrity. DOER staff ensure that the SEMA4 system contains edits and controls that keep data in synch and narrow user selections that reduce bad data • Audit HR transactions and provide guidance and assistance to agencies to correct problems or data issues • Train agency staff on SEMA4 system
Workers' Compensation Transactions in SEMA4/GenComp	<ul style="list-style-type: none"> • Enter work-related employee injuries and illnesses into SEMA4; data is electronically moved to the GenComp database for further claims tracking and payments. Agency HR staff, typically Safety Officers or Workers' Compensation Coordinators, have view-only access to claims data for their employees • Approximately 3000 transactions per year, statewide 	<ul style="list-style-type: none"> • Manage all workers' compensation claims management • Manage interfaces between GenComp and SEMA4 and MAPS for accounting purposes
Employee Grievances / Labor Relations in SEMA4 or Agency Systems	<ul style="list-style-type: none"> • Enter and maintain employee grievances and other labor relations issues. Data is usually stored in systems developed within each agency. • Averages approximately 500 transactions per year, statewide 	<ul style="list-style-type: none"> • Maintain SEMA4 tables and fields for agencies using this system to track labor relations issues

Electronic Transactions in Statewide HR Systems

Responsibilities

System Activities	State Agency Staff	DOER Staff
Job Applicant Submissions	<ul style="list-style-type: none"> • Forward resumes to DOER for processing • Respond to applicant inquiries regarding vacancies 	<ul style="list-style-type: none"> • Process/enter resumes and job application materials into Resumix • Acknowledge receipt of new resumes • Respond to applicant general inquiries • Approximately 50,000 resumes processed per year
Creation and Publication of Vacancy Postings	<ul style="list-style-type: none"> • In VacancyBuilder application, initiate request to fill vacancies and determine minimum qualifications for new hires (hiring manager or HR staff) • Route request for internal approvals (hiring manager or HR staff) • Post internal vacancies 	<ul style="list-style-type: none"> • Review postings to ensure qualifications are commensurate with other positions filled within a specific job classification, consult with agencies to resolve discrepancies • Manage the integration of data flow between VacancyBuilder postings, the State Employment Web site for vacancy publication, Job Information Line, and Resumix database • Approximately 6,000 vacancies processed per year
Resume Searches / Applicant Assessments	<ul style="list-style-type: none"> • Assess applicant qualifications for jobs applied to • For 30 largest agencies only, search Resumix for resumes matching vacancy requirements • Track potential candidates for hiring managers to review further in Manager's Referral 	<ul style="list-style-type: none"> • For all other agencies and boards, search Resumix for and provide initial review of resumes—averages 50 vacancies per year • Track potential candidates for hiring managers to review further in Manager's Referral
Resume Reviews and Notation of Outcomes	<ul style="list-style-type: none"> • Update applicant records to indicate status for each vacancy considered for • Notify applicants of their status with regard to specific vacancies. These tasks can be completed either in Resumix or Manager's Referral • Estimated at over 30,000 responses annually 	<ul style="list-style-type: none"> • Maintain interfaces between Manager's Referral and Resumix to provide real-time data updates in Resumix • Monitor accuracy of Resumix new hire data by comparing against SEMA4 appointment information

Issues Surrounding Centralization and Decentralization of HR Functions

There is no one "best practice" among organizations regarding centralization of functions. No organizations comparable in size to the State of Minnesota have been identified that refer to their organizations as 100% centralized or decentralized; their structures are typically hybrids to varying degrees. For instance, each Fortune 1000 firm has a "corporate" HR function as well as HR staff located in large facilities. Each company, however, has a different idea of how to split up HR work. It should be noted that wherever organizations choose to structure their HR function on the centralization/decentralization continuum, there are a number of consequences that normally result, both positive and negative. The state system as a whole and within agencies that have changed their internal HR models have experienced that as well. Both public and private sector organizations typically flow between varying levels of centralized and decentralized structures based on strategic plans, culture, and the style of management overseeing them. This report will briefly list some general advantages of centralized and decentralized HR structures.

Advantages of Centralization (assumes a "centralized" unit is responsible for work for more than one agency)

- More consistent decisions made with regard to job classification changes, compensation, applicant qualification reviews, data entries into statewide systems and use of various action/reason codes
- Data integrity of statewide systems and information is easier to maintain and monitor; errors are more readily detected requiring little clean up to produce accurate statewide reports
- Decision-making within an HR component becomes routine facilitating faster response times on specific issues; staff are better able to identify trends and implement resolutions to issues that arise
- The volume of training diminishes when fewer staff are responsible for HR work, reducing the overall costs and time; new training curricula can be implemented quickly when conditions (laws policies, work environment) change
- Review and involvement of an "outside" party may avoid unnecessary, time-consuming defense of questionable practices
- Pushing all activity to one central location reduces some overhead and duplication of effort; automating some of the work may further reduce overall workload

Advantages of Decentralization

- Smaller, clearer focus of agency programs allow HR staff to channel service efforts to meet priority need, increasing chance of programmatic success
- Customer contact is heightened; relationships are able to be fully cultivated which enhances program delivery and customer satisfaction
- More time is available to concentrate on work that supports an agency's business goals. Agencies and facilities are free to customize systems and tailor processes to meet their specific needs.
- Training of agency staff on HR transactions/systems is more timely, regular and focused

In summary, there is no one best way to organize the HR functions. The HR community believes the current hybrid structure works well. This setup lends itself to allowing agencies to complete strategic objectives designed to meet customer expectations. The HR community continues to look for ways to maximize outcomes based on the current structure. By using existing and emerging software technologies, there are additional opportunities to further increase service delivery. Without shifting or adding resources—staff and technology—a central location cannot complete all the work currently performed at agencies in the timeframes their customers enjoy now. In many instances, the lack of additional technologies and reliable connectivity has already prevented the HR community from being more productive.

Opportunities for Improvements to Create Efficiencies and Greater Effectiveness

Industry standard HR staffing levels generally indicate that employers utilize 1 HR staff per every 100 employees (1:100). At last count (1997), the State reported a 1:98 ratio in large agencies and 1:109 in medium agencies. However, there are ways the State can improve efficiencies and realize greater effectiveness in HR. These opportunities became readily apparent through several sources.

DOER created and compiled data from three surveys completed Fall, 2003. The first was a comprehensive satisfaction survey completed by state supervisors and managers that gathered their feedback about the State HR system and their agency's HR processes. In addition, two surveys were completed by state HR professionals; one gathered their own satisfaction levels with the current structure, and the other asked for their feedback regarding where they believed additional opportunities for maximizing efficiencies and effectiveness could be realized. In the latter survey, they were asked to consider some of the main concepts in Six Sigma, a methodology that uses data and statistical analysis to measure and improve an organization's operational performance by identifying and eliminating "defects" in service-related processes, and Lean Production, a system of focusing on continuous improvement of processes and elimination of non-value-added steps within a workflow process.

Working together, the HR community and DOER leadership set strategic objectives, one of which is identifying opportunities for agencies to share resources to help meet customer demands for the next five years. The HR community plans to measure the return on investment once each objective is implemented. Based on those outcomes, the intention is to make further process and/or system improvements in order to maximize the investments in each.

The State's HR structure is currently well positioned to allow agencies to work together to develop innovative and strategic plans to meet their short- and long-term business goals. However, there are some general issues that continue to challenge the HR community, including: workforce planning at the statewide and agency level; information sharing among HR staff; data integrity of statewide systems; and automation of routine workflow for some HR components. Significant changes to the existing structure, without changes to systems or increased training and development, will not positively impact HR's ability to meet its customers' needs. By utilizing new software technologies, opportunities may arise for additional restructuring of HR to leverage their use.

Before making the effort to design, develop and implement new tools and processes to increase HR's efficiency and effectiveness, ongoing funds are needed to support the recently-implemented processes and tools yielding significant returns on their investments to date. Without the ability to support the existing proven tools and processes recently implemented, critical innovations and maximized service levels will be impossible to achieve.

To meet the concerns and challenges raised, a number of opportunities have been identified by members of the HR community and their customers that will maximize the use of statewide systems and resources. These are supported by DOER leadership and state HR directors.

An overarching objective of the HR community is to continue creating additional self-service systems for customers of HR, including line staff, supervisors, and managers. Self-service systems put more information into the hands of those who need it, promoting employee accountability and reducing data entry and paper handling costs, which in turn provides more data accuracy and currency and facilitates better reporting capabilities. The systems are web-accessible which alleviates technical support issues at the agency level. This is also consistent with larger e-government initiatives underway. These themes serve as foundations for the opportunities listed.

Training on capabilities of existing statewide HR systems—to be developed by DOER staff who design or maintain statewide systems.

Efficiencies/Effectiveness Gained:

- Expands users' knowledge of functionality of current statewide systems
- May reduce need for duplicative systems and processes created and maintained at the agency level

Costs/Timing/Other Issues:

DOER expense only. Inexpensive and quick to develop and implement.

Online Statewide Contact Database—DOER-maintained list of recognized subject matter experts or outside resources.

Efficiencies/Effectiveness Gained:

- Provides consistent information among all agency HR staff
- Provides efficient access to experts and therefore faster, more accurate responses to customers of HR

Costs/Timing/Other Issues:

DOER expense only. Inexpensive and quick to implement. Could be used to identify knowledge gaps among the community at large and have additional resources listed in those cases. Should include backup resources/contacts for additional information.

Expanded use of online training tools (WebEx)—includes live, interactive training or meetings and pre-recorded online training sessions.

Efficiencies/Effectiveness Gained:

- Ability to disseminate information about new systems or processes rapidly
- Reduces non-value-added expenses associated with classroom training (travel status time, mileage, meals, hotels, event planning time, etc.)
- Curriculum is easy to develop and easy to change as needed

- Promotes paperless systems—no costs for material production
- Just-in-time training is provided just before it's needed by the user. Scheduled by the user as needed

Costs/Timing/Other Issues:

This has been underway for a year already and paid for jointly by Finance and DOER. Needs ongoing support and funding for continued expansion.

Continued workforce planning activities on an agency-specific and statewide basis—as the State prepares for impending retirements of employees and natural attrition, the HR community recognizes the need to work together to identify common needs for data to make decisions about recruitment needs, retention issues, and collection of "mission-critical" employees' intellectual capital for use by remaining staff.

Efficiencies/Effectiveness Gained:

- Reduces duplication of effort if agencies can identify common needs
- Central reporting of data from statewide systems will speed processes and provide more robust information to analysts and decision-makers

Costs/Timing/Other Issues:

While workforce planning has been ongoing, a concerted effort needs to be made in order to begin creating any reports agencies need to do this, as well as on a statewide level. No resource changes should be necessary to implement this.

Development of an "Onboarding" system—this would be a web-based tool that initiates the new employee orientation and appointment processes prior to an employee's first day of work and would link data from Resumix and SEMA4 for certain hires or job changes. The tool could automate: 1) the creation of standard forms typically completed by new hires, HR staff and supervisors; 2) data imports into Resumix and SEMA4; 3) notification to telephone communications and IT staff within the hiring agency of new employee to set up; and 4) notification to other stakeholders in appointment processes (e.g., those in charge of parking tags, photo ID tags, new hire orientation sessions, etc.). This tool can also be linked into a larger employee orientation website created to help step a new employee into the culture of the organization and provide a mini-orientation session to answer routine questions.

Efficiencies/Effectiveness Gained:

- Reduces time of new hire and HR staff to complete standard forms
- Faster data flow between systems and stakeholders
- Increased data integrity of Resumix and SEMA4 for data reporting purposes
- Reduced audit work of DOER staff currently identifying problem records and communicating with agencies to help correct them
- Consistent information and messages to new employees

Costs/Timing/Other Issues:

Speaks to known issues of increasing self-service mechanisms, automated workflow, and improved data integrity of statewide systems.

HR "University"—scheduled classroom training for HR staff statewide

Efficiencies/Effectiveness Gained:

- Provides consistent training across all staff agency staff to develop HR knowledge, especially where subject matter is unique

- Promotes professional networking, information sharing and trust across agencies
- Complements less expensive, more routine training topics that can be provided online through pre-recorded or live sessions

Costs/Timing/Other Issues:

Costly to implement, in terms of staffing, space, travel and expenses of attendees and trainers. Training in all forms should counter the continued loss of HR intellectual capital, reduce high-risk decisions made across agencies, increase the ability to deliver quality service to customers, and increase HR staff's ability to move forward on strategic initiatives.

Creation of a Statewide Insurance Call Center—although DOER employs staff to answer insurance-related phone calls already, a more comprehensive call center system would be able to automate responses to routine questions and provide information after normal business hours. A benefits call center could also be designed to handle inquiries about deferred compensation and pension issues as well, providing employees a "one-stop shop" for all benefits-related questions. Phone number could either roll to contacts at Minnesota State Retirement System, Teachers Retirement, or NBI/Ochs Services or have their employees work on site at DOER to take calls.

Efficiencies/Effectiveness Gained:

- Creates an internal pool of benefits experts, which increases information accuracy provided to employees
- Eliminates current need for a designated department insurance representative at each state agency
- Increases employee accountability by providing them with more information about their current benefits status
- Should decrease overall call times and increase information consistency

Costs/Timing/Other Issues:

Typically, the use of intelligent software reduces the number of staff to run call centers by half. Additionally, intelligent software is often built for online access by employees, thereby further reducing overall calls to a call center. A number of options should be explored before determining which design is the most effective and efficient.

Creation of an online HR Knowledge Management Database—a knowledge management tool that pulls all HR-related documents into a robust, easily searchable database.

Efficiencies/Effectiveness Gained:

- Critical for development of HR intellectual capital across community
- Sharpens ability to make decisions
- Increases consistency of decisions
- Increases ability of HR practitioners to participate in innovative and strategic projects
- Prevents the increasing loss of HR knowledge among community members
- Investment of HR knowledge will yield greater returns over time, faster up-front training for new and developing staff

Costs/Timing/Other Issues:

Although there are significant start-up costs and timelines to build such a product, much data exists already and needs only a better search tool to be used effectively. There are a number of vendor companies that create knowledge management software; some provide interfaces with SEMA4 to provide information tailored to each employee's specific employment situation. This project would

require more investigation of capabilities required and requests for proposals. Once the data is captured in one source, it is relatively easy to add and catalog new documents for continued, up-to-date information.

Creation of online selection decision support tools—includes items such as: a database of sample interview questions; an online interview tool; guidelines for conducting reference checks and background checks, tips and suggestions for making effective first contacts with applicants, making job offers, and "closing the deal."

Efficiencies/Effectiveness Gained:

- Expedites selection processes
- Provides consistent, defensible information and advice to agency staff
- Promotes more informed decision-making ability across community
- Reduces risks associated with illegal actions on the part of HR departments and hiring managers and supervisors
- Eliminates agency by agency duplication/redundancy

Costs/Timing/Other Issues:

These should be encompassed into the HR knowledge management database concept.

Recommended Course of Action

As stated earlier, DOER believes the current hybrid structure works relatively well, especially given some of the strategic objectives underway. Without external pressure, the HR community has historically identified—and will continue to identify—opportunities to improve existing systems, to adjust tasks and responsibilities, and to modify structure. DOER endorses further collaborative efforts among the HR community. The current structure can work even better if some systems and processes are enhanced and some objectives are given additional resources to complete them more quickly.

Listed below are the systems and objectives recommended that would maximize the efficiency and effectiveness of state HR services. The HR community is interested in pursuing several of these projects right away, as they are relatively easy to expedite and have the potential of realizing short- and long-term positive results.

Training Provided on Capabilities of Existing Statewide HR Systems— this is, in Six Sigma terminology, a "quick hit" because of its minimal expense and rapid return on investment. DOER will utilize existing staff and resources to develop this training.

Creation of an Online Statewide Contact Database— this is another "quick hit" that will be relatively inexpensive to create and maintain, in order to readily provide expert HR guidance to the community. DOER will utilize existing staff and resources to develop and maintain this database for use by the HR community.

Expanded Use of Online Training Tools (WebEx)—online learning is the least expensive, most flexible way to deliver training, information updates, and in-depth HRIS functional support to HR staff. Survey results indicate that web-based training is the medium most supported by HR staff.

This needs to be funded long-term; currently, it's being paid for jointly by DOER and Finance through the end of June, 2004. There are costs associated with a software license and curriculum development and delivery.

Continued Workforce Planning Activities on an Agency-Specific and Statewide Basis—this is recommended because of its low cost and high expected return on investment, as agencies will be less likely to duplicate efforts to create meaningful data. No resource changes should be necessary to implement this; agencies will use existing staff and resources to identify and develop reports needed statewide in order to make effective decisions.

Development of an "Onboarding" System—this is recommended because it's rooted in the overarching goals of self-service, increased data integrity, and automation of routine workflow. It's still a relatively new concept in the HR software industry and currently untested in the public sector environment. However, DOER is interested in pursuing this further because of the significant return on investment possibility. DOER has been approached to be a pilot for the development of a public sector prototype which would be created for use within a few agencies to develop a proof of concept for the larger community. It should be noted that not all state employees have readily-available and reliable Internet access at their worksites, a connectivity issue that should be addressed through the State's technology circles. Minnesota as a state has a less than perfect technological infrastructure, and to create fully online systems, HR is dependent on increased Internet accessibility before it can fully realize the benefits associated with the use of web-based systems.

HR "University" Development—like the HR knowledge management database, this concept increases the overall knowledge within the HR community. It is expensive to create, however; resources are needed for curriculum development, trainers, space, travel and expenses for both trainers and trainees, and courses may not be held at the appropriate time for those staff who could use it to be more productive in their own jobs. Training that is scheduled too far ahead of when it's needed will be forgotten, and training after an appropriate event is useless. The return on investment of this solution may be quite low because of the associated costs. If this solution is implemented, it is advisable that every time a course is suggested that it be reviewed for appropriateness for an online training delivery, either live or pre-recorded, to reduce statewide costs.

Creation of a robust, Statewide Insurance Call Center—several solutions exist to provide better service in this area. DOER would like to pursue each of these options further, as the current phone bank design has significant opportunities to improve customer response times, service levels, and accuracy. By driving all insurance-related questions to one place, agency HR staff could be redeployed to work on innovative projects to serve their customers.

Creation of an Online HR Knowledge Management Database—although significant start-up costs are associated with this element, customers of HR as well as the HR community itself recognize the loss of breadth and depth of HR knowledge within the community as a whole. This has resulted in delayed, less-informed, higher-risk decisions; increased re-work to correct errors; and a reduced ability to report data from statewide systems without considerable data cleanup prior to any analysis being done. This problem will continue to worsen if it continues to remain unchecked. The benefits of knowledge management systems have traditionally fallen into the "soft dollars" category—improving the flow of information, keeping employees and customers happy, and

promoting a team atmosphere. However, these soft returns translate into real savings; for example, employees satisfied with their ability to do their work well results in fewer grievance and employee morale issues, which leads to less turnover, which leads to a reduction in recruiting and training costs. Some knowledge management tools offer employee self-service tools designed to deflect routine HR policy questions to a web-accessible system rather than requiring live contact with HR staff. Organizations using these tools typically indicate cost reductions of 35-50% to deliver such information to their employees.

Creation of online selection decision support tools—these are recommended for incorporation into an HR knowledge management database, not created as standalone systems. Even in times of tight budgets, typical attrition rates require the state to fill over 5000 positions per year. The cost of bad and/or slow hiring decisions can be significant; the use of tools such as the ones listed fosters more efficient and effective decisions and reduces risks associated with bad hires.

Addressing the Fiscal Impact of Recommendations

To date, most of the improvements made to statewide systems, such as the implementation of the new hiring process and tools, and structural changes have been made without requesting additional resources or requesting shifts in resource allocations. However, DOER's resources to support these improvements are currently exhausted; DOER is looking for a permanent funding source for WebEx, Resumix and the associated online tools, which run \$100,000 per year for costs of upgrades, maintenance and support.

Some recommendations require no fiscal changes, including workforce planning, training on capabilities of existing systems, and the creation of an online statewide contact database. The cost of time and labor will be absorbed by agencies tasked with each project. However, all other recommendations listed have resource implications. Most have large, one-time expenses as well as some reduced costs to maintain these technology investments. Presently, there is no capacity within DOER's budget to fund any new or some current ongoing Human Resources Information/Management Systems. Perhaps a larger discussion needs to occur to determine how the State wants to fund HR technology.

Among the possible solutions to fund the recommendations are:

- Allow DOER to charge statewide indirect costs to agencies to cover the costs of new systems
- Implement a fee-for-service structure or per-transaction fee
- Implement an automatic, upfront assessment based on number of employees or FTEs within each agency
- Receive appropriations from the legislature
- Distributed funds.....
- Use a combination of any or all solutions listed

Appendix A: Glossary of Statewide Systems Referenced

GenComp: Workers' compensation claims administration system. The software contains personal, wage, employment, and injury/medical data on the injured employee. The system processes and calculates medical benefit payments, generates forms and form letters, generates diaries, and produces a number of "canned" system reports and user-created ad-hoc reports.

Manager's Referral: online hiring tool integrated with Resumix. Agency hiring managers and HR staff can review resumes of applicants associated with specific vacancies, update applicants' assessment outcomes and status for each vacancy, and notify applicants of hiring outcomes. Updates to applicant information are electronically pushed into Resumix in real time.

MAPS: Minnesota's Accounting and Procurement System. Integrates the State's accounting and procurement functions into a single graphical user interface.

Resumix: Resumix stores resumes and work preferences of applicants interested in state employment as well as statewide job vacancy data. Resumes are optically scanned or processed from the My State Job Search section of the State Employment Web site. Vacancy information is imported from VacancyBuilder, an online tool for hiring managers, and resumes of applicants considered for specific vacancies are viewable to hiring managers through Manager's Referral.

SEMA4: SEMA4 is the State of Minnesota's Human Resources and Payroll System (the letters "SEMA" stand for "State Employment Management Application"; and the numeral "4" references the four areas covered by the system). SEMA4 contains a vast array of human resources, benefits, and payroll information. The software has data regarding current and some former state employees and their dependents, retirees and other benefit-eligible employees. It contains personal, demographic, position, benefits, payroll and job data on individuals. The Department of Finance owns SEMA4 and is responsible for maintaining the payroll components of the software; DOER is responsible for the benefits and HR components. Although SEMA4 is the name used internally to refer to the software in its customized form, the software package is software purchased from PeopleSoft Incorporated. It is also referred to as the State's HRMS or HRIS application (HR Management System or HR Information System)—they denote the same type of application for an organization.

VacancyBuilder: online hiring tool integrated with Resumix. VacancyBuilder is used by agencies to request to fill job vacancies. It auto-routes approvals to fill jobs based on unique routing paths for each vacancy. Managers or HR staff at agencies create the requisitions, agency HR approves them and routes them to appropriate bargaining units as per contract requirements, and route them to DOER for final approval of minimum qualifications. Approved requisitions are electronically fed to the Resumix database as well as the State Employment Web site in real time.

WebEx: WebEx is a web conferencing service that can be used for presentations, meetings, demos, training, and helpdesk support. Participants join a live session using a PC with Internet connection and a telephone, headset, or speakerphone; or play a recorded session using a PC with Internet connection, sound card, and headphones or speakers.

Appendix B

State of Minnesota Human Resources Strategic Plan

2004-2008

STATE OF MINNESOTA HUMAN RESOURCES STRATEGIC PLAN 2004-2008



"Ensuring that an innovative and effective Human Resource system contributes to the delivery of government services to Minnesota Citizens"

Approved by



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EXECUTIVE SUMMARY

HRDP Strategic Plan 2004 - 2008

BACKGROUND

The Human Resource Directors Partnership (HRDP) represents the professional Human Resource functions in the 25 cabinet-level agencies within the state of Minnesota together with the Department of Employee Relations. The HRDP was formed in 2000 for the purpose of working collaboratively toward “making dramatic improvements in the state’s human resource management systems; and to become a model for HR professionals at public jurisdictions throughout the nation.”

FIRST STRATEGIC PLAN

The HRDP’s first Strategic Plan was developed in early 2001. It has served as a framework for guiding improvements and changes in the state’s HR system. The foreword of the Plan, written by Ron Olson, Chair of the HRDP at that time, stated that it was the desire of the HRDP to position the state of Minnesota “as an employer where the best qualified people want to work – and where all employees are committed to public service in the truest sense of that term”. To that end the focus of the 2001 – 2006 Strategic Plan was on change –

change in order to keep pace with rapidly evolving business and workforce conditions; change to provide a modern, value-added, down-to-earth and nimble approach to human resources management; change to support increasingly complex business demands; change to provide applicants and employees with workplace flexibility.

The 2001 – 2006 Strategic Plan was designed to respond to this need for change. Ambitious projects were undertaken to reengineer the hiring process and affirmative action systems, to develop a competency based training and development system; to conduct surveys to learn why people seek employment with the state and why they remain employed; to reduce claims costs by use of insurance and worker’s compensation data; to create a useful workforce planning tool; and to redesign the state’s classification and compensation systems. Since 2001 much has been accomplished both directly and indirectly through the leadership and collaboration spearheaded by the HRDP. Appendix A summarizes the work commissioned under the first HRDP Strategic Plan.

PLAN REVISIONS

The 2004 – 2008 Plan builds on the momentum of the first plan while recognizing the changing climate in which the state’s business is conducted. The state and national economies have changed, the demographics of the state’s workforce have changed; program reductions and staff downsizing have been experienced by many state agencies; and, there is a new and energetic Pawlenty – Molnau Administration working towards innovative approaches to address these economic changes. What has **not** changed is the commitment of the HRDP to partnership, collaboration, excellence through knowledge sharing, continuous examination and delivery of value-added human resources services, and strategic business partnerships with agency leadership.

The 2004 – 2008 Plan has been updated in the following ways:

- The vision statement reflects alignment between the state's human resource system and the business of state government.
- Creative and efficient service delivery is recognized as a priority.
- Maximization of current systems and improved technology are incorporated into action plans.
- Five long-range, results-oriented outcomes support the vision.
- Nine strategic objectives form the basis of action plans designed to implement the vision.
- Seven action plans translate short term strategies into specific projects designed to reflect priorities for the next two years.
- Action plans list specific measures to determine the effectiveness of results.

Action plans describing deliverables, resources, schedules, methodology, and performance measures are summarized in Appendix B. Appendix C correlates the objectives with short-term strategies and action plans.

ONGOING PLAN REVIEW

This plan documents the best thinking of the HRDP within the context of the time in which it was developed. The HRDP recognizes the Strategic Plan as a dynamic document requiring continual review and updating to ensure its relevance. As new issues arise and/or conditions change the HRDP is prepared to amend this plan as necessary.

To that end the HRDP will use the last quarter of each year to evaluate progress on the Action Plans, Objectives, and Strategies for the previous year, as well as to project necessary adjustments and redirection of goals for the next calendar year. In addition, during even numbered years, biennial goals will be reviewed and resubmitted as necessary in order to better participate in the budget process during odd numbered years.

By evaluating where we have been, while making plans to reach our destination, the Human Resource Directors Partnership will ensure that the Strategic Plan stays relevant and is executed on schedule.



FOREWORD...

BY DENISE F. LEGATO

CHAIR, HUMAN RESOURCE DIRECTORS PARTNERSHIP
HR DIRECTOR, MINNESOTA POLLUTION CONTROL AGENCY

The HRDP has been in existence since 2000. Since then much has changed in the world around us, but much has also been accomplished that the HRDP can point to with pride. The first ever HRDP Strategic Plan has stood the test of time. A review of results outlined in Appendix A of this document is evidence that the state of Minnesota human resource system strives for excellence!

During the past four years the economic and social climate has changed dramatically on a national and state level. As a result, the environment in which the business of state government operates has needed to change. The human resource system has been at the forefront of that change. The results we have achieved and the future direction that is set through this strategic plan reflects the wide range of complex and diverse issues that state agency leadership deals with every day to ensure that the state's business is carried out as efficiently and effectively as possible to serve the citizens of Minnesota. Where once the human resource system may have been viewed as solely a supporting transaction based system, it is today a partner at the decision making table. The extensive knowledge, professional standards, innovation and creativity displayed by all of the members of the HRDP exemplifies the high quality of Minnesota state employees.

The primary goal of this plan is to ensure that the state system remains cutting-edge, efficient, effective, and able to adapt to the ever changing human needs of state government. To that end the plan focuses on action plans designed to address high priority issues. Each strategy incorporates measures by which the system, and the HRDP, can be held accountable. It is imperative that the work of the HRDP adds value to the work of state government. Governor Pawlenty's principles of *Commitment to Mission, Focus on Customers, Simplify Government, Manage for Results, and Improvement by Innovation* are clearly reflected in the goals and objectives of this plan.

These past four years have reinforced the importance and benefits of true partnership. It is our hope that the momentum that began with the first HRDP Strategic Plan can not only be sustained but increased as we forge ahead to face whatever challenges are presented to us. As partners we will succeed!



STATE OF MINNESOTA
HUMAN RESOURCE STRATEGIC PLAN: A BOLD MOVE FORWARD

By *Cal R. Ludeman*
Commissioner, Minnesota Department of Employee Relations

The Human Resources Strategic Plan is fully intended to be the guiding document for evolving human resource issues within Minnesota state government. It is practical that this plan is reviewed and revised to re-energize certain objectives. The world, the Administration, even the employment market, have changed significantly since the original plan was developed. The leaders of the human resource community – the Department of Employee Relations and Human Resource Directors – have worked together as the Human Resource Directors Partnership (HRDP) to develop this plan. The goal is a shared vision – reshape the human resource function to meet with modern demands of the workplace.

The plan is as clear as the function of human resource management itself: attract, hire, develop, and retain a quality workforce needed to do the business of state government. Managers and supervisors throughout every department of government will be successful in using all available tools to compete for and keep employees who are capable, productive, and motivated.

To assure success, these tools cannot be slow, mysterious, or hard to find. The Strategic Plan outlines objectives which can better deliver these tools while maintaining single-employer resolve that we will be an employer of a diverse population, fully instructed by laws, rules, and practicality to achieve certain goals. The basic principles and values of equal employment opportunity, competitive and equitable compensation, fair and respectful treatment in the workplace, and recognition of excellence are built into every objective.

The Strategic Plan is also based on the idea that “form follows function.” While there should always be discussion about the appropriate points of delivery and distribution of resources, there can be no confusion on the part of agency managers or employees about how and where they receive human resource services. The HRDP is committed to improving these services through a seamless process of change.

Administrations can change; budgets go up and down, employment markets change. Serious challenges arise to getting the essential business done and done well throughout the constancy of demand by citizens and taxpayers. Human Resource Directors and the entire Department of Employee Relations are all familiar with these challenges. These will be met head-on by the tried and true methods of leadership, commitment, and hard work. The projects outlined in the Strategic Plan reflect these methods.

Is the current human resource system in Minnesota government “broken?” No! It remains efficient and collaborative. It has and needs flexibility within sufficiently disciplined functions to succeed. The State of Minnesota must be the best employer of excellent employees and the next opportunity for the best future employee.

I personally thank all members of the HRDP, ACCESS, and DOER staff who have worked on this Plan and its revisions. I trust all participants remain committed to work together to serve those in public service just as they serve all Minnesotans.



THE BUSINESS CASE FOR DEVELOPING A STRATEGIC PLAN FOR THE STATE'S HUMAN RESOURCE SYSTEM

In order to meet the ever changing business demands of state agencies and to provide the state managers with the tools they need to attract and retain quality employees, the State's human resources system needs to be flexible and responsive.

Providing a responsive system is not an easy task because of the fast paced changes taking place in State Government and its workforce. We can make the necessary changes and we can meet future challenges if everyone in the human resources community works collaboratively. The human resources system has been in transition for a number of years and it has to be continually updated to meet the needs of a changing workforce, economic and conditions and business needs.

An ever increasing percentage of the State's population is made up of people coming from other countries and cultures, and more women have entered the workforce at all levels. As a result, the State's workforce is also becoming more diverse. The work we do, how we do it and other working condition questions are issues that are amplified by diversity and offer opportunities to improve the quality and productivity of state workers.

The State's workforce is also aging. By the year 2010 the percent of full-time, unlimited current State workers 60 years of age and older will be at 37.2%. This demographic characteristic of the State's workforce will cause a significant loss of experienced workers to the system because of retirement.

In contrast to the potential problem of a workforce shortage in the near future, most agencies are focused on staff reductions and other cost saving measures. There is in general, mounting pressure on agencies and State Government as a whole to operate more efficiently and effectively. One trend is to gain savings from leveraging information technology to eliminate paper driven systems that tend to be less efficient and more expensive in the long term.

There are also increasing complex business demands on State agencies which have placed a great deal of pressure on the present human resources system to provide State managers with more and better tools to hire, train, and retain a capable workforce.

We cannot forecast the future, but based upon what we do know we have to continually change and improve to maintain a flexible, responsive and economical human resource system.

HRDP VISION STATEMENT

“Ensuring that an innovative and effective Human Resource system contributes to the delivery of government services to Minnesota citizens”

DESIRED OUTCOMES BY 2008

- People of all ages, abilities, backgrounds, and cultures seek employment in State service as a career choice.
- State workers feel that their work contributes to the achievement of their agency's mission and goals.
- State workers are provided with opportunities to advance in their career in state service.
- State managers and supervisors are able to employ and re-deploy well qualified workers, in a timely manner, to meet changing needs across state service.
- Customer focused and high quality human resource products and services are delivered to managers and supervisors to enable them to maintain a well qualified and effective workforce.

STRATEGIC OBJECTIVES

1. We will create systems, structures, and workplace cultures that promote recruitment, development, and retention of all kinds of people within the state employee population.
2. We will build our reputation as a desirable employer offering alternative work environments that respect organizational and individual needs; and that promote healthy lifestyles of state employee's.
3. We will work collaboratively with agency leadership to facilitate the accomplishment of the state's business objectives.
4. We will generate a commitment to and ownership of the organization through opportunities for genuine employee input and involvement.
5. We will provide opportunities for employees to learn, grow, and contribute through the use of competency-based training and organization-wide career opportunities.
6. We will design and negotiate fiscally responsible rewards and compensation packages that acknowledge employee contributions.
7. We will develop and use technology to deliver quality and cost effective human resource products and services.
8. We will form partnerships with public and private sector organizations with compatible goals and interests to maximize opportunities, cooperation, and resources.
9. We will ensure that human resource policies, programs and practices are flexible, integrated, cost-effective, and value-added.

STRATEGIC OBJECTIVE ONE

We will create systems, structures, and workplace cultures that promote recruitment, development and retention of all kinds of people within the state employee population.

The State of Minnesota, recognizing the challenges of current labor pools and evolving workplace expectations, along with projections of high retirement rates within the next ten years, has developed a strategic workforce-planning program. This program provides Human Resources the tools to support agency management with solid systems and structures that will positively impact the work culture. The goal is to continue to bring talented and diverse people to state employment and effectively replace those that leave state service. New systems and structures will facilitate knowledge transfer, ensuring that the positive work of long time state employees remains a part of state government. We will effectively compete with other employment sectors for diverse, qualified and committed employees.

The State of Minnesota demonstrates its commitment to a diverse workforce through statewide affirmative action goals. Each state agency identifies their goals through their own Affirmative Action Plan. Included are recruitment plans, hiring goals and procedures, selection methods, and retention programs that support our efforts for obtaining and maintaining a qualified and diverse workforce. Affirmative action does not mean the hiring of unqualified people. It does not mean that any group shall be deprived of its rights or be subjected to unfair treatment. It *does* mean positive action to utilize the large reservoir of untapped human resources and skills among the protected classes, together with those groups whose skills have been used in the past.

An effective affirmative action program not only benefits those who have been denied equal employment opportunity in the past, but also will benefit the State of Minnesota as an employer. If done properly, the need for affirmative action eventually will not exist, as all barriers to equal employment opportunity will have been eliminated from the employment process.

Short Term Strategies:

- 1.1** Facilitate entry, acclimation, and advancement of new employees in the state service by developing internships, mentoring and other support programs. Coordinate internships, tuition reimbursement, and other professional development opportunities in order to develop competencies that will address current or future staffing needs.
- 1.2** Assist individuals struggling with workplace differences or conflicts by developing and promoting use of alternative dispute resolution programs and strategies for expedited resolution. Provide managers and employees with easy access to workplace dispute resolution systems through enterprise portals, training, etc.
- 1.3** Assist agencies in determining if they have sufficient flexibility to meet staffing needs identified by projected vacancies through 2008 and develop action plans as appropriate.

Long Term Strategies:

- 1.4.** Identify organizational artifacts that support or hinder efforts to diversify the workforce and work environment by developing and administering a statewide cultural audit.
- 1.5** Enhance state's reputation as a progressive employer that supports diversity by developing and implementing a marketing plan that focuses on recruitment of people representing all segments of Minnesota's population.
- 1.6** Highlight efforts to recruit a diverse workforce and establish an environment supportive of diversity by organizing an annual recognition event.

STRATEGIC OBJECTIVE TWO

We build our reputation as a desirable employer by offering alternative work environments that respect organizational and individual needs; and that promote healthy lifestyles of state employees.

Attracting and maintaining well-qualified, knowledgeable and motivated employees are necessary for the State of Minnesota's Executive Branch to deliver on its promises to citizens. Each agency has a role to play in sustaining the fabric of healthy, safe, prosperous and well-educated citizens. State agencies rely on the talent of skilled and motivated employees.

Maintaining a reputation as a desirable employer is the first step toward a strong workforce. Competitive wages benefit packages, and promotional opportunities are key. They are only a part of what it takes to attract the attention of the best job applicants and to keep them as good employees. Successful employers also offer flexible terms of employment that allow for family life in this century.

Alternative work settings that offer flexible and compressed schedules and the ability to work at home demonstrate a commitment to workers' needs for balance between work and home. If the State of Minnesota, as an employer, is perceived as competitive in total compensation and in providing options for living and working, it will be in league with other employers competing for the talented workers today and in the future.

Most agencies are offering some form of flexible scheduling. With a decade of experience behind us, the State is ready to take a hard look at the successes – and failures – of its flex and compressed time schedule offerings. Modifications can now be made to enhance what we offer, help more supervisors to examine whether their business operations could benefit from these schedules and pilot even more options.

Technology and new views of work find most agencies with some experience in working employees from home. This practice is also ready for some closely study to determine how it can be strengthened to serve both the employer and the worker in a cost-neutral manner.

Short Term Strategies:

- 2.1** Encourage employees to retire later in career by allowing for phased retirement as well as eliminating disincentives for retirees to remain/return to state service. Encourage employees to delay retirement and eliminate disincentives for retired employees to return to state service through the following means: a) advance appropriate legislation; b) bargain for changes in labor contracts; c) institute appropriate and targeted compensation program.

Long Term Strategies:

- 2.2** Create opportunities for state employees to learn how to choose healthy lifestyles by encouraging, promoting and rewording healthy behavior. Provide incentives to employees who exhibit healthy behaviors that reduce healthcare costs.
- 2.3** Identify award and recognition programs that acknowledge employers for promoting the work-home/family life balance among their employees. Submit entries/nominations to such programs. Publicize participation in such programs.
- 2.4** In recruiting activities emphasize the State's commitment to "work-home/family life balance."
- 2.5** Create and establish work-life policies and programs to address issues raised by employees in work-life surveys.
- 2.6** Advocate the advantages of flextime, compressed work weeks, telecommuting, etc.

STRATEGIC OBJECTIVE THREE

We will work collaboratively with agency leadership to provide the tools they need in order to accomplish the state's business objectives.

Experts agree that one of the factors that contributes most to positive employee attitudes toward their workplace is the communication and relationships that exist between employees and their managers or supervisors. Employees often seek other employment because they feel they aren't treated well by their manager or supervisor.

Other factors that affect positive workplace perceptions include: physical surroundings, meaningful work, availability of technology and proficiency with that equipment and software, relationships with co-workers, a sense of belonging and accomplishment, work schedule flexibility to allow for work and home life balance, opportunities for training and development, career advancement, and appropriate/competitive salary and benefits.

In short, well trained, capable managers can do much to positively influence an employee's experiences in the workplace. Good managers have the capacity of creating positive work environments and satisfying work experiences for their employees. They are the glue that holds an organization and its workforce together during times of challenge.

Therefore, selection of high quality managers along with ongoing training is essential for the success of an organization. Such training should go beyond the areas of technical competence in a programmatic area, management practices, and organizational understanding. It should include a sound understanding of the organization's human resources policies and procedures. To be truly effective, managers in organizations must be knowledgeable about the culture of their organization and how to address the human issues they will encounter in their management work. Likewise, human resources personnel must be knowledgeable about the business needs of their agency. When human resource directors and agency managers work together, it is a winning strategy for high employee motivation and productivity.

Significant efforts have to been made to increase the availability of management information regarding staffing and budget. Managers are able to access information from their desktops. In addition, the HRDP developed a model for Workforce Planning that can be utilized by whole agencies, or individual work units. Plans are underway to define management competencies that best reflect the needs of state government. These competencies will better position agencies and their managers to aim their selection and development plans toward clearly identified goals and expectations.

Short Term Strategies:

- 3.1** Provide managers and supervisors with skills and competencies to effectively lead and manage the workforce of today and tomorrow.
- 3.2** Relieve burden of addressing human resource issues in small agencies by establishing a human resource system help desk and other strategies.
- 3.3** Provide opportunities for managers and employees to discuss performance issues in a timely, objective, and value-added manner with employees by development of a performance management system linked to goals of employee and agency.
- 3.4** Survey state agency managers to identify human resource issues of most concern to them.

Long Term Strategies:

STRATEGIC OBJECTIVE FOUR

We will generate a commitment to and ownership in the organization through opportunities for genuine employee input and involvement.

The need to contain costs and increase efficiencies has required many employers to look to their employees for new ideas and innovations in doing business. Organizations that have consistently implemented this human resources management style have experienced tremendous productivity gains.

These facts are supported by the Employment Policy Foundation, which says: "Documented productivity gains for employee involvement systems...are typically in the 18 to 25 percent range. Additionally, incentive reward systems have been implemented to support and lead the employee involvement culture. The combination has generated additional productivity growth of 3 to 26 percent. In addition to productivity gains, employee involvement has produced significant improvements in product and service quality, turnover rate, and absenteeism. These factors are extremely important in contributing to improvements in overall organizational performance."

The benefits of added productivity gains, improvements in product and customer quality, lower turnover rates and reduced absenteeism aren't the only measures of gain to be considered when evaluating the positive impact of a workplace culture that encourages genuine employee input and involvement. Other benefits of employee ownership in an organization's policies, procedures, decisions and outcomes include increased employee morale, increased employee responsibility for the organization's mission, improved unit communication, and improved employee zeal and work satisfaction.

In order to become an attractive employer and a more efficient organization, the State of Minnesota must therefore develop a workforce culture that encourages supervisors to welcome and participation in deciding how work will be performed and employees to provide input and innovation. With an environment of healthy communication and participation, employees will share in the ownership, responsibility, risk taking and rewards associated with conducting State business successfully.

We have joint labor/management committees at both the agency and the state level where appropriate, including a Safety Committee, Affirmative Action Committee, Child Care Committee, and Parking Committee. We have local labor/management committees which also discuss such issues as agency training policies and expenditures, work rules, dress codes, sick leave and severance, employee assistance program, sexual harassment, expenses, FMLA, and local concerns. We have worked to establish positive, coordinated labor relations programs in all state agencies. Some agencies have identified competencies needed by managers and supervisors to lead a diverse workforce. Training is underway to develop these competencies in a broader segment of the state workforce.

We have conducted new employee and exit surveys to identify why people are attracted to and leave state employment. Final data will be presented by March, 2004.

Short Term Strategies:

- 4.1** Develop a model performance management/measurement system that is designed to consider feedback from a wide range of sources when evaluating State personnel, and provide a complete plan for training the managers, supervisors and others who are responsible for performance review in proper use of the new system. Allow for employee input to performance feedback of supervisors, manager and executives by developing and administering a performance management system.
- 4.2** Provide opportunities for managers and supervisors to develop communication skills that encourage meaningful dialogue within work units.

Long Term Strategies:

- 4.3** Provide support for new employees and prospective new employees by establishing program in which volunteer employees can be first contact for questions regarding workplace.

STRATEGIC OBJECTIVE FIVE

We provide opportunities for employees to learn, grow, and contribute through the use of competency-based training and organization-wide career opportunities.

“Maximizing Resources” and “Sharing Resources” are two terms we hear quite often in public sector employment situations. For this strategic objective, resources refer to human capital. And to maximize and share our human capital, a competency based system that identifies knowledge, skills, abilities and behaviors will allow us to share and maximize our human capital within and across state agencies.

A number of agencies have already identified organizational competencies needed to accomplish their mission. Employees are educated, trained and coached to demonstrate these competencies to accomplish their current jobs and to prepare for future career opportunities.

The State’s Training Director is working with the HRDP to identify statewide competencies within the Human Resources career family. Work has also begun on identifying competencies for the Managers career family. These competencies can be used in concert with specific agency competencies to support identification of common competencies across agencies. Competency-based tools can be created for use in 360’s, recruitment, selection, and employee development. These tools would provide the State the consistency, comparability, and effectiveness for maximizing and sharing human capital within and across state agencies. The State Training Director, now working in partnership with the Management Analysis Division, can provide competency-based training to ensure consistent understanding and use of competencies statewide.

The HRDP recognizes the value and importance of competencies as the base for an updated classification system that can more accurately measure the talent needed for today’s and tomorrow’s workforce. To that end, the HRDP is creating a competency-based classification model that can initially be used by statewide human resources staff and managers. This model could eventually be modified and expanded for all statewide job classifications.

Short Term Strategies:

- 5.1 Encourage acquisition of competencies for current or future career assignments by developing enhanced mobility programs within and across agencies as well as through opportunities with other public and private employers.

Long Term Strategies:

- 5.2 Identify appropriate systems to deliver training for identified competencies by evaluating current training and development programs and instituting new ones.
- 5.3 Assist employees who want to acquire advanced skills in their profession by establishing individual development accounts. Increased employer contribution would be associated with plans linked to shortage occupations in state service.
- 5.4 Evaluate training and development program effectiveness and appropriateness by developing comprehensive training evaluation tools and processes.

STRATEGIC OBJECTIVE SIX

We will design and negotiate fiscally responsible rewards and compensation packages that acknowledge employee contributions.

Not long ago, Minnesota State employees' benefits were among the top available within the state, regardless of employer. Private companies have since caught up and passed by with innovative packages, frequently with higher employer share of costs.

Many private companies, with whom the State is competing for employees, have flexible compensation and benefits plans with which to lure candidates for employment and retain employees. Tops among these tempting morsels are negotiable starting annual vacation, signing, recruiting, and referral bonuses, and tuition reimbursement.

More and more, companies are presenting benefits to new employees as a cafeteria plan, in which each employee can choose his/her options, given a base coverage and a value or other limit for employer-paid options. Many other companies are now attracting skilled workers by offering them incentive plans, in which employees are financially rewarded for actions that somehow limit or reduce corporate financial exposure. Employee/ worksite health promotion programs—which reward workers for participation in health improvement activities that can reduce health care premiums—are among the incentive programs now offered by employers. Organizations are also providing incentives to employees with employer-paid professional dues and health club memberships.

To compete in this marketplace, the State must re-engineer compensation options, particularly for employees and candidates in critical competency areas. However, the downturn of the economy has impacted private employers as well as the State. Many private employers have scaled back their wage and benefit packages to survive in the current market. Because the State is currently dealing with massive budget deficits, any action taken must be fiscally responsible within the constraints of today's economy.

One major incentive offered in the 2001-2003 round of bargaining was the creation of Minnesota State Retirement System Health Care Plan accounts. These accounts allow employees eligible for severance pay to have that money put into a tax-free account to defray post-retirement medical costs.

Other benefits were expanded, such as allowing employees to take sick leave for specific types of eldercare and for bereavement of domestic partners.

Bargaining for the 2003-2005 contracts were limited by the state of the budget, and changes made were chiefly in the plan design of the employee insurance program in order to hold down overall costs.

Short Term Strategies:

- 6.1** Develop strategies for collective bargaining that support the acquisition and retention of high quality state employees.
- 6.2** Explore ways to create compensation packages that are market competitive, responsive to employee needs and diversity of interests, and that are cost effective and budget conscious.
- 6.3** Develop health promotion and wellness programs that help state employees make appropriate work and non-work choices that encourage healthy lifestyles.

Long Term Strategies:

- 6.4** Allow for employee choice in total compensation program by re-designing benefits in the Commissioner's and Managers' plans to allow for cafeteria-style selections in sick leave, annual leave, health insurance, deferred compensation, development account, life insurance, and other benefit areas.
- 6.5** Reward innovation, risk-taking, performance, and efficiency by developing a compensation program (details of which would be bargained with the unions) that accounts for accomplishments in these areas and provides for timely rewards.

STRATEGIC OBJECTIVE SEVEN

We will develop and use technology to deliver high quality and cost effective human resources products and services.

The purpose of this objective is to insure that investments in information technology for human resources systems are spent effectively to improve business practices, streamline present systems and improve the accessibility of information to human resource practitioners, managers, employees and applicants. Even though different human resources information systems interface, make the system appear as one (seamless) system to the customer.

Presently, different electronic information systems are in place from the intranet, extranet to Resumix and SEMA4. These systems improve the ability of human resource staff to provide information and perform transactions. There are still opportunities through information technology to improve the effectiveness of human resources systems.

Short Term Strategies:

- 7.1 Establish the mechanisms for ensuring the accountability of HR data for accuracy, integrity, and availability. The authority to implement and delegate appropriate control measures and processes for the system-wide HR community.
- 7.2 Reduce or eliminate costs associated with employee data management by utilizing employee self-service tools, networks and data from the human resources information system. This includes providing the ability for employees to enter time worked directly into electronic timekeeping systems that interface directly with human resource information and payroll systems.
- 7.3 Create the capability to deliver cost-effective training and development programs using the extranet, internet, and other distance strategies.
- 7.4 Evaluate the need for agencies to maintain sideline information systems while maximizing use of the statewide system.

Long Term Strategies:

- 7.5 Coordinate services and share resources among Employee Insurance Division, Minnesota State Retirement System, Employee Assistance Program and other organizations by establishing a common call center, information systems, web services and other services.
- 7.6 Ensure sufficient capacity and integration throughout the state service by developing and implementing a human resource system information technology strategic plan in cooperation with DOER and other agency IT units.
- 7.7 Make full use of workflow functionality of human resource information system by mapping and redesigning human resource processes.
- 7.8 Improve communication, position-required knowledge, knowledge management, access to electronic government services, and access to employee reward and incentive websites by creating enterprise and other portals.
- 7.9 Eliminate duplicate data, redundant data entry and non-compatible data systems and provide improved quality, accuracy, and availability of regular and ad hoc business reports by integrating human resource systems including retirement, payroll, workers compensation, insurance, and staffing.
- 7.10 Increase communication, collaboration and sense of community by adding functionality such as chat, streaming video, polling, and other electronic conferencing options to State communication networks.
- 7.11 Reduce enterprise's dependency on certain positions and occupations by utilizing technology when feasible and appropriate.

STRATEGIC OBJECTIVE EIGHT

We will form partnerships with public and private sector organizations with compatible goals and interests to leverage resources, talent and opportunities.

While the current economic and fiscal environment demands partnering to maintain even current levels of service, sound business practice support the formation of partnerships in order to maximize public resources and talent. Through strong partnerships we learn more from each other; we work smarter, and we can continue and perhaps even expand services that otherwise could not be provided or sustained.

The formation of the HRDP itself exemplifies the concept of partnership embodied in this objective. Since its inception it has provided avenues for creative problem-solving, use of data to support decision making, avoidance of duplicative efforts, and maximization of existing resources.

Expanding our attitude toward partnership facilitates not only knowledge sharing within the state human resource system but also identifies opportunities to incorporate cutting edge human resource programs that will benefit the entire system for the long term.

Short Term Strategies:

- 8.1** Explore opportunities to share resources within the state system as well as with other public and private sector entities so that human resource functions can be carried out with maximum efficiency.

Long Term Strategies:

- 8.2** Incorporate cutting edge human resource concepts and programs to impact recruiting, training, total compensation and technology by benchmarking private and public organizations. This includes identifying and implementing the appropriate organizational structure to maximize recruiting efforts and resources throughout the State service.
- 8.3** Impact curricula offered by technical colleges and other institutions of higher education and facilitate graduate placement into state service by creating partnerships and memoranda of understanding.
- 8.4** Identify and implement the appropriate organizational structure to maximize training and development resources throughout the state service.
- 8.5** Facilitate acquisition of cutting edge competencies by establishing employee exchange programs with private sector as well as state, federal and other public employers.

STRATEGIC OBJECTIVE NINE

We will ensure that human resource policies, programs and practices are flexible, integrated, cost effective, and value-added.

A combination of systems provided by the central civil service agency and services provided by agency-level human resource management offices delivers the total package to Executive Branch managers. Each makes a unique contribution to public service in assuring that management decisions are based on the best possible principles and practices in the field.

A large public employer needs to assure that there are systems in place to assure citizen confidence in a consistent set of rules. This is delivered through a combination of the agency human resources offices which provide direct service to managers and employees that is tailored to the mission and values of the agency and the Department of Employee Relations. Citizens expect that there are professional resources available to advise and consult with managers of state agencies in their role as stewards of the human resource. All levels of agency management rely on local human resources operations for partnership and support.

The Department of Employee Relations and the agency human resources operations must constantly work together to create a system that is strategic, cost-effective and customer-focused.

The DOER and agency human resources directors have teamed up to form this partnership. Their cooperative efforts have assured support to build and enhance systems that are efficient and effective in personnel/payroll processing, applicant processing and referral and labor-management relations. The partnership is effective in identifying needs and developing workgroups to take on the single policy question or to tackle long-standing questions of job classification simplification.

Current efforts include several projects created as a part of the initial strategic plan for the HRDP. This updated plan should assure a continuum of human resource management services to create a civil service system that meets Minnesota's high standards in public service.

Short Term Strategies:

- 9.1 Identify opportunities to reduce transactional and other costs of human resource system processes, products, and services.
- 9.2 Improve human resource programs, products, and services system wide, as a result of program evaluation surveys and peer review.
- 9.3 HRDP will recommend (to the Minnesota Legislature, the state employee unions, state agencies and others as needed/appropriate) the elimination of outdated and ineffective human resource policies and procedures. The HRDP will also seek to standardize remaining human resource policies and procedures when feasible.
- 9.4 Better coordination of benefit programs and provide greater level of service to employees and agencies by replacing Designated Department Insurance Representatives (DDIRs) with centralized benefit call center.

Long Term Strategies:

- 9.5 Mitigate claims cost by using data from insurance and workers' compensation systems to establish performance goals for Workers' Compensation and Health Promotion Programs.
- 9.6 Redesign or eliminate the state's classification system after benchmarking classifications of other public and private sector organizations.

ACCOMPLISHMENTS 2001 – 2003

APPENDIX A

- Attract and retain diversity throughout the state service by re-engineering the Office of Diversity and Equal Opportunity/Affirmative Action systems, processes, rules, and statutes to focus on results-oriented and value-added approaches.
- Use employee talents and abilities across the state service by creating and encourage agency use of an employee skill registry.
- Identify competencies necessary to ensure that managers and supervisors are prepared to apply principles of diversity to activities such as recruiting, hiring, training and managing employees. Provide manager/supervisor training designed to build these competencies; and consider attainment/application of diversity training in manager/supervisor performance appraisals and compensation.
- Establish periodic surveys of agencies and individual employees to monitor continued employment and satisfaction of protected group members in the state workforce.
- Create system to collect, store and analyze feedback from all employees who voluntarily terminate from state service, seeking to learn why employees leave state agencies to take jobs elsewhere.
- Provide enterprise, agency, and unit-specific information to managers while also providing necessary information to improve management capacity to address human resource issues via extranet portals and other strategies.
- Provide managers and HR professionals with necessary information to address human resource issues by forming a formal workforce planning and evaluation function.
- Ensure labor union participation in changes represented by this Strategic Plan, through evaluation of current joint labor-management committees as appropriate.
- Establish positive, coordinated labor relations programs in all state agencies.
- Identify bargaining agenda by developing and administering stake holder surveys during even numbered years to determine what employees want in terms of prerequisites, benefits, flexibility, and workplace opportunities.
- Identify reasons why people are attracted to, stay with, and/or leave state employment, so we can improve our ability to attract and retain employees by developing and administering applicant, new hire, long-term employee, and exit surveys.
- Provide increased sense of community and collaboration by keeping employees informed about enterprise and other information by establishing opportunities for employee self-service.
- Establish a competency-based training and development system that is capable of preparing employees for current and possible future career assignments throughout the state service.

- Create agency-specific or state-wide opportunities for those employees who desire to assume leadership roles by developing a succession and executive development program.
- Create a job/assignment system that will allow managers to post notices regarding personnel needs (e.g., "I need an employee who is available and has the skills necessary to conduct a 2-month project in which a survey questionnaire will be developed."), which can be matched with information about qualified employees who are listed in a statewide "skills bank."
- Assist employees with paying for post-retirement costs by offering ability to pre-fund certain products.
- Facilitate applicant access to job and application information by redesigning web pages connected to recruiting and employment.
- Eliminate customization of the human resource information system which prevents regular and cost-effective vendor upgrades.
- Maximize use of resources and increase collaboration opportunities of individuals focusing on diversity and affirmative action by forming an interagency partnership.
- Assist agencies and other entities with managing worker's compensation costs by establishing an interagency premium funding pool and also with managing increased health costs by benchmarking and implementing best practices of organizations that have successfully balanced cost containment with prevention and health system quality improvement.
- Establish employment pools from which state agencies may draw competent and acclimated employees on temporary or permanent basis.
- Establish a system-wide workforce planning/evaluation and strategic planning function. This function will provide data necessary for formation of recommended action plans that will be considered by state agency managers, the HRDP, and other partnerships.
- Redesign the state's hiring process in order to expedite filling of vacancies throughout the state service.
- Eliminate employment tests that are not valid, useful, or appropriate and shift evaluation resources to workforce planning and training functions.

HRDP STRATEGIC PLAN 2004 - 2005

APPENDIX B

<i>Action Plans</i>							
Objectives	Workforce Planning	Performance Management System	Self-Service Tools	Training Delivery System	Data Integrity	Shared Services	Reduce Transactional Costs
Who?	<ul style="list-style-type: none"> • Workforce Plan Team • DOER 	Committee will develop framework for performance management system	<ul style="list-style-type: none"> • HRDP • DOER • Finance • State Agencies 	HRDP work group. Pull experts in from Information Technology, training, current agency users	<ul style="list-style-type: none"> • DOER (owner of SEMA4) • Agency Reps 	All agencies and other units of government	Varies by functional area under review
What?	<ul style="list-style-type: none"> • Finish Workforce Plan • Tools: communication plan; technical assistance; sample data reports • Healthy lifestyles 	Determining components of performance management guidebook and training	Employee data management by utilizing self-service tools: direct deposit; email address; emergency contact; W4; timesheets; home address/phone number; 19; benefit changes; marital status; deferred comp; education & skills; training records; work schedules	<ul style="list-style-type: none"> • Identify common competency training needs • Identify alternative training, delivery systems (e.g., Web Extranet; teleconferencing; e-learning, VOIP, etc. • Train employees to resolve internal disputes 	<ul style="list-style-type: none"> • Statewide accuracy of HR data that is accessible and retrievable • Effective use of consistent employee data • Maximization of SEMA4 capabilities 	Database skills, resources, services (sexual harassment training, H-1B visa expert, meeting facilities, etc.) on Extranet or other potential tool <ul style="list-style-type: none"> • Create alternative dispute resolution model 	Reduce costs

Action Plans

Action Plans							
Objectives	Workforce Planning	Performance Management System	Self-Service Tools	Training Delivery System	Data Integrity	Shared Services	Reduce Transactional Costs
How?	Current process	Survey HRD	<ul style="list-style-type: none"> • Assess need – ROI • Requirements and contingency plan. • Prototype, pilot roll out 	<ul style="list-style-type: none"> • Gather information on current capabilities and satisfaction • Research new tools • Review agency competency projects 	<ul style="list-style-type: none"> • Agreed upon data dictionary • Training • Inventory of data needs: <ul style="list-style-type: none"> - steering team - identify sub-teams by users - coordinate with other projects 	<ul style="list-style-type: none"> • Survey agencies - Informal communication (include Governor's office, legislature, HR and other local units of government) 	<ul style="list-style-type: none"> • Search out current best practices • Seek "shareware" freebies from private industry and other states • Develop collaborative approaches to service delivery
When?	Coordinate with release of Governor's Scoreboard	June 30, 2004	Varies by project based on priorities to be identified by HRDP	• Start NOW and ongoing	<ul style="list-style-type: none"> • High priority • Basic to other projects • Two years 	<ul style="list-style-type: none"> • 3 – 6 months (state agencies) • 12 – 18 months (local units of government, etc.) 	<ul style="list-style-type: none"> • Ongoing, project by project • Never ends, always seeking to cut costs
Capacity/ Resources	<ul style="list-style-type: none"> • Affirmative Action Plan • Electronic Medium • Databases and "How To" training • Agency managers capacity and desire 	HRPD Information	<ul style="list-style-type: none"> • Utilize current resource • Need to study - ROI 	Share equipment, licenses and experts	<ul style="list-style-type: none"> • DOER coordinator • Agency participation at different levels (users, data entry, analysts) 	<ul style="list-style-type: none"> • Survey expertise • Extranet assistance 	<ul style="list-style-type: none"> • Sharing time • Purchasing new systems (costly)

Action Plans

Objectives	Workforce Planning	Performance Management System	Self-Service Tools	Training Delivery System	Data Integrity	Shared Services	Reduce Transactional Costs
	Measures	Number of Deputy Commissioners, HR staff, managers, supervisors who understand and know how to access and use Workforce Planning tools	Completed Guide Book	<ul style="list-style-type: none"> • Employee satisfaction and access • Cost reductions • Data integrity 	<ul style="list-style-type: none"> • Cost savings • Participant satisfaction • Cost to employee • Employee retention • Promotion 	<ul style="list-style-type: none"> • Consistent accurate data • Able to link employee data to business goals • Easily retrievable • On demand reports 	<ul style="list-style-type: none"> • Number of times needed services were rendered by the pool • Satisfaction level from users of shared services • Turnaround time in meeting agency needs versus use of consultant • Look at things that would not have been achieved if pool resources were not available (e.g., reduction in grievances/\$\$ liabilities based on shared training resources (e.g., sexual harassment training, investigative training))

**HRDP STRATEGIC PLAN
2004 - 2008**

Objectives/Short Term Strategies		Action Plans						
		Workforce Planning	Performance Management System	Self-Service Tools	Training System	Data Integrity	Shared Services	Reduce costs (efficiency)
1	We will create systems, structures, and workplace cultures that promote recruitment, development, and retention of all kinds of people within the state employee population.							
	1.1 Internships/mentoring	X	X		X			
	1.2 Alternative dispute resolution				X		X	
	1.3 Staffing needs	X			X			
2	We will build our reputation as a desirable employer offering alternative work environments that respect organizational and individual needs; and that promote healthy lifestyles of state employees.							
	2.1 Phased retirement	X						
3	We will work collaboratively with agency leadership to facilitate the accomplishment of the state's business objectives.							
	3.1 Leadership competencies	X	X		X			
	3.2 HR Helpdesk						X X	
	3.3 Performance Management System	X						
	3.4 Survey managers	X	X		X		X X	
4	We will generate a commitment to and ownership of the organization through opportunities for genuine employee input and involvement.							
	4.1 Enhance recognition	X	X		X			
	4.2 Communication skills in supervisors	X	X		X			
5	We will provide opportunities for employees to learn, grow, and contribute through the use of competency-based training and organization-wide career opportunities.							
	5.1 Enhance mobility	X			X			

**HRDP STRATEGIC PLAN
2004-2008**

Objectives/Short Term Strategies		Action Plans						
		Workforce Planning	Performance Management System	Self-Service Tools	Training System	Data Integrity	Shared Services	Reduce costs (efficiency)
6	We will design and negotiate fiscally responsible rewards and compensation packages that acknowledge employee contributions.							
	6.1 Plan for negotiations	X						X
	6.2 Cost-effective compensation	X						X
	6.3 Healthy lifestyles	X						X
7	We will develop and use technology to deliver quality and cost effective human resource products and services.							
	7.1 Accurate data						X	X
	7.2 Self-service tools							X
	7.3 Cost-effective training			X	X		X	X
	7.4 Off-line HR Information Services				X	X	X	
8	We will form partnerships with public and private sector organizations with compatible goals and interests to maximize opportunities, cooperation, and resources.							
	8.1 Shared services				X		X	X
9	We will ensure that human resource policies, programs and practices are flexible, integrated, cost effective and value-added.							
	9.1 Reduce transactions costs						X	X
	9.2 Improve service (peer review?)					X	X	X
	9.3 HR policies and procedures					X	X	X
	9.4 Call center			X		X	X	X

