

GUIDE TO

MINNESOTA

*Department of
Employee Relations*

1999

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November 1998

Minnesota Department of Employee Relations

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STATE OF MINNESOTA

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
SAINT PAUL 55155

ARNE H. CARLSON
GOVERNOR

To the Incoming Administration:

Please accept my congratulations on your appointment as the new Commissioner. I am certain this will be a most interesting and rewarding challenge. As the largest employer in the State of Minnesota, DOER assists all state agencies in their efforts to hire and retain a workforce of distinction and merit. During the past eight years, the department has moved ever closer to that goal and further demonstrated excellence in a variety of ways:

Long-term Care Study: In cooperation with the Department of Human Services, exploration in and viability of a SEGIP long-term care group plan began in the fall of 1996 with legislature funding of \$350,000 for this project granted in 1997.

Human Resource Reengineering: The current procedure for becoming a state employee, a paper-intensive, time-consuming and cumbersome process, has been in place for 40 years. This multi-year, multi-million dollar project will change the way in which the state defines and classifies jobs and attracts, recruits, trains, and retains its employees, making the state a model employer of the future.

Pay Equity: The State of Minnesota boasts a 95% compliance rate with local government pay equity laws, ensuring compensation fairness in public sector workplaces throughout the state.

Minnesota Health Partnership: Coordinated Health Care and Disability Management Project: A pilot clinic study in cooperation with a coalition that includes private sector employers, the health insurance industry, the medical community, and various state and local government agencies. The purpose of the Coordinated Health Care and Disability Management Project is to study aspects of "24-hour care," a concept that may streamline health care delivery and disability management by eliminating distinctions between medical insurance benefits and workers' compensation medical services. Health care clinics serving state employees under SEGIP joined the project in January and July, 1998. The project will be completed in September 2002. An evaluation phrase associated with the project began in September 1998.

SEGIP Assessment Project: This project evaluates possible modifications or alternatives to the current managed SEGIP competitive health care purchasing strategy with potential carve outs for behavioral health, pharmacy, and chiropractic services in conjunction with the care systems delivery model. This will produce a massive improvement in the cost and delivery of state employee health care.

IWON: At my request, the department launched the “Improved Work Opportunities Now” program, providing assistance to the economically disadvantaged jobseeker, including former welfare recipients. Latest figures show that, during the period from February to September, 1998, 16% of entry level state positions were filled with this segment of our population.

SEMA4 Upgrade: SEMA4 is the State of Minnesota’s human resource and payroll information system. It serves all state agencies in the executive branch and part of the judicial branch. Approximately 50,000 employees receive their paychecks through this system. The system, which has not been upgraded since 1995, will undergo a \$4.7 million upgrade, allowing it to produce the high level of reliability, accuracy and performance its users need and expect.

CORE Training: The legislatively mandated Supervisory Core training program, which is responsible for instructing the state’s managerial and supervisory-level employees, has been revised, adding new topics and revamping lesson plans to greatly enhance this comprehensive 8-day session. Special attention is paid to state employee’s ethical obligations and responsibilities.

Collective Bargaining: The Labor Relations Bureau has continued to successfully bargain labor contracts, thus avoiding costly and disruptive strike activity. Their investigations of alleged employee misconduct also continue, resulting in better quality investigations and more satisfactory resolution of disciplinary disputes.

You and your administration have my sincere wishes for success as you continue to foster the vision of making the State of Minnesota the employer of choice for the discriminating Minnesotan.

Warmest regards,



ARNE H. CARLSON
Governor

Minnesota
Department of
Employee
Relations

*Leadership and partnership in
human resource management*

To the Incoming Administration:

It is with bittersweet emotions that I write this letter. First, I sincerely applaud your appointment as Commissioner of the Department of Employee Relations, an honor in which you deserve to take considerable pride and sense of accomplishment.

On the other hand, I have a feeling of personal loss in leaving this position, one I had only hoped to achieve during my nearly 30 years in service to the State of Minnesota. As commissioner, I have dealt with a great many issues, from the mundane problems no one hears about to the momentous decisions that had considerable consequences to each of the 53,000 employees under my watch. My tenure, first as deputy and then commissioner, has brought significant personal growth and reinforced my firm belief that a career in public service is one of the most rewarding experiences one can have.

This position brings with it a variety of challenges, not the least of which is trying to undertake progressive and innovative initiatives while working within the confines of the complex and often times inflexible civil service system. The good news is that the department has spent considerable time, money and effort to bring about a dramatic and evolutionary facelift to improve the manner in which we attract, hire, train and retrain state employees. When completed, this significant reengineering project will have made the state's human resource management systems competitive with the most respected public sector models.

One of my goals as commissioner was to make DOER a healthier, more humane workplace. While strides have been made in this area, development of a more positive culture is an ongoing and ever-evolving challenge.

The Department of Employee Relations is home to some of the finest professionals in public service. I will miss them dearly. These are people of intelligence, integrity and creativity, dedicated to ethically and carefully carrying out the business of state government. They initiate projects and see them through to fruition, support and assist each other in their individual efforts and are respectful of opinions contrary to their own. I feel certain you will quickly come to consider them a fortunate inheritance.

My wish for you is that you will be as satisfied and content in this position as I have been. Please know that I am available for consultation and will be more than willing to answer any questions or concerns you might have in the upcoming days, weeks and months. Good luck to you and may your sail be smooth.

Sincerely,



Karen L. Carpenter
Commissioner

History

The State of Minnesota was, in 1939, one of the first to pass a civil service law. The Civil Service System was administered through the Civil Service Department. During the late 1960's, a training division was added and the Career Executive Service (CES) was created. CES was established to recognize outstanding professional and managerial employees and to assist agencies in their efforts to retain them. In 1981, CES was merged into a newly created Minnesota Council of Managers. In 1971, the Public Employee Labor Relations Act (PELRA) was passed, which authorized public sector collective bargaining. The legislature adopted further changes in 1973, which were designed to strengthen recruiting and hiring for supervisory and management positions. At the same time, the department was renamed the Personnel Department. PELRA was also modified that year to include impasse procedures and a limited right to strike. In 1979, the legislature reviewed the sometimes complicated interactions between civil service and collective bargaining and established the Legislative Commission on Employee Relations to provide a structural mechanism for legislative oversight of the bargaining process. The Department of Employee Relations (DOER) was created in 1980. The concept of the state as one employer was statutorily established, employees were placed in statewide occupational bargaining units and given an expanded right to strike. In 1981, the state civil service law was completely rewritten and codified as M.S. 43A.

Today, DOER exists to assist agencies in their efforts to recruit and retain a workforce of distinction and merit. Other primary customers include state employees, union representatives and job applicants.

The department has 2 programs, Human Resource Management and Employee Insurance. Included in Human Resource Management are:

- Staffing
- Office of Diversity and Equal Opportunity
- Training & Development Resource Center
- Labor Relations, Compensation and Pay Equity
- Administrative Management
- Quality College

The Employee Insurance Program includes the following:

- State Group Insurance
- State Workers' Compensation
- Public Employee Insurance

The Agency Mission

The Department of Employee Relations' mission is to provide services and systems for attracting, hiring, training, and retaining an exemplary workforce of quality contributors who, as keepers of the public trust, are dedicated to effectively and ethically conducting the business of the State of Minnesota.

The Agency Vision

State of Minnesota: Employer of Choice

Labor Relations Bureau

Activity Summary

The Labor Relations/Compensation Bureau was established in M.S. §43A.06 to perform the duties assigned to the commissioner under the Public Employees Labor Relations Act (PELRA) at M.S. §179A.01 et seq. The Bureau is also responsible for monitoring compliance of local government subdivisions with the Local Government Pay Equity Act as described in M.S. §471.991 et seq.

The Bureau consists of 3 distinct units:

1. Labor Relations
 2. Compensation
 3. Local Government Pay Equity
1. The Labor Relations/Compensation Bureau represents the commissioner as the employer for all state employees in the executive branch. The Bureau negotiates collective bargaining agreements with the exclusive representatives of state employees, presents management's positions in interest arbitration, and implements major portions of the collective bargaining agreements. The Bureau is also responsible for carrying out the state's obligations as an employer under a variety of state and federal employment laws.

The Bureau also advises the management of each state agency in their relationships with the exclusive representatives for state employees, and sets statewide policy for management's interaction with labor. In its role supporting state agency management, the Bureau interprets collective bargaining agreements, advises agency management on contract and human resources administration issues, trains supervisors and managers in

contract administration, and administers grievances appealed to arbitration. The Bureau also coordinates sensitive employee misconduct investigations for state agencies.

2. The Compensation Division provides an overall compensation framework for cash compensation and benefits other than insurance, i.e., vacation, sick leave, holidays and expense reimbursement. The Division also provides policy development and research services to executive branch management in the areas of compensation and related programs. The Division is responsible for estimating the fiscal impact of collective bargaining proposals and providing policy and technical direction in the negotiation of collective bargaining agreements. In addition, the Division develops or approves compensation plans for unrepresented employees in all but the higher education agencies.
3. The Local Government Pay Equity Section is responsible for administering the compliance process for the Local Government Pay Equity Act. Responsibilities include informing local governments of the Act's requirements, reviewing reports received from local governments, determining compliance, assessing penalties and informing the legislature of the compliance status of local units of government.

Key Issues and Constituencies

The Labor Relations Bureau represents the employer in the administration of seven collective bargaining agreements covering approximately 37,000 employees and other plans covering confidential and managerial employees. The exclusive representatives and their presidents or executive directors are:

1. American Federation of State, County and Municipal Employees (AFSCME), bargaining units 2, 3, 4, 6, 7, 8, Peter Benner, Executive Director.
2. State Residential Schools Education Association (SRSEA) bargaining unit, Dennis Schatz, President.
3. Minnesota Law Enforcement Association (MLEA), bargaining unit 1, Bob Bushman, President.
4. Minnesota Association of Professional Employees (MAPE), bargaining unit 14, Deborah Schadig, President.
5. Minnesota Government Engineers Council (MGEC), bargaining unit 12, Glenn West, Executive Director.
6. Minnesota Nurses Association (MNA), bargaining unit 5, Linda Lange, Business Representative.
7. Middle Management Association (MMA), bargaining unit 16, Gary Denault, Executive Director.

Labor Relations Bureau staff members are assigned to specific state agencies as their contact for approximately 125 employer units.

Key Legislators and Legislative Committees

The Labor Relations Bureau must get approval from the Joint Subcommittee on Employee Relations for all of the negotiated collective bargaining agreements and plans. The Subcommittee Executive Director is Greg Hubinger. The current chair of the Subcommittee is Representative Loren Solberg.

Priority Projects

The Labor Relations/Compensation Division's key objectives, goals and performance indicators are as follows:

- Prepare for the upcoming F.Y. 1999-2000 bargaining negotiations.
- Continue to provide ongoing labor relations services and information to executive branch agencies.
- Continue to make pay equity compliance determinations and provide technical assistance. Plans include updating both the State Job Match, a job evaluation tool provided at no cost to local governments, and the pay equity analysis software.
- Establish a full-time position to conduct sensitive employee misconduct investigations for state agencies that do not have the resources to do so.

Office of Diversity and Equal Opportunity

Activity Summary

The Office of Diversity and Equal Opportunity (ODEO) exists to provide leadership, consultation, information and support to state agencies in the following areas:

- Affirmative action plan compliance and equal employment opportunity;
- Americans with Disabilities Act (ADA) compliance;
- Diversity programming and planning;

- Promotion of inclusive hiring and employment practices;
- Selection, retention and mentorship program strategies;
- Review of sexual harassment cases upon request, pursuant to AFSCME contract.

The ADA/Disability Coordinator establishes state policies and procedures and provides technical assistance and training to executive branch agencies in their effort to comply with the Americans with Disabilities Act (ADA), Title I (employment), Title II (employment and program accessibility, P.L. 101-336) and the Minnesota Human Rights Act (M.S. §363.03). The goal of the ADA is to ensure an equal access to employment, programs, and services to people with disabilities. In addition, this office coordinates the Qualified Disabled Examination alternative testing program for applicants with disabilities (M.S. §43A.10, subd. 8) and the Supported Work Program (M.S. §43A.421).

Key Issues and Constituencies

- Providing, creating and maintaining equal employment opportunities;
- Furthering inclusiveness in state hiring and employment practices;
- Accommodating the increases in the number of disabled persons, people of color and those over 40 years of age;
- Reacting to a reduction in birth rate;
- Recruiting and retaining an exemplary workforce;
- Retaining protected group hires;
- Working effectively with the councils of color.

The Office of Diversity and Equal Opportunity serves all state agencies. Public expectation is that the state, as an employer, should serve as a role model for private sector employers, particularly in the areas of diversity and equal employment opportunity.

The Office of Diversity and Equal Opportunity works to develop partnerships with community groups who focus on employment, recruitment and retention. The recruitment of protected class members is especially important as the population base changes. For example, women have made great strides in the employment area, but not in all state job classifications. Qualified women should be able to participate in all job classifications and enjoy promotions based upon performance. Similar efforts must be extended in recruiting, training and retaining persons of color and individuals with disabilities.

Key Legislators and Legislative Committees

House Governmental Operations
 House State Government Finance Division
 Senate Government Operations and Veterans
 Senate Government Operations Budget
 Division
 Senator Jim Metzen
 Senator Len Price
 Representative Phyllis Kahn
 Representative Phil Krinkie
 Representative Tom Rukavina

Boards, Commissions and Task Forces

ODEO staff participate on the following:

Governor's Affirmative Action Committee
 Chicano-Latino Affairs Council
 Council on Black Minnesotans
 Indian Affairs Council
 ADA Coordinators Group
 ADA Network
 Small Business Procurement
 Twin Cities 1:1 Mentoring
 Disability Awareness Month Committee
 Statewide Affirmative Action Council
 (SWAAC)
 Joint Labor/Management Committee on
 Affirmative Action
 Council on Asian Pacific Minnesotans
 Council on Disability

Commission on the Economic Status of
Women
ADA Ad Hoc Advisory Group
Interagency Diversity Coordinators Group
Inter-Governmental Compliance Institute
Minnesota Cultural Diversity Center

Priority Projects

The ODEO has intensified its efforts to assist state agencies' endeavor to value and respect individual differences and to focus on eradicating bias and stereotypes in the workplace environment. Along with continued changes racially and multi-culturally, ODEO must also consider how the state's anticipated labor shortage will impact ODEO and, to a certain extent, change our focus. It will be imperative that the state place value upon every individual and their contributions and enhance our ability to retain and attract highly qualified employees.

Specific projects receiving the division's attention are:

- 43A language suggestions for affirmative action implementation - October 1998/ongoing
- Biennial Affirmative Action Reports - March 1999
- Affirmative Action Plan approval for all state agencies - December 1998

Division Goals

The goals of the division's diversity program are to create a state workplace that welcomes, respects and values people of all abilities, cultures, races, genders and ethnic backgrounds. The division ensures that diversity is reflected in all state government activities, including planning, purchasing, decision-making and design and delivery of services to customers.

The following specific goals have been established along with precise and valid outcome-based performance measures:

- ODEO will continue to provide state agencies with a variety of services to assure their compliance with state and federal laws governing affirmative action, equal employment opportunities and Americans With Disabilities Act.
- ODEO will continue to work with state agencies to increase representation of protected group employees in all job classifications.
- Continuous efforts will be made to ensure the turnover rate for protected group members is equal to the rate for non-protected group members.
- ODEO will continue to promote initiatives aimed at strengthening cultural relationships within the work environment.
- ODEO will expand training efforts within state agencies as they relate to mentorship, affirmative action, recruitment and diversity.

Upcoming Events/Important Dates

Training for Affirmative Action Officers/ADA Coordinators - May 1999
Diversity Forum - 1999
Mentoring Open House - December 1998
Affirmative Action Plan Training for Audits January/February 1999
Affirmative Action Audits - 1999
Diversity Progress Report for State Agencies - 1999
Diversity Training Plan - 1999
Mentorship Train-the-Trainer - 1999

Staffing Division (or Employment & Career Services)

Activity Summary

The division exists to provide statewide direction, technical consultation, coordination, development and maintenance of a variety of hiring and job classification services in order to maximize state agency efforts to attract and retain productive employees. Key expertise/service areas include:

- Recruitment and Marketing;
- Selection process design and development;
- Job seeker information, both internal and external;
- Strategic Staffing/Workforce Planning/Redeployment;
- Assessment/exam development;
- Classification, including job design, profiling and classification audits.

In the last biennium, the legislature appropriated \$575,000 as seed money to begin a reengineering process to change the way in which the state defines and classifies jobs, how we attract, recruit and redeploy our employees and how we plan for future workforce requirements. During this past biennium, these new design plans were successfully completed, delivered and approved. These plans were the result of 15 months of work by 6 teams made up of more than 150 statewide representatives from human resources, management, unions and legislative staff. This division also revised its organizational structure to meet current agency needs and anticipate additional service requirements of these new processes.

In addition, the division continued to incorporate new technology to support the efforts of the reengineering teams while researching additional technical applications useful to our efforts in job design and profiling, job audits, exam development, computerized applicant testing and applicant data bases.

The reengineering project focused on 3 key areas of reform: the hiring assessment process, job classification system and the strategic staffing process, formally called workforce planning. Following the Phase I study, Phase II brought together 3 teams to focus on each of these areas, suggesting specifics for new, more competitive, efficient and customer-focused procedures. In Phase III, a second set of teams was formed to detail the final designs for each process including implementation, funding and legislative requirements for successful conversion. These recommendations were the result of collaborative discussions involving a broad group of stakeholders including agency and DOER human resources, management and executives, larger unions, minority organizations, veterans groups and legislative staff.

Priority Projects

Hiring and Assessment Process Reengineering

The current procedure for obtaining employment with the State of Minnesota has been in place for 40 years. Applicants and managers are forced to work with a paper-intensive, time-consuming, cumbersome hiring process that can take months of

perseverance to complete. In many instances, applicants must endure this process multiple times, reapplying for every job in which they have an interest. As an employer, the state faces a highly competitive labor market, and a user-friendly hiring process is critical if managers are to attract and hire qualified candidates before they are lost to another employer. The recommended process provides an efficient and timely method to identify qualified candidates, assess them thoroughly and appropriately for specific jobs and eliminate the need for multiple applications. Executive branch managers, aided by their human resource consultant, will be able to complete their job requisitions on-line, identify applicants from a resume data base, review resumes, contact candidates quickly, and apply legal and union requirements, all in about 1/3 the time. Job seekers will be able to retrieve more current statewide job information through the Web, job-line or more traditional methods and be considered for all job openings with one resume. This major procedural change will require statewide technology purchase and deployment, extensive agency staff training and continuous communications with human resource staff, managers and employees.

Classification System

The current classification system consists of over 2,200 narrowly defined job classes. It is an antiquated model, inappropriate for today's employment market. When developed, it was based on post-industrial needs for specialized jobs in a stable business environment. Today's business climate, fiscal conservatism and labor shortages demand that we have a system that: 1) is based on broader career families of similar skills requiring fewer classes, 2) enables employees to more easily move between similar careers, 3) provides better workforce planning and individual employee development, 4) creates a more career-oriented atmosphere with

understandable performance expectations, 5) is easier for managers and employees to understand, and 6) supports the new hiring process.

In June of 1998, redesign teams devoted to the task of modernizing this system proposed a streamlined approach, featuring 35 broad career families with logical linkages to the Department of Labor's new O*Net system. In order to fully convert our existing classes, a 3-year plan has been developed. Most of the analytical work can be conducted by our division by adding one temporary analyst and software support for data analysis, reporting and storage. Without further funding, the project would take a projected 8 years to complete, stalling planned improvements for recruitment, selection, job-audit cost reduction and workforce planning activities.

Strategic Staffing

This initiative supports the implementation of an innovative, critical process for state management. As managers throughout the state begin to plan for their future human resource needs, the state will be in a better position to meet its operational requirements.

Important Dates and Events

RFP Preparation - January 1999
Clerical selection process implementation - January 1999
Finalization of new classification system parameters - February 1999
Renegotiation of prospective July 1 vendor contracts - March 1999
Deployment of computer test sites - February/March 1999
Addition of personnel for next phase of class studies - March 1999
Implementation of new state hiring process - July 1999

Employee Insurance Division

Activity Summary

The Employee Insurance Division was established in 1945 and adopted its current health plan-based, multi-plan, managed competition model in 1989. The State Workers' Compensation Program was established in 1935, but separated from the Department of Labor & Industry and incorporated with the Employee Insurance Division in 1987. The Workers' Compensation Program adopted its managed care approach to work comp medical services in 1993. In 1989, the Public Employees Insurance Program (PEIP) was launched by the Employee Insurance Division to provide the advantages of a health care purchasing pool to political subdivisions around Minnesota. PEIP reverted to operation as a self-insured product and added 3 new participating health carriers in 1998.

The Employee Insurance Division provides development, administration and management of group medical, dental and life insurance to about 70,000 employees representing Minnesota state agencies, the University of Minnesota, several independent billing units, and various quasi-state entities such as the Minnesota Historical Society. The division is also responsible for managing workers' compensation benefits for its 54,000 state employees and a purchasing pool that makes affordable medical, dental and life coverage available to some 3,800 employees of local units of government. The Employee Insurance Division serves approximately 165,000 covered individuals, including employees, retirees and their dependents.

The Employee Insurance Division provides a wide range of insurance and insurance-related services, including:

- Negotiation with insurance carriers;
- Enrollment, premium collection and payment;
- Resolution of coverage and claims disputes;
- Health promotion, disability management, and loss prevention;
- Workers' compensation claims management;
- Monitoring/analysis of health care services through the biennial Consumer Satisfaction Survey;
- Bargaining on insurance issues with labor organizations.

Key Issues and Constituencies

Important issues which EID must address in order to perform its functions and execute its charge include:

- Rising costs in the insurance and health care marketplaces;
- The need to keep pace with advancing technology available in the areas of insurance administration and program management;
- The need to find, develop and implement improved methods of purchasing/delivering insurance benefits and health care;
- The goal of promoting, improving and maintaining the health and productivity of state employees through proactive programs (health promotion, workplace safety, disability management, etc.);
- The challenge of keeping the Public Employees Insurance Program (PEIP) a viable insurance product in the face of direct competition from private sector insurance carriers.

Constituencies served by or integral to EID operations include:

- Approximately 153,000 state agency and University of Minnesota employees, retirees and dependents who are covered through the State Employees Group Insurance Program (SEGIP); approximately 54,000 state employees and state agency volunteers covered by the State Workers' Compensation Program;
- The commissioners, heads and managers of all state agencies whose employees are served by SEGIP and the State Workers' Compensation Program;
- The state employee unions and labor organizations whose members are served by SEGIP and the State Workers' Compensation Program: American Federation of State, County, and Municipal Employees (AFSCME) Council 6, United Technical College Educators (UTCE), Minnesota Government Engineers Council (MGEC), State Residential Schools Education Association (SRSEA), Minnesota State University Association of Administrative and Service Faculty (MSUAASF), Minnesota Law Enforcement Association (MLEA) Unit #1, Minnesota Community College Faculty Association (MCCFA), Inter-Faculty Organization (IFO), (Middle Management Association (MMA), Minnesota Association of Professional Employees (MAPE) and Minnesota Nurses Association (MNA);
- 72 Minnesota public employers (including counties, cities, townships, school districts and other public jurisdictions) participating in the Public Employees Insurance Program (PEIP), and representing an enrolled membership of 2,166 employees, 1,610 retired employees and 2,097 dependents.

Key Legislators and Legislative Committees

The following Minnesota state legislators and legislative committees are particularly involved in (or interested in) the issues, business, services and functions of DOER's Employee Insurance Division (EID):

Legislators:

- Senator Leonard Price
- Senator Richard Cohen
- Senator Linda Berglin
- Representative Thomas Huntley
- Senator Sam Solon
- Senator John Hottinger
- Representative Tom Rukavina
- Representative Lee Greenfield
- Senator James Metzen
- Representative Phyllis Kahn
- Senator Sheila Kiscaden
- Senator Don Samuelson
- Senator Steve Novak
- Representative Irv Anderson
- Representative Hilda Betterman
- Representative Kevin Goodno
- Representative John Tuma
- Representative Bill Haas

Senate Legislative Committees:

- Commerce
- Governmental Operations and Veterans (Budget Division)
- Government Operations and Veterans (Policy Committee)
- Health and Family Security
- Health and Family Security Budget Division
- Human Resources Finance Committee
- Jobs, Energy & Community Development

House Legislative Committees:

- Government Operations
- State Government Finance Division
- Health and Human Services
- Health and Human Services Finance Division
- Labor Management Relations
- Financial Institutions & Insurance

Joint House and Senate Committees and Commissions:

- Joint Subcommittee on Employee Relations
- Legislative Commission on Health Care Access

Boards, Commissions and Task Forces

EID personnel serve on boards, commissions and task forces including:

- • Minnesota Center for Healthcare Electronic Commerce
- Blue Cross Blue Shield of Minnesota -- Steering Committee for State Health Plan, Medical Policy Committee, Provider Appeals Committee
- • Minnesota Health Improvement Partnership
- * State of Minnesota Council of Managers
- Worker's Compensation Reinsurance Association Self-Insured Committee
- Buyer's Healthcare Action Group (BHCAG) -- Steering Committee, Implementation and Administration Committee, Admin RFP Committee, Care System Excellence Award Committee
- Joint Labor Management Committee On Health Plans -- Steering Committee
- • Minnesota Health Data Institute (HDI) (current Board Chair)
- Minnesota Consortium of Health Care Purchasers (Chair)
- HealthCare Education and Research Foundation (HERF)

- * Health Policy Commissioners Group
- * Workers' Compensation Reinsurance Association (WCRA) -- Claims Committee
- * Workers' Compensation Insurers' Task Force, MN Dept. of Labor & Industry (DOLI)
- * Risk Management Advisory Council, MN Dept. of Administration
- Minnesota Health Partnership (MHP) -- Steering Committee, Research Committee, Communications Subcommittee, Provider Education Subcommittee, Clinical Operation Working Group
- GenSource Users' Group
- * MN Dept. of Human Services' Workers' Compensation Committee
- • Public Employees Insurance Program (PEIP) Advisory Board
- • Ad Hoc Advisory Panel on Access to Health Plan Networks
- * Public Programs Risk Adjustment Work Group -- Quality Advisory Committee
- Association for Worksite Health Promotion
- Minnesota Council for Physical Activity & Sports
- Minnesota Multi-site Health Promotion Best Practices Group
- * Department of Administration -- Furniture Users' Group
- * Interagency Safety and Health Committee
- Joint Labor Management Safety Committee
- * Department of Administration -- Building Air Quality Task Force
- * Long-Term Care Insurance (LTCI) Initiative Workgroup
- * Complaint Process Workgroup
- * Project 2030 State Agency Liaison Workgroup
- * Long-Term Care Advisory Committee

• Statutory mandate
* Interagency task force
Remainder are to improve program administration by working with vendors or on community activities which affect our programs.

- **Priority Projects**

SEGIP Assessment Project -- In response to recent concerns about the cost and delivery of state employee health care, the Joint Labor Management Committee (including EID and Labor Relations staff of DOER) began exploring potential modifications or alternatives (such as competition between "care systems") to our present health care purchasing/delivery model. The SEGIP Assessment Project was implemented in October 1997. An extensive Request for Proposals (RFP) process is being undertaken to evaluate possible modifications or alternatives to the current SEGIP health care purchasing strategy. A care systems Request for Qualifications (RFQ) was announced in July 1998 to help identify qualified care systems. Those care systems found to be qualified will be asked to submit formal responses (bids) to an RFP which will be issued in March 1999. An announcement of an RFP for one or more care systems administrators is scheduled for late October 1998. In addition, RFPs are planned in December 1998 to evaluate potential carve outs for behavioral health, pharmacy, and chiropractic services in conjunction with the care systems delivery model. Implementation of a modified or alternative SEGIP purchasing/delivery model is projected for January 2000.

Business Needs Assessment Project -- Launched in December 1997, to identify and implement improvements in EID policies, procedures, technology and use of resources. A detailed study of EID's current business status and possible improvements was conducted January through August 1998 in conjunction with Advanced Strategies, Inc. (ASI). Implementation of business solutions developed by this assessment will begin in January 1999.

Minnesota Health Partnership: Coordinated Health Care & Disability Management Project -- A pilot clinic study in cooperation with a coalition that includes private sector employers, the health insurance industry, the medical community, and various state and local government agencies. The purpose of the Coordinated Health Care & Disability Management Project is to study aspects of "24-Hour Care," a concept that may streamline health care delivery and disability management by eliminating distinctions between medical insurance benefits and workers' compensation medical services. Health care clinics serving state employees under SEGIP joined the project in January and July 1998. The project will be completed in September 2002. An evaluation phase associated with the project began in September 1998.

Minnesota Long-Term Care Insurance Initiative -- Seeks to establish affordable group long-term care insurance as an employee-paid benefit option, available through SEGIP to state workers and other public sector employees. Exploration of interest in and viability of a SEGIP long-term care group plan began in the fall of 1996. Legislative funding (\$350,000) for this project was granted in 1997. A consultant was retained to assist with development of a Long-Term Care insurance product in January 1998. Implementation of a SEGIP long-term care insurance program is projected for 2000.

PEIP Marketing Project -- A communications project designed to increase awareness of PEIP among Minnesota's estimated 3,600 local government units (representing 200,000+ employees) that are eligible to participate in the program, aimed at increasing PEIP sales among public employee groups. A PEIP marketing plan was

completed in June 1998. Regional marketing/communications activities were initiated in September 1998. Augmentation of statewide PEIP marketing activity is projected for January 1999.

Health Promotion Grant Program -- A project that will disburse \$35,000 in grant dollars to state agencies during Fiscal Year 1999. These grants are awarded to help fund agency health promotion projects designed to maximize health care cost savings while increasing productivity and minimizing workers' compensation claims. Grant applications were mailed to agencies on April 23, 1998 and had to be submitted to EID by June 5, 1998. Agency health promotion projects funded by these grants must be implemented between August 17, 1998 and May 31, 1999.

SEMA4/Peoplesoft/Insurance Computer System Project -- Pending resolution of financial and funding issues, EID intends to launch a major project involving the purchase of Peoplesoft benefits management software. The intended result of this project is to create a computer system that will more effectively manage SEGIP benefits data and thereby improve DOER's administration of employee insurance benefits. EID began exploration of Peoplesoft as a data management solution in the fall of 1997. The division hopes to implement Peoplesoft in the spring of 2001.

Workers' Comp Imaging System Project -- The imaging system project is intended to introduce technology and procedures that will allow EID to store extensive files and documents related to the State Workers' Compensation Program electronically; and thereby eliminate the need to maintain records on paper. This project will address concerns with reduced storage space, instant file retrieval, minimizing archival costs, staff resource issues, multiple access to files, improved disaster recovery planning,

improved search capabilities, and improved ability to share information. A Request for Proposal was published in April 1997; GE Capital/Ameridata was selected as the imaging vendor in July 1997; system design was completed and the software programs were installed in May 1998. System testing is scheduled for October 1998 with an anticipated "live date" of January 1999.

Riskmaster Project -- A joint project with the Department of Administration (DOA) Risk Management Division to purchase and operate a risk management information system. The system was purchased in August 1997. The system provides safety professionals in state agencies with better information to manage loss control programs that reduce work-related injuries and illnesses. The DOA Risk Management Division also uses this system to manage and report on all other property and casualty lines of risk coverages for the state.

Computer-Based/Interactive "Right to Know" Information Project -- A project designed to increase the effectiveness of "Right to Know" training for state employees through use of interactive computer-based technology. The concept of computer-based "Right to Know" training will be introduced to state agency safety professionals at regional training sessions sponsored by EID's State Safety and Industrial Hygiene Unit. Implementation of this project will follow in spring 1999.

Upcoming Events/Important Dates

1999 Minnesota Legislative Session - January through May 1999
1999 SEGIP Insurance Carrier Negotiations April through May 1999
SEGIP 1999 Union Bargaining Sessions - May through July 1999
SEGIP 1999 Open Enrollment Period - October 1 through October 31, 1999

Administrative Services Division

Activity Summary

This division provides internal support services to the department, including budgeting and accounting, personnel, employee training and development; information systems, office management, records management, centralized statewide personnel files, word processing, SEMA4 support, data entry, and mail delivery. This division also provides requested information and other services to state agencies. This division administers the state's Vacation Donation Program, providing state employees a procedure for donating vacation leave to other employees or their families. The donations are used to pay for unreimbursed medical expenses of \$10,000 or more incurred due to a catastrophic illness of, or injury to, a state employee, spouse or dependent.

The **Fiscal Services** unit has responsibility for managing the department's budgeting, accounting, and procurement.

Central Support Services provides internal support which includes word processing, graphics, maintenance of our Web site, records management, and facilities management.

In addition to providing information systems support for DOER, the governor and staff, the legislature and staff, exclusive representatives of state employees, and the news media, the **Management Information Services (MIS)** unit provides statewide systems support. The primary computer systems supported by this unit include:

- State Employee Management System (SEMA4). This is the state's payroll and human resources system.

- Insurance benefits management for state employees.
- Workers' compensation claims management for state employees (GenComp).
- The job applicant management system (SIGMA).
- In addition, MIS is taking the lead role in preparing DOER's systems for the Year 2000.

SEMA4 Human Resources (HR) Services is the functional human resources branch of the MN-Assist organization. This team is responsible for providing guidance and assistance to state agency human resources and payroll offices. Specifically, SEMA4 HR Services provides training on SEMA4, policy and procedures on the administration of SEMA4 security, human resources and payroll on-line documentation and interpretation of state human resources policy and procedures.

This unit responds to requests for personnel information. Availability of information is limited by computer files, program retrieval capability and the Data Practices Act, M.S. §13. In addition, this unit audits employee appointments and changes for all state employees and certifies to Finance that state payrolls are in compliance with law, rules, administrative procedures, bargaining agreements and plans.

On behalf of the commissioner of DOER, the manager of the Administrative Services Division declares weather emergencies. As a general rule, considerations of an emergency include road maintenance, transit operations, additional weather conditions, and other concerns such as power or heating systems. Decisions are made in conjunction with the Minnesota Department of Transportation and the Divisions of Emergency Management and State Patrol in the Department of Public

Safety. After a decision has been made to close state offices, the media is notified. The announcement specifies the time of the emergency and the geographic areas involved.

The **Office of Special Events Planning** plans, prepares, and manages events such as meetings, conferences, and seminars. Past events have included everything from small seminars for 40 people to large, national conferences for 2,500 people. To suit customer needs, planning services can include tasks such as the development of a workplan and timetable, staffing and facilitation of your event planning committee, identification of event objectives, and determination of site and speaker availability and costs. Preparation services can consist of site arrangements, budget preparation, generation of invoices, and completion of marketing, communications, registration, and analysis materials. Typical management services include on-site logistics and post-meeting analysis. Services are provided at competitive hourly rates.

All staff in the office are members of the National Society of Government Meeting Professionals (SGMP).

Priority Projects

SEMA4 is the State of Minnesota's Human Resource and Payroll Information system. It serves all state agencies in the executive branch and part of the judicial branch. Approximately 50,000 employees receive their paychecks through this system. In addition, state agencies may record employee information related to honors and awards, grievance and disciplinary actions, ADA, training and education and job skills. There are over 2,000 users in state agencies that are authorized to access SEMA4.

SEMA4 is the name given to a system licensed from PeopleSoft, Inc., and modified by the state. It was purchased in 1993 and modified as part of SSP (Statewide Systems Project), throughout 1993 and 1994 to meet the states unique requirements. SEMA4 was implemented in July of 1995. With the exception of MnSCU, all state agencies were converted to SEMA4 by the end of 1995.

Through an agreement reached by upper level management during SSP, MnSCU was allowed to use SEMA4 differently than other agencies. MnSCU enters information into their system (SCUPPS) and then transfers that information to SEMA4. All human resource related information and some payroll information is updated in this manner. All MnSCU employees were receiving paychecks from SEMA4 by the end of 1996.

The SEMA4 system has not been upgraded since it was implemented in 1995. PeopleSoft generally releases a new version of software every twelve months and no longer supports the version we have in production. The lack of vendor support, the rapidly changing technical environment and the additional modifications and enhancements to later versions of software have compelled us to investigate upgrading to a newer version of software. From late 1997 until the summer of 1998, a team of technical and functional staff have analyzed the business requirements of state human resource, payroll and benefits functions and compared these requirements with the current offering of PeopleSoft. This analysis was used to generate the cost estimate of an upgrade, identify new software features, investigate the feasibility of incorporating employee insurance processing and develop strategies to reduce system modifications.

In August of 1998, a decision was made to pursue an upgrade to the human resources and payroll components and to install the employee benefits component. With the decision to add the benefits component the state moves closer to making SEMA4 a complete human resource information system.

For the first time ever, the system can be used to make decisions about an employees insurance eligibility without the use of costly interfaces and manual work.

This decision affirms the states commitment to its original investment in this business system. This system must be continually maintained and updated if it is to continue the high level of reliability, accuracy and performance its users need and expect.

Failure to maintain this business system is also costly. Systems that are built around SEMA4 or communicate with it, are constantly changing. A change to one of these systems can put pressure on SEMA4 to change. If SEMA4 can not change, interrelated systems are prevented from being updated or costly patches or “work-arounds” must be developed.

In addition, if this system does not meet the needs of its users, they will pursue additional funding to buy software that supports their business needs. Without an upgrade, SEMA4 will degrade to a point that a new system would need to be purchased, modified and implemented.

The last few years have seen exciting new trends in human resource technology. “Employee self-service” is one of those trends. Employees will be able to use their computer to update or change information about themselves--change their address, adjust their W-4 exemptions, complete a time-sheet or enter open-enrollment selections. In addition, there have also been exciting changes in the area of technology which will allow the system to process transactions faster. All of

these things will be possible with an upgrade to the system.

Legislative approval of funding of this request during the 1999 session will ensure completion of this project by April 4, 2001.

Training and Development Resource Center

Activity Summary

The Training and Development Resource Center (TDRC) is required by M.S. §43A.21 to provide training to state managers and supervisors in all state agencies in the areas of Management Development and Supervisory Core training. TDRC also provides Prevention of Sexual Harassment training for managers, supervisors, and employees as required by Executive Order.

To enable the State of Minnesota to increase productivity and retain skilled employees, TDRC also provides educational and developmental opportunities to all state employees on topics of general/management/personal interest such as:

- Performance Management
- Communication Skills
- Work and Career Planning
- Train the Trainer
- Orientation to State Government
- Personal Effectiveness
- Financial Planning

The challenges facing the division include:

- Providing required training at low/no cost so that all state agencies can meet the requirements of law;

- Developing and delivering training that meets the needs of all state agencies at a cost that all agency budgets can accommodate;
- Developing and delivering training that is specific to state/public employment that enhances the state's ability to develop and retain quality employees.

The State of Minnesota, like any employer, faces the problem of retaining a superior quality, highly motivated and productive workforce. In F.Y. 1998, the turnover rate due to resignations of employees was 1,350 or slightly more than 4%. According to industry standards, that cost per employee is between \$10,000-30,000+. At that rate, the state spent between \$1.5 and \$40 million in F.Y. 1998 on turnover costs. It has been suggested that the 2 most important factors in retaining a qualified, productive employee are the quality of supervision and corporate culture. The TDRC provides training and development for supervisors in an effort to improve their leadership and interactive skills and suggests ways in which they may improve the culture in which their employees work. Many of our programs are delivered to intact workgroups throughout state government and are tailored to meet the unique needs of each customer group.

Priority Projects

- Revision of the Supervisory Core training program (completed, September 1998)
- Revision of the Management Development Core training program (to begin January 1999, estimated completion date September 1999)
- Improving our marketing strategies and increasing client base (ongoing)
- Using technology to increase awareness of training and development resources throughout the state (ongoing)

- Creation of opportunities to maximize the productivity of the state's workforce (ongoing).

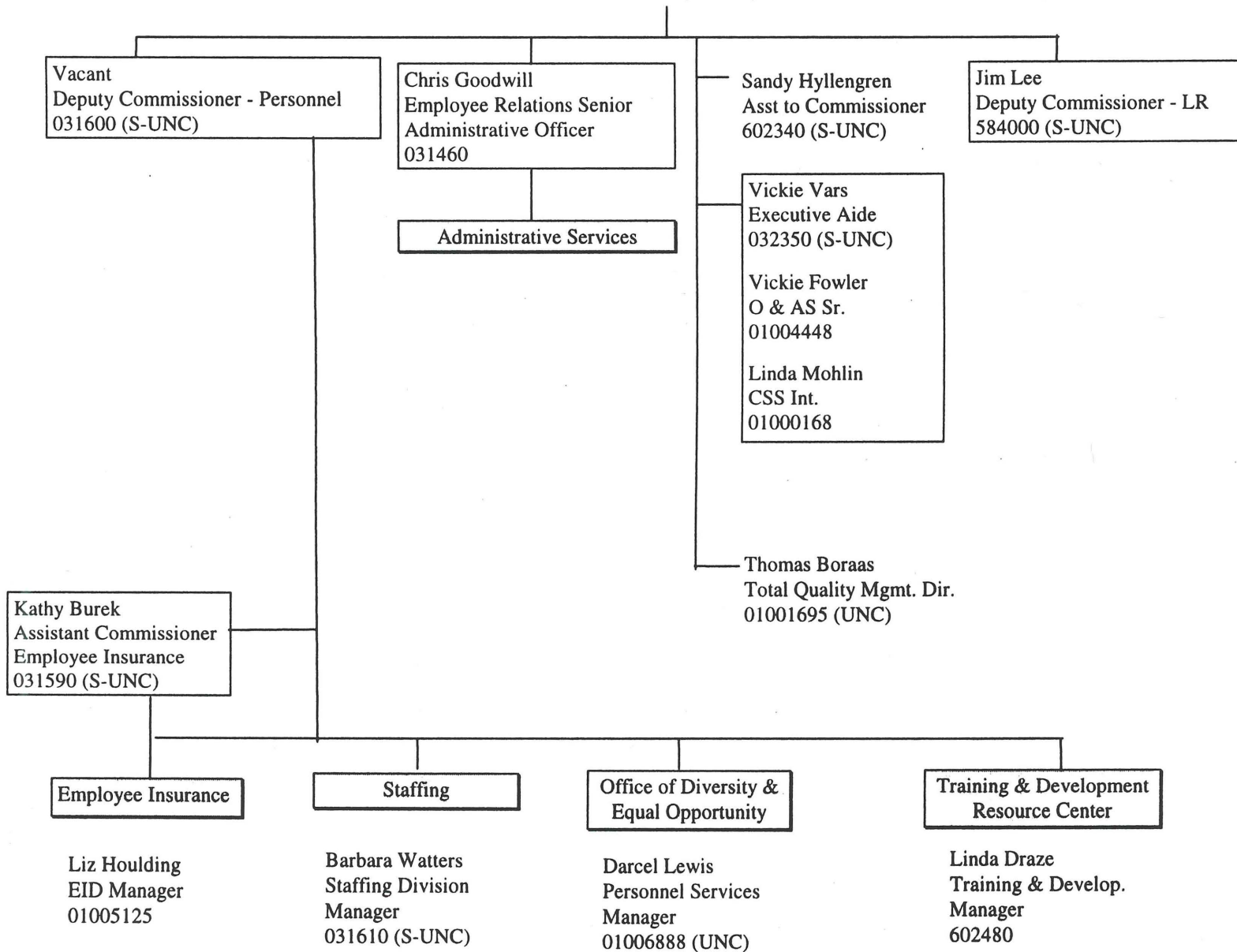
Minnesota Quality College

Activity Summary

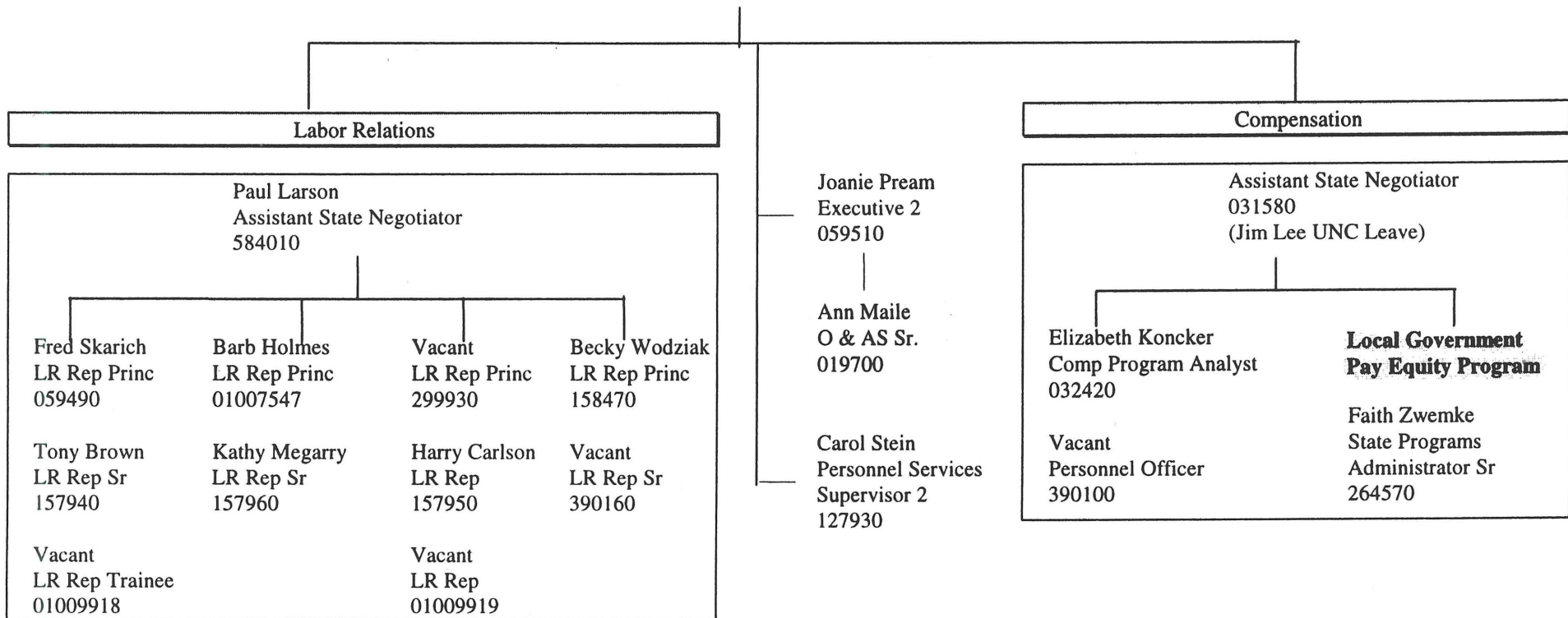
The Minnesota Quality College (Quality College) was established during the 1995 legislative session under M.S. §43A.21. Its purpose was to provide information on continuous quality improvement training resources to state officials and employees in executive agencies, providing them with a base for the continuous education and training in quality values, concepts and methods. Today, the Quality College exists to:

- Assist agencies, officials and employees in achieving the mission and goals of their governmental unit. Increased productivity results from aligning organizational systems with quality principles and linking them to outcomes;
- Work with the governor and the legislature to adopt quality criteria to better evaluate agency performance;
- Encourage and provide assistance to increase interagency cooperation and develop innovative methods to improve agency performance and responsiveness to citizens;
- Improve public leadership and employee involvement in Minnesota government by working with elected officials, agency leadership, employees and unions.

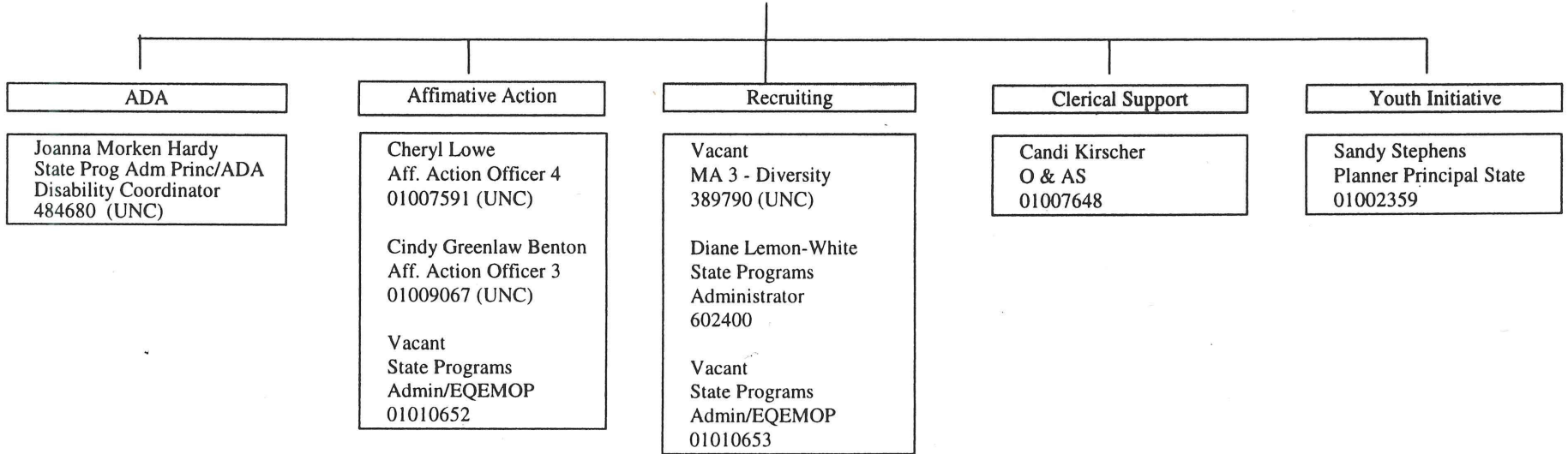
Karen L. Carpenter
Commissioner
584020 (S-UNC)



Jim Lee
 Deputy Commissioner - Labor Relations
 584000 (S-UNC)



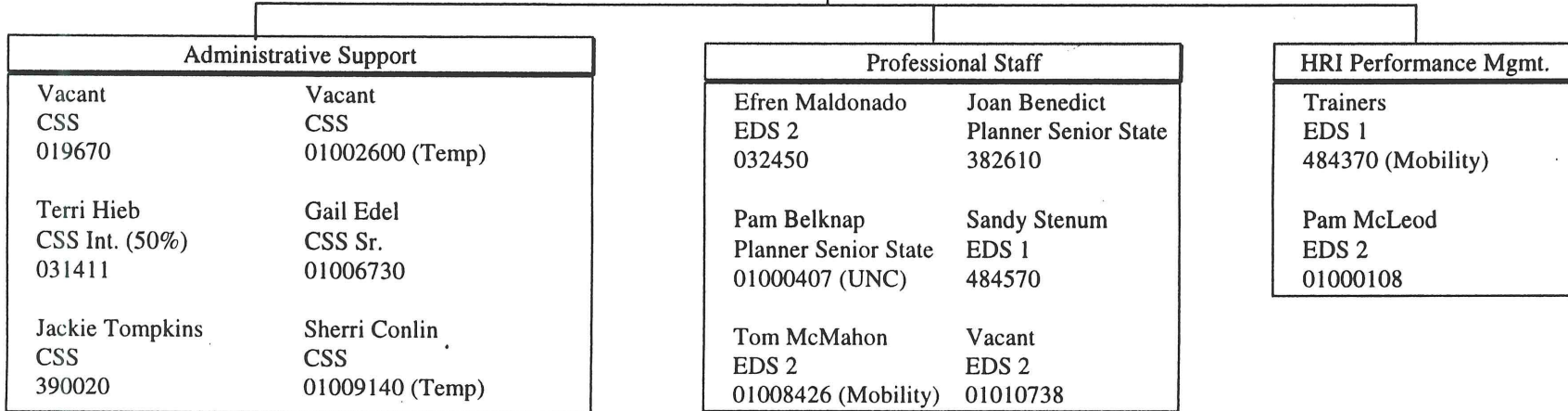
Darcel Lewis
Acting Director, ODEO
Personnel Services Manager
01006888 (UNC)



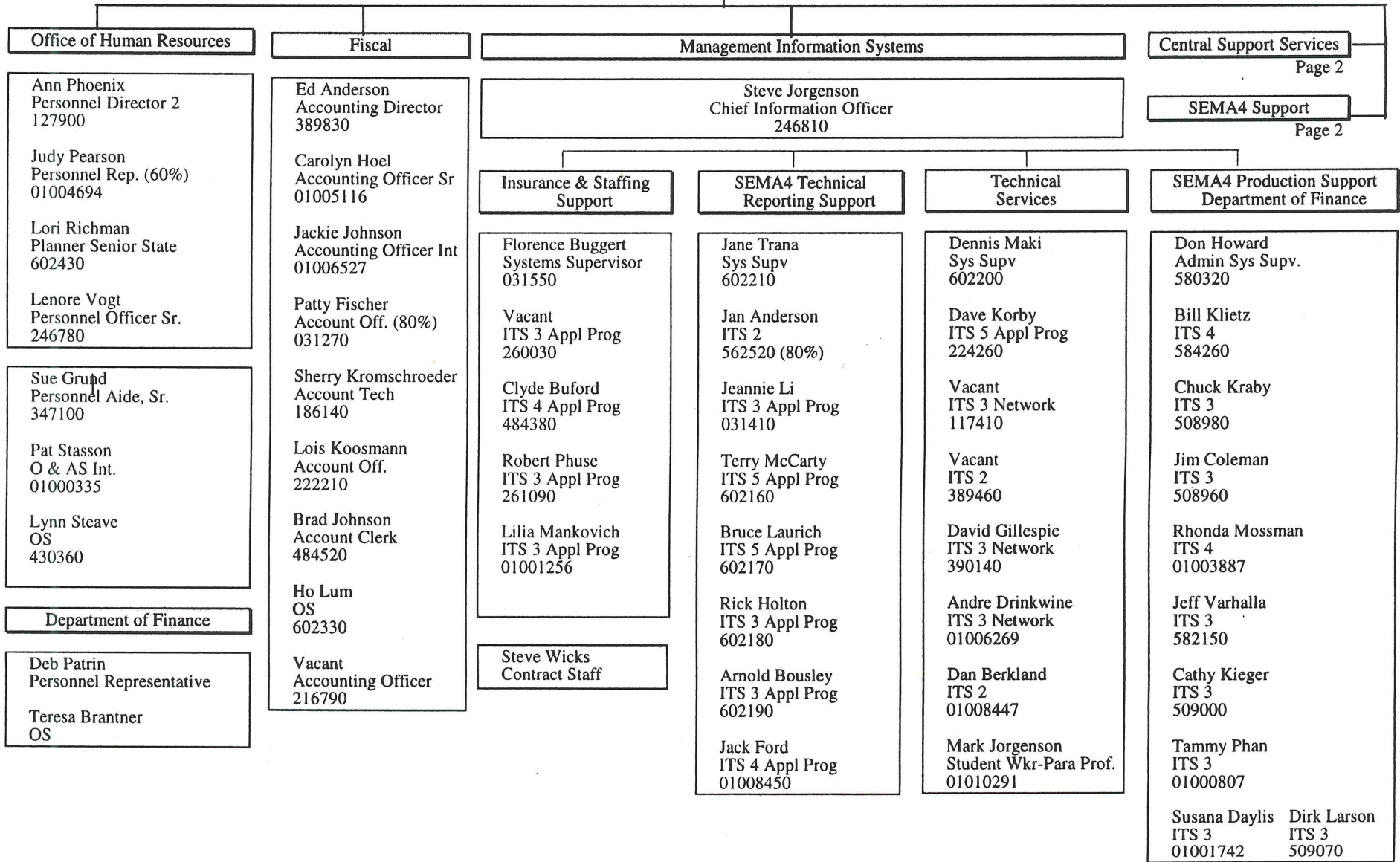
Steven Zachary on
assignment to Corrections
Director, Diversity and
Equal Opportunity
003180 (S-UNC)

Linda Drazé
Training & Develop. Manager
602480

Thomas Boraas
Total Quality Mgmt Dir
01001695 (UNC)
Project Consultant
01004669 (UNC)



Chris Goodwill
Employee Relations Senior Administrative Officer
031460



PEIP & MEIP
Labor-Management Committees

State Labor-Management
Committee

Actuarial/Benefits
Consultants

A.G. and Legal
Consultants

Karen L. Carpenter Commissioner 584020 (S-UNC)	Kathy Burek Assistant Commissioner, Employee Insurance 031590 (S-UNC)
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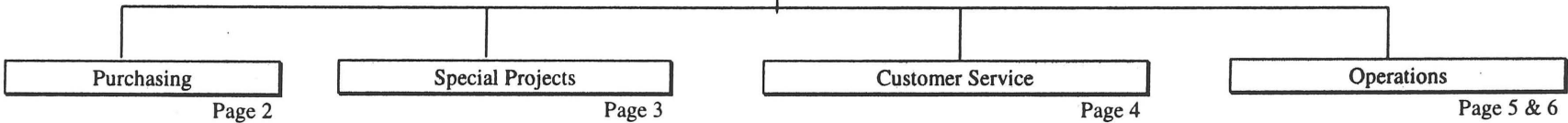
Liz Houlding
EID Manager
01005125

Workers' Compensation
Technical Advisory Committee

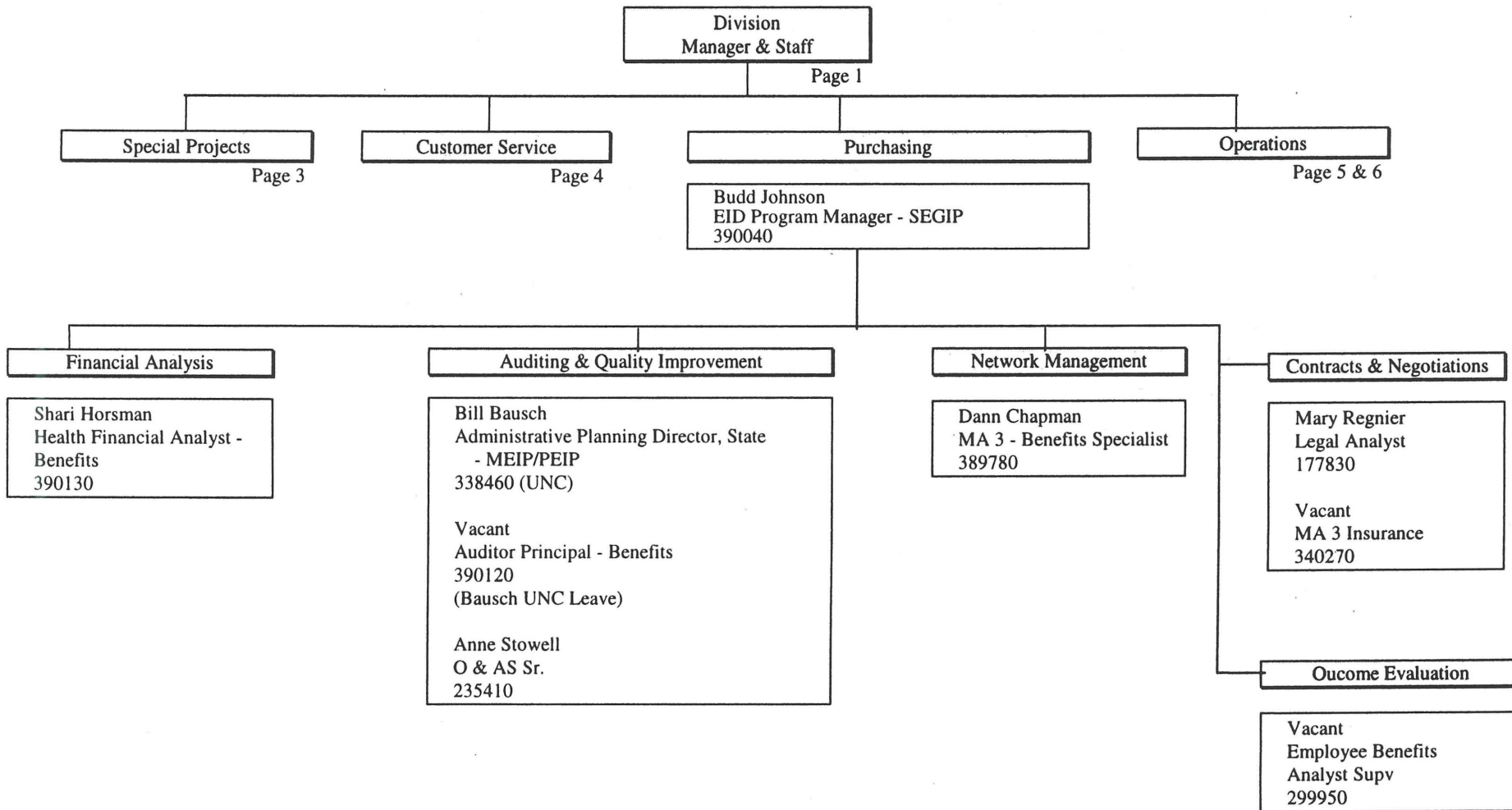
Workers' Compensation
Steering Committee

David Haugen
Plng Director State
01006208 (UNC)

Jeff Grund
O & AS Sr.
390230

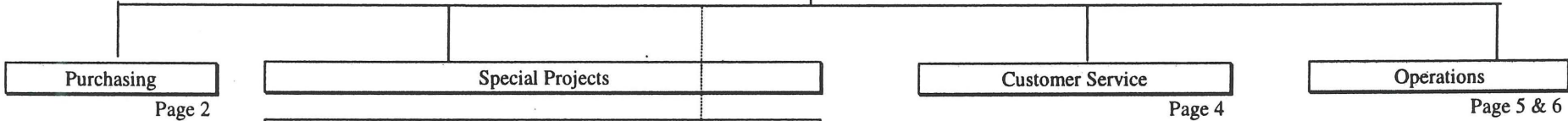


Employee Benefits Analyst Supv
587620 (Burek UNC Leave)



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Vacant
Admin Plng Director State-
Health Policy Analyst
01009949

Paul Strebe
MA 3 Health Policy Analyst
390010

Tim Jorissen
MA 3 - Hlth Policy Analyst
01006079 (UNC)

Vacant
Admin Plng Director State
01009949

Ricka Stenerson
Admin Plng Director State-
Health Policy Analyst
484660

Lettie Sagisser
Employee Insurance
Systems Supervisor
215010

Betty Woller
Office Svcs. Supv 1
217390

Enrollment & Billing

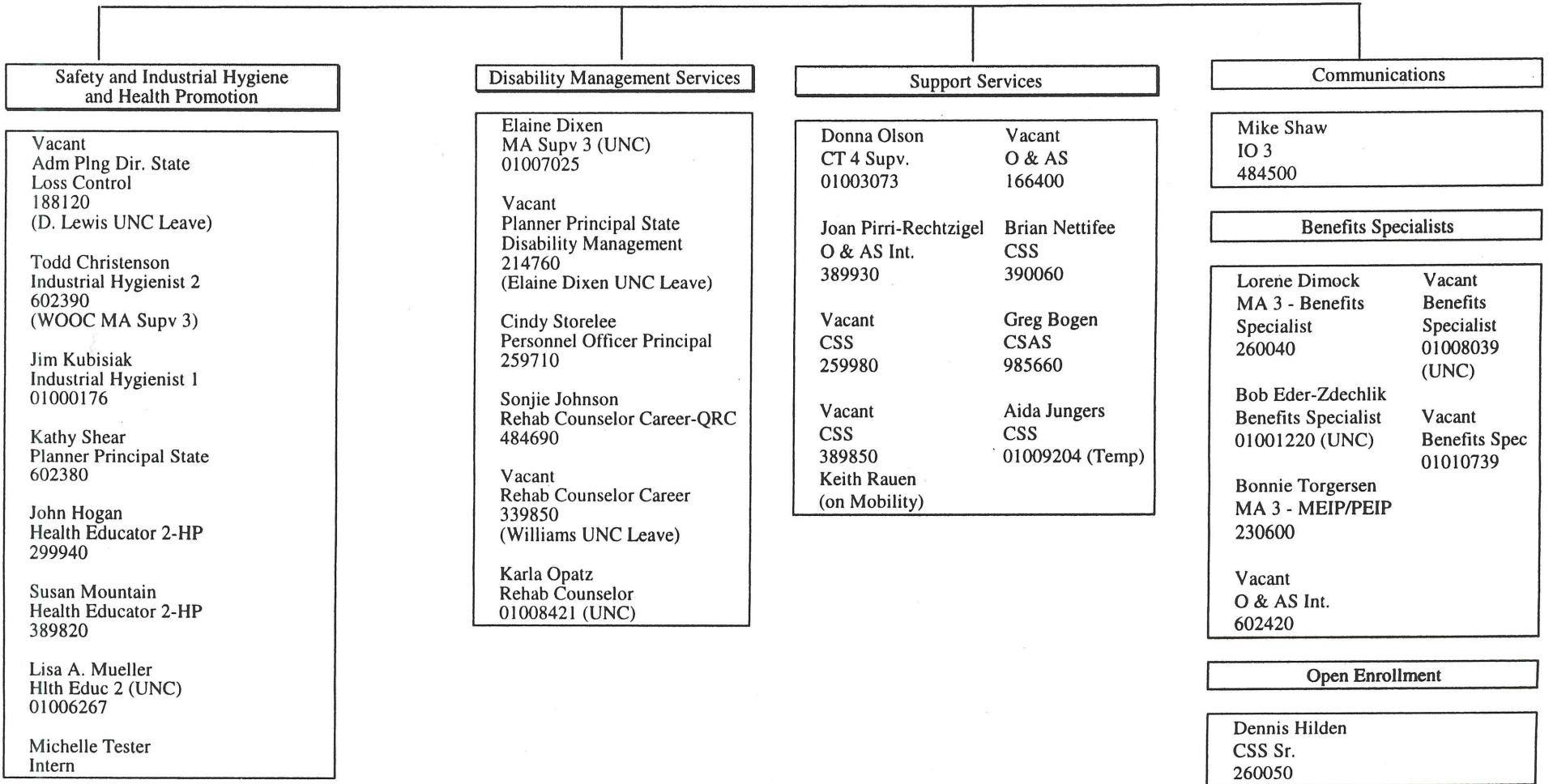
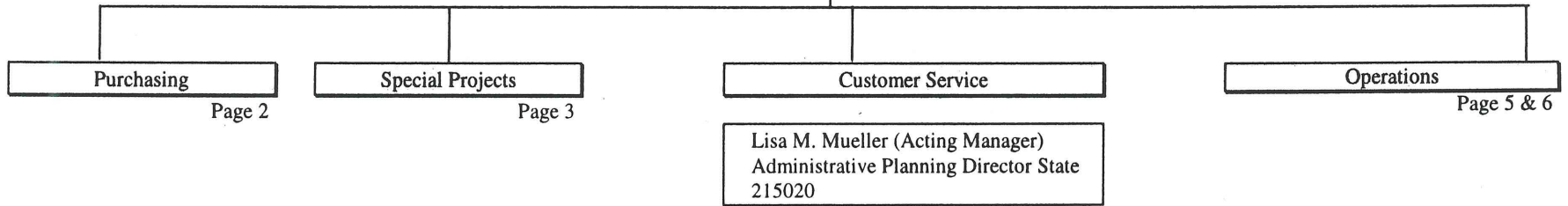
Vacant
MA Supervisor 1
to be established (temp UNC)

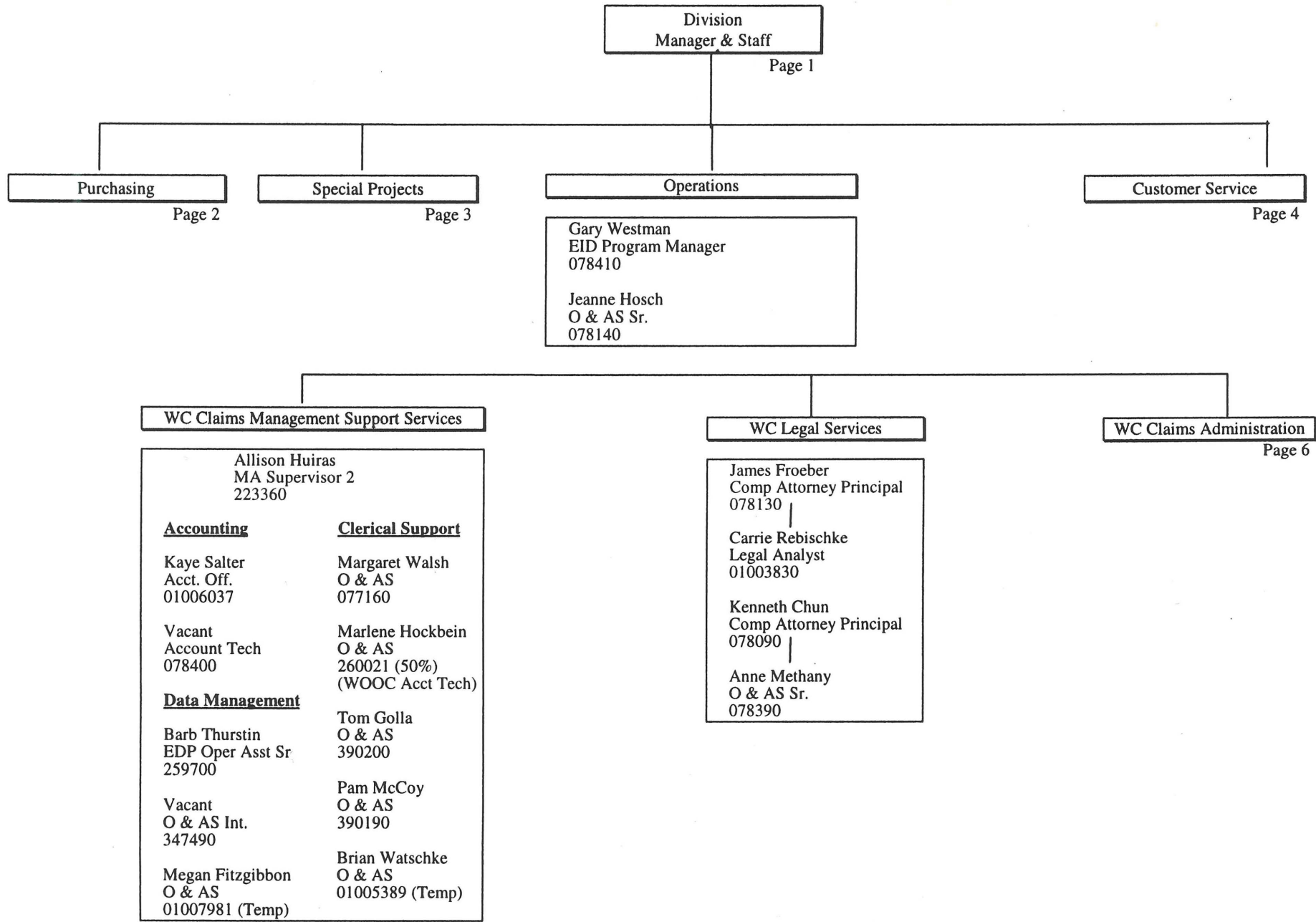
Donna Boldt O & AS Int. 299980	Dawn Kinnunen O & AS Sr. 389950
O & AS Int. 217400 (Gretchen Michienzi on Mobility)	Vacant O & AS Int. 217380
Kim Nye Account Clerk 299970	Linda Lynch O & AS Int. 364940
Steven Meyer O & AS Int. 217340	Tina Blanco O & AS 602470 (WOOC O&ASInt)
Ruth Nelson O & AS Int. 299960	Vacant OS 217330
Vacant OS 390080 (Temp)	Vacant OS 01009574
	Valerie Tjader O & AS 01009871 (Temp)

OS Temps
01009867 - Jeff Storelee
01009868
01009869

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WC Claims Administration

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WCCM Supv 2
Barie Kline
484550

<u>WCCM Supv 1</u> John Forrest 187920	
<u>WCCM Specialist</u> Mike Kocer 389760 - Sr.	<u>Accounting</u> Faye Mester 215060 - Tech
Georgia O'Hara 344700 - Sr.	Kathleen Lambrecht 177950 - Tech
Denise Schaeffer 077280 - Interm.	
Terri Peterson 186690 - Interm.	
Tracey Loughney 215070 - Interm.	
Chris Hoyt 183990 - Entry	
Vacant 184120 - Entry	
Lynda Hall 260000 - Entry	

<u>WCCM Supv 1</u> Scott Anderson 389770	
Vacant 330430	
<u>WCCM Specialist</u> Betty Mackey 259720 - Sr.	<u>Accounting</u> Bernadette Peters 259990 - Tech
Nancy Jore 074160 - Interm.	Vacant 01007346 - Tech (Temporary)
Sonja Ningen 215170 - Interm.	
Jim Germain 165110 - Interm.	
Dan Meyer 259740 - Interm.	
Vacant 259750 - Entry	
Stephen Kurkoski 259760 - Entry	
Bill Larson 074090 - Entry	

Budget and Personnel Overview

The Department of Employee Relations' budget has two major funding sources. One is the general fund appropriation through the state's budget process and the other is the revolving fund, funded by fees assessed to our customers for services provided in the areas of insurance and workers' compensation. In addition, insurance premiums pass through DOER for payment to health and dental carriers for claims filed. Approximately \$590 million flow through insurance trust funds during the biennium. Operational budgets for both funds average about \$7 million per year, including approximately 88% for staffing costs and the remainder for lease, supplies, training and travel. DOER's budget is organized by the major funding sources under two umbrella programs: Human Resources Management, which includes labor relations, compensation, recruitment, selection, classification, diversity, and employee development; and Employee Insurance, which covers the State Employees Group Insurance Program (SEGIP), the Public Employees Insurance Program and State Workers' Compensation.

The total number of positions in the agency is 231, with 105 employees in the Employee Insurance Program and 126 employees in the Human Resources Management Program. The agency is managed by the Commissioner who is appointed by the Governor. The Commissioner is responsible for administering the provisions of Minnesota Statutes 43A. The Commissioner has two Deputies, one for the Labor Relations Bureau and the other for the Personnel Bureau. The Commissioner also has a confidential secretary and an Assistant to the Commissioner who is the agency's legislative liaison. Each activity within the agency has a manager who oversees the statewide programs and sets state policies as they relate to human resource management for their particular area.

