

# HUMAN RESOURCES

*FY12 Strategic Operating Plan*

- Executive Summary
- KBU Strategy and Planning
  - Service Delivery
- Balanced Scorecard
  - Conclusion
  - Appendices



# EXECUTIVE SUMMARY

## Introduction

The City's success in making Charlotte a community of choice for living, working and leisure is dependent upon the employees who bring that vision to life. Human Resources works with its partner business units to recruit and retain a skilled and diverse workforce, create a positive employee climate, and provide opportunities for learning and growth for those employees.

Human Resources has 31.75 regular active staff members and supports approximately 6,600 employees. The core business functions include benefits, business unit services, compensation, human resources management services/payroll, and organizational development and learning.

## Vision and Mission

**Vision:** The Human Resources Key Business Unit will be "centers of excellence" for the delivery of corporate human resources services.

**Mission:** We provide organizational leadership supporting the City's human resources philosophy to attract, develop and retain a skilled and diverse workforce.

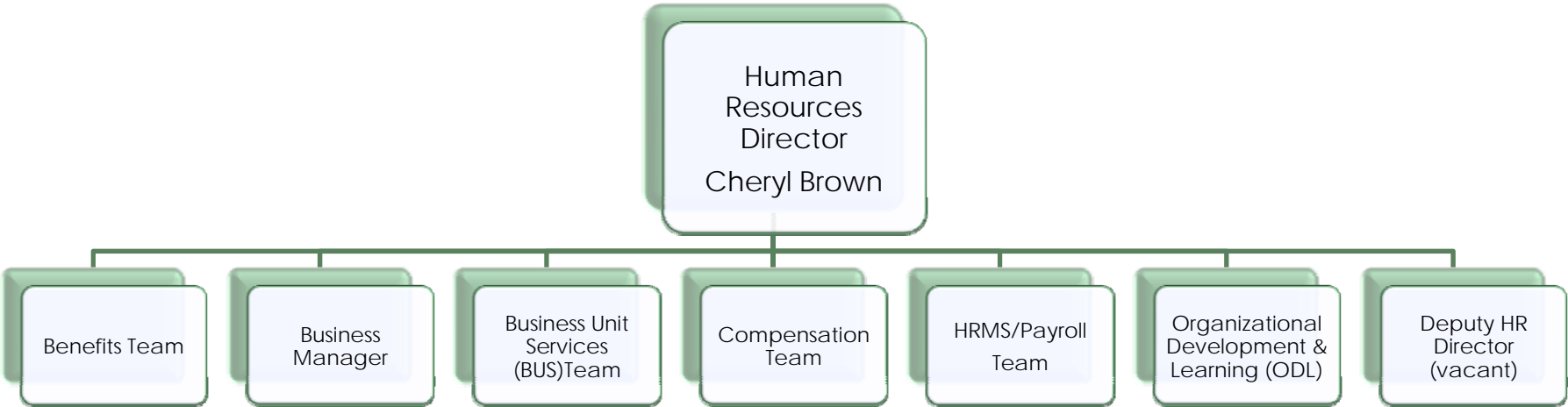
## Financial Summary

<b>Cost Centers:</b> <b>11500, 11501, 10800 &amp; 53043</b>	<b>FY10</b> <b>Allocation</b>	<b>FY11</b> <b>Allocation</b>	<b>FY12</b> <b>Allocation</b>	<b>FY13</b> <b>Proposed Budget</b>
<b>Budget</b>	\$3,886,835	\$3,792,766	\$3,962,117	\$3,954,603
<b>Positions</b>	32.75*	32.75*	32.75*	32.75*

*\*Includes frozen position*

# Human Resources Organizational Chart

Human Resources is undergoing organizational change. The organizational chart set out below is a temporary operating structure until the organizational change is complete.



## KBU STRATEGY AND PLANNING

### Accomplishments

*Program Savings* - Re-negotiating some of the City's benefits contracts resulted in approximately \$1,513,600 million in anticipated savings for the City in FY12. Program features were not sacrificed in order to gain the savings.

The City was approved for reimbursement from the federal government for retirees and spouses that the City covers under its medical plan. Approximately \$1,149,874 was received in FY11.

*Performance Improvement Through Metrics* - A metrics program focusing on involuntary turnover resulted in cost avoidance of about \$198,000. An examination of the City's turnover data revealed that the employees in the Skilled Maintenance job class had a significantly higher involuntary turnover rate than other job classes. Many of the turnovers stemmed from drug and alcohol issues. More concerted strategies around education and awareness for new employees was added to the KBUs' employee on-boarding process. Preventive support from the Employee Assistance Program was another key tool.

*Healthiest Employers Recognition* - The City's Wellness Works program received fourth place recognition in the Healthiest Employers of Greater Charlotte awards (Extra Large Business category). The awards were sponsored by the Charlotte Business Journal.

*Change Management* - The City began introducing systemic organizational culture shift in FY11. Joint design by stakeholders is a better approach to solving complex problems or capitalizing on opportunities that will better serve the community, citizenry and the City organization.

Human Resources' Organizational Development and Learning (ODL) Team began organizing the change effort for the City in FY11. ODL staff identified a change model for the City to make the transition to its desired future state, as well as organized the training and development for senior leadership and middle managers. A course to help employees through transitions was also developed for all City staff levels. Good progress has been made on an organizational transformation that will span several years.

## Key Issues and Challenges

***Change to Remain Relevant*** - The City embarked on an organizational culture shift from less of a “Run the Business” to more of a “Run the Organization” focus. This path was chosen so that the City could evolve to meet the challenges of a new day, where resources are fewer, demands greater, and citizens’ service delivery expectations are influenced by technology advances.

Human Resources, particularly the ODL Team, is on point to help lead the City organization through its culture change. This work includes developing an organizational model promoting change readiness where change is dynamic, proactive and business as usual. This sort of transformation requires a multi-prong strategy for building leadership capacity in change readiness. This means leaders will need to be skilled in change awareness, change agility, change reaction and change mechanisms.

***Burnout*** - The City is undergoing major changes and more is being expected of employees. In the next two years, City staff will face many big challenges, including:

- Completing the IT consolidation
- Adopting the culture shift
- Continuing implementation of Enterprise Resource Planning
- Building the Blue Line Extension
- Hosting the Democratic National Convention

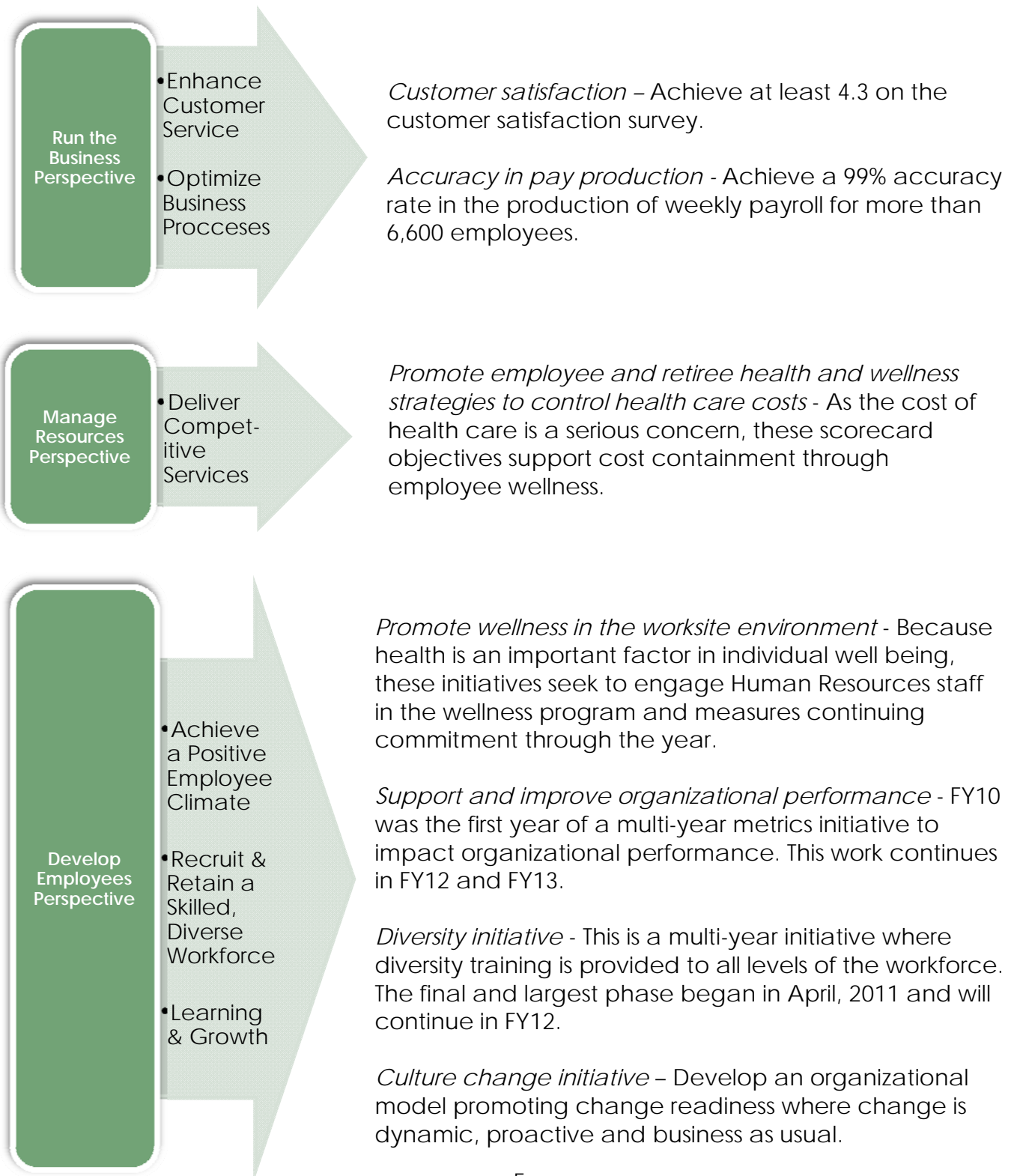
Several of these initiatives will happen concurrently and many of the same employees play critical roles in more than one initiative. The City has key people it depends upon time and again. The organizational challenge is twofold: preventing key employees from burning out and recognizing these efforts in our current merit environment. With no merit increases in FY12, a concern arises that highly skilled employees in critical positions will leave the organization.

***Shifting Perspectives - Efficiency and Effectiveness*** - Continually reducing line items to match shrinking resources will not produce an organization that can best serve the citizens. Instead, Human Resources seeks savings by identifying opportunities for citywide efficiency gains through workforce data analysis, and then capitalizing on them. Human Resources mines data for undiscovered efficiency and effectiveness opportunities and collaborates with business units to make positive impacts.

***Costs*** - Large health care cost increases must be managed in order to maintain a sustainable benefits package. The chief cost containment strategy for health insurance claims is expansion of the wellness programs. Human Resources will continue to integrate wellness programs and engagement strategies for cost containment.

## Links to Corporate Strategy

Human Resources strategic initiatives are outlined below. Alignment with the City's corporate objectives is also illustrated.



## SERVICE DELIVERY

The work of Human Resources' core service areas are designed to make the City competitive in recruitment and retention of a skilled and diverse workforce, help the workforce learn and grow, and create a positive climate for employees.

### Core Service Areas

#### Benefits

**Programs** - design, select, implement, administer and evaluate benefits programs

**Contract governance** - monitor and enforce contracts with third party partners for health, dental, disability, prescription drug, life, vision, employee assistance, and health management programs

**Cost containment/cost avoidance** - develop and implement strategies for cost containment or avoidance for all programs

**Education/communication** - provide employees and retirees information on best use of benefits, changes to programs, and upcoming events

**Consulting services** - assist employees/retirees in resolving various benefits issues

**Retirement services** - assist employees with the retirement process, including explanation of benefits and application processing

**Compliance** - ensure compliance with federal laws, such as HIPAA and COBRA

**Data management** - coordinate benefits data transfers and reconciliations with various vendors in the PeopleSoft human resources management system

#### Business Unit Services

**Recruitment** - source talent, particularly for hard to fill positions; develop internship programs to supplement staff in departments; provide relocation sourcing assistance; develop recruitment strategies to hire the workforce with the skills needed to achieve the City's goals

**Selection** - assist key businesses with selection processes and tools that align employment decision-making processes with City strategy

**Retention** - develop strategies and programs in partnership with business units to encourage employee engagement

**Performance management** - ensure the performance management and employee development systems align with City strategy and provide flexibility to the business units to incorporate functional objectives

**Diverse workforce** - integrate the City's Diversity Philosophy into employment related processes to further enrich and strengthen citizen service

**KBU consulting services** - serve as primary point of contact for human resources-related employee and management issues

**Compliance** - serve as expert; develop, implement, and train key businesses and employees on City policy designed to comply with federal, state, and local employment laws/regulations; investigate and prepare responses to employment discrimination charges

**Policy administration** - serve as expert and provide compliance and administrative support for the City's human resources policies

**Education** - enhance manager and employee understanding of human resources-related policies and practices

## **Compensation**

**Compensation program** - manage compensation programs in accordance with the City Council-approved pay philosophy and ensure the City is competitive in recruiting and retaining a skilled and diverse workforce

**Pay Plan Management** - maintain market competitiveness by computing market rates and setting minimum and maximum band ranges in the Broadbanding Pay Plan; calculate steps in the Public Safety Pay Plan; ensure employee pay is administered in accordance with organizational pay guidelines

**Salary surveys** - gather median salaries for computing market rates (the City Council-approved measure of market competitiveness for base pay) via salary surveys, conducted internally and purchased externally

**Annual pay recommendations** - develop annual pay recommendations through analysis of market trend data

**Job classification system** - manage and maintain the City's benchmark job classification system

**Pay program management** - manage the incentive, gainsharing, and longevity pay programs



**Benchmarking** - calculate internal benchmarking statistics for the City, including annual turnover, average pay and employee pay in relation to the market rate and employee demographics

**Compliance** - interpret the Fair Labor Standards Act, as it applies to the City

## **Human Resources Management System**

**Payroll** - produce weekly payroll for over 6,600 employees

**PeopleSoft Human Resources Management System** - manage the integrated human resources and payroll system

**Records management** - maintain employment-related records for pay, taxes, benefits, and leave for all City employees

**Create efficiencies** - create and improve technology efficiencies with self service enhancements to the PeopleSoft system

## **Organizational Development and Learning (ODL)**

**Performance management** - provide consultation, coaching, facilitation, and training services to improve organizational and individual performance

**Subject matter expert** - serve as organizational experts for change management, diversity and inclusion, team development, and group dynamics

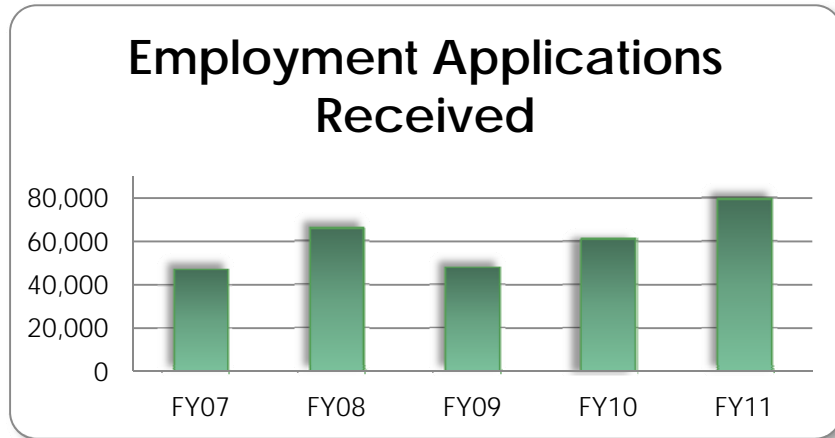
**Management consultation/group facilitation services** - provide business planning, collaborative problem-solving, and team building services

**Employee skill development and behavior change** - design, develop, and deliver leadership development initiatives, diversity and inclusion initiatives, business skill development classes and technology training

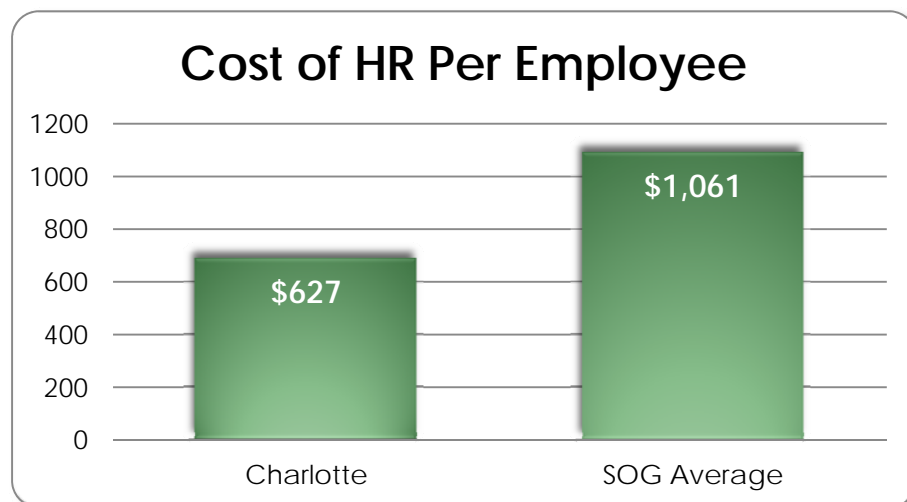
**eLearning** - provide program development, consulting, and coaching

## Service History and Trends

*Applications Received* – The City of Charlotte wants to be an employer of choice. A large applicant pool gives the City more choice in finding the right employee for a job. Each year Human Resources tracks the number of employment applications received. This number has continued to climb over the last two years, with a 23% increase in FY11. This trend is one aspect that supports the City’s goal of being an employer of choice. The ability to apply online and apply for multiple jobs with a few clicks is also driving a portion of the increase in applications received.



*Cost of Human Resources* - Human Resources participates in the University of North Carolina’s School of Government (SOG) benchmarking survey. Participating local governments provide cost and service data to the SOG, who then analyzes the data for comparative purposes. The chart below shows the cost of the City Human Resources department per City employee compared to the average of other local governments participating in the survey.



# HR FY12 BALANCED SCORECARD

\$\$ = Incentive Target

Our FY12 Goals	Why This is Important	Our Target	The Formula of Success
<b>Survey Assistant City Managers and Key Business Executives about HR's customer service.</b>	Helps us to know if we are providing quality customer service and the services customers want.	Total average survey score of 4.3 out of 5.0. \$\$	Total average survey score of 4.3 out of a possible 5.0.
<b>Measure accuracy rate in on time production of weekly paychecks and direct deposit vouchers for employees, including required reporting and vendor remittances, based on information submitted.</b>	Inaccurate paychecks lead to unhappy customers and much additional work to fix errors.	Achieve 99% accuracy rate in on time production of: <ul style="list-style-type: none"> <li>• weekly paychecks</li> <li>• employee direct deposit vouchers</li> </ul> based on information submitted.	Number of manual checks produced due to an error by the HRMS staff / number of total checks x 100% = 99%.
<b>Increase dependent and retiree participation in the myCARE diabetes program.</b>	First, healthy people are happier and likely to be more productive. Second, as the City is self-insured, we all pay for our health care. Reducing the cost of claims saves money for all of us.	A 20% increase in participation.	Number of new participants / total participants at year end x 100% = 20%.
<b>Percentage of City employees electing medical coverage will also elect the Wellness Incentive Premium Option.</b>	A healthy lifestyle directly affects a person's health. Fewer health claims help the City sustain its health plan.	60% participation rate. \$\$	Number of employees electing the wellness incentive premium option / number of employees opting for medical insurance x 100% = 60%.
<b>Wellness Plan engagement by HR staff.</b>	Healthy people are happier and likely to be more productive.	80% of HR staff electing medical insurance will also enroll in the Wellness Incentive Premium Option. \$\$	Number of HR employees electing the Wellness Incentive Premium / number of employees opting for medical insurance x 100% = 80%.

Our FY12 Goals	Why This is Important	Our Target	The Formula of Success
<b>Wellness Plan engagement by HR staff.</b>	Healthy people are happier and likely to be more productive.	80% of HR staff enrolling in the Wellness Incentive Premium Option remains engaged in the program until June 2012.  \$\$	Number of HR employees remain engaged in Wellness Incentive Premium through June 2012/ number of HR employees electing the wellness incentive premium option x 100% = 80%.
<b>HR will partner with KBUs to maintain or reduce involuntary turnover in the Service Maintenance job category.</b>	Over the last few years the City has reduced line items many times. Further cuts could severely affect programs. Hidden costs found in turnover can be reduced, thereby saving more money without impacting programs.	HR will partner with KBUs to keep the involuntary turnover rate in the Service Maintenance job category equal to or less than the 2009 baseline of 8.6%.	In the Service Maintenance job category, the number of separations / number of employees x 100%.
<b>Delivery of Phase IV diversity training. Phase IV covers the remainder of the workforce not trained in Phases I – III, which is new and frontline employees.</b>	The Charlotte community is becoming more diverse as is the City's workforce.	Continue delivery of Phase IV diversity training for new and frontline employees.	Continue delivering Phase IV diversity training.
<b>Develop an organizational model promoting change readiness; positioning change as dynamic, proactive and business as usual. Develop a multi-prong strategy for building leadership capacity in change readiness to include change awareness, change agility, change reaction and change mechanisms.</b>	The world and our community will continue to change and the pace of change will only accelerate. Being adaptive and agile in a fast changing world is an important skill.	Develop an organizational model promoting change readiness; positioning change as dynamic, proactive and business as usual. Develop a multi-prong strategy for building leadership capacity in change readiness to include change awareness, change agility, change reaction and change mechanisms.  \$\$ <i>This is also a stretch target.</i>	Develop a model by June 30, 2012.

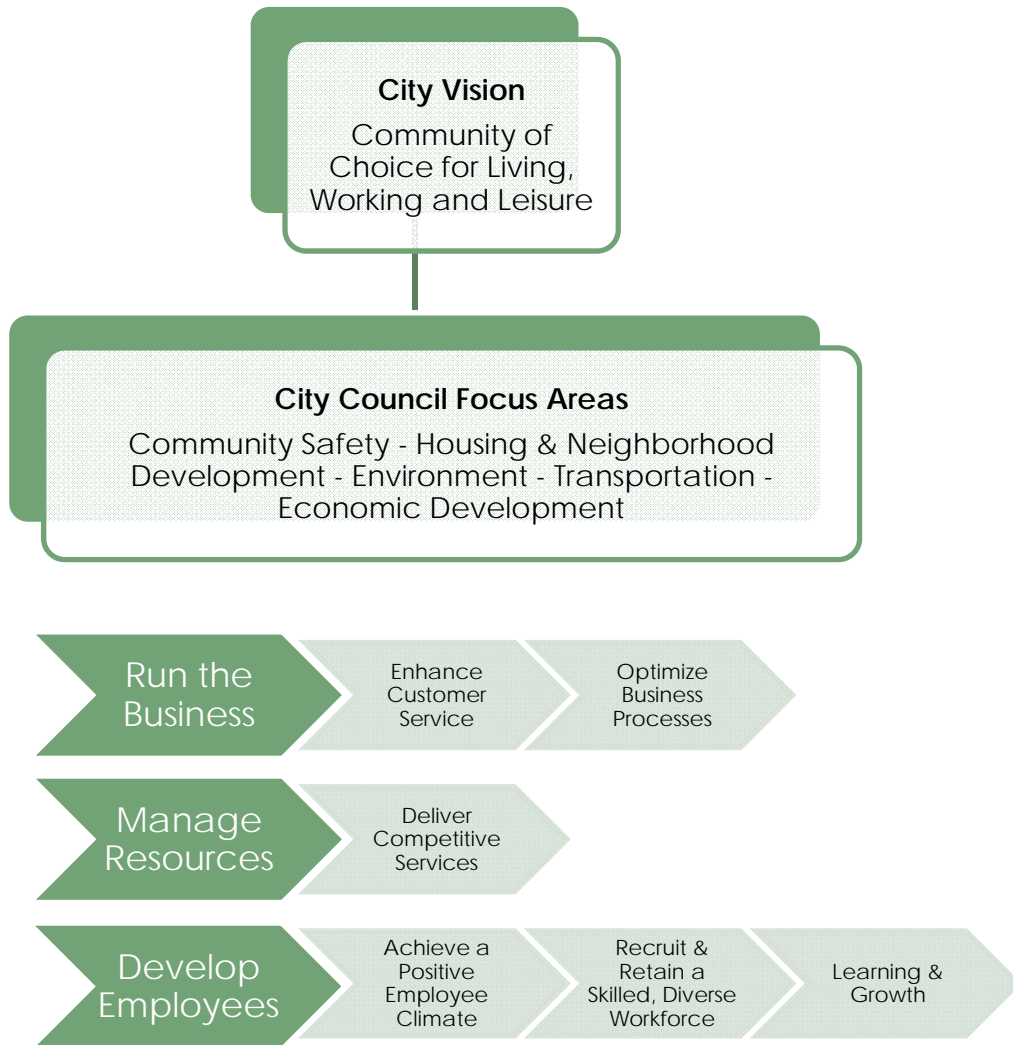
## CONCLUSION

In FY12 and FY13, Human Resources will help ready the City organization to face its many changes and challenges while continuing to provide efficient core services.

## APPENDICES

- A. Human Resources' Link to Corporate Scorecard
- B. Page for Council Budget Book

# Appendix A – Human Resources Link to Corporate Scorecard



## Appendix B – Page for Council Budget Book

### Human Resources

Summary		FY11	FY12	FY13
<p>Human Resources (HR) provides strategies and core services by partnering with the KBUs. Key strategies include recruiting and retaining a skilled and diverse workforce, while seeking efficiencies and cost containment. Human Resources core services include: recruitment; compensation; employee relations; benefits design, consulting, management, and enrollment; business unit services; training; development; payroll services; and managing the human resources management system.</p> <p style="text-align: center;"><b>Vital Statistics</b></p> <ul style="list-style-type: none"> <li>Supports over 6,600 employees and 1,800 retirees.</li> <li>Comprised of 32.75 FTEs (one frozen) and five divisions: Benefits, Compensation, HR Management Systems, KBU Services, and Organizational Development and Learning.</li> </ul>	<p>Budget</p> <p>Positions</p>	<p>\$3,792,766</p> <p>32.75</p>	<p>\$3,962,117</p> <p>32.75</p>	<p>\$3,954,603</p> <p>32.75</p>
	<b>Accomplishments</b>			
<ul style="list-style-type: none"> <li>The City's Wellness Works program received fourth place recognition in the Healthiest Employers of Greater Charlotte awards (Extra Large Business category). The awards were sponsored by the Charlotte Business Journal.</li> <li>Re-negotiating some benefits contracts resulted in approximately \$1,513,600 million in anticipated FY12 savings for the City. Program features were not sacrificed in order to gain the savings.</li> <li>The City was approved for reimbursement from the federal government for retirees and spouses that the City covers under its medical plan. Approximately \$1,149,874 was received in FY11.</li> </ul>				

<u>Service Delivery Challenges</u>
<p><u>Helping the Workforce and Organization Thrive in a New Normal</u>                      The City began an organizational culture shift, moving more toward a "Run the Organization" philosophy and less toward a "Run the Business" philosophy. This path was chosen to meet today's complex community challenges which do not fit under the purview of one key business unit. This shift was also made necessary in today's "new normal" where there are fewer resources, more demands, and citizens' service delivery expectations are influenced by technology advances.</p> <p>Human Resources is on point to help lead the organization through the culture change. A culture shift this large will require multiple years, new skill sets, and engagement across the organization.</p> <p><u>Cost Containment</u>                      The City has worked for years to control health insurance costs through programming, pricing, and wellness initiatives. The challenge is providing financially sustainable benefits programs that can provide a moderate level of income protection to employees against unexpected health, life, and disability risks. This approach aligns with the City Council approved Human Resources Philosophy.</p> <p><u>Creating Efficiencies</u>                      Human Resources is searching for new organizational efficiencies. In recent years Human Resources helped create efficiencies through expanding self service pay technology. Human Resources' goal is to move the entire organization to self service. Additional efficiencies are being sought using data analysis in order to make the most of current resources.</p>