

# Human Resources

# FY13

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Strategic  
Operating  
Plan

# Executive Summary

## ***Cost Management***

Cost management for the City's benefits package is a top concern for Human Resources. The benefits offered need to be financially sustainable for the City. As a recruitment and retention tool, the benefits need to be both attractive and affordable from the employees' view.

The wellness program is a key strategy in managing health care costs. As the City continues to promote wellness, reports indicate a shift in the insured population. Approximately 9% of the population moved from high risk to moderate risk, and a 9% shifted from moderate risk to low risk. Three wellness objectives appear on the balanced scorecard.

Human Resources is also examining the benefits and wellness programs with a new view and this approach is reflected on the FY13 balanced scorecard. This approach resulted in program enhancements, such as additional City-paid life insurance, that will take effect in FY13. Along the same line, a new approach to medication adherence will be implemented in FY13. The strategy is to reduce costs related to diabetes and cardiovascular disease by reducing copays related to these conditions. This change may initially increase costs – but should have the effect of more people taking medication correctly – which will offset the increase and result in larger savings over time. This objective is a new to the balanced scorecard.

## ***Change***

The Organization Development & Learning (ODL) Team in Human Resources is at the forefront of the City's culture change. The ODL Team will begin implementing the City's new change model in FY13. The City's ability to be more agile to meet changing needs is a key to our success. An example of a big change for the City is the implementation of the Enterprise Resource Planning (ERP) project, which has entered the implementation phase. This will be tremendous change for many City employees.

The City itself continues to experience another type of change – growing diversity in the citizenry. Diversity and inclusion training continues to be important in helping staff meet the needs of Charlotte's diverse citizenry. Most of the City organization has taken part in diversity training. This program is now focused on front line and new employees. The diversity program is also included in the scorecard.

## ***Organizational Agility***

As the speed of change continues to accelerate, the ability to move our employees where their skills and talents are most needed becomes more important. A new scorecard initiative focuses on fluid and flexible staffing as an objective.

## ***Other Important Work***

Though not on this year's scorecard, Human Resources is working to make gains in two other important areas. The first is creating efficiencies. This usually involves automating a necessary but routine process or transaction. The effect is to speed transactions for the end user and to free up

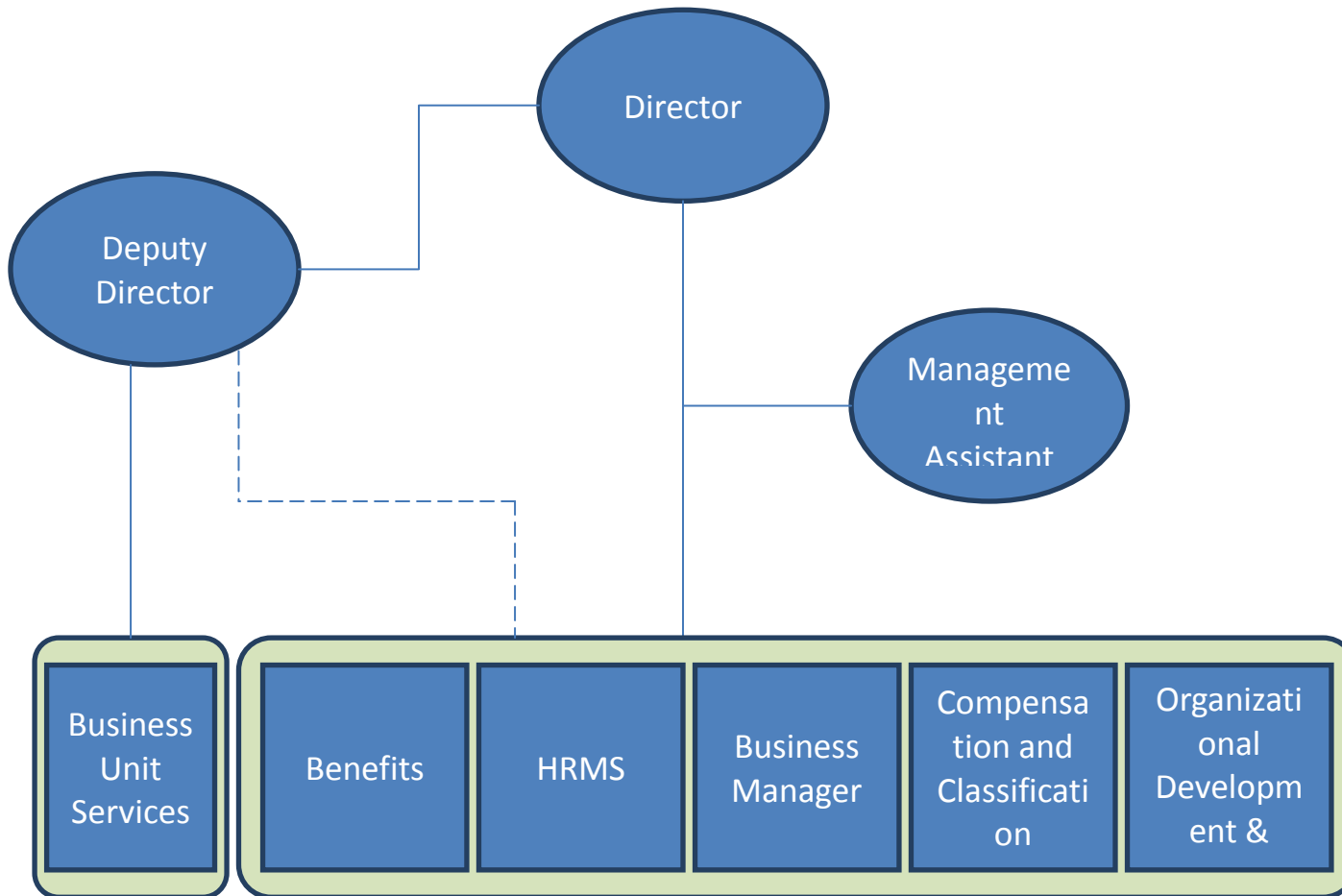
Human Resources staff members. The other area for opportunity focuses on the growing complexity in processes, technologies and compliance. This is a big issue that we can only address a piece at a time.

## Financial Summary

<b>Cost Centers: 11500, 11501, 10800 &amp; 53043</b>	<b>FY11 Allocation</b>	<b>FY12 Allocation</b>	<b>FY13 Allocation</b>
<b>Budget</b>	\$3,792,766	\$3,962,117	\$4,078,881
<b>Positions</b>	32.75*	32.75*	32.75*

*\*Includes a frozen position.*

## Human Resources Organizational Chart



# Department Strategy and Planning

## Accomplishments

**Aggressive Cost Management** – Health care costs continue to be aggressively managed to ensure benefit plans remain competitive and affordable. The City experienced a very low two percent overall increase in funding for group insurance coverages in FY12 thanks to medical plan design changes, wellness and disease management programs, and an improved prescription drug contract. Additionally, the City conducted a dependent eligibility audit in FY12 which resulted in savings projected to be about \$400,000.



**Cost Management Via Wellness** – Aggressively managing benefit plans is one prong of the cost management strategy. Another is employing wellness strategies designed to improve health which will result in lower cost. As the City continues to promote wellness, reports indicate a shift in the insured population. Approximately nine percent of the population moved from high risk to moderate risk, and another nine percent shifted from moderate risk to low risk.

**Enabling the Culture Shift** – Organization Development & Learning (ODL) staff was key in developing the City’s culture shift model and strategy. In FY12, ODL sponsored the final four sessions of *Leading Organizational Change*. This was the third and final phase of a development effort that began in late January 2011 with the City’s executive leadership. Close to 500 City leaders have heard the same message about culture shift in the City, been introduced to the same change management tools, participated in the same discussions, and have a common understanding of their roles and responsibilities as leaders in this effort.

**PeopleSoft Self Service Grows**

63% of employees have self-service time entry

86% of employees have some form of self service, including ePay and eProfile

**Efficiency with Automation** - Each year the PeopleSoft Team works to make more self-service tools available for end-users. In FY12, self-service W-2s were introduced. Approximately 64% of self-service employees consented to receive their W-2 via self-service. This move saved the City money and manpower in printing, folding, sealing, and distributing over 3,000 W-2s, which is about 41% of the W-2s produced.

**Public Safety Pay Plan (PSPP)** - A proposal for a new and sustainable PSPP was formed and cost out for fiscal years 2013 through 2016. The

PSPP, along with potential pay adjustments for the new plan and existing Broadbanding pay plan, were presented to City Council and approved as part of the FY13 budget.

Sources:  
Dollar Sign - Derivative work by [Werson](#), based on [Image:Emblem-important.svg](#) by [The people from the Tango! project](#); viewed at <http://commons.wikimedia.org/wiki/File:Emblem-advertisement-dollar.svg>.

## Key Issues and Challenges

**Organizational Agility** – A key challenge is managing the workforce with the flexibility the City needs to keep pace with changing conditions, while still maintaining some structure. City departments are working to stay apace with change. One of the consequences is regular



departmental reorganizations and new job categories. The ability to move staff with valuable skills around the organization to fill new needs is important to the City's success.

**Organizational Change** - The City embarked on a culture change to become One Business. In the beginning, the effort focused at the organizational level. Now the focus is shifting to the department level. Human Resources, particularly ODL staff, is helping with the challenge of keeping the culture change moving and helping departments and employees adapt.

From a departmental view, Human Resources' challenges also relate to change. As the department seeks to gain efficiencies in its processes, we need to be very aware of how day-to-day work touches other areas and work with those areas to achieve the best results. An example is the process for hiring new employees. Human Resources is working to improve the process, which touches every department, and has touched every employee at least once.

**Growing Complexity** - Complexity is multiplying which makes compliance a growing problem. From multi-layered business processes and policies, to employment laws that conflict more often than they complement, compliance becomes a bigger and bigger challenge. In a simpler time, Human Resources could develop policies, practices, and tools to equip the departments to handle compliance on the front lines. Due to rising complexity, Human Resources needs to re-examine these roles and how the City approaches compliance.

## Balanced Scorecard Map



# Service Delivery

## Core Services

### Human Resources

#### Management System (HRMS) Team

- ◆ Produces **weekly payroll** for over 6,600 employees.
- ◆ Preserves employment-related **records for pay, taxes, benefits & leave** for all City employees via records management.
- ◆ **Manages the integrated human resources & payroll software system.** The team also creates and **improves technology efficiencies** via self-service capabilities of the PeopleSoft system.

### Organization Development & Learning (ODL)

- ◆ **Performance management** via consulting, coaching, facilitating & training services for improvement of organizational & individual performance, and group dynamics.
- ◆ Consulting, assessing, coaching & facilitating **change management** services for organizational change readiness. ODL also provides change management planning & implementation along with transition management.
- ◆ **Management consultation and group facilitation** provides strategic planning, business planning, collaborative problem-solving, & team development services.
- ◆ Provides program development, project management, consulting & coaching via **eLearning**.
- ◆ Designs, develops & delivers leadership development initiatives, diversity & inclusion initiatives, business skills development classes & technology training for **employee skill development & behavior change**.



## Benefits & Wellness

- ◆ Designs, selects, implements, administers, & evaluates **benefits & wellness programs**.
- ◆ Monitors & enforces contracts with third-party partners as part of **contract governance** for all programs.
- ◆ Ensures **compliance** with federal laws, such as HIPAA & COBRA.
- ◆ Develops & implements **cost containment/ avoidance** strategies for all programs.
- ◆ **Educates & communicates** information on the best use of benefits to employees and retirees.
- ◆ Assists employees & retirees in **resolving benefits issues**.
- ◆ Assists employees with the **retirement process**, including explanation of benefits & application processing.
- ◆ Coordinates benefits **data management**, transfers & reconciliations with various vendors in the PeopleSoft HRMS.

## Business Unit Services

- ◆ Sources talent, particularly for hard-to-fill positions; develops internship programs to supplement department staff; provides relocation sourcing assistance; & develops **recruitment** strategies.
- ◆ Assists departments with **selection** processes & tools to align employment decision-making processes with City strategy.
- ◆ Develops **retention** strategies & programs in partnership with departments to encourage employee engagement.
- ◆ Ensures the **performance management & employee development** systems align with City strategy while providing flexibility to incorporate department objectives.
  - ◆ Enhances manager & employee understanding of human resources-related policies & practices through **education**.
- ◆ Integrates the City's Diversity Philosophy into employment-related processes to foster a **diverse workforce** to further enrich & strengthen citizen services.
- ◆ Serves as the primary point of contact for human resources-related **employee & management issues**.
  - ◆ Provides expert regulatory services for developing, implementing & training departments & employees on **compliance** with City policy. Investigations of, and responses to, employment discrimination charges is an additional service in the compliance area.

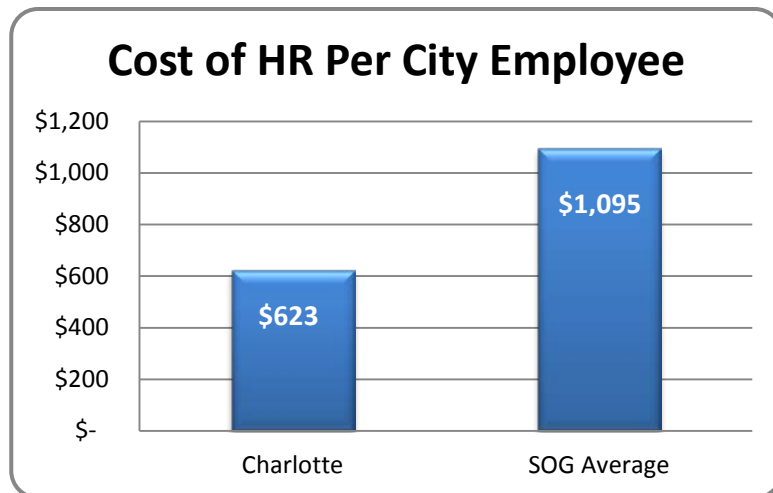
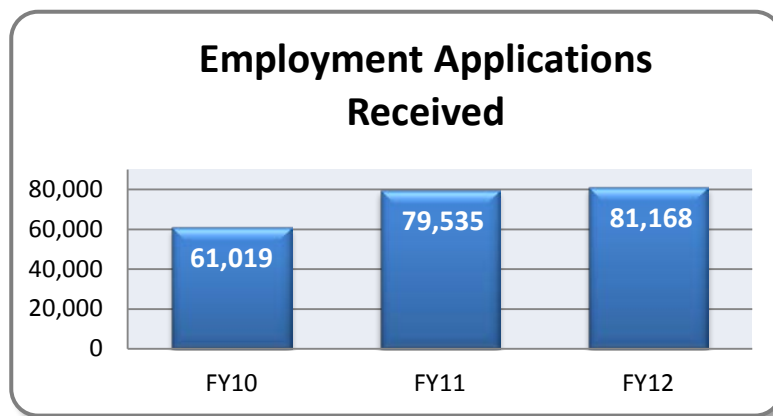
## Compensation

- ◆ Manages **compensation programs** in accordance with the City Council-approved pay philosophy and ensures the City is competitive in recruiting & retaining a skilled and diverse workforce.
  - ◆ **Manages pay plans** to maintain market competitiveness by computing market rates and setting minimum and maximum band ranges in the Broadbanding Pay Plan and calculating steps in the Public Safety Pay Plan (PSPP).
    - ◆ Analyzes market trend data to develop **annual pay recommendations**.
    - ◆ Ensures employee **pay is administered** in accordance with organizational pay guidelines.
  - ◆ **Analyzes salary surveys** to determine median salaries for computing market rates (the City Council-approved measure of market competitiveness for base pay) via internal & external salary surveys.
    - ◆ Manages and maintains the City's benchmark **job classification system**.
  - ◆ Oversees **pay program management**, including incentive & longevity pay programs.
    - ◆ Calculates internal **benchmarking** statistics for the City, including annual turnover, average pay and employee pay in relation to the market rate.
      - ◆ Interprets the City's **compliance** with the Fair Labor Standards Act.

## Service History and Trends

**Applications Received** – Each year Human Resources tracks the number of employment applications received. A goal is for Charlotte to be an employer of choice. A large applicant pool is an indicator of success in pursuit of the goal, though not always an indicator of an adequately-skilled pool.

**Cost of Human Resources** - The University of North Carolina’s School of Government (SOG) benchmarking survey compares cost and service data between participating local governments. 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 FY13 Balanced Scorecard

\$\$ = Incentive Target

Corporate Objective	Our FY13 Goals	Why This is Important	Our FY13 Target	The Formula of Success
Deliver Competitive Services	Percentage of City employees electing medical coverage will also elect the wellness incentive premium option.	A healthy lifestyle directly affects a person's health. Fewer health claims helps the City sustain its health plan.	65% participation rate by eligible employees. \$\$	Number of employees electing the wellness incentive premium option / number of eligible employees opting for medical insurance x 100% = 65%.
Deliver Competitive Services	Implement reduced prescription drug copays for chronic conditions of diabetes and cardiovascular disease.	Diabetes and cardiovascular claims drive significant medical plan costs. Reducing copays for all plan members with these conditions is anticipated to increase medication adherence rates, which will result in overall medical savings.	Implement reduced copay structure effective January 1, 2013.	Implement the change effective 1/1/2013 and measure increase in adherence rate in FY2014.
Invest in Infrastructure	Select and implement solution for market rates data to replace PRISM software solution. The new solution should be transparent and user friendly.	The City's PRISM market rates software is no longer supported. A market pricing solution allows the City to have accurate data for ongoing development of a City pay strategy.	Select and implement solution by June 30, 2013. \$\$	Select and implement solution by June 30, 2013.
Achieve a Positive Employee Climate	Wellness plan engagement by HR staff.	Healthy people are generally happier and likely to be more productive.	80% of eligible HR staff electing medical insurance will also enroll in the wellness incentive premium option. \$\$	Number of HR employees electing the wellness incentive premium option / number of employees opting for medical insurance x 100% = 80%.
Achieve a Positive Employee Climate	Wellness plan engagement by HR staff.	Healthy people are generally happier and likely to be more productive.	80% of HR staff enrolling in the wellness incentive premium option will remain engaged in the program until June 2013. \$\$	Number of HR employees remaining engaged in wellness incentive premium option until June 2013 / number of HR employees electing the wellness incentive premium option x 100% = 80%.

Corporate Objective	Our FY13 Goals	Why This is Important	Our FY13 Target	The Formula of Success
Recruit and Retain a Skilled and Diverse Workforce	Update HR Standards and Guidelines to reflect principles of fluid and flexible staffing in support of City goals.	The flexibility to deploy skills where needed is increasingly important in a changing world.	Administration of fluid and flexible staffing principles: engage stakeholders, earn trust, and be accountable. Target date is June 30, 2013.	HR Standards and Guidelines (Rules and Regulations) reflect shared resources principle. Target date is June 30, 2013.
Promote Learning and Growth	Delivery of Phase IV diversity training. Phase IV covers the remainder of the workforce not trained in Phases I – III, which consists of new and frontline employees.	The Charlotte community is becoming more diverse as is the City's workforce. Working well with people different from oneself is one of the City's Guiding Principles.	Continue delivery of Phase IV diversity training for new and frontline employees.	Continue delivering Phase IV diversity training.
Promote Learning and Growth	Implement 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.	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.	Implement 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. \$\$	Implement an organizational model promoting change readiness; positioning change as dynamic, proactive and business as usual.

# Resource Requests Summary

Request	Need	FY13 Cost	On-going Cost	Not / Approved
PRISM compensation management system replacement solution.	Vendor no longer supports the system, as they have replaced the product.	Estimated three-year cost is \$120,000 less \$33,000 currently budgeted for PRISM. Total cost is \$87,000.	Cost estimate is \$35,000 annually less \$11,000 currently budget for PRISM. Total ongoing cost is \$24,000.	Approved
Plateau learning management system upgrade.	The current version will reach end of maintenance in December 2012.	Estimated cost is \$128,000.	\$33,000.	Approved

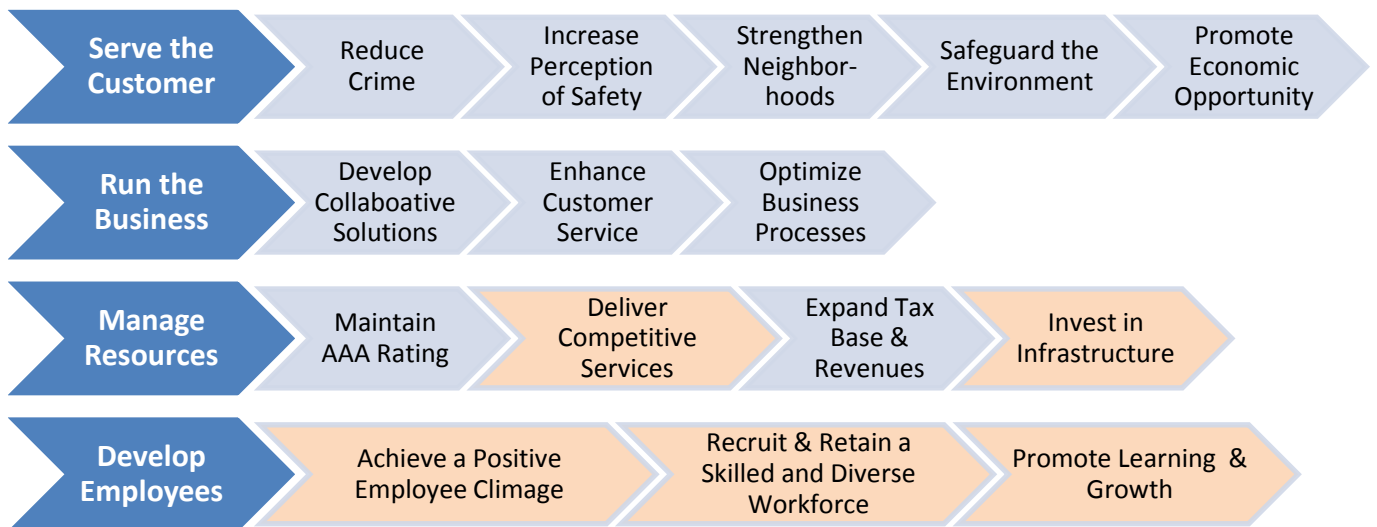
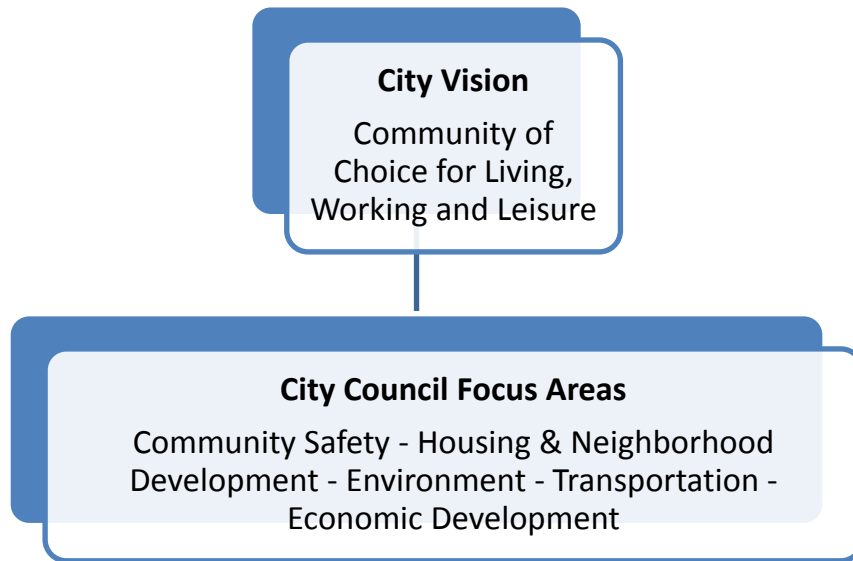
## Conclusion

Fiscal Year 2013 is about continual improvements and steady change. Human Resources is adapting by improving the efficiency and agility of its processes and by helping lead citywide organizational transformations. Change can be exciting and Human Resources looks forward to helping the City meet its challenges and capitalize on opportunities.

# 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 departments. Key strategies include seeking efficiencies and cost containment while recruiting and retaining a skilled and diverse workforce. Human Resources core services include: recruitment; compensation; employee relations; benefits design, consulting and management; departmental services; training; organizational development; payroll services; and managing the human resources management system.</p>	<p>Budget</p>	\$3,792,766	\$3,962,117	\$4,078,811
	<p>Positions</p>	32.75	32.75	32.75
<p><b>Vital Statistics</b></p> <ul style="list-style-type: none"> <li>Supports over 6,600 employees and 1,958 retirees.</li> <li>Comprised of 32.75 FTEs (one frozen) and five divisions: Benefits, Compensation, HR Management Systems, Business Unit Services Team, and Organizational Development and Learning.</li> </ul>	<p><b>Accomplishments</b></p> <ul style="list-style-type: none"> <li>Seventy-nine percent of eligible employees are participating in the Wellness Incentive Option.</li> <li>The City experienced a very low 2% overall increase in funding for group insurance coverage in FY12.</li> <li>Projected to save approximately \$400,000 following a dependent eligibility audit.</li> <li>As the City continues to promote wellness, reports indicate a shift in the insured population of approximately 9% from high risk to moderate risk, and a 9% shift from moderate risk to low risk.</li> <li>Human Resources partnered with other groups, including Police and Fire Department employees, to develop a new and sustainable Public Safety Pay Plan.</li> </ul>			

<u>Service Delivery Challenges</u>
<p>Human Resources' service delivery challenges fall within the categories of technology updates and staffing.</p> <p><u>PRISM Compensation Management Solution</u>                      The first challenge is a replacement for the current PRISM software. A compensation system, PRISM helps develop market rates for jobs and benchmarks what the City pays against private and public sector national and regional market data. This information helps the City stay within the Council's approved pay philosophy. The company that owns PRISM is ending its support of the system. A new system needs to be identified and implemented.</p> <p><u>Plateau Learning Management Upgrade</u>                      The second challenge is an upgrade for the learning management system. The current version will reach end of maintenance in December 2012. The upgrade needs to be implemented.</p> <p><u>Change</u>                      The City is redeploying its human resources more rapidly to meet changing needs. A result of this employee movement is regular departmental reorganizations and creation of new job categories. Human Resources works with departments on these talent management issues.</p>