

2017-19 Biennium Budget Decision Package

Agency: 165 State Board of Accountancy

Decision Package Code/Title: PL HR – Provide Essential Human Resources Services

Budget Period: 2017-2019 Biennium

Budget Level: PL - Policy/Performance level

Agency Recommendation Summary Text: The State Board of Accountancy will purchase human resource (HR) services considered essential to the agency in supporting agency business needs and reducing risk from the Department of Enterprise Services. A separate request seeks to restore basic level HR services to all small agencies. This proposal seeks to augment the basic level with a more complete set of HR services including consultation and support for labor relations, performance management, classification, workforce management, and recruitment.

Fiscal Summary:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 02J-1	\$10,000	\$10,000	\$10,000	\$10,000
Total Cost	\$	\$	\$	\$
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0.0	0.0	0.0	0.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
None	0.0	0.0	0.0	0.0
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E	\$10,000	\$10,000	\$10,000	\$10,000

Package Description

Small agencies have had access to dedicated HR specialists necessary to support their needs through DES. Purchasing these services from DES costs a fraction of what it would to replicate these services in each agency. Providing small agencies access to these professional services significantly reduces financial and legal risk to the state. The enacted FY 15-17 budget reduced funding equivalent to the cost of providing small agency HR services. While DES implemented additional efficiencies and identified temporary means to close the remaining fiscal gap in FY16, a more sustainable solution is required to ensure small agencies have access to these vital services.

DES has worked with the Office of Financial Management to create two categories of HR services:

- A. A set of basic HR services necessary to meet minimum HR compliance and accurate payroll processing activities for any agency. The proposal to fund these minimal basic services for all small agencies is proposed in a separate package.
- B. A set of additional HR services that, together with the basic service, form a more complete set of essential HR services. For a number of agencies, the basic level of service will not be

sufficient to address specific agency business needs or to manage legal and financial risk.

This decision package requests funding those essential services. This would allow the agency to continue to receive the following services as needed:

- **Life Cycle Recruitment Services** – Services include pre-recruitment consultation, writing of targeted job announcements, candidate outreach, in-depth application assessment, drafting interview questions, reference checking and guidance of offers.
- **Classification Services** – Determine position allocations and provide employee notification letters for appointing authority. Provide consultation on the development of position descriptions. Provide desk audits when needed. Assist with WMS and EMS evaluations and banding.
- **Labor and Employee Relations** – Provide rules guidance and interpretation for represented and non-represented state employees to ensure the agency creates a positive and respectful work environment.
- **Performance Management** – Consultation on performance appraisals and setting expectations. Consult on corrective and disciplinary actions; assist with documentation and processing including development of disciplinary letters. Provide tools and checklists.
- **Workforce Management Support** – Assist with “just in time” HR projects such as temporary layoffs and hiring freezes and changes that occur in Washington Management Service.
- **Human Resource Consultation** - Provide the agency with an HR consultant to discuss current HR topics and keep the agency informed on HR issues at monthly meetings, or as needed.
- **Investigations/Fact Finding** – Provide immediate employee complaint intake to determine next steps. Perform personnel related investigations and fact-finding for small to medium sized investigations (less than 20 hours).
- **Supervisor Coaching** – Provide best practices and guidance to new supervisors to ensure they set clear expectations and coach their staff to maximize agency performance.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

Funding for HR services is not currently part of the agency or DES budget.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

DES queried small agencies to identify those needing access to services beyond the basic level. They then determined the cost of providing services based on agency responses. DES calculates the rate necessary to recover the cost of these essential services to be \$20,000.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Funding for this package supports the Results Washington goal of efficient, effective & accountable government, and allows agencies the opportunity to become an employer of choice that provides agencies the tools to create a culture of respect, feedback, and recognition. Shared services are an efficient use of state resources. Using the expertise of HR professionals will help the agency manage risk associated with personnel issues. Additionally, this package will allow agency staff to focus on the core mission of the agency and less on administrative activities.

Performance Measure detail:

Fully describe and quantify expected impacts on state residents and specific populations served.

Human resources support plays an essential role in developing the employee-centered activities of an agency. HR activities that support staff development and recruiting high quality employees will ensure better interaction with the citizens our agency serves.

What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:

Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

1. Absorb the cost within existing budget – This would involve the agency purchasing the services from DES within its existing budget. This option reduces funds available to perform agency mission. Due to the nature of Board of Accountancy's operations, the agency typically incurs high Attorney General (ATG) legal expenses, which have exceeded \$500,000 in some biennia. Failure to fund HR services could leave Board of Accountancy without sufficient funds to purchase ATG services, which would increase the state's exposure to legal liabilities.
2. Go without these essential HR services or try to assign HR responsibilities to an existing employee with no additional funding - This would involve the agency doing the work with existing staff. This option reduces staff time available to perform the agency mission. All of our current employees are already specialized in their current roles and do not have the time nor the education/experience to take on the additional personnel responsibilities and execute them successfully. In this option, it is likely that the agency will be going without these services. This will increase risk to the agency beyond an acceptable level.
3. Request funding for a new HR professional within the agency - This is the most costly option but would provide some of the expertise and capacity needed to perform personnel functions. The kind of essential HR service support we are seeking from DES Small Agency HR services is professional level, expert support. If the agency were to hire someone in-house we would need to fill it at the Human Resource Consultant 4 (HRC4) level. The salary and benefits cost of a full time HRC4 plus related supplies, travel, and other costs is estimated at \$74,000 per year, which is more than seven times the proposed cost of the DES service offering. Our agency may not need a full time professional, but we will benefit from a full complement of HR expertise. The team at DES can provide more specialized expertise than is likely available in any one individual.
4. Request funding to purchase HR services from DES. – Recommended – The DES Small Agency HR Support option is the most economic option that will still meet our business need. This option is less expensive than hiring staff. It provides access to the array of necessary expertise when needed. It provides an objective resource for managers and staff when dealing with personnel issues.

What are the consequences of not funding this request?

Not funding this request would mean that the agency would be have to operate without HR services which are critical for the agency's success. It would affect our ability to focus on the mission-critical work of our agency, weaken our ability to recruit and retain high-quality individuals, and increase our risks of non-compliant employment practices and related financial and legal risks.

Many of these services are similar to preventive health care. Investments and guidance up front can prevent major mistakes that can lead to legal and financial costs, as well as consequences for culture and trust from which it can take years to recover.

Examples of this are:

Recruitment – These services include candidate outreach and assistance with assessment and selection.

Without these HR services, hiring managers would need to spend more of their limited time conducting outreach to qualified candidates or hope that there are enough qualified candidates in the applicant pool. HR support would also help reduce the risk of unfair hiring practices by ensuring the assessment and selection process is correct and using behavior and performance based techniques to find the best candidate available.

Labor Relations – Labor relations support includes HR consultation on what level of corrective or disciplinary action is the most appropriate based on principles of just cause, writing of expectation and disciplinary letters to ensure clarity and appropriateness, ensuring processes are followed according to the collective bargaining agreement, and working with union representatives to ensure all disagreements are handled at the lowest possible level. DES HR Consultants are familiar with the Collective Bargaining Agreements (CBA) and can provide clear guidance and counsel on the best approaches to creating and maintaining a work environment that complies with the CBAs.

Performance Management – These services include supervisor guidance on creating clear performance expectations that achieve business results, creating development plans that help fill in the gap between expectations and reality and creating purposeful succession planning the helps match employee skillsets with business needs. These services make sure that the right people are in the right positions with the right skillsets to do the work which ensures business efficiency and reduces time and money spent on disciplinary actions and appeal processes that go with them.

Investigations – These services include full responsibilities through the investigative process. From initial intake, scheduling and conducting interviews gathering all tangible evidence, through delivering the final report to the Appointing Authority. Without this service, managers would be forced to either undergo costly training to become eligible to conduct an administrative investigation or pursue an outside investigator which can cost anywhere from \$5,000 to \$15,000. These services make sure complaints and claims are thoroughly investigated by a neutral third party who is familiar with the state and CBA specific rules and nuances.

How has or can the agency address the issue or need in its current appropriation level?

- *Is this package a high-enough priority that the agency has or would reprogram current resources to accomplish it? See discussion above.*
- *If yes, what programs or services were/would be reprogrammed? How? With what consequences? See discussion above about risks and consequences.*
- *What process improvements and best practices have been or will be undertaken to improve the efficiency and effectiveness of the process/program affected by this proposal?*

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

See the attached service level descriptions.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)