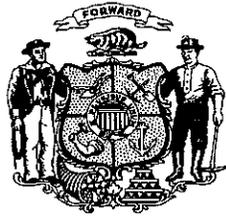


STATE OF WISCONSIN

SENATE CHAIR
Alberta Darling

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-5830



ASSEMBLY CHAIR
John Nygren

308 East, State Capitol
P.O. Box 8953
Madison, WI 53708-8953
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: July 3, 2019

Re: DOA Report to JFC

Attached is the 2019 report regarding Human Resources Shared Services from the Department of Administration, pursuant to s. 16.004(20)(c), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:JN:jm



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Joel Brennan, Secretary
Malika Evanco, Division Administrator

July 2, 2019

State Senator Alberta Darling
Co-Chair, Joint Committee on Finance
Room 317 East, State Capitol
Madison, WI 53707-7882

State Representative John Nygren
Co-Chair, Joint Committee on Finance
Room 309 East, State Capitol
Madison, WI 53708

JUL 03 2019

St. Fincall

Re: Fiscal Year 2019 Annual Report Regarding Human Resources Shared Services

Dear Senator Darling and Representative Nygren:

As required by s.16.004(20)(c), Wis. Stats., the Division of Personnel Management (DPM) respectfully submits its first annual report regarding Human Resources Shared Services (HRSS). As required by law, this report includes: information identifying the assessments the department intends to charge each shared services agency in the upcoming fiscal year; the number of positions the department is using to administer human resources services and payroll and benefits services; the number of vacant and filled positions; and the cost savings; and the metrics evaluating the effectiveness.

Attached to the report are the FY19 and FY20 assessment reports and corresponding assessment memo (FY19), which should be reviewed in conjunction with the information contained in this report. The following information is based on current law and does not incorporate any proposed modifications to FY20 based upon the FY2019-FY2021 biennial budget.

Assessments

DPM's assessment authority is established in s.230.04(18), Wis. Stats. The 2009-2011 Biennial Budget converted all staff of the Office of State Employment Relations from general purpose revenue (GPR)-funding to program revenue (PR)-funding. This transition necessitated the recovery of costs through an assessment to agencies for their use of these human resource (HR) services. Today this portion of the DPM workforce is referred to as the "enterprise staff" and the associated assessment is referred to as the "enterprise assessment". The assessment is established by dividing the total operating budget for the enterprise services (salary, fringe, and supplies and services) by the total number of permanent classified and unclassified employees (authorized FTE positions) at each agency. All agencies, HRSS and non-HRSS alike, are assessed for DPM enterprise services.

HRSS is comprised of the staff and associated services located at individual agencies or DPM-organized regions; DPM regions are comprised of one or more agencies. In FY20, DPM HRSS will be organized into a four-region model and the Wisconsin Historical Society and the State Fair Park will continue to exist outside of a region.

For FY19, two regions were implemented: Region 1 and Region 2.

Region 1 was developed to merge the HR teams from the Department of Transportation (DOT) and the Department of Safety & Professional Services (DSPS). In preparation for HRSS and the merger, all field staff of the DOT began reporting centrally prior to the HRSS implementation. Today, this team provides HR services and support to all agencies headquartered at the Hill Farms State Office Building in Madison, which include:

- Department of Administration, Division of Hearings & Appeals (DHA)
- Department of Financial Institutions
- Department of Safety & Professional Services
- Department of Transportation
- Higher Education & Aids Board
- Public Service Commission

Region 2 is comprised solely of the Department of Corrections (DOC) HR staff. The predominant change initiated from the regionalization of this group of employees and is that the institution and division HR staff now report centrally to the HR Bureau Director, rather than to institution wardens or division administrators.

As part of the HRSS governance plan, the Shared Services Executive Committee (SSEC) was established and later formalized in January 2018, by Governor Walker in Executive Order (EO) #272. As identified in EO 272, SSEC was ordered to “ensure the creation and operation of enterprise human resource services and payroll and benefits services models, strategies, cost management methodology, direction, and standards for shared services.” The EO directed the establishment of a shared services business model, which among other directives, included to establish cost-effective services and to generate “long-term, sustainable savings.” SSEC was briefed by DOA on alternative methodologies for assessing agencies for their proportionate use of HR services.

Ultimately, a regional model was selected for FY19 which included the following estimated cost allocation methodologies:

1. The total HRSS costs for each agency within a region with more than one agency is based on the total HRSS estimations of all regional expenses, distributed by each agency’s authorized FTE sum; and
2. For HR services provided within a single agency, each agency is billed for only those estimated expenses specifically assigned to the agency. Please see the DPM FY19 Assessment Memo attachment for further detail on the FY19 allocation methodology. This allocation methodology resulted in the following:
 1. Agencies within regions with more than one agency:
 - Region 1 agencies (see above for agency list)
 - DOA HR agencies
 - Attached Boards and Commissions
 - Department of Administration (excluding DHA)
 - Department of Tourism
 - District Attorneys
 - Governor’s Office
 - Lt. Governor’s Office
 - Office of Commissioner of Insurance
 - Secretary of State
 - State Treasurer
 2. HR services provided within a single agency:
 - Department of Agriculture, Trade & Consumer Protection
 - Department of Children & Families
 - Department of Corrections (Region 2)
 - Department of Health Services
 - Department of Natural Resources
 - Department of Revenue
 - Department of Veterans Affairs
 - Department of Workforce Development

- State Fair Park
- Wisconsin Historical Society

In FY20, Regions 3 and 4 will be implemented and the budgeting and assessment methodologies applied to each of the agencies included will adhere to the FY19 allocation methodology 2 identified above. At present, the agency distribution is as follows:

- Region 3 is planned to include:
 - Department of Administration (excluding DHA)
 - Department of Agriculture, Trade & Consumer Protection
 - Department of Children & Families
 - Department of Natural Resources
 - Department of Workforce Development
- Region 4 is planned to include:
 - Department of Health Services
 - Department of Revenue
 - Department of Veterans Affairs
- No regional attachment is planned to include:
 - State Fair Park
 - Wisconsin Historical Society

Because the timeline for the intended implementation is over the course of the fiscal year, the projected FY20 assessments currently have the costs isolated to each agency. As positions are identified for usage by multiple agencies, the position costs will be appropriately divided among the agencies to accurately reflect the distribution of work by the employee. This evolution may lead to some variation in the projected FY20 assessments.

Number of positions and vacancies

DPM's sum of FTE positions authorized under s. 20.505(1)(kz), Wis. Stats., is equal to 422.89 FTE with 58.84 FTE positions vacant as of June 8, 2019. This sum excludes other DPM FTE not funded and authorized under s. 20.505(1)(kz).

Cost savings

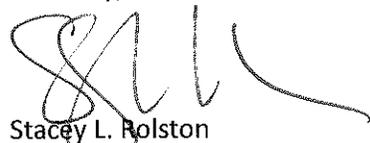
2017 Wisconsin Act 59, Section 9201, required DPM to lapse \$2.8 million from the appropriation account under s. 20.505 (1)(kz) to the general fund in FY19. To remain within the expenditure authority for the appropriation while providing savings from the projected costs of operations from which to lapse, DPM employed budgetary management strategies which included not immediately filling positions as they became vacant. Although this limited management's ability to more aggressively staff agencies and centralize efficiencies, and caused DPM to hold a high vacancy rate throughout FY19, DPM is projected to remain within its FY19 expenditure authority and to meet its \$2.8 million cash lapse obligation and the approximate \$500,000 pay back that must be made to the federal government as a result of the lapse to the general fund from s. 20.505(1)(kz).

Metrics

Prior to the implementation of HRSS, metrics associated with the timeliness of specific personnel transactions were developed by work groups and discussed with the SSEC as then-constituted. These metrics will be finalized in the coming months. In addition, no comparison to the prior fiscal year can be made because FY19 is the first year of shared services.

As additional estimations are available based on the implementation of Regions 3 and 4, DOA will provide updated FY20 assessments to the Joint Committee on Finance.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Rolston', with a long horizontal flourish extending to the right.

Stacey L. Rolston
Deputy Administrator

cc: DOA Division of Executive Budget & Finance

Attachments: FY19 Assessments and Assessment Memo (3)
FY20 Assessments (2)



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Joel Brennan, Secretary

Date: May 3, 2019

To: State of Wisconsin Agencies

Re: FY19 Division of Personnel Management Invoice(s)

Dear Deputy Secretary, Board Chair, or Commission Chair:

The Division of Personnel Management (DPM) provides oversight and management of the State's human resource laws, policies, procedures and systems. The Department of Administration (DOA) assesses agencies for DPM's cost to provide the enterprise with HR services, functions, and resources.

The enclosed invoice includes the FY19 DPM Enterprise Services Assessment for your agency. The total of this FY19 assessment to all state agencies is \$5,077,418. The funds cover the cost of DPM staff assigned to enterprise activity and the associated supplies and services. The costs are allocated by agency based on the agency's FTE count.

DPM also provides direct human resource (including payroll and benefits) services to DOA, agencies consolidated under the FY05-07 human resources initiative, shared services agencies transferred to DOA under the shared services initiative, and those entities historically attached to DOA HR.

2017 Wisconsin Act 59 transferred FTE from shared services agencies to DOA and provided an amount of \$10,000 per FTE for associated supplies and services. Shared Services include all service and operational aspects of HR and are intended to increase efficiencies and quality while realizing cost savings. The transition to serve most state agencies is a significant change in the administration and delivery of services. Shared Services is designed to retain and support agency appointing authority powers as specified in state statute and Wisconsin Administrative Code.

Shared services agencies are billed for only those estimated expenses specifically assigned to the agency or region to which the HR services are provided. The enclosed invoice includes the FY19 DPM Shared Services Assessment for your agency (as applicable). The total of the FY19 agency services assessment is \$33,597,525. The total cost to shared services regions with more than one Agency is distributed based on authorized FTE count. The DOA Region HR payroll services and management support are provided to all DOA and DOA-supported agencies, whereas DOA HR general services are primarily provided to agencies with classified FTE. As such, all agencies are charged for payroll and management services and support, and those agencies with classified FTE are also charged for the general HR services received. Agencies in shared services receive both the enterprise and agency assessments.

Thank you for your attention to this matter. Please direct questions regarding DPM services to Stacey Rolston, DPM Deputy Administrator, at (608)266-1499. Questions regarding the assessment amount and methodology may be addressed to Robin Malicki, Budget and Policy Section Chief, in the DOA's Bureau of Financial Management, at (608)264-9576.

Sincerely,



Stacey Rolston
Deputy Division Administrator
Division of Personnel Management

cc: Colleen Holtan, Bureau of Financial Management Director

Enclosures:

Invoice

FY19 Enterprise Services Assessment Summary

FY19 Shared Services Assessment Summary (if applicable)

FY19 Division of Personnel Management Enterprise Assessment
 FY19 Agency Services Assessment

Recovery Amount

\$5,077,418

Number	Agency Name	All FTE	% of Total FTE	FY19 Allocation
115	AGRICULTURE, TRADE & CONSUMER PROTECTION	627.29	1.88%	\$95,213
144	FINANCIAL INSTITUTIONS	141.54	0.42%	\$21,484
145	INSURANCE, COMMISSIONER OF	137.00	0.41%	\$20,795
155	PUBLIC SERVICE COMMISSION	153.25	0.46%	\$23,261
165	SAFETY AND PROFESSIONAL SERVICES, DEPARTMENT OF	236.14	0.71%	\$35,843
190	STATE FAIR PARK BOARD	47.00	0.14%	\$7,134
225	EDUCATIONAL COMMUNICATIONS BOARD	55.18	0.16%	\$8,376
235	HIGHER EDUCATIONAL AIDS BOARD	10.00	0.03%	\$1,518
245	HISTORICAL SOCIETY	135.04	0.40%	\$20,497
255	PUBLIC INSTRUCTION, DEPARTMENT OF	642.00	1.92%	\$97,446
285	UNIVERSITY OF WISCONSIN SYSTEM	-	0.00%	\$0
292	WI TECHNICAL COLLEGE SYSTEM BOARD	55.00	0.16%	\$8,348
360	LOWER WI RIVERWAY BOARD	2.00	0.01%	\$304
370	NATURAL RESOURCES, DEPARTMENT OF	2,509.60	7.50%	\$380,920
380	TOURISM, DEPARTMENT OF	34.00	0.10%	\$5,161
385	KICKAPOO RESERVE MANAGEMENT BOARD	4.00	0.01%	\$607
395	TRANSPORTATION, DEPARTMENT OF	3,242.11	9.69%	\$492,104
410	CORRECTIONS, DEPARTMENT OF	10,124.97	30.27%	\$1,536,818
425	EMPLOYMENT RELATIONS COMMISSION	6.00	0.02%	\$911
427	LABOR AND INDUSTRY REVIEW COMMISSION	18.70	0.06%	\$2,838
432	AGING & LONG TERM CARE, BOARD ON	42.50	0.13%	\$6,451
433	CHILD ABUSE & NEGLECT PREVENTION BOARD	6.00	0.02%	\$911
435	HEALTH SERVICES, DEPARTMENT OF	6,176.89	18.47%	\$937,560
437	CHILDREN AND FAMILIES, DEPARTMENT OF	783.16	2.34%	\$118,872
438	PEOPLE WITH DEVELOPMENTAL DISABILITIES, BOARD FOR	7.00	0.02%	\$1,062
445	WORKFORCE DEVELOPMENT, DEPARTMENT OF	1,603.05	4.79%	\$243,319
455	JUSTICE, DEPARTMENT OF	683.14	2.04%	\$103,690
465	MILITARY AFFAIRS, DEPARTMENT OF	489.30	1.46%	\$74,268
475	DISTRICT ATTORNEYS	419.95	1.26%	\$63,742
485	VETERANS AFFAIRS, DEPARTMENT OF	1,261.20	3.77%	\$191,431
505	ADMINISTRATION, DEPARTMENT OF	1,470.42	4.40%	\$223,188
507	PUBLIC LANDS, BOARD OF COMMISSIONERS OF	9.50	0.03%	\$1,442
510	ELECTIONS COMMISSION	25.75	0.08%	\$3,908
515	EMPLOYEE TRUST FUNDS, DEPARTMENT OF	269.20	0.80%	\$40,861
521	ETHICS COMMISSION	8.00	0.02%	\$1,214
525	OFFICE OF THE GOVERNOR	37.25	0.11%	\$5,654
536	INVESTMENT BOARD	173.35	0.52%	\$26,312
540	LIEUTENANT GOVERNORS OFFICE	5.00	0.01%	\$759
550	PUBLIC DEFENDER BOARD	614.85	1.84%	\$93,325
566	REVENUE, DEPARTMENT OF	1,182.03	3.53%	\$179,415
575	SECRETARY OF STATE	2.00	0.01%	\$304
585	TREASURER, STATE	1.00	0.00%	\$152
Sum		33,451.36	100.0%	\$5,077,418

Wisconsin Division of Personnel Management
 FY19 Agency Services Assessment

BU	Agency Department ID	Agency Name	FY19 Allocation
Comb.	505P2A0000	REGION 1	\$ 4,626,557
24500	505P2A1000	HISTORICAL SOCIETY	\$ 379,695
41000	505P2B0000	REGION 2 (CORRECTIONS, DEPARTMENT OF)	\$ 9,925,710
37000	505P2C1000	NATURAL RESOURCES, DEPARTMENT OF	\$ 2,866,653
43700	505P2C2000	CHILDREN AND FAMILIES, DEPARTMENT OF	\$ 1,212,632
44500	505P2C3000	WORKFORCE DEVELOPMENT, DEPARTMENT OF	\$ 2,142,548
56600	505P2C4000	REVENUE, DEPARTMENT OF	\$ 1,136,699
50500	505P2C5000	ADMINISTRATION, DEPARTMENT OF	\$ 1,134,443
48500	505P2D1000	VETERANS AFFAIRS, DEPARTMENT OF	\$ 2,080,123
11500	505P2D2000	AGRICULTURE, TRADE & CONSUMER PROTECTION	\$ 849,706
43500	505P2D3000	HEALTH SERVICES, DEPARTMENT OF	\$ 6,984,716
19000	505P2F0000	STATE FAIR PARK BOARD	\$ 258,043
			\$ 33,597,525

Wisconsin Division of Personnel Management
 FY19 HR Agency Services Assessment
 Department of Administration Allocation
 Total Recovery Amount \$

1,134,443

Agency Business Unit	Agency Name	Payroll Services and Management: \$		General Services: \$		Total FY19 Allocation
		FTE	FY19 Allocation	FTE	FY19 Allocation	
145	INSURANCE, OFFICE OF THE COMMISSIONER OF	137.00	\$ 35,558	137.00	\$ 67,157	\$ 102,715
225	EDUCATIONAL COMMUNICATIONS BOARD	55.18	\$ 14,322	55.18	\$ 27,049	\$ 41,371
360	LOWER WI STATE RIVERWAY BOARD	2.00	\$ 519	0.00	\$ -	\$ 519
380	TOURISM, DEPT OF	34.00	\$ 8,825	34.00	\$ 16,667	\$ 25,492
385	KICKAPOO RESERVE MANAGEMENT BOARD	4.00	\$ 1,038	0.00	\$ -	\$ 1,038
427	LABOR AND INDUSTRY REVIEW COMMISSION	18.70	\$ 4,854	18.70	\$ 9,167	\$ 14,021
432	BOARD ON AGING AND LONG-TERM CARE	42.50	\$ 11,031	42.50	\$ 20,833	\$ 31,864
438	BOARD FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES	7.00	\$ 1,817	7.00	\$ 3,431	\$ 5,248
475	DISTRICT ATTORNEYS	419.95	\$ 108,997	0.00	\$ -	\$ 108,997
505*	ADMINISTRATION, DEPT OF (CENTRAL OFFICE)	1,019.86	\$ 264,701	1,019.86	\$ 499,929	\$ 764,630
510	ELECTIONS COMMISSION	25.75	\$ 6,683	25.75	\$ 12,623	\$ 19,306
521	ETHICS COMMISSION	8.00	\$ 2,076	8.00	\$ 3,922	\$ 5,998
525	OFFICE OF THE GOVERNOR	37.25	\$ 9,668	0.00	\$ -	\$ 9,668
540	OFFICE OF THE LIEUTENANT GOVERNOR	5.00	\$ 1,298	0.00	\$ -	\$ 1,298
575	SECRETARY OF STATE	2.00	\$ 519	2.00	\$ 980	\$ 1,499
585	TREASURER, STATE	1.00	\$ 260	0.00	\$ -	\$ 260
665	JUDICIAL COMMISSION	2.00	\$ 519	0.00	\$ -	\$ 519
		1,821.19	\$ 472,685	1,349.99	\$ 661,758	\$ 1,134,443

*The Department of Administration (DOA)'s authorized FTE count is distributed between Region 1 (Division of Hearings and Appeals authorized FTE) and DOA Central Office. HR services are provided to the Division of Hearings and Appeals by Region 1.

DOA HR payroll services and management support are provided to all DOA and DOA-supported agencies, whereas DOA HR general services are primarily provided to agencies with classified FTE.

Wisconsin Division of Personnel Management
FY19 Agency Services Assessment
Region 1 Allocation

Recovery Amount \$ 4,626,557

Agency Business Unit	Agency Name	FTE	FY19 Allocation
144	FINANCIAL INSTITUTIONS	141.54	\$ 169,618
155	PUBLIC SERVICE COMMISSION	153.25	\$ 183,651
165	SAFETY AND PROFESSIONAL SERVICES, DEPARTMENT OF	236.14	\$ 282,984
395	TRANSPORTATION, DEPARTMENT OF	3,242.11	\$ 3,885,266
505*	ADMINISTRATION, DEPARTMENT OF - DHA	87.65	\$ 105,038
		3,860.69	\$ 4,626,557

*The Dept of Administration authorized FTE allocation is split between Region 1 and 505, due to the hr servies provided to the Division of Hearings and Appeals by Region 1, given its location within the new Hill Farms State Office Building.