

990035

DEPARTMENT OF EMPLOYEE RELATIONS

PERFORMANCE REPORT

1997 - 1998

This report was prepared in accordance with M.S. 15.91, Subdivision 2.
which requires that agencies complete a performance report
each odd-numbered year and submit that report to the
speaker of the house, president of the senate, legislative
auditor, and legislative reference library.

January 2, 1999

MINNESOTA DEPARTMENT OF EMPLOYEE RELATIONS

1997 - 1998 PERFORMANCE REPORT

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EXECUTIVE SUMMARY

Agency Vision: State of Minnesota: Employer of Choice

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.

To carry out its mission, the Department has **four guiding themes**:

- 1) **Customer Focus** - Service to our customers, internal and external, is the primary reason for DOER's existence. This theme should be central to any decision and should directly or indirectly relate to all job responsibilities.
- 2) **Innovation & Forward Thinking** - Considering the future, anticipating trends, striving for creativity and innovative ways of doing business more effectively and efficiently may apply to many tasks and responsibilities.
- 3) **Integrated Approach** - Think of DOER as one entity made up of many programs which when put together, support the human resources of the state. When we work together toward the common good, within DOER or with other agencies, the whole is greater than the sum of its parts.
- 4) **Healthy & Humane Workplace** - DOER is to be the kind of work environment that promotes the growth of the individual, is safe, ethical, and has at its heart, a set of commonly understood values about human resources.

The mission statement and guiding themes were developed by our leadership team to guide us toward achieving our ultimate goal -- the realization of our agency vision: **State of Minnesota: Employer of Choice.**

Awards

- The State Employee Health Promotion Program was twice-honored in 1996, receiving the Working Parent Resource Center's Working Parent Support Award and the Association for Worksite Health Promotion's Exemplary Public Worksite Health Promotion Award.

Agency Accomplishments

The Department achieved a number of notable accomplishments in each of its divisions. This Executive Summary will highlight those accomplishments by division. The complete report will contain more detailed information on specific goals and objectives.

Employee Insurance Division

- After several years of successfully containing health insurance premium costs through a managed competition model, DOER experienced increases in health premiums in the last biennium. Compared to a rate reduction of only 2.5% in 1996 and an increase of 6.7% in 1997, projected premium increases for 1998 are 10.1% and 11.4% for 1999. The projections for 1998 and 1999 are pending completion of final enrollment reconciliation.
- State Employee Group Insurance Program (SEGIP) Assessment Project: This project evaluates possible modifications or alternatives to the current managed SEGIP competitive health care purchasing strategy. Behavioral health, pharmacy and chiropractic services, are potential “carve outs” in conjunction with the care systems delivery model. Changes are intended to stabilize premium increases and ensure more stable provider network offerings, as well as introducing more competition into the health care market.
- The Public Employees Insurance Program (PEIP) transitioned to a self-insured product in 1998 with a standardized set of benefits across all plans and added three new participating health carriers.
- Through programs aimed at reducing accidents, promoting ergonomic safety and encouraging the use of job accommodations for employees injured at work, the number of work-related injuries of state employees was reduced by almost 20 percent from fiscal year 1994 through fiscal year 1998 and the number of injury claims requiring time off from work by more than 27 percent.
- In 1993, the department implemented managed medical care for workers’ compensation cases, making the state of Minnesota one of the first to do so. For fiscal years 94-98 this program has contributed to a decrease in overall workers’ compensation costs of \$3.0 million, or almost 14 percent.
- Minnesota Health Partnership: Coordinated Health Care and Disability Management Project is 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 phase associated with the project began in September, 1998.
- Long-term care insurance plan design: In 1996, the division began to study the need for offering an optional, long-term care insurance plan to SEGIP-eligible persons, as well as other public employees and retirees. In 1997, funding to design a plan was obtained, a consultant was hired, and a workgroup of interested parties was convened. During 1998, activities included studying

the market, identifying governance and administrative issues, constructing a benefit and program design, testing the designs with focus groups, and studying the possible effect of the design on the state's future long-term care expenditures.

- Open Enrollment Redesign: Insurance enrollment for state employees via telephone and the internet was accomplished in 1997 - SEGIP sent more than 34,000 confirmation notices to members who enrolled by telephone or internet in 1997. Tasks that were accomplished to achieve these goals included purchase and installation of an Interactive Voice Response (IVR) system; creation of the new system's voice prompting script; development of specially adapted open enrollment materials and worksheets; modification of the DOER home page to include an electronic application process and additional links between SEGIP and its participating plans; establishment of a dependent data base; and testing.

Labor Relations, Compensation and Pay Equity

- The Labor Relations Bureau set up a program using trained state employees and outside professionals to help state agencies investigate employee misconduct. Seventy-five such investigations were conducted since 1992, resulting in more sustained grievances or uncontested actions, reduced workplace disruption and less costly monetary settlements.
- 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.
- 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.

Staffing Division

- Human Resource Reengineering Process: The current procedure for becoming a state employee has been in place for 40 years and is in need of a face-lift. 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.
- Clerical Consolidation: Through the Human Resources Innovation Labor Management Committee, the division undertook a major effort that reduced the number of clerical classifications from 40 to 13 and created three career paths.
- At the request of Commissioner Karen Carpenter, the department launched the "Improved Work Opportunities Now" (IWON) program, which was aimed at recruiting the economically disadvantaged jobseekers to state employment, 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.

Administrative Management

- The State of Minnesota's human resource and payroll information system (SEMA4) serves all state agencies in the executive branch and part of the judicial branch. Approximately 50,000

employees receive their paychecks through this system, which has not been upgraded since 1995. It will undergo a \$4.7 million upgrade, allowing it to produce the high level of reliability, accuracy and performance its users need and expect.

- The Department of Employee Relations, along with the Department of Finance, established the Minnesota Flood Recovery Fund through which state employees could donate the value of up to 40 hours of their vacation time to help Minnesotans recover from the devastating 1997 spring floods. More than \$206,000 in contributions was collected and used for child care needs in the Red River Valley and other relief efforts.
- In 1996 the department created an agency home page on the world wide web. The web site introduces department's services and includes current job information along with information on the application process. A growing number of positions may be applied for on-line by submitting one resume, while others still require submission of a standard application that is available for downloading from the web site. The web site contains job class specifications, administrative procedures and personnel policies, along with insurance and benefit information. During the open enrollment period state employees may use the internet to select benefits.

Office of Diversity and Equal Opportunity

- The Office of Diversity and Equal Opportunity (ODEO) increased representation of protected groups in the state's workforce and boosted training and educational forums on diversity for state agencies.
- ODEO trained more than 4,200 employees on the provisions of the Americans with Disabilities Act.
- ODEO gathered information on Minnesota working-age adults with disabilities and established a new state goal for hiring individuals with disabilities.

Training and Development Resource Center

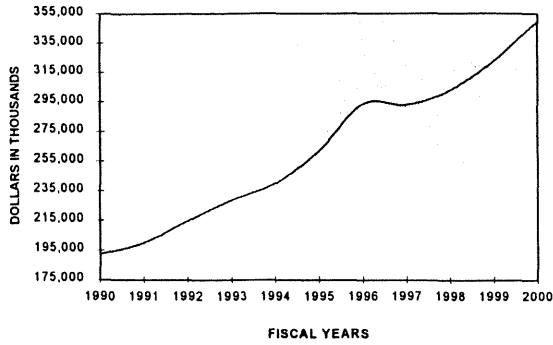
- The Training and Development Resource Center is responsible for the legislatively mandated Supervisory Core training program, which is designed to train the state's managerial and supervisory-level employees so that the work environment is productive for all state employees. This program has been recently 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.

Minnesota Quality College

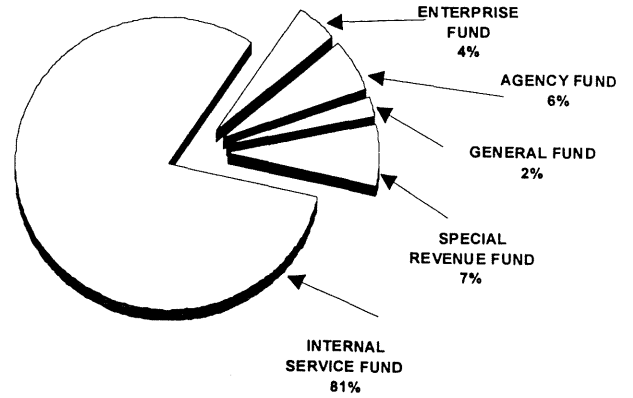
- The Minnesota Quality College was established during the 1995 legislative session to provide information on continuous quality improvement training resources to state officials and employees in executive agencies, providing them with a base for the continuous education and training in quality values, concepts and methods.

DOER BUDGET

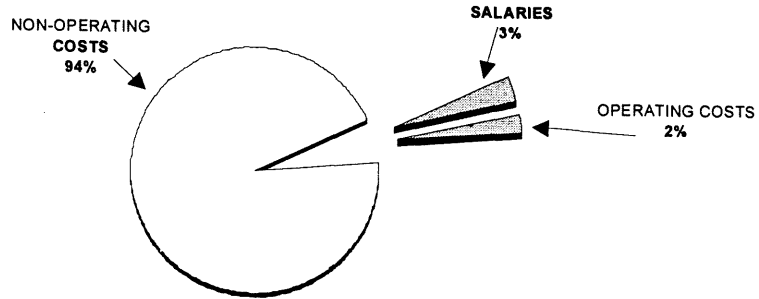
TOTAL BUDGET- ALL FUNDS



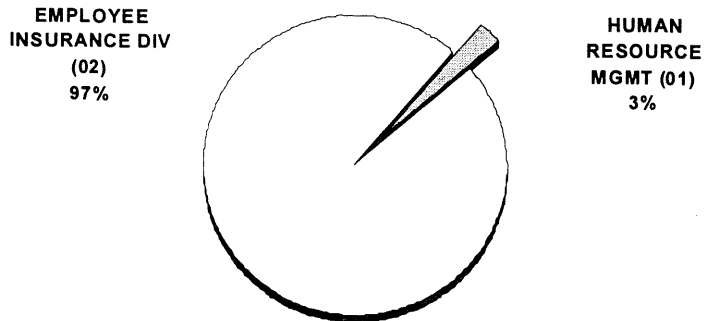
**1998-99 EXPENDITURES BY FUND
TOTAL \$631 MILLION**



**1998-99 EXPENDITURES BY CATEGORY
Total \$631 million**



**1998-99 EXPENDITURES BY PROGRAM
Total \$631 million**



PERFORMANCE REPORT

Department of Employee Relations 1997 - 1998

History of the Department

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. Services include employee selection, job classification, affirmative action, labor relations, training and development, employee compensation, personnel information processing and reporting, insurance, health promotion, workers' compensation and safety. Other primary customers include state employees, union representatives and job applicants.

Since 1991, changes were made throughout the department to reduce costs, improve efficiency and include customers and stakeholders in decision-making. In addition, the 1993 Minnesota Legislature established the Human Resources Innovation Labor Management Committee to help the department and state employee unions work together to develop and implement a number of innovations in personnel management.

Technology played a key role in the agency's accomplishments, from strategic software installations in the Staffing Division to the implementation of a new human resources system as part of the statewide administrative systems.

The following descriptions of each division highlight their primary goals and objectives, along with their performance results:

Employee Insurance Division

The Employee Insurance program's public goal is to furnish insurance coverage as part of a comprehensive benefits package that attracts and retains high-quality personnel for service in state government. Another goal of the Insurance program is to interact responsibly with Minnesota's insurance and health care marketplace.

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

- negotiation with insurance carriers;
- resolution of coverage and claims disputes;
- health promotion, disability management and loss prevention;
- workers' compensation claims management; and
- bargaining on insurance issues with labor organizations.

The Insurance Division is involved in research in a number of areas including:

- Exploration into possible modifications to our current health care purchasing/delivery model and improvements in policies, procedure, technology and use of resources.
- Involvement in the "Project 2030" program and study of the impact of funding long-term care for employees.

As the baby boom generation ages and elderly long-term health care costs become prohibitive, the responsibility for this insurance must be carefully shifted from the state to the individual. In response to recent concerns about state employee health care, the Employee Insurance program began exploring potential modifications or alternatives to our present health care purchasing/delivery model in 1997 such as competition between "care systems." In 1997, the program also launched its business needs assessment project, which is aimed at identifying and implementing improvements in our policies, procedures, technology and use of resources. Implementation of business solutions developed by this assessment will begin in 1999. In 1998, the State Workers' Compensation activity began to explore "24-Hour Care" by taking part in a pilot clinic study with the Minnesota Health Partnership: Coordinated Health Care & Disability Management Project. During 1998, progress continued on the insurance program's development of a long-term care insurance benefit for state workers, which could be offered as an employee-paid benefit in the year 2000. PEIP transitioned to a self-insured product in 1998 and added 3 new participating health carriers.

Key objectives, goals and performance indicators by program are:

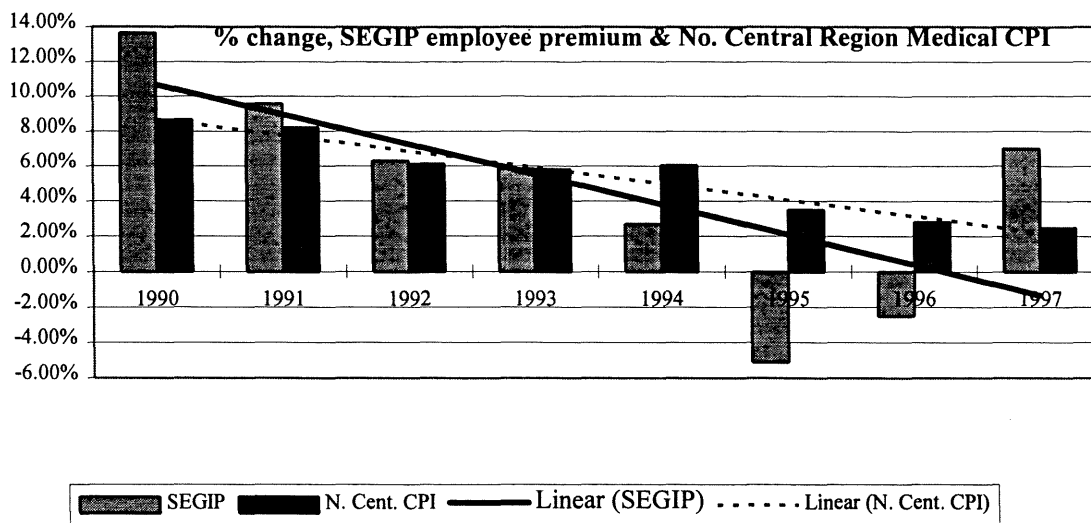
State Employee Group Insurance Program Goals and Performance Indicators

The State Employee Group Insurance Program (SEGIP) exists under the authority of M.S. § 43A, subds. 22-31 to provide life, disability, medical and dental benefits for employees of the state's judicial, legislative and executive branches, the University of Minnesota, and other groups defined in statute. The specific benefits are negotiated by DOER with the unions representing state employees. SEGIP provides and administers these benefits primarily through contracts

negotiated with insurance carriers, health maintenance organizations, and health service plans. Since 1989, SEGIP has successfully maintained a strategy of managed competition among health plans. The strategy bases the employer contribution on the lowest cost medical plan capable of providing appropriate access to medical care throughout the employee's work county. Plans competed for low-cost status and met the goals consistently through the 1996 plan year.

Goal 1: Purchase medical coverage for calendar years 2000-01 so that the trend in premiums is at or below the trend for the North Central Region Medical CPI (consumer price index).

Performance Indicator: The State Employee Group Insurance Program (SEGIP) activity's overall cost containment record is strong. However, the results began to slip in calendar year 1997 due in part to increased medical inflation and the health plans no longer responding as aggressively to managed competition.



Percent SEGIP premium rate changes vs. No. Central Medical Consumer Price Index (CPI)

	90	91	92	93	94	95	96	97
SEGIP	13.7%	9.6%	6.3%	5.9%	2.7%	-5.1%	-2.5%	6.8%
CPI	8.7%	8.2%	6.1%	5.8%	6.1%	3.5%	2.8%	2.5%

Goal 2: Maintain overall employee satisfaction with medical plans at 80% or higher.

Performance Indicator: Success in achieving this goal is measured by the SEGIP biennial satisfaction survey. As indicated below, the 1993 and 1995 surveys showed the goal had been met. The 1997 survey showed a drop in employee satisfaction.

Employee Satisfaction

F.Y. 1993	F.Y. 1995	F.Y. 1997
81%	81%	72%

Goal 3: *Maintain the percentage of state agency worksites (with greater than 100 employees) with active health promotion programs at 75% or greater and state agency worksites (with less than 100 employees) at 35% or greater.*

Performance Indicator: *Success in achieving this goal is measured by the State Employee Health Promotion Program annual report form. As indicated below, the 1997 and 1998 reports indicate that the goals had been met.*

Percent of state agency worksites with active health promotion programs

	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
> 100 employees	77%	76%	83%	79%	78%
< 100 employees	37%	35%	53%	49%	49%

SEGIP's Medical Care Deliver Strategy Re-examined

In 1997, a combination of events occurred that called for a re-examination of SEGIP's medical care delivery strategy. They included:

- (a) a larger than anticipated increase in costs,
- (b) a reduction in employee satisfaction, and
- (c) the withdrawal of a health plan resulting in a significant loss of primary care providers in the Twin Cities metro area.

In response to these events the Joint Labor Management Committee on Health Plans, made up of representatives from management and the unions, initiated a study to reassess the SEGIP purchasing strategy and, when appropriate, make recommendations to the unions for changes during bargaining sessions in the spring of 1999 for possible implementation in the year 2000.

SEGIP staff is currently pursuing two major alternatives:

- (a) modifications to the current system of delivering medical care through health plans, and
- (b) the possibility of delivering care through care systems.

SEGIP's managed competition strategy has been effective for the past 10 years in providing employees with choices among health plans while containing costs. However, intense price competition created incentives for insured plans to discount products. Ultimately, losses had to be made up and rates increased sharply.

Three of SEGIP's medical plans, covering approximately 45% of total enrollees, are insured. Periodically, each of these plans have responded to the cycles of price competition by reducing rates below required levels in order to increase enrollment. These reductions, subsidized by health plan reserves, have been followed by periods of increased rates to recover losses. In 1997, a health plan that was unable to recover withdrew from SEGIP, forcing thousands of participants to find new physicians. Our experience with a self-insured program shows that it allows the state

tighter control over pricing and provider networks. Such control results in increased program stability. If all medical plans were self-insured, the state would be able to manage all participants as a single population. Since the state would bear the risk, it would allow us to tailor benefits and networks to the state's needs.

Self-insuring medical coverage would provide the state increased flexibility to assure all participants the same benefit levels, including prescription drug formulary, the same access to care, and the same appeal process, all at an affordable cost to the employee. If we do not self-insure all of the plans, we will continue to have little control over insured plans withdrawing, causing decreased provider access, major cost fluctuation, and cost disparity between plans. The decision to self-insure SEGIP is a policy and administrative decision. As such, it is a management decision and not bargainable. The costs are not appropriately charged to the costs of the labor contract.

Public Employees Insurance Program Activity Goal and Performance Indicators

In 1989, the Public Employees Insurance Program was launched by the Employee Insurance Division at the direction of the legislature to provide the advantages of a health care purchasing pool to political subdivisions around Minnesota.

Goal 1: *Increase annually the number of participating employer groups by 15% in the Public Employee Insurance Program (PEIP).*

Performance Indicator: *The number of participating groups in FY 1997-98 dropped considerably due to the fact that the rates offered by PEIP became noncompetitive. Self-insuring PEIP will allow flexibility in rating necessary to become more competitive.*

	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998
# of PEIP Groups	60	68	82	91	90	72

Workers' Compensation Activity Goals and Performance Indicators

The State of Minnesota's self-insured workers' compensation activity's purpose is to provide workers' compensation benefits to approximately 54,000 state employees in the executive, legislative, and judicial branches of state government in accordance with M.S. §176.540-176.611. In addition, the activity covers employees of quasi-state agencies, such as the Minnesota Historical Society and the Minnesota State Fair. It is funded through an administrative fee assessed to all state agencies based on the number of employees, open claims, and the number of transactions for each agency.

Goal 1: *Maintain total workers' compensation costs equal to or less than the annual workers' compensation cost-of-living adjustment (COLA).*

Performance Indicator: *Total workers' compensation costs have decreased 13.8% since FY 1994, largely due to legislative reforms in the early 1990's.*

Total Workers' Compensation Costs (in thousands)

	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Benefits	\$15,862	\$14,182	\$13,458	\$13,527	\$13,611
Other	\$ 6,004	\$ 5,878	\$ 5,476	\$ 4,916	\$ 5,221
Totals	\$21,866	\$20,060	\$18,934	\$18,443	\$18,832
% change from prior FY	-6.7%	-8.3%	-5.6%	-2.6%	+6.2%
COLA	1.65%	2.64%	3.76%	4.00%	4.00%

Goal 2: *Reduce the occurrence of workplace injuries for the health and safety of state employees and to reduce loss of time from work.*

Performance Indicator: *Through the establishment of a statewide safety committee, individual safety committees in each agency and a heightened awareness of the role that ergonomics brings to reducing the occurrence of workplace injuries, the state has reduced the number of workplace injuries over the past 5 years. In FY 1998, approximately 3,400 workers' compensation claims were filed, compared to approximately 3,900 in previous years. The rate of new claims has declined 20% since FY 1994 and, most notably, the number of claims involving loss of time from work decreased 27% during the same period. Along with the reduction of claims involving loss of time from work, benefit costs decreased 22.5% from 1994-98.*

Workers' Compensation Costs (Lost Time and Medical Costs) and percent of change

	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1994-98	F.Y. 1997-98
	Claims Reported					% Change	
Lost Time	933	713	710	619	678	-27.3	9.5
Medical Only	3,240	3,107	3,180	3,263	2,661	-17.9	-18.4
Totals	4,173	3,820	3,890	3,882	3,339	-20.0	-14.0

Long-term Care Insurance Optional Benefit Research

The 1996 legislative session enacted Chapter 384, section 8, which directed the department to consider offering long-term care insurance as an optional benefit to retiring state employees. The intent of this proposal was to determine the feasibility of making such a program available, to encourage employees to insure against the financial effects of chronic illnesses and reduce their reliance on state medical assistance programs for elderly long-term care. In January, 1997, DOER recommended to the legislature that the state proceed with designing a long-term care insurance program to include selected public employees, retirees, and family members. The legislature approved funding to have a consultant assist in designing the program. Additional legislative action would be required before a long-term care insurance program could be offered.

Labor Relations/Compensation and Pay Equity

The *Labor Relations Bureau* represents the commissioner as the employer for all state employees in the executive branch and carries out the state's responsibilities under state and federal law. It provides development and research services to executive branch management in the areas of compensation, fiscal impact of collective bargaining agreements and related issues. The Bureau also provides:

- an overall compensation framework for all employees;
- advice on contract and human resource issues;
- training for managers and supervisors in contract administration;
- arbitration for grievance appeals; and
- compliance process for the Local Government Pay Equity Act;
- employee misconduct investigations.

The Labor Relations Bureau consists of three distinct units:

1. Labor Relations
2. Compensation
3. Local Government Pay Equity

1. The labor relations activity represents the commissioner as the employer for all state employees in the executive branch. The activity 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. This activity is responsible for carrying out the state's obligations as an employer under a variety of state and federal employment laws.

This activity 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 relationship with labor. In its role supporting state agency management, this activity interprets collective bargaining agreements, advises agency management on contract and human resources administration issues, trains supervisors and managers in contract administration, administers grievances appealed to arbitration, and coordinates employee misconduct investigations.

Currently, the coordination for this activity has been under the direction of the Labor Relations Bureau. The Labor Relations Bureau is responsible for the arbitration of disciplinary action for some 35,000 state employees covered by collective bargaining agreements.

To date, over 163 investigations have been arranged by the Labor Relations Bureau. These investigations have been requested at all levels within the executive branch. These activities have proven beneficial to the executive branch, resulting in more sustained grievances and/or uncontested challenges by the subjects investigated. In addition, the courts have recognized that the mitigation of damages to the employer can be a result of prompt and effective responses to possible employee misconduct.

DOER's successful investigation referral system has resulted in an increase for higher skilled, full-time employee misconduct investigators. In order to respond to increasingly complex cases, the Labor Relations Bureau has entered into outside contracts to provide the requisite expertise. If funding is increased in the next biennium the department would be able to provide the investigative services with its own staff which would eliminate the need for outside contracts.

During this biennium, the 4 training modules taught by the staff from the Labor Relations/Compensation Division for DOER's Training and Development Resource Center were revamped in order to provide updated changes which have occurred in these topic areas.

2. The compensation activity provides an overall compensation framework for cash compensation and benefits other than insurance, i.e., vacation, sick leave, holidays and expense reimbursement. This activity provides policy development and research services to executive branch management in the areas of compensation and related programs. This activity 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, this activity develops or approves compensation plans for unrepresented employees in all non-higher education agencies.
3. The local government pay equity activity 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.

Labor Relations Division Performance Indicators

- During the 1997-98 biennium, 53 grievances were processed through the grievance arbitration procedure, 99 grievances were settled, and 194 grievances were withdrawn.
- All bargaining agreements and plans, with the exception of Bargaining Unit Number 5, Health Care Professional, were successfully negotiated with voluntary settlements and subsequently approved by the legislature. Bargaining Unit Number 5, Health Care Professional, elected to use their right to interest arbitration under M.S. §179.16. The arbitrator's award granted rating and benefit increases comparable to the voluntary settlement.
- In 1984, the Minnesota Legislature passed the Local Government Pay Equity Act (LGPEA). All local governments (approximately 1,600) were required to implement pay equity and submit reports to DOER in January of 1992. Eventually, 100% of all jurisdictions reporting in 1992 achieved compliance. Beginning in 1994, each jurisdiction was required to report every 3 years and currently 95% of all jurisdictions are in compliance.
- During the last biennium and the first year of the current biennium, DOER conducted a survey of inequities typically found in local governments. The focus of the sampling was to evaluate the dollar amount of these inequities and determine whether the wage gap between male and

female employees had changed due to the implementation of the LGPEA. The results showed that, before pay equity, the average wage for females was \$1.92 per hour less than the average wage for males. Today, that difference is 53¢ per hour. In other terms, the average wage for females increased from 82% to 96% of the wage for males.

Staffing Division - Employment & Career services

The Staffing Division provides two main service strategies:

- operation and management of the state's human resource function; and
- cooperating with other state agencies to address workforce issues of the future including marketing state employment opportunities, attracting applicants of merit and streamlining hiring processes.

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 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 three 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.

Hiring and Assessment Process Reengineering Project

The current procedure for obtaining employment with the State of Minnesota has been in place for 40 years and is in need of some attention toward change. 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 proposed 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. This proposal requires additional money from the legislature.

Classification System Project

The current classification system consists of over 2,200 narrowly defined job classes. 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 Project

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. DOER has produced a document "Strategic Staffing Guidebook" to assist agencies in this area.

Staffing Division Goals and Performance Indicators

Goal 1: To assist agencies in attracting, locating, assessing and selecting the "right people at the right time for the right jobs."

Performance Indicator: During this last biennium, the Recruitment, Selection and Assessment team assisted agencies in their efforts to advertise, market and compete in a competitive job environment. In addition, use of the Minnesota SkillSearch Project, a central resume data base providing access to applicant information, was expanded to include more job classes. In cooperation with union representatives, the team also developed a redeployment guide to aid agencies and employees in workforce planning, layoff, and retraining issues.

Goal 2: To conduct career-family studies in support of the division's reengineering efforts to improve the state's classification system.

Performance Indicator: The division entered into a cooperative effort with AFSCME to consolidate job classes into career paths. The first project was successfully completed in 1998 and resulted in consolidating 7,000 clerical employees into 3 career paths and 13 merged classes. During the next three years, the Classification team will conduct as many as 35 career family studies in an effort to consolidate job classes,

Employees should see the following benefits:

- More opportunities to learn new skills because of the broader career paths;
- More opportunity to use existing skills in different positions;
- More control over career development with less risk to employee in terms of seniority.

Agencies should see the following benefits:

More flexibility in assigning staff;
Less time spent on job audits;
More skilled job candidates for clerical vacancies;
Focus on skill development rather than class assignments;
Less cost to administer and maintain fewer job classes.

IWON Program - Project to Recruit Former Welfare Population to State Employment

The welfare-to-work phenomenon, coupled with the anticipated workforce shortage, have inspired the department to create programs such as "Increased Work Opportunities Now" (IWON) to attract these prospective workers.

IWON Program Goals and Performance Indicators

Goal: *During the biennium ending June 30, 1999, the commissioner shall attempt to recruit Minnesota welfare recipients to fill at least ten percent of vacancies in entry level state positions.*

Performance Indicator: *Since the IWON program was begun in February, 1998 in an effort to recruit the former welfare population, the state has filled 16% of entry level positions with "economically disadvantaged" applicants. After being hired by a state agency, the new state employee may be eligible for promotional opportunities in state government. In the event that they become permanent employees, they are eligible for benefits such as insurance, retirement, vacation and sick leave.*

Administrative Services Division

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.

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.

SEMA4 Human Resources 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.

Office of Diversity and Equal Opportunity

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; and
- Review of sexual harassment cases upon request, pursuant to AFSCME contract.

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, gender and ethnic backgrounds. 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 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. 202-336) and the Minnesota Human Rights Act (M.S. § 363.03). The goal of the ADA is to ensure people with disabilities an equal access to employment, programs, and services. 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).

The Office 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.

Training and Development Resource Center

The Training and Development Resource Center (TDRC) provides a variety of training programs aimed at elevating the standard of state employee performance through classroom instruction, conferences and video technology. The TDRC provides training required by law (M.S. § 43A.21) to state managers, supervisors and employees in all state agencies in the following areas:

- Management Development;
- Supervisory Training;
- Preventing Sexual Harassment;
- Americans with Disabilities Act; and
- Professional Development.

So that the state of Minnesota may increase productivity and retain skilled employees, the TDRC also provides development opportunities to state employees on topics of general/management interest such as:

- performance management
- public policies
- orientation to state government.

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

The State of Minnesota, as an employer, consistently faces the problem of retaining a high quality, highly productive workforce. In F.Y. 1998, the turnover rate due to resignations of State of Minnesota agency employees was 1,350, or just over 4%. Industry standards put the turnover cost per employee at \$10,000-\$30,000. At that rate, the State of Minnesota, as an employer, spent between \$13.5 million and \$40 million in F.Y. 1998 on costs associated with turnover. It has been suggested that the 2 most important factors in retaining qualified, productive employees are the quality of supervision and corporate culture. The TDRC provides training and development for supervisors so that supervision of employees is enhanced and the culture is improved.

Projections over the next 5-10 years indicate an increasing shortfall in worker availability. It will become even more necessary that the State of Minnesota, as an employer, retain quality employee. The TDRC's programs seek to improve the productivity of all state employees, thus providing better services to the citizens of the state of Minnesota.

Training and Development Resource Center Goals and Performance Indicators

Goal 1: *Equip managers and supervisors with skills necessary to effectively meet customer needs.*

Performance Indicator: *This goal was accomplished by improving the quality and increasing the number of training options available for State of Minnesota agency managers and supervisors. The Management Core/Supervisory Core revision was accomplished in 1998-99.*
Program options:

F.Y. 1998

Supervisory Core
Management Core
Performance Management

F.Y. 1999

Supervisory Core
Management Core
Support Staff Core
Performance Management
Long Distance Supervision
Performance Appraisal & Evaluation
Managing Human Behavior
Writing Measurable Learning Objectives
Learning Styles
Performance Objectives
Styles of Decision-Making
Effective Meetings
Conflict Management

These programs contain essential information for new managers and supervisors in the state system on both technical skills, e.g., collective bargaining agreements and management skills such as leadership, managing work groups, diversity and orientation to state government, including ethics for executive branch employees. They were developed to assist agencies in their need to cultivate a productive and skillful workforce capable of meeting current and future responsibilities of state government. DOER, serving as a model for exceptional human resource management practices in state government, is obligated to ensure that this training contains current information and proven techniques, both critical to organizational effectiveness.

The Management Development Core Program is a 36-hour classroom training program. The Supervisory Core Program involves 80 hours of training and information. Newly appointed managers and supervisors fulfill core requirements through classroom sessions and through outside assignments. The program has several objectives in the areas of people skills, technical skills, and self-awareness. Modules include:

- Managing People;
- Supervisor/Management Roles and Expectations;
- Effective Supervision Under Union Contracts;
- The Hiring Process;
- Public Policies and Resources;
- Application of Core Training at Work.

Goal 2: *Create and support opportunities to maximize the productivity of the state's workforce.*

Performance Indicator: *Develop and deliver new training programs as required to meet agency needs. This goal was accomplished by adding eleven new programs which were offered during the 1998 calendar year.*

Training and development are directly related to work performance, and therefore developing employee potential is critical to the effectiveness of state government. The Training and Development Resource Center provides training classes to improve job skills and foster professional growth, both of which benefit the citizens of the state through increased productivity and employee retention. Ethics training is provided by staff from the commissioner's office through TDRC programs to managers and supervisors. In addition, the training has also been customized to suit individual agency needs on request. The Commissioner's office provides determinations on employee conflict of interest and prohibited political activities.

Minnesota Quality College

The Minnesota 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. The Quality College seeks to improve Minnesota state government by helping to create and support a culture that seeks to evaluate and improve performance.

Goal: *Encourage and provide assistance to state agency managers and supervisors to increase interagency cooperation and develop innovative methods to improve agency performance and responsiveness to citizens.*

Performance Indicator: *In March, 1997 the Quality College started the Benchmark Networking Group which meets monthly. This group, comprised of managers and supervisors from multiple state agencies provides an opportunity for increased communication and sharing of best practices information which, in turn, helps managers improve performance results within their agencies.*

Summary

The future of Minnesota government depends on the talent, the training, the dedication and the understanding of the individuals whose work it is to make the machinery run smoothly. The Department of Employee Relations is home to some of the finest professionals in public service. They take their responsibilities very seriously and understand the importance of their contributions. Each year, they individually and collectively set thoughtful goals for the department and diligently set about achieving them. 1998 has been a banner year for the State of Minnesota and we are proud to have been a part of it.

*This document was printed with a minimum of 10% post consumer materials.
Estimated cost of preparing this report including staff costs and printing: \$2500
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