

Overview of the State Employee Workforce, Compensation and the State Employee Health Plan

Senate Finance and Appropriations:
General Government Sub-Committee



Emily S. Elliott, Director
Department of Human Resource Management
January 28, 2020

Topics for Discussion

- Workforce Data
- Compensation and Benefits
- HR Systems
 - Recruitment Management System
 - Cardinal Human Capital Management

Workforce Data

Employment Levels

Employee Resource Levels (all position types)

STATEWIDE FTEs as of 11/30/2019		
SALARIED EMPLOYEES		
Executive	104,530.67	95.01%
Legislative	521.05	0.47%
Judicial	3,327.00	3.02%
Independent	1,642.80	1.49%
Total Salaried	110,021.52	82.56%
WAGE EMPLOYEES		
Executive	23013.28	99.05%
Legislative	8.89	0.04%
Judicial	136.01	0.59%
Independent	75.73	0.33%
Total Temporary	23,233.91	17.44%
TOTAL EMPLOYEES	133,255.43	100%

Source: DHRM EPR Reports 11/30/2019

Majority of Executive Branch Employees are in Education

Executive Branch	FTEs	%
Education	57,307.51	54.82%
Public Safety & Homeland Security	17,347.40	16.60%
Health and Human Resources	12,428.85	11.89%
Transportation	9,717.45	9.30%
Natural Resources	1,816.12	1.74%
Commerce & Trade	1,526.69	1.46%
Finance	1,146.51	1.10%
Administration	1,000.19	0.96%
Veterans and Defense Affairs	1,048.00	1.00%
Agriculture & Forestry	682.10	0.65%
Executive Offices	509.85	0.49%
TOTAL EXECUTIVE BRANCH	104,530.67	100%

Source: DHRM EPR Reports 11/30/2019

Classified State Workforce Employee Demographics

**Classified
Workforce**

58,691

Average Age

46

**Average Age of
New Hires**

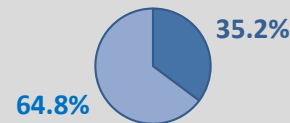
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Gender



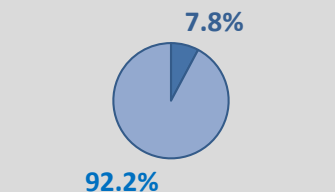
■ Male ■ Female

Race



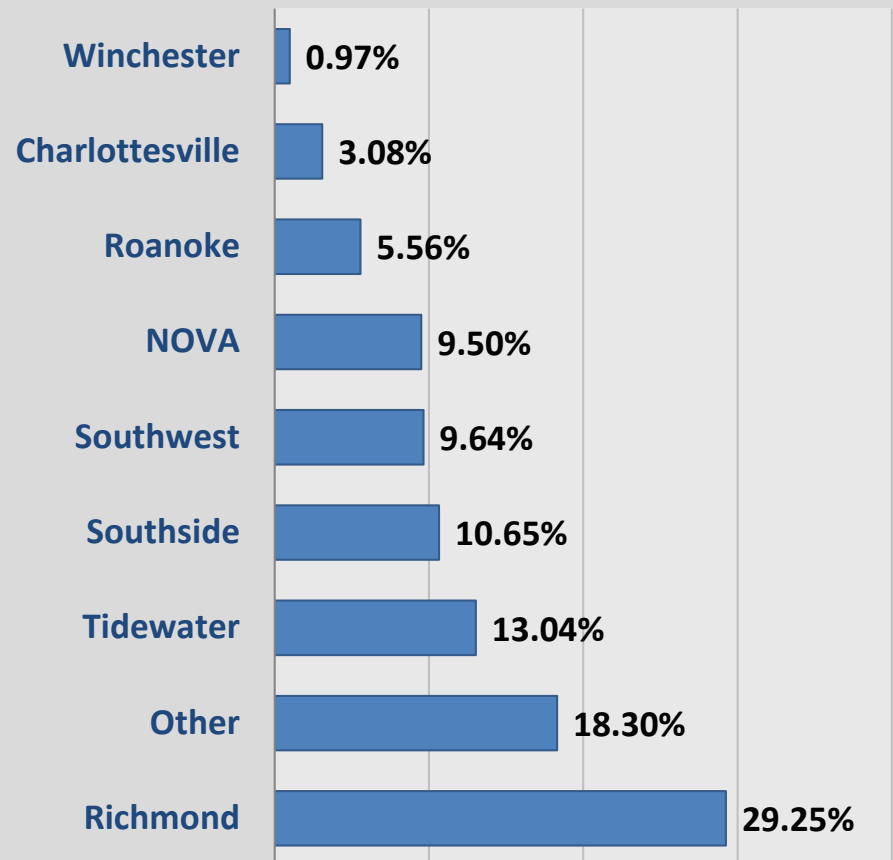
■ Minority ■ Non-Minority

Veterans



■ Veterans ■ Non-Veterans

Classified Employees by Area



Classified State Workforce Employee Demographics

**Telework
Eligible
Positions**

25.8%

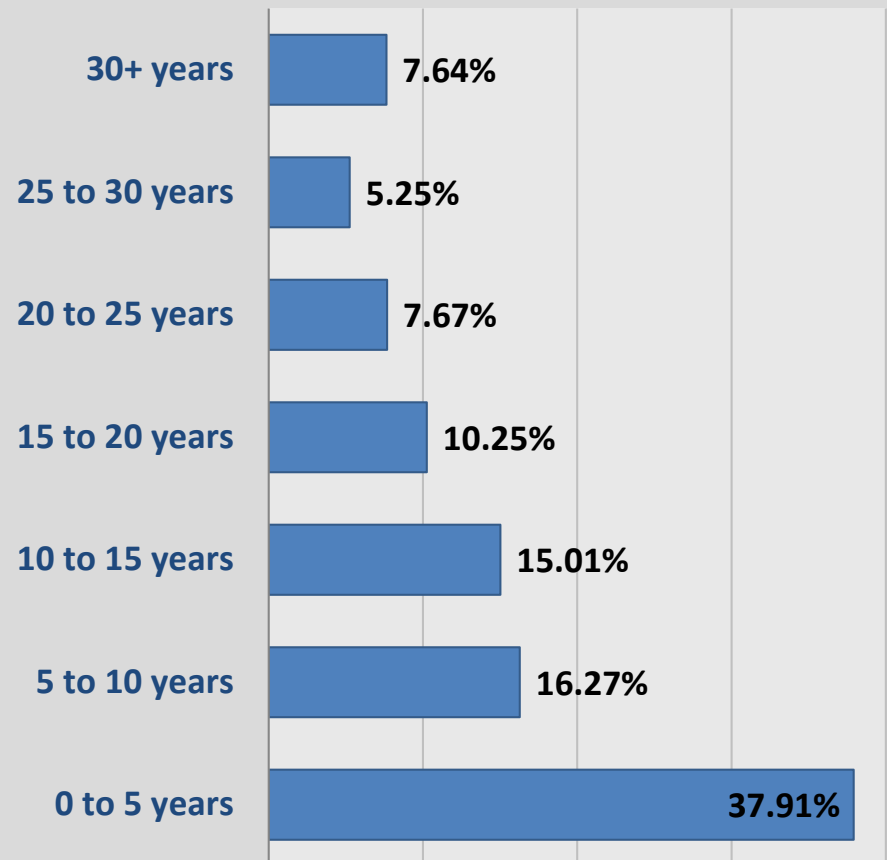
**Employees
Teleworking**

18.7%

**Average Years
of Service**

11.3 ↓

Years of State Experience



Classified State Workforce Job Structure and Classification



Occupational Families

- 19000 - Administrative Services
- 29000 - Education and Media Services
- 39000 - Engineering and Technology
- 49000 - Health and Human Services
- 59000 - Natural Resources and Applied Science
- 69000 - Public Safety
- 79000 - Trades and Operations

Career Group

Emergency Services

Forensic Science

Law Enforcement

Probation and Parole

Public Safety Compliance

Security Services

PAY BAND	PRACTITIONER ROLES	ROLE CODE	MANAGEMENT ROLES	ROLE CODE
3	Emergency Coordinator I	69151		
4	Emergency Coordinator II	69152		
5	Emergency Coordinator III	69153	Emergency Manager I	69154
6			Emergency Manager II	69155
7			Emergency Manager III	69156

Agencies also use work titles to further delineate jobs.

Classified State Workforce Salary Structure

Virginia State-Wide (SW) Pay Area PAY BANDS June 10, 2019		
<i>Band</i>	<i>Minimum</i>	<i>Maximum</i>
1	\$17,296	\$49,117
2	\$22,597	\$60,526
3	\$27,004	\$70,017
4	\$35,278	\$87,831
5	\$46,087	\$111,102
6	\$60,209	\$141,502
7	\$78,659	\$181,224
8	\$102,756	\$233,113
9	\$134,245	MARKET

Northern Virginia (FP) Pay Area Expanded Range PAY BANDS - June 10, 2019		
<i>Band</i>	<i>Minimum</i>	<i>Maximum</i>
1	\$17,296	\$61,712
2	\$22,597	\$76,544
3	\$27,004	\$88,884
4	\$35,278	\$112,040
5	\$46,087	\$142,292
6	\$60,209	\$181,814
7	\$78,659	\$216,043
8	\$102,756	\$278,308
9	\$134,245	MARKET

STATE WORKFORCE

TOP TEN AGENCIES & JOB ROLES

2/3 of workforce in 10 Agencies

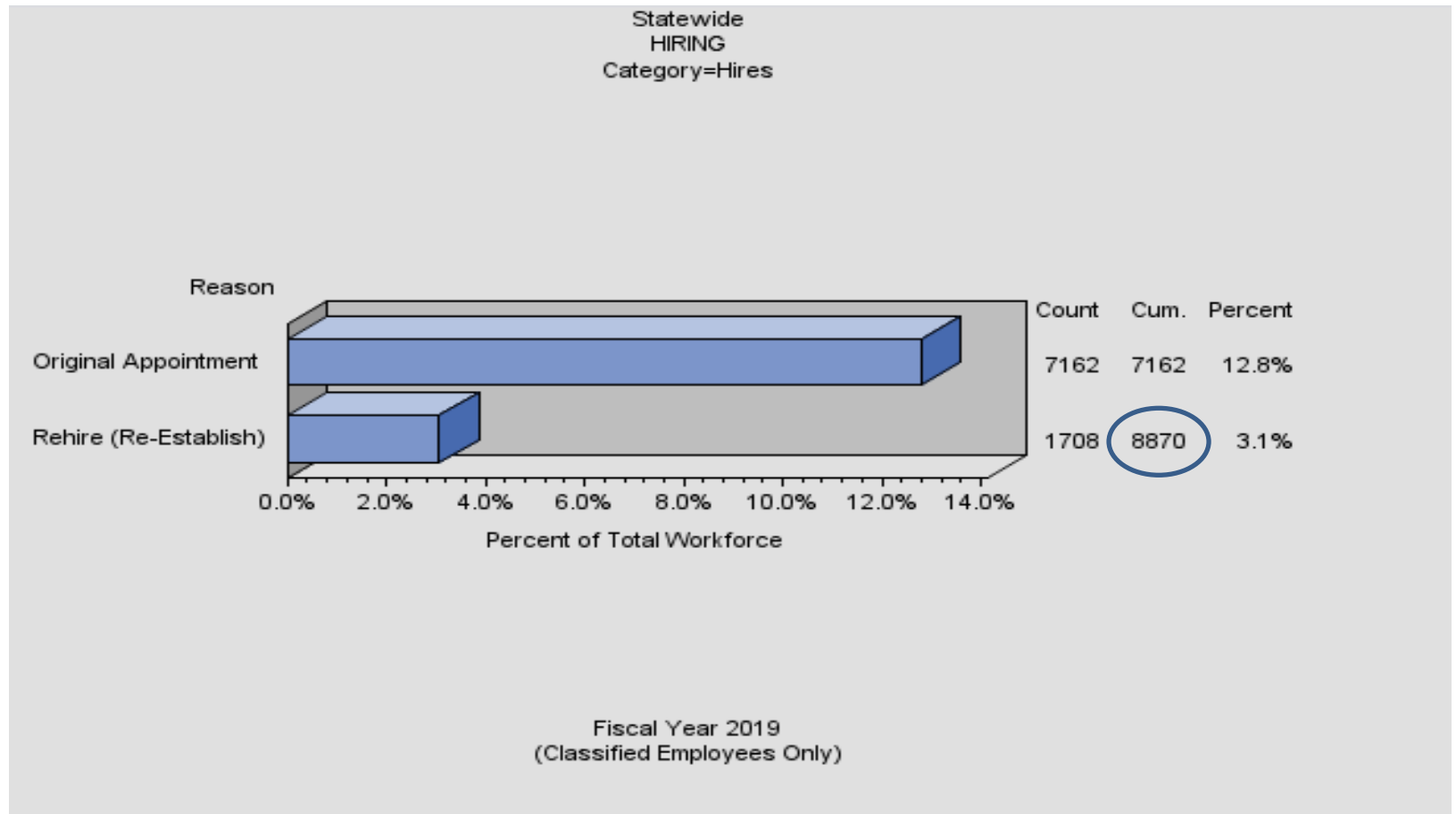
Agencies
1. University of Virginia Systems
2. Department of Corrections
3. VPI & State University
4. Department of Transportation
5. Virginia Community College Systems
6. Virginia Commonwealth University
7. Dept. of Behavioral Health & Dev Services
8. George Mason University
9. Department of Health
10. James Madison University

41% of classified workforce in 10 roles

Job Role	# Employees
1. Admin and Office Spec III	5,805
2. Security Officer III	5,730
3. Transportation Operator II	2,278
4. Program Admin Specialist I	1,737
5. Admin and Office Spec II	1,604
6. Direct Service Associate II	1,560
7. Program Admin Specialist II	1,540
8. Probation Officer I	1,225
9. Housekeeping &/or Apparel Worker I	1,187
10. Financial Services Spec I	1,175

Classified State Workforce

Hiring – New Employees and Rehires

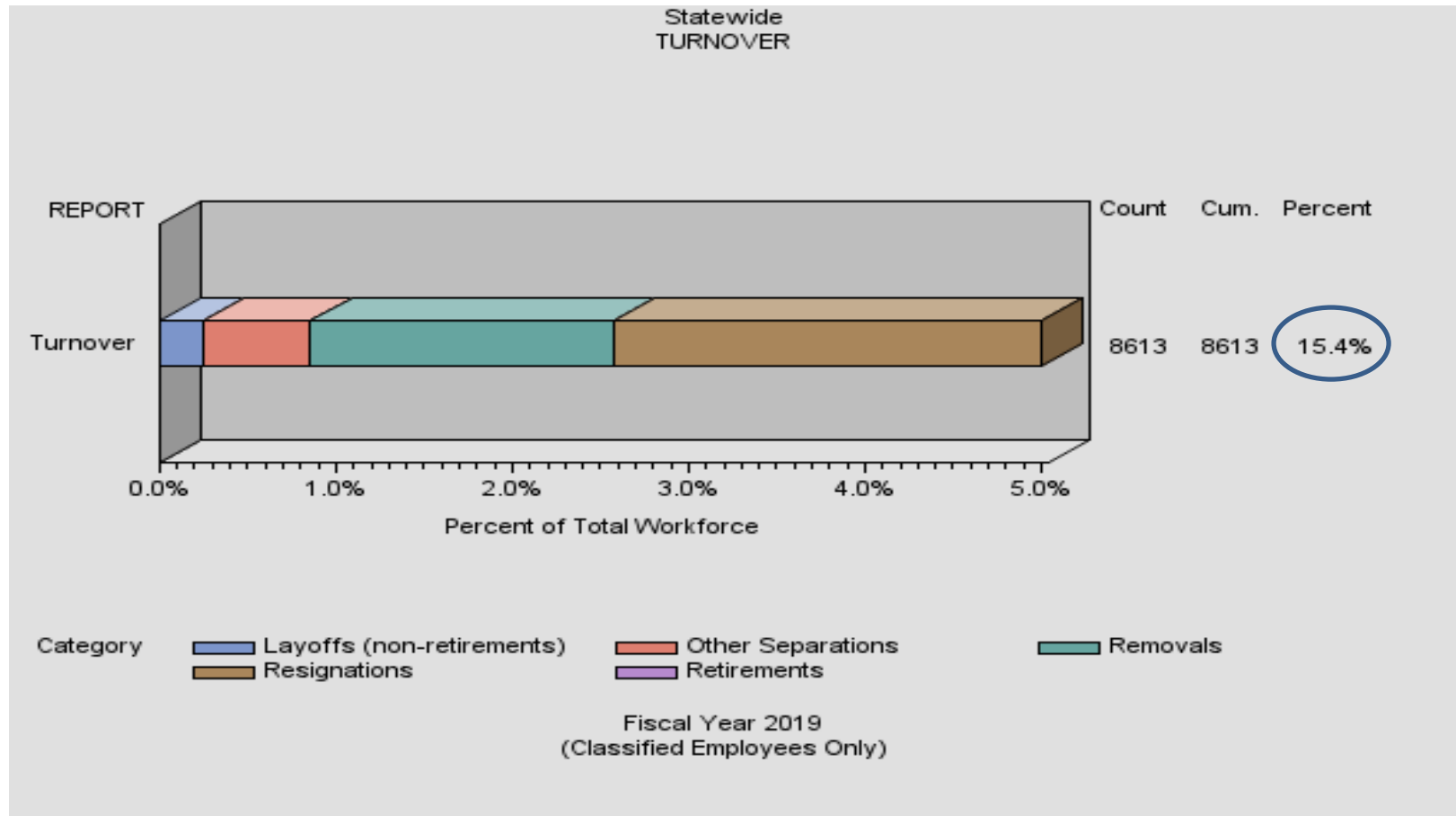


Classified State Workforce

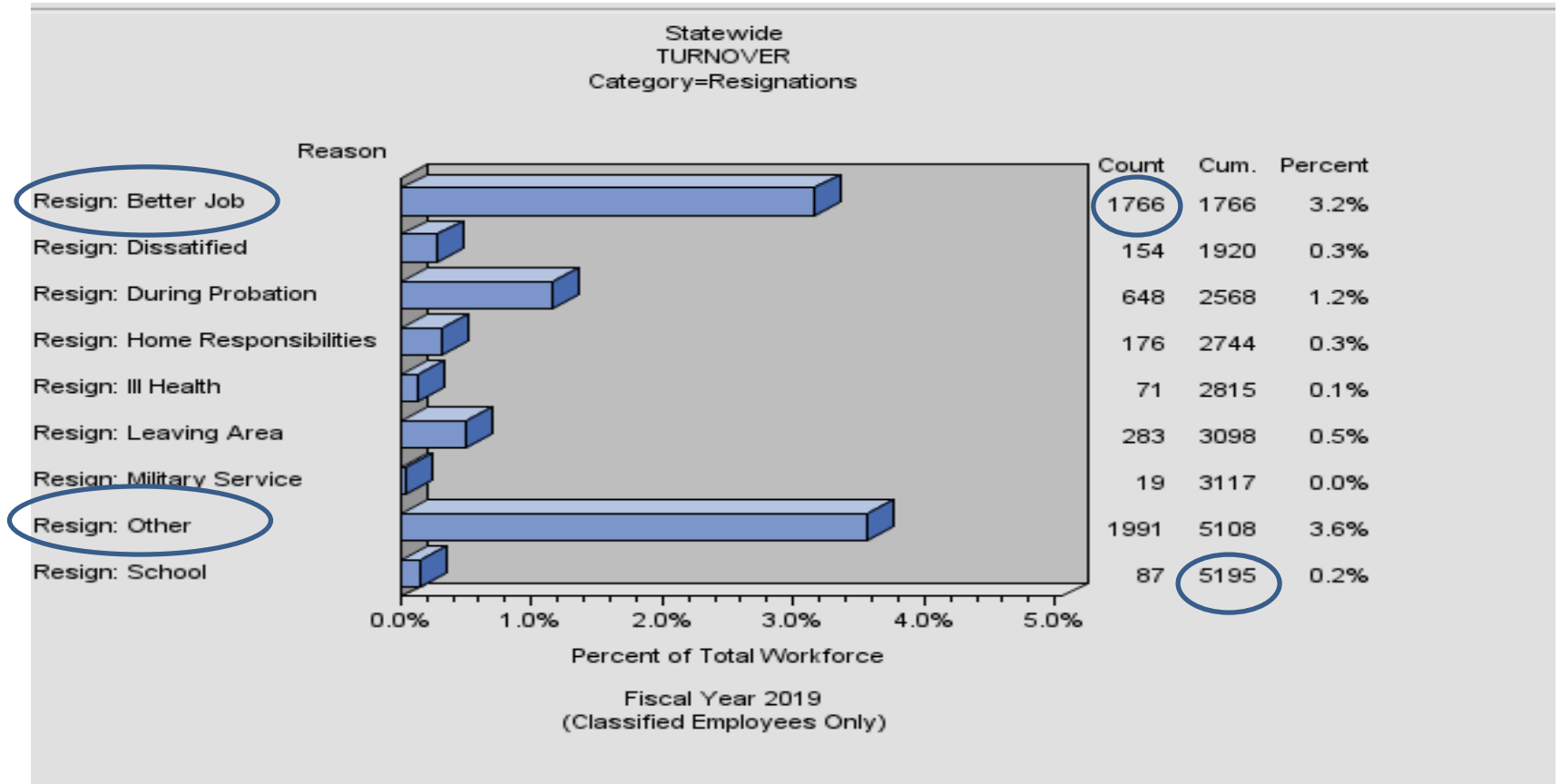
Hiring - Counts and Starting Pay / Band

Pay Band (Employee)	MEAN	MEDIAN	1ST QUARTILE	3RD QUARTILE	COUNT
001	\$20,785	\$20,500	\$18,005	\$23,400	400
002	\$29,178	\$28,000	\$25,068	\$33,015	1325
003	\$33,959	\$32,500	\$30,484	\$35,784	4039
004	\$45,553	\$44,290	\$38,500	\$50,439	1925
005	\$65,967	\$65,000	\$56,250	\$74,550	910
006	\$93,599	\$92,000	\$84,000	\$103,220	227
007	\$122,106	\$126,319	\$115,000	\$135,000	21
008	\$212,852	\$205,000	\$194,674	\$225,000	22
009	\$275,000	\$275,000	\$275,000	\$275,000	1

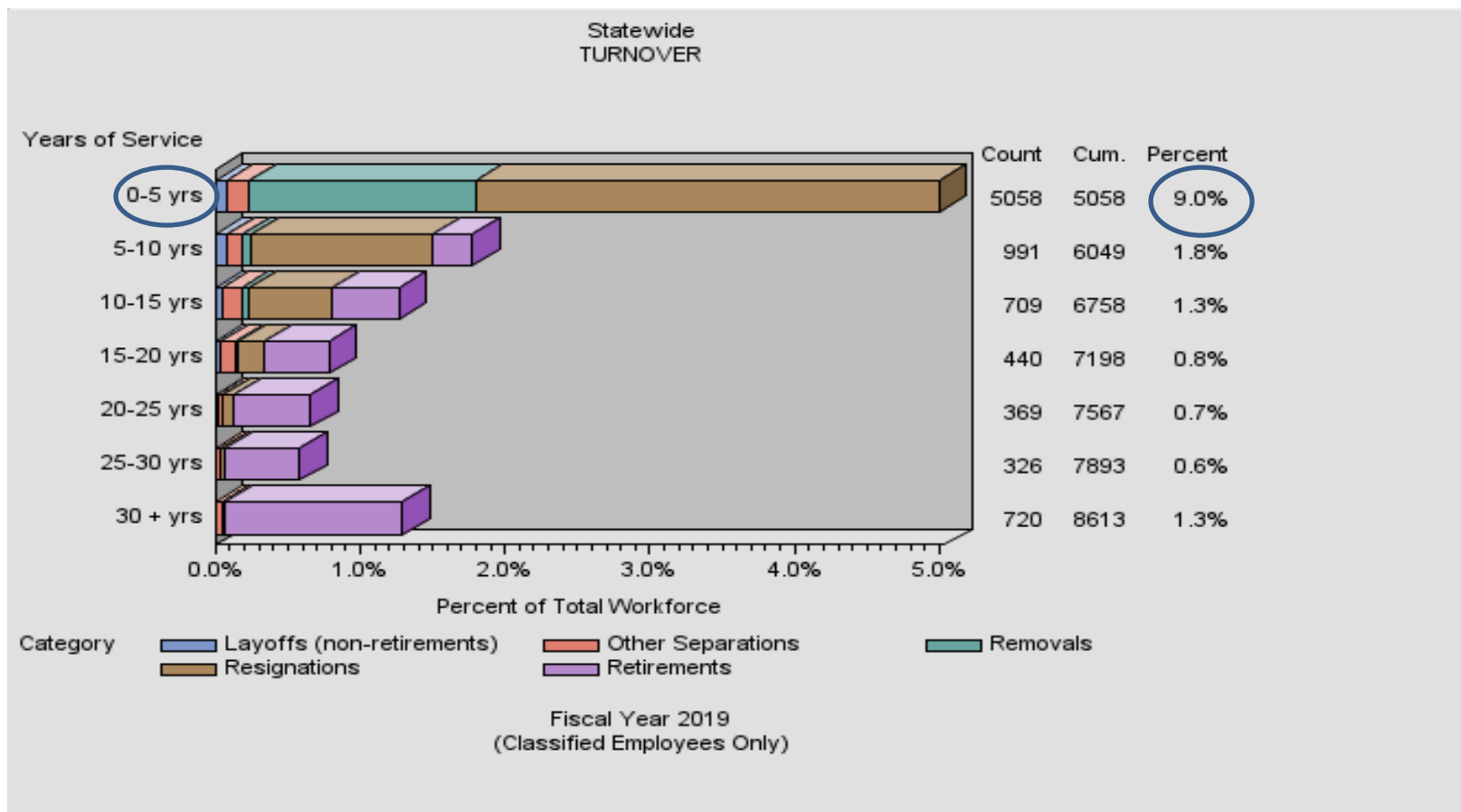
Classified State Workforce Turnover – Voluntary and In-Voluntary



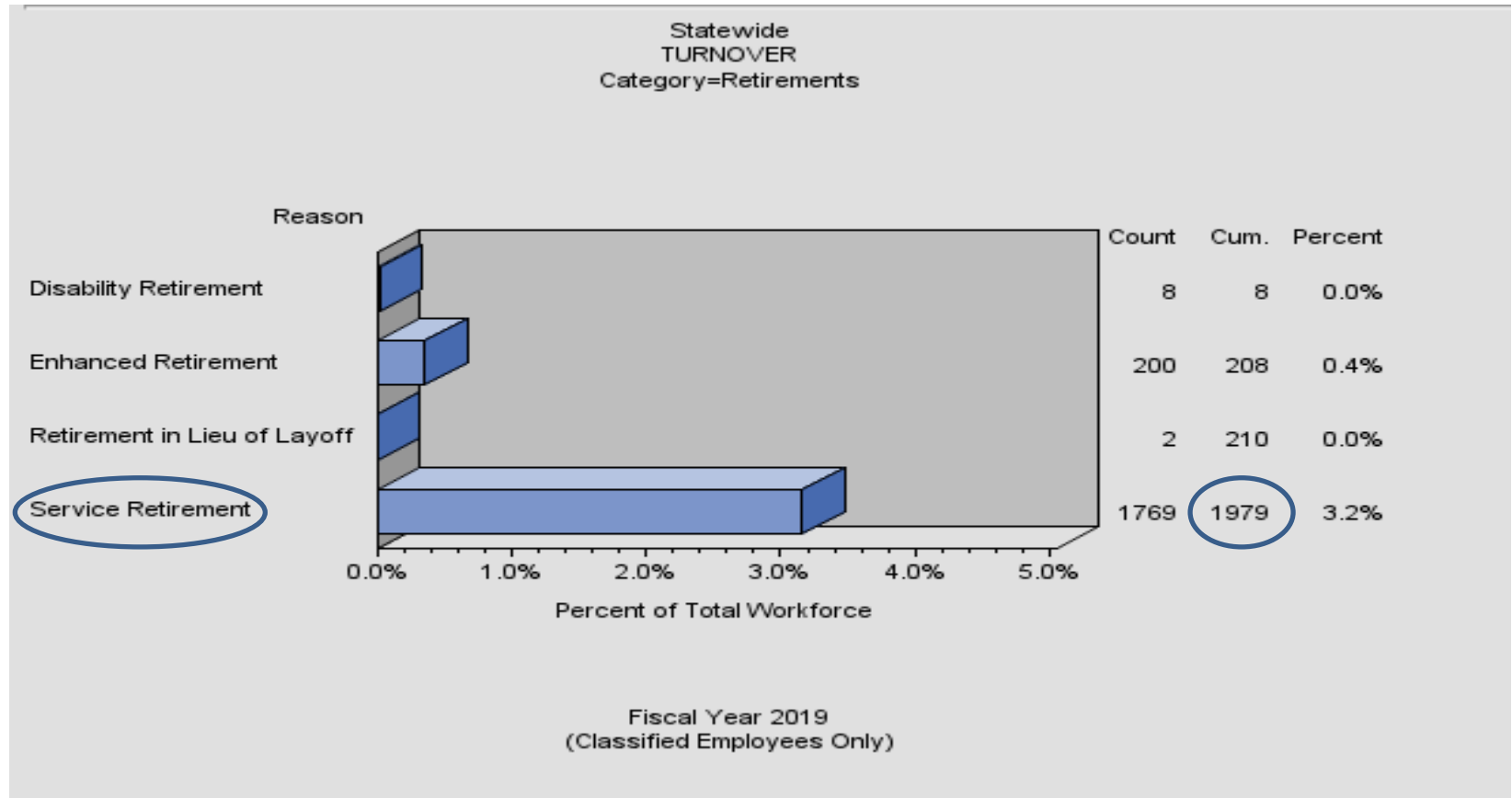
Classified State Workforce Turnover – Voluntary Resignations



Classified State Workforce Turnover - Years of Service

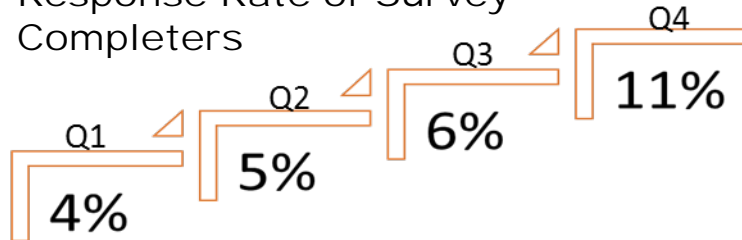


Classified State Workforce Turnover - Retirements



Exit Survey Results

Response Rate of Survey Completers

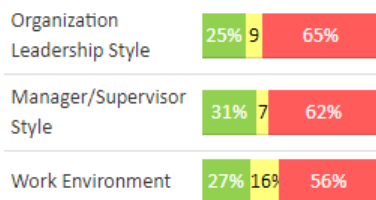


National Average for exit surveys is 20%. The participation rate for the Commonwealth continues to climb.

The reason individuals are separating, transferring or retiring from the Commonwealth in Fiscal Year 2019

Top 3 influencing factors

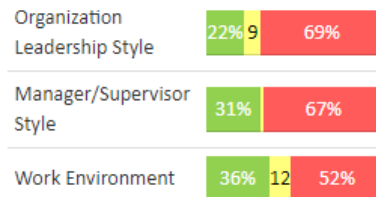
Q1



55 respondents

Top 3 influencing factors

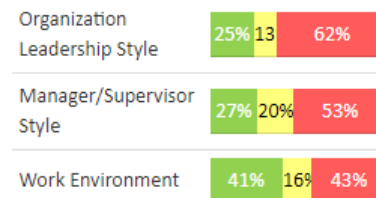
Q2



58 respondents

Top 3 influencing factors

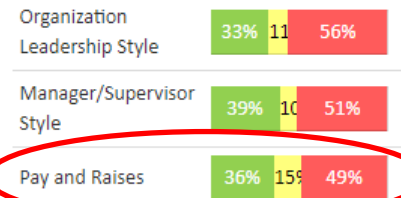
Q3



95 respondents

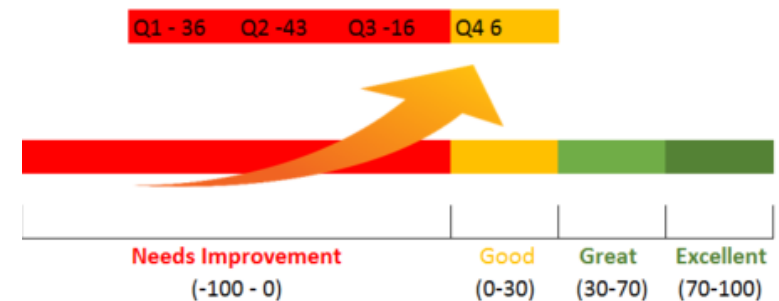
Top 3 influencing factors

Q4



178 respondents

Commonwealth Net Promoter Score



Our net promoter score, or what separating employees tell their friends and family about employment is improving steadily. This is directly correlated with pay increases, employee engagement initiatives and transparent communication.

Compensation

Compensation Lookback at 2019

- Effective January 10, 2019 – special salary increases for distressed roles.
 - Base salaries of Correctional Officers and Officer Seniors increased by \$2,016.
 - Base salaries of Juvenile Correctional Officers and Officer Seniors increased by \$1,846.
 - Virginia Marine Police with more than one year of service on January 10, 2019 shall be the greater of \$43,905 or their current salary adjusted for a 6.5 percent increase.
 - Base salaries for all DBHDS Direct Service Associates, LPNs, and RNs increased to within three percent of market median.

Compensation Lookback at 2019

- Effective June 10, 2019 - all employees in salaried positions as of March 10, 2019 were eligible for a 2.75% increase subject to satisfactory performance.
- Salaried employees noted above also eligible for an additional 2.25% merit-based increase subject to satisfactory performance.
 - Under the Act, Agencies had the authority to apply the merit-based increase in a variable manner.
 - Only 8 agencies chose to do so:
 - Department of Forestry
 - Science Museum of Virginia
 - Longwood University
 - Old Dominion University
 - Jamestown/Yorktown Commemoration
 - Jamestown/Yorktown Foundation
 - State Council of Higher Education for Virginia
 - Virginia Department of Small Business and Supplier Diversity

*Faculty and wage employees increases managed locally.

Compensation Industry Projections for 2020

Government / Public Sector Industry	
Salary Structure Adjustments	1.6% - 2.0%
General Increases / COLAs	1.9% - 2.4%
Merit Increases	2.6% - 3.0%
Total Projected Increases	3.0%

General Industry	
Salary Structure Adjustments	2.0% - 2.2%
General Increases / COLAs	0.9% - 3.0%
Merit Increases	2.9% - 3.0%
Total Projected Increases	3.2% - 3.3%

Benefits – Health Insurance

Benefits – Health Insurance

- Office of Health Benefits provides oversight for the state health plan that covers:
 - just over 201,000 eligible state employees, non-Medicare retirees and their dependents
 - a local government health plan that covers 78,000 participants
 - a Medicare retiree health plan that covers over 40,000 members
 - a Line of Duty Act health program with 3,000 members.
- In aggregate, these plans have a total claims and administrative cost of approximately \$2 Billion a year.

Benefits – Health Insurance

Lookback at 2019

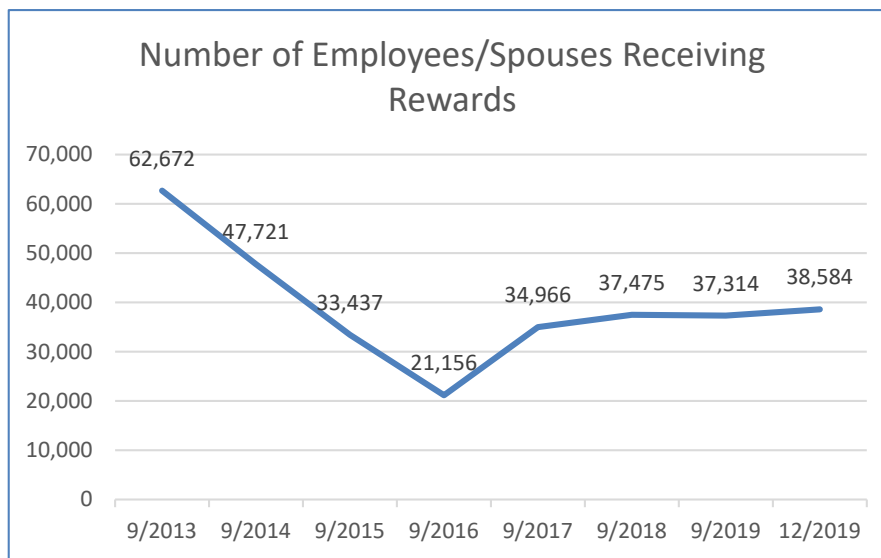
- May 2019 – utilized an online open enrollment system with 22,000+ transactions processed online. This was the first time the system had been back online in three years.
- July 1, 2019 - new health benefit contracts in place.
 - Added a new regional plan for the Hampton Roads area.
 - Included one prescription drug administrator for all self insured plans.
 - Included one dental plan administrator for all self insured plans.
 - New flexible spending program administrator.
- October 2019 - Premium holiday for Active state employees, those with COBRA coverage and state retirees

Benefits – Premium Rewards

- For COVA Care and COVA HealthAware, premium rewards continued for FY20 and included in introduced budget for FY21.
 - State employee and enrolled spouse are both eligible for a premium reduction.
 - By doing so, state employee and spouse pay \$17 less a month or \$34 less when both met the requirement established.
 - Requirement is the completion of a health assessment.

Benefits – Premium Rewards

- Participation in premium rewards has been stable in the last 2 years.



- About 31% of eligible population earn rewards leaving unearned premium rewards in the Health Insurance Fund.
- Excess premium rewards are factored into future premium rates to partially offset cost.

Benefits

Health Insurance Premiums

PLAN	Current Monthly Cost (FY20)			Proposed Monthly Change			Proposed Monthly Cost (FY21)		
COVA Care Basic	Employee Only	Employee Plus One	Employee Plus 2 or More	Employee Only	Employee Plus One	Employee Plus 2 or More	Employee Only	Employee Plus One	Employee Plus 2 or More
Employee	\$75	\$177	\$253	+ \$2	+ \$4	+ \$7	\$77	\$181	\$260
Employer	\$687	\$1,229	\$1,802	+ \$16	+ \$30	+ \$43	\$703	\$1,259	\$1,845
TOTAL PREMIUM	\$ 762	\$1,406	\$2,055	\$0	+ \$18	+ \$70	\$ 780	\$1,440	\$2,105
COVA HealthAware Basic	Employee Only	Employee Plus One	Employee Plus 2 or More	Employee Only	Employee Plus One	Employee Plus 2 or More	Employee Only	Employee Plus One	Employee Plus 2 or More
Employee	\$0	\$24	\$25	\$0	- \$24	- \$25	\$0	\$0	\$0
Employer	\$677	\$1,229	\$1,802	- \$16	- \$6	- \$18	\$661	\$1,223	\$1,784
TOTAL PREMIUM	\$677	\$1,253	\$1,827	- \$16	- \$30	- \$43	\$661	\$1,2253	\$1,784

COVA Care Basic – FY 21 shows 2.41% increase in premiums / COVA HealthAware Basic – FY 21 has 2.3% reduction in premiums

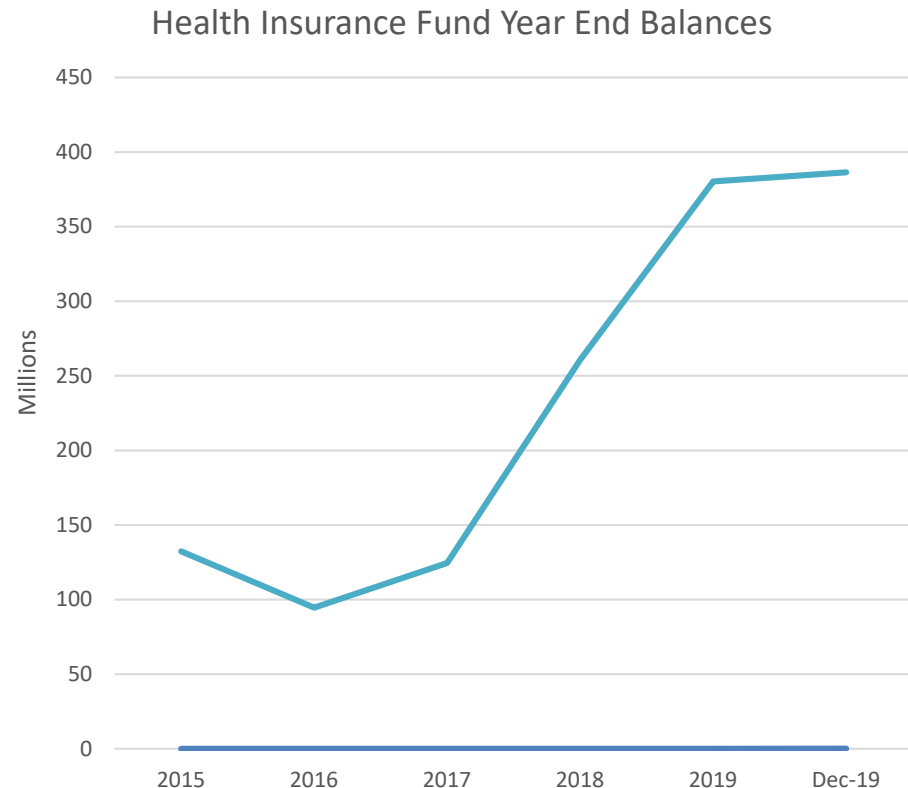
Source: Department of Planning and Budget Schedule - December 2019

Benefits

Health Insurance Fund

Active & Early Retiree Plan Year End Balances

- FY 2015 – \$132.3 million
- FY 2016 - \$94.6 million
- FY 2017 - \$124.5 million
- FY 2018 - \$260.6 million
- FY 2019 - \$380.3 million
- 12/2019 – \$386.4 million



HR Systems

Recruitment Management System

- RMS is the system that facilitates the recruitment and filling of vacancies within the Commonwealth.
- Originally procured in 2006; one update in 2015.
- Significant because in a given year, over 15,000+ jobs are advertised and over 436,000+ job applications are screened for potential interviews and hiring.
 - For individuals not currently employed in state government, RMS can be the first impression of state technology tools.
- Request for Proposal in October 2019; responses received; vendor presentations held; final selection in progress.
 - VITA is IT project lead; DHRM business partner.
 - Representatives from multiple state agencies involved.
- Anticipate go live date is November 2020.



**Human Capital Management (HCM)
Project
Commonwealth of Virginia**

Emily S. Elliott, DHRM and David Von Moll, DOA
January 28, 2020



What is Cardinal?

- Cardinal is an Enterprise Resource Planning (ERP) program managed by the Department of Accounts (DOA).
- DOA and DHRM are partnering to replace legacy human resource, health benefits, time and attendance, and payroll administrative systems with the Cardinal Human Capital Management application.
- Cardinal utilizes Oracle's PeopleSoft ERP software suite and expands upon the existing footprint of Cardinal Financials, successfully implemented in 2016 to replace the Commonwealth Accounting and Reporting System (CARS).



Cardinal HCM Project Scope

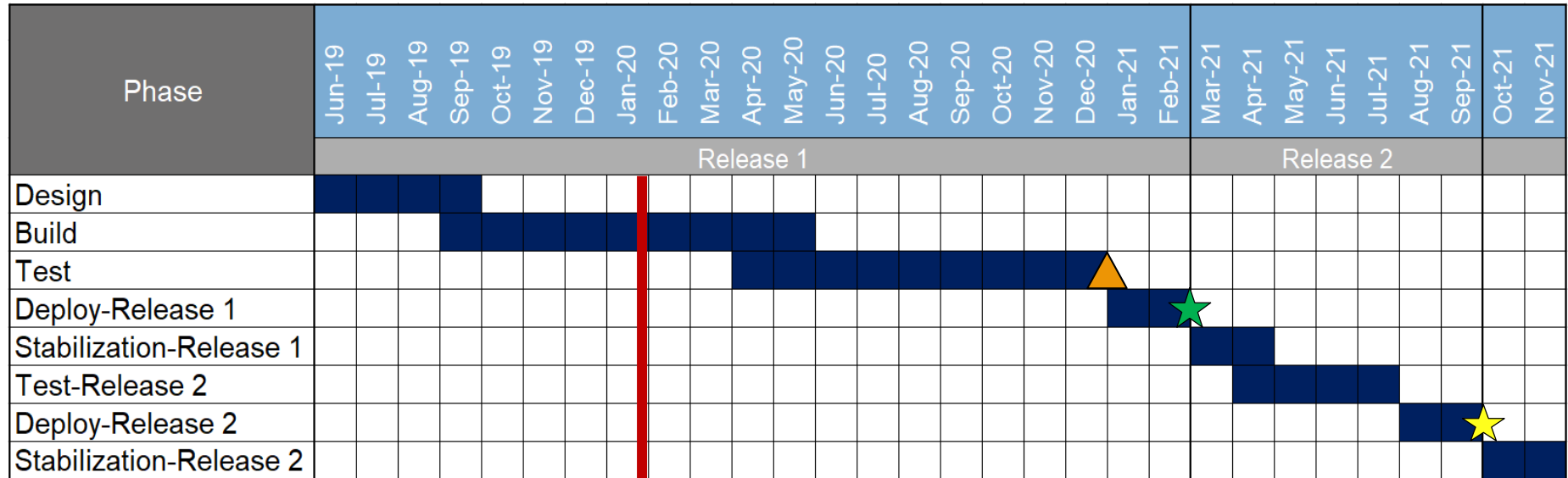
Four high-level functional areas will be implemented across eight software modules addressing 17 business processes, 49 sub-processes and 1,482 requirements identified for HCM.

Area	Cardinal PeopleSoft HCM Modules	Business Processes
Human Resources	Human Resources	Setup and Maintain Employee HR Data, Administer Salary Plans, Maintain Additional HR Data
	eProfile	
Benefits Administration	Benefits Administration	Benefits Recon., Administer Open Enrollment, Administer Event Maintenance, Administer COBRA, ACA Reporting
	eBenefits	
Time & Attendance	Time and Labor	T&A Employee Setup, T&A Capture, T&A Approval and Processing, Payroll Integration and Cost Allocation
	Absence Management	
Payroll	Payroll for North America	Maintain Employee Payroll Data, Process Payroll, Post Payroll Process, Payroll Costing, Periodic Regulatory Reporting
	ePay	

Note: Financial integration with General Ledger, Accounts Payable, Expense, and Project Costing is also included.



Cardinal HCM Implementation Timeline



We are here



Agency tasks split into Release 1 and Release 2 activities

Go Live:



Release 1 (R1) – March 2021



Release 2 (R2) – October 2021



Project Milestone Tracking

Milestone	Planned Start Date	Actual Start Date	Planned End Date	Actual End Date
Planning and Analysis	5/20/2019	5/20/2019	6/14/2019	6/21/2019
Design	5/20/2019	5/20/2019	10/18/2019	10/18/2019
Construction	8/5/2019	7/29/2019	6/12/2020	
Release 1: System Test	4/6/2020		1/15/2021	
User Test Execution	1/11/2021		2/12/2021	
Release 1: Training Delivery	1/11/2021		2/26/2021	
Release 1: Go-Live	3/1/2021		3/8/2021	
Release 1: Stabilization	3/8/2021		5/7/2021	
Release 2: System Test	4/5/2021		7/9/2021	
Release 2: Training Delivery	8/2/2021		10/1/2021	
Release 2: Go-Live	10/4/2021		10/12/2021	
Release 2: Stabilization	10/4/2021		12/3/2021	
Project Closeout	5/2/2022		5/31/2022	



Project Status

- Completed PeopleSoft Upgrade project
- Completed the HCM project design phase and almost 50% done with build phase
- Developed 50% of the custom Reports, Interfaces, Conversions and Extensions (RICE) objects
- Working with central and line agencies on new interfaces and conducted detailed interface workshops
- Working with central and line agencies to complete Mock 1 conversion execution
- Published updated agency task list and monthly Master Agency Readiness Scorecard (MaRS) to track agency readiness (All agencies have “Green” statuses)
- Completed training plan and curriculum
- Working with DHRM to review and finalize the locality engagement plan
- Established first HCM environment (development) on Oracle Cloud Infrastructure (OCI)



Project Budget Summary

Item	Amount	Comment
Amount Spent as of FYE 2019	\$ 42,500,000	Original Payroll Project, HCM Analysis
Additional HCM Project Costs	79,320,000	Required to complete implementation
Move to Oracle Cloud Costs	<u>10,000,000</u>	Required for HCM
Total Projected Costs	\$131,820,000 *	
Current Working Capital Advance (WCA)	<u>(82,400,000)</u>	
Additional WCA Required	<u><u>\$ 49,420,000</u></u>	

- By comparison, Cardinal Financials for Part 1 (VDOT), Part 2 (DOA) and Part 3 (Statewide Rollout) totaled \$114.4m for the replacement of CARS.
- NOTE: As of December 31, 2019 HCM Project is currently progressing on track from a budget perspective. Anticipated change requests are expected to be handled through project contingency.



Project Challenges

Dependent Projects

- Oracle Software Upgrade
 - PeopleSoft Upgrade completed in December 2019, on time and within budget.
- Move to Cloud infrastructure and interim Cardinal training delivery management solution must be completed prior to Cardinal HCM
 - Move to Oracle Cloud Infrastructure (OCI) included in HCM implementation estimates to ensure timely completion. First Cardinal OCI environment is operational. Working with Oracle, VITA, and VITA's IT partners towards a May 2020 completion date, but schedule is aggressive.
 - Cardinal training delivery management tool is included in HCM estimates. Team is currently evaluated potential options.



Project Challenges (continued)

Complex Agency Profiles

- Usage of central Human Resource, Benefits, Time and Attendance, and Payroll systems vary widely among varied mix of users
 - State Executive, Legislative, and Judicial branch agencies and independent agencies
 - Restructured Higher Education Institutions, Community Colleges
 - Local governments
 - Classified/non-classified employees
 - Retirees
- Distinct business requirements demand a complex project and support model
 - Leverage knowledge gained from HCM analysis phase
 - Establish proven Change Network model, including support team dedicated to locality participants
 - Standardize processes where possible, provide flexibility where necessary, and staff accordingly

Overview of the State Employee Workforce, Compensation and the State Employee Health Plan

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