



STATE PERSONNEL DEPARTMENT
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Mitchell E. Daniels, Jr.
Governor

Daniel L. Hackler
State Personnel Director

September 25, 2012

Mr. Adam Horst, Director
State Budget Agency
212 State House
Indianapolis, IN 46204

SUBJECT: Fiscal Years July 1, 2013 through June 30, 2015

Dear Adam:

Since 2005, the State Personnel Department's ("SPD") strategy for saving taxpayers' money has been to significantly reduce the costs of human resource administration throughout state government while servicing our constituencies in a more robust and consistent manner through the efficiencies of centralization. In 2008, a budget proposal that supported the objective of centralizing all HR services and benefits administration throughout State government was presented to and approved by the State Legislature. That change revised the method of funding SPD from a 100% General Fund Appropriation to an operating budget consisting of three distinct funds:

- (1) General Fund - A reduced General Fund Appropriation was approved to support core HR functions, ensure statutory and policy compliance, and provide administrative support to the agency.
- (2) Benefits Administration Fund - The costs associated with benefits administration were to be included in the insurance premium rate design.
- (3) HR Services Fund - An internal service fund was created for purposes of funding the direct HR services to centralized agencies. As an internal service fund, revenue is generated by charging a set fee to centralized agencies for each authorized position assigned to that agency.

It is upon the success of this funding model that we propose to continue providing quality direct human resource services to all centralized agencies and administering benefits for all eligible groups while fulfilling our statutory obligations. We welcome this opportunity to

share with you our primary programs and functions, achievements and challenges over the past two years, objectives for the next biennium, and key performance indicators and program measures we will use to measure the performance of our programs throughout the coming biennium.

**** SPD VALUES ****

Leadership, Integrity, Proficiency, Innovation, Accountability, Teamwork

**** SPD MISSION ****

To deliver integrated Human Resource services, allowing the governor's office and agencies to effectively achieve their stated goals and objectives. We will accomplish this by establishing and nurturing an organizational culture rooted in values and core competencies that proactively delivers best in practice services, solutions and programs.

**** SPD CUSTOMERS ****

The leaders of State Government -- the Governor, other elected officials, agency heads and senior agency executives – as well as state employees and potential employees

**** SPD ACHIEVEMENTS ****

Our primary effort has been devoted to a strategy we call “centralization.” It entails SPD providing direct human resources (“HR”) services to an agency without the intermediary of an agency HR department. In a centralized agency, there is typically one or more embedded SPD personnel, but most of the agency’s HR needs are provided by our central office staff. As of September 1, 2012, SPD has partnered with 101 agency business units including virtually all executive branch positions and several of the State’s quasi governmental agencies. In total, SPD provides HR services to over 33,350 positions. Currently, these services are provided by 188 HR professionals and supporting staff throughout SPD. The centralization efforts resulted in deactivation of 346 HR positions throughout State government, reducing annual salaries and fringes for HR services by over \$8 million.

Through centralization of HR functions, SPD has enabled agencies to focus their efforts on accomplishing their core missions. We will continue to expand the value-added human resource services we provide to these agencies while reducing costs and improving efficiency. In particular, our emphasis will be to provide tools to managers to help them develop their

employees, set goals, and measure results. This will enable us to continue to increase the performance standards so that the important work of state government can be accomplished efficiently.

SPD has focused on educating employees on consumer driven health plans (“CDHP”) and consumerism within the health care market over the past 8 years. Today, 94% of all State of Indiana health plan participants are enrolled in a CDHP. The CDHP’s are bending the State’s overall health spending curve in a positive direction and engaging participants in their own well-being. To further that engagement, SPD has worked closely with Anthem to identify participants with the five most prevalent disease states among our population and to improve participation in case management. The five key disease states prevalence was held virtually flat while the per-member, per-month cost for those individuals was lowered 11.2% from 2009 through 2011. Remarkably, this decrease was realized during a period of high medical inflation.

The 2011 Session of the Indiana General Assembly passed legislation modernizing the 70-year old State Personnel Act, and SPD promulgated rules implementing the new statute. The legislation included several key provisions to clarify and improve personnel-related processes.

**** SPD PROGRAMS ****

1 - Position Allocation & Classification Plan

Pursuant to statute, SPD is tasked with formulating, establishing, and administering position classification plans. Specifically, SPD’s focus is to strategically partner with agency leadership to maximize the use of human resources within state government through the development of creative solutions to address classification and organizational development issues. Additionally, the agency has responsibility for maintaining classification specifications, conducting job analysis, determining the Fair Labor Standards Act (FLSA) status pursuant to USDOL regulations, and position evaluations.

- **Program Objective: Establish and administer an appropriate position classification plan for state government.**
- **Program Measure: Vacancy rate – Percentage of vacant full-time.**
 - *Measure formula: Vacant full-time positions ÷ All full-time positions*
 - *Success defined: Green ≤ 9%, Yellow 10 - 13%, Red > 13%*

2 - Pay Plan Administration

The State Personnel Department is statutorily required to establish and administer salary and wage schedules, subject to the approval of the Governor and State Budget Agency. Specifically, SPD has responsibility for conducting market pay surveys in order to compare state government salaries to private sector salaries. Additionally, the agency has regulatory responsibility in the administration of the state's compensation system to ensure that pay is fair and equitable for all categories and classifications of employees.

- **Program Objective: Develop and maintain pay plan for state government.**
- **Program Measure: Market penetration - The range of salary disparity between market pay and state pay for targeted classifications.**
 - *Measure formula: state pay ÷ market pay*
 - *Success defined: Green ≥ 90%, Yellow 86 - 89%, Red ≤ 85%*

3 - Employee Benefits Administration

The Benefits Division develops, implements, and manages various employee benefit programs for state employees and their families. Health policy and plan design, together with new program development and implementation have been a primary focus of the Benefits Division. This division takes the lead in procuring all employee insurance benefit products and services for eligible employees of the State of Indiana and participating school corporations. It is responsible for the development of the Request for Proposals, evaluation, selection and contracting processes. In addition, the Division procures and manages a Pharmacy Benefit Manager for the Indiana Aggregate Prescription Purchasing Program (IAPPP) which includes State Universities, certain local units of government and the Indiana Comprehensive Health Insurance Association (ICHIA).

The Benefits Division currently manages health insurance contractual relationships, including two Consumer Driven Health Plans and one Traditional Plan, health savings accounts, dental plans, vision plans, life insurance plans, and flexible spending plans. It also manages an Employee Assistance Program for active employees and members of their household and a Third Party Administrator relationship for Disability and Worker's Compensation.

- **Program Objective: Provide a competitive benefit package to the State workforce.**
- **Program Measure: Percentage of employees electing to contribute to their own Health Savings Account ("HSA").**

- *Measure formula: # of active employee contributors ÷ # active employees participating in CDHP plans*
- *Success defined: Green ≥ 67%, Yellow 50 - 66%, Red < 50%*

4 - Benefit Plan Design

In addition to benefit administration, SPD also plays a key role in researching and recommending the design and attributes of the State's employee benefit plans. The Benefits Division facilitates the development of benefits-related contracts, and assists in defining the key objectives of the plans and programs offered. A paramount goal of the benefit plan design is to consistently maximize the competitiveness of the plan offerings, while consistently minimizing the total plan costs of the offerings compared to the market trends.

- **Program Objective: Provide a competitive benefit package to the State workforce.**
- **Program Measure: Percentage change of plan costs relative to the percentage change in plan costs of the market.**
 - *Measure formula: Year-over-year change in SOI plan spending ÷ year-over-year change in market spending*
 - *Success defined: Green ≤ 85% of the National Average Change, Yellow 86 - 110% of the National Average Change, Red > 111% of the National Average Change*

5 - Recruitment and Selection

This program provides a centralized resource for attracting, recruiting and acquiring talent for Indiana state government through cost-effective resources and methodologies. The program enables the State of Indiana to develop qualified and diverse applicant pools by utilizing previously untapped labor pools, technological advances, and targeted markets.

The Talent Acquisition Division manages all aspects of the recruitment and selection program, The Division serves both as the primary recruiter for centralized state agencies and their field staff, and as recruitment consultants for non-centralized agencies. Additionally, it functions as the primary point of contact for questions related to employment within Indiana state government. The talent acquisition process provided to centralized agencies includes creating job vacancy announcements, sourcing, developing workforce staffing plans, interview coordination and consultation, advertising via niche recruitment venues, networking, training and advising agencies on the available PeopleSoft tools. The division has worked very closely with the HRMS/GMIS team to develop the applicant and position tracking functionality of PeopleSoft. The division also helps ensure that state regulatory responsibilities are followed by

evaluating applications for required knowledge, skills, and abilities (“KSA’s”), extending job offers, and completing thorough criminal background screening and reference verifications. Services provided for non-centralized agencies include specialty recruitment, executive searches, e-recruitment on internet job boards, applicant assistance with the State of Indiana employment process, application evaluation, assistance with advertising needs, and advice on ways to better streamline and develop consistency in the State’s overall recruitment approach.

For current and future state employees, the division offers online employment educational sessions to assist jobseekers in understanding the employment process, the preferred experience/KSA’s, and ways to maximize the effectiveness of a search for employment with the State of Indiana. The division ensures the State’s continued ability to attract, employ, and maintain a workforce capable of meeting the vital and changing needs of the citizens of Indiana.

- **Program Objective: Provide a ready, competent, and capable workforce in a timely manner.**
- **Program Measure: Number of days to fill vacancy.**
 - *Measure formula: Days to fill – Average days to fill full-time vacancies*
 - *Success defined: Green ≤ 38 days, Yellow 39 - 44 days, Red ≥ 45 days*

6 - Policy Administration and Compliance

The Employee Relations Division provides comprehensive services to agencies covering a full range of employee relations issues. Services include consultation and advice to agencies on general interpretation of standards and situation-specific application of all standardized policies and state and federal employment laws, including individual employee performance and behavioral situations and participation in pre-deprivation proceedings.

Division staff determines appropriateness of requests, issues notices for Family-Medical Leave (“FML”), and informs agencies and employees about interpretation and situation-specific application of the Family Medical Leave Act (“FMLA”) and its federal regulations plus the interaction of various state laws and policies on leaves of absence. In FY2012, the Division completed configuration of an electronic FML administration process through PeopleSoft® to facilitate more consistent application of policy and improved documentation.

Staff serves as liaison among employees, agencies, INPRS, and the Auditor’s Office to process differential pay and pension catch-ups for state employees on military deployments and activations.

The division provides resources and expertise needed to meet the requirements of the Americans with Disabilities Act (“ADA”) including assistance in identifying reasonable accommodations for employees to perform the essential functions of their jobs and guidance on interactive discussions for reasonable accommodations.

This program also provides mandatory Equal Employment Opportunity (“EEO”) compliance reports. SPD staff members administer and monitor the Equal Opportunity, Affirmative Action local programs for each centralized agency. The goals of the EEO section are to support and enhance the State of Indiana’s commitment to diversity and non-discrimination in all its programs, services, and activities.

Division staff continues to be a driving force in the performance management and pay-for-performance processes, and routinely advises agencies on methods of integrating performance management concepts into daily operations.

Division staff serves as internal consultants providing insight and guidance during the development of statewide policies and procedures. The division also reviews potential closures of state facilities or offices due to emergency conditions, and staff serves as the main contact for Department of Homeland Security with regard to SPD’s Continuity of Operations Plan.

Training programs are provided online and as-needed by division staff on laws, rules, and policies concerning workplace harassment and other administrative investigations, FML and other leaves of absence, personnel laws, rules and policies, discipline, performance management, ADA, and comprehensive employee relations topics.

Division staff negotiates and monitors contractual compliance with a third-party administrator to conduct drug/alcohol testing in accordance with federal law for state employees required to obtain and maintain commercial driver licenses and employees in testing-designated positions.

- **Program Objective: To ensure laws and policies are properly administered.**
- **Program Measure: FML penetration.**
 - *Measure formula: Active FML participation ÷ Total employee population*
 - *Success defined: TBD*

7 - Delivery of Centralized HR Services

In 2005, State Personnel implemented a shared service model to streamline human resources services in state government by centralizing transactions and increasing the level of professionalism of HR practitioners, which includes embedded SPD staff in the centralized

agencies who serve as strategic partners with agency executives. These staff members facilitate the exchange of information between the agency and State Personnel in order to deliver HR services and provide SPD with agency-specific information that improves the quality of decision-making on issues with statewide impact. Large agencies such as the Department of Transportation, Department of Corrections and the Family and Social Services Administration have been able to reduce duplication and redirect resources that were formerly used to provide HR support services to program areas providing line services to Indiana's citizens. Small agencies such as the Commission on Public Records and Office of the Inspector General have gained an experienced HR staff and a strategic partner where HR services were provided by clerical support staff prior to centralization. Small agency HR staff have collaborated to identify best practices in various agencies, which has led to the application of those practices for the benefit of all the agencies serviced and a more standardized approach throughout the state. SPD staff brings a wealth of experience and knowledge to the professional practice of HR on behalf of state agencies. This expertise is a key reason all state agencies can benefit from centralized HR services.

- **Program Objective: Provide quality, value-added comprehensive HR Services for our customers.**
- **Program Measure: Survey analysis - Value of survey results.**
 - *Measure formula: Value of survey results*
 - *Success defined: Green ≥ 85%, Yellow 70 - 84%, Red ≤ 69%*

8 - Information Technology - PeopleSoft® HR and HR Data

The Human Resource Data Division processes all employee transactions for centralized agencies and provides technical and back-office support to non-centralized agency entries in PeopleSoft's Human Resources Management System ("HRMS"). The division maintains the personnel files of all executive branch employees and ensures that historical preservation is consistent with current retention and archival policies. The HRMS division has been able to identify, analyze, and develop solutions that fill strategic gaps in business processes of the State and lay the groundwork for delivery of outstanding HR services. The division also performs certification of creditable service and wage history for the Public Employees Retirement Fund (PERF). This division provides employment verification for internal and external customers.

The HRMS Division provides operational control over the Government Management Information System (GMIS) personnel allocated to support the Human Resources PeopleSoft Application. The HRMS/GMIS partnership continues to leverage technology that provides desktop business solutions to employees, via self-service transactions, and line-managers by utilization of self-service, approval and workflow technologies.

In the past two calendar years, the HRMS division has completed an application upgrade of the Human Capital Management application without engaging contract vendors and consultants. This saved the state millions of dollars in consultant fees, while expanding the delivery of real-time, value driven services for all users. Factoring in the added benefits of an upgraded application, HR personnel are now able to utilize best practices and the latest technological features to continue to provide strategic planning, centralized services, and personal interaction with employees. Also, the HRMS division has upgraded the PeopleSoft Enterprise Applications Portal that couples all enterprise applications, such as Financials/Supply Chain, HCM and ELM through one single sign-on.

On the horizon, the HRMS division is looking to implement technology solutions for electronic performance management tracking, military leave, I-9 and eVerify eligibility verification, and a mass notification system that can be used to notify the entire State workforce population in the event of an emergency. Beginning in FY2013, SPD will begin storing employee personnel records electronically.

- **Program Objective: Ensure HR changes are processed efficiently.**
- **Program Objective: Process PeopleSoft transactions in a timely manner.**
 - *Measure formula: Average days to enter employee records*
 - *Success defined: Green \leq 2 days, Yellow 3 - 4 days, Red \geq 5 days*

9 - Centralized Benefits Membership Administration (Call Center)

The Benefits Division provides services to centralized agencies and participating school corporations. The Division is responsible for educating employees and addressing questions about the benefits package. In addition, Benefit Specialists process family status changes, resolve claim issues with vendors, and advise agencies and employees on a variety of items pertaining to employee benefits including applicable federal regulations, Indiana Code, policies, and processes.

- **Program Objective: Provide timely, helpful assistance to benefit plan participants.**
- **Program Measure: Timeliness - Average time to answer incoming customer calls.**
 - *Measure formula: Average seconds taken to answer incoming calls*
 - *Success defined: Green \leq 10 seconds, Yellow 11-19 seconds, Red \geq 20 seconds*
- **Program Measure: Timeliness - Average length of time to complete a family status change.**
 - *Measure formula: Average days taken to obtain and enter all documents required for a family status change from the time the employee reports the event.*

- *Success defined: Green ≤ 15 days, Yellow 16 – 25 days, Red > 25 days*

10 - Investigations and Advocacy

Investigations and written responses required for Step II of the statutory civil service employee complaint procedure are conducted by staff in the Employee Relations Division. Staff may also investigate and/or review investigations of others concerning allegations against state employees for discrimination and harassment in violation of Title VII and other civil rights laws and/or allegations of employee/manager misconduct. The division resolves complaints concerning workplace harassment and discrimination, disciplinary actions, and other conditions of employment through its investigations while facilitating discussions with management, employees, and employee representatives.

As a component of civil service modernization reform, SPD functions as advocates for employees who wish to file complaints pursuant to the policy. In this capacity, SPD serves to advise employees on the proper procedure to accurately raise their potential concerns for consideration under the policy.

Staff serves as advocates for state agencies in administrative adjudicatory proceedings before the State Employees Appeals Commission through the civil service employee complaint procedure, and DWD/UI Division for unemployment insurance disputes. Advocacy includes fact-finding, witness preparation, skillful presentation and negotiation strategies which are planned with an understanding of the agency's overall mission and operations and the effect of various outcomes on the agency named as a party as well as the potential impact on the State as a whole.

Staff are also charged to investigate and draft official position statements outlining the State's position based on the facts and law in charges of discrimination or harassment brought by state employees to the EEOC or the Indiana Civil Rights Commission and participate in mediation and settlement discussions.

Inquiries to the Department and Governor from employees, members of the public, legislative representatives, and other states concerning individual issues and general policies are frequently referred to division staff for investigation and response.

- **Program Objective: Conduct employee-related investigations in a timely manner.**
- **Program Measure: Percentage of investigations completed within appropriate timeframe.**

- *Measure formula: # completed within the appropriate timeframe ÷ Total number of investigations*
- *Success defined: Green ≥ 95%, Yellow 80 - 94%, Red < 80%*

11 - Health Plan Participation for School Corporations

Per IC 5-10-8-6.7, Indiana school corporations are eligible to join the State of Indiana's health plan offerings. Interested school corporations contact the Benefits Division Director and/or Benefits Manager, who counsel them through the decision and enrollment processes. Participation in the school corporation insurance program requires a three-year commitment, and schools wishing to join the State's plan may do so at any point during the plan year. School corporations coming onto the plan mid-year will have an initial enrollment session. From that date forward, the open enrollment periods of the school corporations will mirror that of the State. School corporations have flexibility with regard to the employer/employee premium split, however, they may not contribute more toward their employees' coverage than the State of Indiana does for its employees. They may also choose to offer a Health Savings Account to their employees. Post-enrollment, the designated school corporation benefit administrator works closely with the Benefits Division Director and/or Manager, and the school corporation employees utilize the Benefits Hotline for benefit related issues.

- **Program Objective: Facilitate school corporations' enrollment in the state health plans.**
- **Program Measure: Participation - Percentage of participating school employees selecting CDHP's.**
 - *Measure formula: CDHP enrollment ÷ All benefit-elected participants*
 - *Success defined: Green ≥ 90%, Yellow 85 - 89%, Red < 85%*
- **Program Measure: Percentage of first-year projected savings.**
 - *Measure formula: 1-(first year of SOI plan costs / projected year of former plan costs) x 100*
 - *Success defined: Green ≥ 12%, Yellow 5 - 11%, Red < 5%*

12 - Early Retiree Insurance

Per IC 5-10-8-8, the Early Retiree Insurance Program is available to qualified retiring employees and allows for the continuation of the State's health insurance coverage upon retirement. A qualified retiring employee may choose to participate in this group plan by submitting an application provided by the State Personnel Department within ninety (90) days after the date

of retirement. Qualified retirees may continue benefits on this program until Medicare eligibility by paying 100% of the premiums for this coverage.

- **Program Objective: Provide health, dental and vision insurance to qualified retirees that are not Medicare eligible.**
- **Program Measure: Participation Rate - Percentage of eligible retirees that elect early retiree insurance.**
 - *Measure formula: Insurance participants ÷ total eligible retirees*
 - *Success defined: Green ≥ 50%, Yellow 26 - 49%, Red ≤ 25%*

13 - Communications

The Communications Division has become recognized as the central point for gathering and distributing information for employee communications statewide. Currently, the division communicates directly to approximately 23,000 employees throughout the state, with approximately 18,000 employees through electronic State delivery methods. About 65% of staff time is spent on internal communications. External communications, including social media, news media and Continuation of Operations Program (“COOP”), account for about 15% of staff efforts. The balance of staff time is spent overseeing special events. Communications efforts include e-mail alerts, monthly newsletters to all State employees, newsletters to targeted audiences, responding to webmail and correspondence, maintaining SPD's web pages, creating new online content, writing HTML code and conducting nearly daily updates. The Division develops communications plans for open enrollment campaigns, new policies and procedures, any changes in benefits options and other issues as needed. This division serves as spokesperson for the agency and the PIO for media requests and during COOP events.

The division has focused on technology to distribute content through the department's web pages, e-mail or social media. Newsletters are no longer printed, but instead sent electronically and housed online. Through the in.gov delivery system, SPD's web site now allows interested persons to subscribe to receive notification of updates to certain web pages. Targeted communications are often sent from this division to employees working in the Indianapolis metro area, providing relevant information such as traffic alerts or notification of events that might impact their getting to and from work.

This division is responsible for creating and updating an information-rich web site which contains benefit information, HR policies and procedures, job boards, training opportunities and employee programs and discounts. The Employee Benefits page now has its own subsite which provides access to a library of information about specific benefits. These links include

pages, definitions, comparisons, tools, and suggestions on how to select benefits best suited to an individual's or family's needs.

Staff creates billboards for display in the Government Center tunnels, flyers, brochures, billboards, and programs for special events or new initiatives rolled out by the department. The division has also designed, administered and evaluated surveys for not only within State Personnel, but also for several other state agencies.

- **Program Objective: Provide important information to state employees or constituents in a timely, efficient manner.**
- **Program Measure: Timeliness - Average days taken to respond to employee/constituents requests.**
 - *Measure formula: Average days to respond*
 - *Success defined: Green \leq 3 days, Yellow 4 days, Red \geq 5 days*
- **Program Measure: Employee interaction with Email correspondence**
 - *Measure formula: Average % of employees clicking through*
 - *Success defined: Green \geq 12%, Yellow 9 - 11%, Red $<$ 9%*
- **Program Measure: Employee interaction with archived Torch materials**
 - *Measure formula: Number of downloads through archived pages*
 - *Success defined: Green \geq 900, Yellow 700 - 899, Red \leq 699*

14 - Strategic Hiring Program

The institution of the Strategic Hiring Committee ("SHC") to manage and review all position and hiring requests in state agencies has resulted in an executive branch headcount that is at 1975 levels. The SHC inspired many agencies to implement their own internal versions for an initial assessment of the need for additional or replacement staff, and together these committees have addressed the allocation of staff needed to perform essential services.

- **Program Objective: Manage all position and hiring requests for executive branch agencies.**
- **Program Measure: Realized savings to the enterprise**
 - *Measure formula: November 2008 annualized personnel costs - current annualized personnel costs*
 - *Success defined: Total annualized savings*

15 - Onboarding

Through our Onboarding program, the Division of Employee Engagement provides a comprehensive orientation experience for new employees of centralized agencies. Employees receive information regarding employee benefit programs, general policies, and an introduction to the expectations of the State's high-performance culture.

The Onboarding program will expand this biennium to include E-Orientation, which will allow agencies with statewide operations to provide the same central office orientation curriculum at their local facility in an online-accessible format. The increase in computer-based training and other technologies reduces travel time and expenses as well as providing the flexibility that agencies and employees need to have training delivered in alternative formats, locations, and time frames to better meet their operational and educational needs.

- **Program Objective: Provide a consistent introduction and overview of State government.**
- **Program Measure: Participation Rate - Percentage of new hires attending Onboarding (Central Office or E-Orientation).**
 - *Measure formula: New hires participating in Onboarding ÷ all full-time new hires*
 - *Success defined: Green ≥ 85%, Yellow 75 - 84%, Red ≤ 74*

The Division of Employee Engagement has designed a new-hire survey to measure the overall effects of our Onboarding program. Each new employee who completes Central Office Orientation or E-Orientation will automatically receive an anonymous survey at 30-, 60-, and 90-day intervals to gauge the effectiveness of the program in an effort to continuously improve our Onboarding experience.

- **Program Objective: Improve the effectiveness and speed in which a new employee becomes a fully contributing member of the State of Indiana team.**
- **Program Measure: Satisfaction Rate - Agency Onboarding Program.**
 - a. *Measure formula: New hires satisfied or extremely satisfied with agency's overall onboarding program after 30 days ÷ all new hires who completed survey*
 - b. *Success defined: Green ≥ 85%, Yellow 75 - 84%, Red ≤ 74*

16 - Special Projects

The Communications Division coordinates the state's special events and projects, including the State Employees' Charitable Campaign, Governor's Summer Internship, Employee Suggestion, Employee Discount, and other morale-boosting programs.

The Communications Division is also responsible for planning and coordinating activities and programs on the Government Center campus: bi-monthly blood drives, lunch and learn programs that align with INShape (Indiana's program for healthier living), the Paddle Battle, annual flu shot clinics, and various education fairs. In 2012, the Statehouse Market debuted. This weekly farmers' market is open on Thursdays from July to October and features a variety of local produce vendors and food trucks. The goal is to encourage employees to eat a healthier fresh lunch while shopping for a healthy dinner.

Staff also plans and administers the receptions for both the Governor's Long-Term Employee Recognition and the Governor's Public Service Achievement Awards.

- **Program Objective:** Encourage and reward successful, performance-driven employees.
- **Program Measure: Participation Rate - Percentage of agencies participating in special events and programs.**
 - *Measure formula: Participating entities or recipients ÷ number of nominations received*
 - *Success defined: Green ≥ 60%, Yellow 50 - 59%, Red < 50%*

17 - Internship Program

This program employs approximately 250 college students during the summer months as professional-level workers. Applications are received exclusively from in-state university students, are evaluated by recruitment staff, and ultimately selected by a committee. The internship program provides the state with direct access to colleges and universities that are preparing the current and next-generation workforce. In exchange for a meaningful work experience, these students often provide the State with a keen look at emerging technologies, latest industry best practices, and relevant changes to workforce components.

- **Program Objective:** Introduce prospective college graduates to public sector employment.
- **Program Measure: Survey Analysis - Percentage of survey results indicating a high level of overall internship satisfaction.**
 - *Measure formula: Value of survey results taken from managers and interns*
 - *Success defined: Green ≥ 70%, Yellow 56 - 69%, Red ≤ 55%*

18 - Non-Tobacco Use Incentive

Employees who elect to participate in the Non-Tobacco Use Agreement ("NTUA") receive a reduction in their bi-weekly medical insurance premiums by agreeing to remain tobacco free.

During the plan year, employees may elect to change their tobacco status from a non-tobacco user by rescinding their agreement through PeopleSoft®. As part of the rescission process, the employee must agree to pay the State back for incentives received from the beginning of the plan year.

SPD's Benefits Division ensures employee compliance with the NTUA by conducting random, state-wide testing of state employees for nicotine and sharing that information with SPD's Employee Relations Division for guidance and consultation of agency management regarding disciplinary actions for violations of the NTUA.

- **Program Objective: Support health care plan.**
- **Program Measure: Compliance Rate - Percentage of employees tested that have positive test results.**
 - *Measure formula: Positive test results ÷ Tested employees*
 - *Success defined: Green < 1%, Yellow 1-3%, Red > 3%*

19 - Electronic Training Utilization

The Division of Employee Engagement provides weekly instructor-led training each Monday during Onboarding, as well as quarterly classroom training when needed. SPD personnel develop, administer, and facilitate this training along with many other soft skill courses. This can require travel to off-site locations on occasion or content provided through webinar technology.

However, because of the various needs of the agencies serviced by SPD, a small catalog of computer-based training courses is also provided to reduce travel time and expenses. These courses are developed and administered by the Employee Engagement Division in the Enterprise Learning Management (ELM) module of PeopleSoft®. SPD has been asked to expand the assortment of electronic training alternatives.

- **Program Objective: Deliver relevant learning opportunities to the workforce.**
- **Program Measure: User preference for Computer-Based Training ("CBT") for non-mandatory course material.**
 - *Measure formula: CBT participants ÷ total participants in non-mandatory training*
 - *Success defined: TBD*

20 - Retiree Flexible Spending Program

Pursuant to 31 IAC 4-2-1, the Retiree Flexible Spending Program extends compensation to include accrued but unused and uncompensated vacation leave in excess of the two hundred twenty-five (225) vacation hours as well as sick and/or personal leave for eligible retirees. Calculation of benefits under this program is based on leave hours available after the employee's final paycheck has been issued. The program permits eligible employees to receive compensation for a portion of their accrued but unused and uncompensated leave.

- **Program Objective: Compensate retired employees for unused leave at the time of retirement.**
- **Program Measure: Percentage of enrollees paid according to Statute in a timely manner.**
 - *Measure formula: Eligible retirees paid within 75 days of retirement ÷ eligible retirees.*
 - *Success defined: Green ≥ 95%, Yellow 90 - 94%, Red < 90%*

21 - Insurance Availability for Local Units of Government

The State Personnel Department extends access to employee health plans to local units of government. The local unit plan designs resemble the State employee plans, but they are fully insured and rated separately from the State. Local Units of Government ("LUGs") must provide data for separate premium determination. Options available to the local units include health, dental, and vision with no other vendor products allowed for the same type coverage. Local units have the option to renew participation each year.

- **Program Objective: Facilitate the aggregate purchasing of health, dental, and vision insurance for LUGs.**
- **Program Measure: Participation Rate - Percentage of LUGs purchasing medical plans through the program.**
 - *Measure formula: LUG's participating in plans ÷ Total LUG's*
 - *Success defined: Green ≥ 40%, Yellow 21 - 39%, Red ≤ 20%*

22 - Medicare Complementary Program

The State of Indiana extends the availability of the Medicare Complementary program to its retirees and spouses. Applicants must be at least age 65, receive pension benefits, be enrolled in Medicare Parts A and B, and not be covered through another similar insurance program. Participation is also allowed if pension benefits and enrollment in Medicare Parts A and B are a

result of a disability. The program includes coverage with and without prescription drug benefits.

- **Program Objective:** Provide health insurance to Medicare eligible retirees that complements their Medicare benefits.
- **Program Measure: Participation Rate - Total eligible retirees participating in complementary plan.**
 - *Measure formula: Total participants ÷ total eligible candidates*
 - *Success defined: Green ≥ 40%, Yellow 21 - 39%, Red ≤ 20%*

23 - Employee Suggestion Program

Recently-promulgated SPD Rule 31 IAC 5-6-1 continues the Employee Awards System but in a more streamlined fashion than previously required. The Governor's Public Service Achievement Awards program has become a catalyst for improvements to State government operations and efficiencies. This program, in existence for seven years, has resulted in a one-time savings to the State of more than \$65 million, and an annual savings in excess of \$35 million.

- **Program Objective:** Reward employees for providing relevant, cost saving and efficient solutions for public sector duties, tasks, and/or objectives.
- **Program Measure: Time for SPD to evaluate nominations.**
 - *Measure formula: Business days required by SPD to issue recommendation*
 - *Success defined: Green ≤ 2 days, Yellow 3 - 5 days, Red ≥ 6 days*

**** SPD ACCOMPLISHMENTS ****

Passage and Implementation of Civil Service Modernization

The 2011 Session of the Indiana General Assembly passed legislation modernizing the 70-year old State Personnel Act, and SPD promulgated rules implementing the new statute (IC 4-15-2.2). The legislation was necessary to address several cumbersome statutory procedures, including clarification of the requirements for reductions in force. The legislation codified the performance-based evaluation process that has been in place since 2006. The statute requires regular employee performance reviews, grounded in standards and outcomes that are SMART (Specific, Measurable, Achievable, Relevant, and Time-sensitive).

This legislation continued exclusion for entities not previously subject to the State Personnel Act. Separately elected officials, quasi-agencies, political subdivisions, residents working in state institutions, and the Indiana State Police are not subject to the State Civil Service Act. Civil Service Modernization eliminated the “merit” and “non-merit” statuses and created “classified” and “unclassified” statuses. All employees are considered unclassified employees unless they occupy a position that has a federal statutory or regulatory requirement for the establishment of personnel standards based on merit principles. Virtually all classified employees work in DWD, DCS, FSSA, DHS, and DOL, and will be subject to a working test period. Unclassified employees are considered at-will employees and the Civil Service Modernization Act clarifies the situations in which employees could be subject to layoff, including lack of funds, reduction in spending authorization, or poor employee performance.

The Act expanded to all civil service employees the right to a three-step complaint procedure to challenge the application of a law, rule, or policy to the employee. Further, the Act brought additional clarity by condensing 50 pages of personnel statutes to 15 pages and reducing 100 pages of rules to 30 pages.

Finally, the Act included provisions to protect employees’ rights to freely associate while prohibiting mandatory dues, collective bargaining, and worker strikes.

Centralization of HR Services

In the first half of 2005, SPD determined that the duplication of HR services being provided statewide was resulting in significant inefficiencies and inconsistent adherence to policies and best practices. The initial research showed annual personal service costs of statewide HR staff of approximately \$25 million. Since that time, SPD has made significant progress in implementing its strategy to centralize human resource services. SPD is now directly providing integrated human resource services to approximately 101 executive branch and quasi-agency business units. HR services in these agencies are now being performed by SPD staff, some of whom are embedded in the agency location as information conduits and partners implementing the host agency’s strategic plans. The transactional duties are performed by SPD employees in the service center of IGC-S W161. This integration of HR services ensures more consistent application of State Personnel policy and state and federal employment laws while reducing costs and improving efficiency.

Examples of the effectiveness of the shared services model in FY11/12 include:

- Facilitation of staffing changes required for major projects such as reorganizations of the fiscal/financial divisions of DCS and ISDH to take advantage of technological advancements as well as staffing initiatives in numerous other agencies resulting in cost savings.
- Partnership between DOC and Indiana War Memorials Commission to use offenders to perform maintenance on memorial grounds and buildings which reduced headcount at IWMC and resulted in cost savings.
- Provided succession planning tools and services to agencies, allowing for the concise assessment of existing talent that provides a clear roadmap for developing or acquiring the talent necessary to ensure agency long-term staffing needs are met.
- Successfully piloted competency management into the performance management and recruiting processes; laying the foundation for agency management teams to more directly target the behavioral and skills-based traits required for successful outcomes.
- Provided focused, centralized education and training to all state employees and agency leadership teams that ensured the successful implementation of civil service modernization in July of 2011.
- Provided organizational design services to over 35 state agencies that allowed for the reallocation of positions and staff among various facilities to address the changing demographics of Indiana's prison and state hospital populations.
- Enabled the successful transition of over 100 state hospital food service employees into new employment opportunities with the state or with the new vendor, thereby eliminating job loss and layoffs.
- Implementation of consistent Onboarding curriculum for state employees addressing commonalities such as enrollment for insurance and pension benefits, mandatory training on preventing sexual harassment, and the expectations of the State's high performance culture.

Employee Benefits

The Benefits Division has worked to continue to identify efficiencies in centralized benefit administration. As a result, the Benefits Division can report the following accomplishments:

- Negotiated a new contract with Delta Dental holding administrative fees constant from the previous contract through the duration of the new four year contract ending in 2015. As a part of that negotiation, a \$213,000 credit was received for efficiencies achieved through streamlined administrative practices.
- Conducted a dependent eligibility verification audit (DEVA) of all dependents on the State's benefit plans. The audit in 2010 resulted in the identification of 313 ineligible dependents on our health plans that translates into an estimated \$1 million annual savings. Audit efforts have continued and an additional \$14,000 has been identified.
- Completed audits of the medical retention fees paid to Anthem and Delta Dental as well as the COBRA administration and leave of absence billings.
- Through completed audits of medical claims and the enforcement of performance-based guarantees in the Anthem contract, Anthem was held accountable to credit the state over \$660,000.
- As of September 2012, fifteen school corporations have elected to join the State's health plans. Collectively these schools have realized an estimated first year savings of \$5.5 million.
- Increased participation in the Consumer Driven Health Plans from 36% in 2008 to 94% in 2012.
- Implemented performance feedback surveys within the centralized benefits call center, resulting in customer satisfaction ratings in excess of 98%.
- Implemented a reporting tool for school corporations to identify their annual spending on health insurance as a result of HEA 1260-2011.

Technological Improvements in Delivery of Training Services

The push to use computer-based training (CBT) and other technologies has expanded the reach of our programs to more employees, supervisors, and managers throughout the State while decreasing expenses related to travel for both participants and instructors. Online offerings, in addition to those provided by the Office of Inspector General/Ethics Commission and Indiana Office of Technology, include Preventing Sexual Harassment, Personnel Laws, Rules and Policies, Performance Management, Disciplinary Actions in the State Classified Service, Coaching for Improvement, Family-Medical Leave, and ADA. Individual employees or

supervisors can register for training and agencies can register groups so that the training is available for those employees and supervisors whenever and wherever they need to navigate each course. This enables employees to address their own developmental needs as well as providing agencies with a mechanism to provide timely training to address specific deficiencies or to develop additional skills or competencies as determined through performance management. ISDH has been working on an e-Development plan to address this training effort as part of the planned upgrade in PeopleSoft®.

Reductions in Staffing Levels

The institution of a Strategic Hiring Committee (“SHC”) to review all requests to fill vacancies in state agencies has resulted in an executive branch headcount that is at 1975 levels. The SHC inspired many agencies to implement their own internal versions for an initial assessment of the need for additional or replacement staff, and together these committees have significantly addressed the proper allocation of staff needed to perform essential services.

In support of continuing efforts by all state agencies to improve delivery of services through streamlined processes and more effective allocation of resources, SPD assisted agencies to meet their efficiency and budgetary goals through the civil service employee layoff procedure.

Strategic Utilization of PeopleSoft® HR

Over the past several years the PeopleSoft HR and Enterprise Learning Management (ELM) systems have evolved into a strategic force multiplier. In today’s environment of limited funds, enterprise applications can leverage best practice business processes against scarce human resources. SPD has been able to deliver consistent HR services while decreasing the total HR staff from over 400 to less than 200 employees in large part due to the continual development of PeopleSoft. SPD has had great advances in delivering an HRMS system that provides real-time information and access to Line Managers and HR support staff alike. Major milestones include:

- Electronic Reporting Capabilities for all Business Units – State Personnel no longer produces monthly paper reports. These reports are created and maintained digitally. Agencies have the capability to print reports as needed.
- Manager Self-Service – Managers can view real-time information on direct reports, including: Personal Information, Compensation History, Job Information, and Leave Balances.

- Employee Self-Service – Employees can manage their personal information by updating phone numbers and home addresses and request family-medical leave.
- Automatic Inactivation of Vacant Positions – In coordination with the Governor’s Office and the State Budget Agency, the HRMS/GMIS team automated a position inactivation process to manage the ratio of full-time vacant positions to the full-time active employee population.
- Creation of an electronic submission, review, approval, and tracking module in conjunction with the Strategic Hiring Committee’s position allocation management project. To date this online tool has accepted over 23,000 requests.
- Completed a system upgrade of the PeopleSoft Enterprise Learning Management system. This upgrade delivered tighter integration between PeopleSoft HR and ELM and enabled better course participation tracking. Also, Employees and Managers can view an extensive library of available computer based training courses, enroll or request enrollment, and complete courses from the convenience of their local workstation.

Streamlined the Compensation/Classification System

In addition to the clarifications brought by the Civil Service Modernization Act, SPD’s Compensation Division has taken several important steps to address the limitations of the State’s classification system and pay plan. These steps included the following:

- In conjunction with all centralized agencies, SPD has continued to update benchmarks and job titles in order to more accurately reflect the nature of the jobs.
- Continued the elimination of unused job classifications and consolidated redundant classifications. In January 2005, the State had 1,310 job classifications. As of July 2012, there are 939 job classifications, which is a reduction of 371 classifications.
- Worked with centralized state agencies to implement cost saving strategies through organizational design changes.
- Worked in conjunction with Indiana State Police to design, create and implement a new statewide Regional Dispatch Center for emergency response.
- As a result of legislation, worked in conjunction with the Governor’s Office and the State Budget Agency to create the State Department of Toxicology. This project included the

organizational design for the agency, creation of new positions and establishment of job descriptions.

- In conjunction with the State Budget Agency, worked with the Indiana School for the Blind and Indiana School for the Deaf to appropriately classify positions within the organization. The result of the project had positive fiscal implications as several positions were reclassified from teaching to non-teaching as a result of a review of the position duties and responsibilities.
- In an attempt to keep pace with the external marketplace, pay range minimums were increased by 1.5% in July 2012.
- Worked in conjunction with PERF and TRF to merge both organizations under one umbrella (INPRS). This project resulted in organizational design and classification changes for the agency that allowed compensation for these positions to be appropriately benchmarked for comparison to the external marketplace. This, in turn, will yield a better understanding of appropriate compensation for internal promotions and external hires, assisting the agency in meeting their short- and long-term retention goals.
- As a result of legislation, worked in conjunction with the Governor's Office and the State Budget Agency to merge the State Student Assistance Commission/Commission on Proprietary Education with the Commission on Higher Education by July 1, 2012. The project involved transferring and reclassifying positions, and making determinations related to other issues such as retirement and leave accrual.

Improvements to Talent Acquisition

- Participated in the PeopleSoft human resources module upgrade including but not limited to: the Fit-Gap Analysis, planning and strategy, customization, testing and training of the workforce.
- Through civil service modernization in July 2011, revised the state's minimum qualifications to preferred experience/KSA's for 939 job codes.
- Leveraged social networks such as Facebook, LinkedIn and Twitter to help strategically promote jobs and career opportunities statewide, resulting in a 20% increase in job seeker engagement.

- Fostered a relationship with the leading technology job board to build a talent pipeline of IT professionals for statewide vacancies. We received over 230 applicants among 8 different classifications.
- Consistently adhered to the agencies' time to fill vacant positions objective with an average of 43 days, compared to 105 days to fill by federal agencies.

**** SPD OBJECTIVES ****

SPD has made significant improvements in the provision of integrated human resource services to state agencies. Yet, we still have much work ahead in order to truly transform the executive branch of state government into an energized, high-performance organization. Our objectives for 2013-2015 are:

- Continue to foster a high-performance, service-oriented culture through an objective, standards-based employee evaluation process and pay adjustments based on pay-for-performance.
- Continue to maximize the delivery of centralized HR services through the exploration of alternative methods and improved deployment of technology.
- Continue to encourage and assist school corporations to assess the cost of their health insurance and, if appropriate, to participate in the State health plans.
- Continue to refine benefit administrative processes that service both State employees and school corporation employees.
- Encourage consumerism among our plan participants by offering transparency tools in partnership with our medical and pharmacy vendors.
- Promote a culture of wellness among State employees and their families by developing a robust state-wide wellness program and by piloting an on-site clinic focused on wellness and effectively managing chronic conditions like diabetes, asthma, and heart disease.
- Further create opportunities for healthier lifestyle choices through the continuation of the Statehouse Farmer's Market initiative, which was successfully pilot-tested in the summer of 2012. Interest and interaction were both very high in this opportunity to make fresh, locally-sourced foods available.

- Continue to support agencies' efforts to become more efficient within the statutory and regulatory framework of state employment by providing expertise to properly manage organizational structures and supervisory spans of control, develop cross-agency partnerships, and establish metrics for managerial accountability requiring effective use of resources.
- Refine the newly-automated statewide administration of the laws and policies for family-medical leave and prepare for automated military leave administration.
- Continue to assess and revise configuration and further integration of the PeopleSoft HR systems to facilitate more self-service options for basic HR support and additional standardization of processes.
- In conjunction with the Department of Homeland Security, operate a new mass-notification system to be used under emergency conditions. This system will allow text, voice, and email messages to be sent en masse to the relevant employee groups.
- Utilize the salary surveys that SPD purchases annually to analyze market data for benchmark jobs in order to determine how our existing salary ranges compare to market.
- In partnership with the State Budget Agency, develop and implement a plan to bring state employee salaries even further in line with market pay.
- Continue to refine the State's classification and compensation system, including continuing the process of consolidating classifications. The reduction of classifications will ease the transition to future compensation system changes.
- Continue execution and awareness of alternative delivery methods for a management development program which is available to all managers and senior managers in state government as a series of courses through which managers would progress towards increased proficiency in their skills and managing in a performance-based culture.
- Develop and implement use of social networks to communicate to employees and prospective employees in an effort to enhance the agency's outreach.
- Further partner with INShape Indiana to promote wellness and encourage employees to adopt healthy lifestyles.

- Continue to evaluate proposed recruitment/employment initiatives and programs for soundness and compliance with applicable state and federal laws.
- Continue to work with and build our diversity partnerships to recruit an even more diverse organization of high-performers.
- Roll out of the human resources internship program (unpaid) which will be utilized within our centralized agency partnership.
- Develop additional efficiencies within the PeopleSoft talent manager module, which will be beneficial to HR agency partners during the hiring process.
- Continue to build and utilize technology and technological resources to develop economical advertising and candidate sourcing options.
- Create strategic staffing plans which will identify agencies as having “key and critical” positions that exercise critical influence on the operational activities or strategic objectives of the organization.
- Create and distribute e-newsletter with HRMS updates and upgrades.

**** SPD KEY PERFORMANCE INDICATORS ****

The Key Performance Indicators (KPI) for the Indiana State Personnel Department are as follows:

STATE PERSONNEL DEPARTMENT KEY PERFORMANCE INDICATORS

KPI	Definition	Red	Yellow	Green
<i>Statewide Vacancy Rate</i>	Percentage of unfilled positions	>13	9-13	<9
<i>Benefit Plan Design</i>	Comparison of SOI total plan costs to market benchmarks	>110	86-110	≤85
<i>Centralized HR Delivery</i>	Customer satisfaction with delivery of HR Services	<70	70-84	≥85

**** SPD CHALLENGES ****

HR Services Structure

We continue to assess and evaluate the delivery of HR services now that the executive branch is fully centralized. We continue to explore ways to provide the most effective and efficient transactions for our customers and explore ways that effectively deploys our HR professionals.

We must continue to find ways to leverage and invest in new and current technology, thereby providing the most consistent, timely, and cost-effective transactional services. Likewise, with HR Directors now firmly entrenched in each major agency, we must ensure that these human capital resources are free to assist their assigned agencies in the design and execution of their respective strategic plans. We will use time in the current fiscal year to assess and recommend ways to deliver an improved, regionalized delivery system that most appropriately addresses the needs of our customers and improves the quality, depth, and breadth of HR services we offer, and that fits within an appropriate cost structure.

Benefits

With implementation of the Patient Protection and Affordable Care Act looming in 2014, all employers will face additional costs of a significant nature. In 2013, the cost for compliance and the mandate to cover contraceptives for women at 100% will result in an estimated increase of \$1 million for the 2013 plan year. In 2014, our health plans will bear the additional costs of covering part-time employees, the exchange technology fee, and the re-insurance fees to support year one operations of the health exchange. Due to late and yet to be published guidance by the Department of Health and Human Services (“HHS”) as to the exact details of these costs, it is anticipated these additional fees will cost the State of Indiana health plans between \$2.5 million and \$5.5 million in plan year 2014. This will depend on several factors and yet to be published guidance, which should become clearer as we approach 2014. SPD will continue to provide benefit administration, procurement resources for school corporations, and IT resources to maintain eligibility and audit plan activity.

SPD is also actively engaged in benefits plan and program design as a means to continue to manage the rate of increases in the overall cost of medical claims paid out by the plans. The overwhelming success of the Consumer-Driven Health Plan model has given rise to an increased demand for transparency of cost-for-services data, as plan participants seek to better leverage their healthcare resources. SPD has formed a partnership with Anthem to make such cost data available so that our plan participants will be able to make more informed decisions about their healthcare options. Concurrently, data has shown that encouraging preventative care and healthy lifestyle choices can further reduce healthcare costs to both employees and to the State. SPD is considering several wellness program alternatives including, among other options, new incentives through the plans and a State-sponsored clinic that is local to the Government Center campus and will allow employees access to high-quality, lower-cost healthcare.

Management Development

SPD's vision to transform state government into an energized, high-performance organization places accountability on managers to achieve exceptional results through their employees. Managers need to be able to translate the agency's strategic plan into meaningful and measurable objectives for their respective departments. Managers need to be able to assess the skills, strengths and weaknesses of employees, determine how the skills and strengths can best be leveraged, and how to develop skills to overcome the areas of weakness. Managers need to understand how to measure results and they need to be able to motivate their employees to achieve beyond what they believe is possible. The critical gaps will be addressed through the continuing efforts to integrate performance management into the daily fabric of State government operations.

Effective and Timely Communication with Employees

While today we can communicate directly with approximately 80% of state employees, we continue to review opportunities for improving and expanding communication to all state employees, including those without state e-mail addresses. Initiatives continue to be developed that focus on wellness, education and outreach.

Employment Branding

To attract the best talent possible, SPD must work diligently to solidify branding of the State as a high-performance organization. Pursuing awards, such as designation by the Indiana Chamber of Commerce as one of the "Best Places to Work in Indiana," can earn the State the attention of many top-tier candidates, which in turn can help add high-quality employees.

***** SPD FUNDING REQUEST *****

Since Fiscal Year 2010, the administration has utilized a three-tier approach to funding the SPD operating budget. For those functions that are statutory, globally administer statewide policy, or provide operational support to the agency, the SPD has been funded by a general fund appropriation. For dedicated (client agency specific) HR services, State Personnel's funding has been based on the Indiana Office of Technology model of interdepartmental billing. An agency that receives centralized HR services pays a monthly seat charge per position that is supported by SPD. This modified approach reduced the general fund appropriation and allocated the cost of providing HR services directly to those using State Personnel as their first tier HR services provider while preserving SPD's ability to fulfill its statutory mission to establish

personnel policies, standards, methods, and procedures for all state agencies. For dedicated Benefit Administration services, the funding has been built into the rates for the three self-insured health insurance products, thereby ensuring that the cost of administering the health plans is evenly distributed amongst those participating in the plans.

For Fiscal Years 2014 and 2015, SPD proposes an annual general fund appropriation of \$3,071,993, a proposed annual base for the HR Services internal service fund of \$9,233,732, and a proposed annual base for the Benefits Administration fund of \$1,579,340. Our primary objective these past seven years has been to centralize HR Services and Benefits Administration, thereby reducing the statewide costs associated with HR and Benefits while ensuring compliance and consistent application to both state and federal regulations pertaining to employment and benefits. Through this gradual centralization process, SPD has been able to gain additional efficiencies internally, resulting in additional savings.

We welcome the opportunity to answer any questions you may have.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel L. Hackler". The signature is fluid and cursive, with a long horizontal flourish at the end.

Daniel L. Hackler, Director