

054 - HUMAN RESOURCES DEPARTMENT

Operational Summary

Mission:

Our mission, as the County's Human Resources Department, is to foster business and customer partnerships, provide exceptional customer service, and to proactively lead in the creation and use of effective organizational systems within a dynamic and diverse environment.

Strategic Goals:

- Provide leadership in the delivery and creation of Human Resources knowledge and systems to assist County Departments in developing and achieving exceptional employee performance.
- Foster and strengthen customer and business partnerships to facilitate and enhance timely, contemporary and exceptional countywide Human Resources services.

Key Outcome Indicators:

| Performance Measure | 2006 Business Plan | 2007 Business Plan | How are we doing? |
|---|---|--|--|
| | Results | Target | |
| TIME TO HIRE What: Measurement that provides an understanding of how quickly we are able to fill a vacant position. Why: Top talent is in demand and will be lost if hiring process takes too long. | Continued implementation of NeoGov | Implement the Online Hiring Center component of the Neo-Gov system and initiate tracking of performance measures in those departments using the online component | Efforts are currently underway related to the Position Action Workflow project which includes the implementation of the Online Hiring Center which will set a foundation for this measure. |
| CUSTOMER SATISFACTION What: One measure of the responsiveness and delivery of HR programs and services. Why: Measures degree to which customers see business needs met by HR programs, services and policies. | Customer Satisfaction Survey completed. Department's customer service delivery was rated 3.29 on a scale of 1-4. | Increase overall rating to 3.5; evaluate improvement efforts with an objective of reducing performance "gaps" | Implemented August 2005 and a second survey followed in 2006; data was summarized, and gaps identified to continue efforts to improve service level. |
| PERCENT OF EMPLOYEES USING WEB FOR OPEN ENROLLMENT What: Measure to determine the extent of employee use of web for open enrollment and benefits management. Why: Employees have 24/7 benefits information access; determines educational needs to increase usage. | 55% usage. | Expect 60% usage. | Usage increased 5% in FY 2006-07. |

At a Glance:

| | |
|--|-----------|
| Total FY 2006-2007 Actual Expenditure + Encumbrance: | 3,590,165 |
| Total Final FY 2007-2008 | 4,036,838 |
| Percent of County General Fund: | 0.13295% |
| Total Employees: | 30.00 |

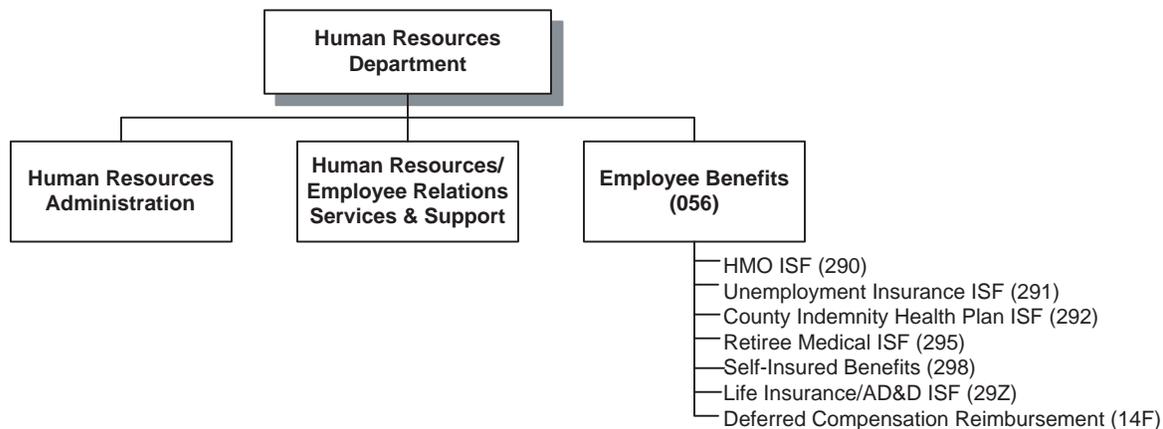


FY 2006-07 Key Project Accomplishments:

- **BENEFITS** - Transitioned the County's PPO Medical Claims Administrator and Management/Attorney Dental Claims Administrator from PacifiCare to United Healthcare to be effective January 1, 2007.
- Negotiated changes to the retiree medical program with 95% of the labor organizations. The changes significantly reduce the unfunded liability while retaining a restructured retiree medical program and promote financial stability of the program. Program remains contingent upon available funding.
- In the process of implementing the retiree medical restructuring. Implementation includes: reprogramming of the Retiree Medical Grant calculation and 1% lump sum payments, revising the Plan Document, establishing a trust to administer the Retiree Medical Program which is funded and controlled by the County and communicating the changes to current retirees.
- Developing new Health Plan options for Retirees to be effective January 1, 2008.
- Developing and implementing new Health Plan design changes for employees to be effective January 1, 2008.
- Develop and implement a comprehensive Health Care Management Program for County employees.
- Successfully implemented the new Prescription Drugs Plan Administrator for the Premier Wellwise health plan with very few transition issues for employees, retirees and their dependents.
- Successfully implemented the Medicare Part D program to obtain a subsidy from the Federal Government.
- Modified both AHRS and ACS processing to handle special 1% Health and RMIP processing for EW employees (separated prior to and after 9/30/2005).
- Successfully completed two RFP processes for Mercer Health and Welfare Consulting and the Health Care Management Program for the Countywide Wellness Initiative.
- Completed three contract renewals for Mercer Investment Consulting, Accidental Death and Dismemberment (AD&D), and Walgreens Health Initiatives (WHI).
- Established an IRC 415 Replacement Plan; benefit payments have been issued under the plan.
- Successfully transitioned the Special District, Vector Control from County provided benefits and payroll services.
- **CLASSIFICATION** - Coordinated various Classification and Compensation training opportunities for County HR staff.
- Completed the Quality Assurance Classification Project which consisted of reviewing and validating links on the Classification Web site to ensure the delivery of quality content to internal and external customers in relation to job classifications within the County.
- **RECRUITING and MARKETING** - Provided continuous development opportunities for countywide HR staff on merit system principles, best practices in selection, marketing, system navigation, etc.
- **SERVICE TEAMS** - Supported the successful negotiation of Labor Contracts including changes to the Retiree Medical Program.
- Facilitated the labor discussions required for the successful implementation of the SSA Cal-Win program.
- Provided HR 101 Training.
- Successfully implemented the HRD Service Team concept.
- Supported the Employee Housing Task Force with data/statistical analysis.
- **SYSTEMS** - Developed and launched the OCHR Portal.

- In partnership with the Auditor/Controller, through a competitive bidding process, HRD procured consultant services to assist the County in the visioning and sourcing of replacement solution(s) for the County's Human Resources and Payroll Systems.
- Implemented Personnel Action Workflow for all County but one agency (in progress) on time and within budget.
- Documented the "as is" process associated with Position Action Workflow in preparation for pilot focused on streamlined processing.
- EEO - In conjunction with the provisions of AB 1825 conducted four quarterly EEO Update training sessions for 400 newly appointed, promoted executives, managers and supervisors.
- Presented EEO Update trainings to 60 County Counsel attorneys, 180 HCA Environmental Health and 60 Correctional Medical Services employees. The Probation Department filmed the Environmental Health training session and is using the film to provide training for several hundred institutional staff.
- Coordinated a comprehensive multi-disciplined panel discussion on the interplay among ADA/FEHA, Workers Compensation, Disability Retirement and various leave laws for county human resources professionals.
- Established a comprehensive Equal Employment Opportunity library for use by all county human resources professionals.
- ORGANIZATIONAL DEVELOPMENT - Finalized and implemented 2006 Customer Service Survey in conjunction with HRIS.
- Identified service gaps and followed up with selected departments to clarify input.
- Continued monthly HR Leadership Forum meetings with insertion of HR Manager development activities and an outcome of strengthening the working relationship between corporate and department HR managers.
- Provided definition and communication of HRD's restructure to employees, Departments/Agencies and labor organizations.
- Assessed and provided recommendations regarding employee satisfaction survey; survey implemented.
- Developed, modified and implemented a training calendar in conjunction with the HR Leadership Forum and HR Manager Training.
- Participated as a part of the Strategic Focus Steering Committee and in implementing follow up to planning efforts.
- Participated and provided leadership on the Strategic Focus Planning effort Steering Committee and other working groups.

Organizational Summary



Human Resources Department - HR ADMINISTRATION: The manager of this unit serves as the Assistant to the HR Director and provides critical support on high level matters for and oversees a staff that provides direct support to the HR Director on critical projects; handles Department administrative functions including: budget, contracts, purchasing, and manages HR related programs including DOT and related Drug Testing, DMV Pull Notice, and fingerprinting.

EMPLOYEE BENEFITS: Strategic partner with the Board of Supervisors, CEO/Finance, and departments in the development of Countywide benefits strategies; manages and monitors all employee retiree benefits programs including those associated with medical, dental, disability, defined contribution, unemployment insurance and Employee Assistance Program (EAP); negotiates and oversees provider and actuarial contracts; conducts research and makes recommendations on benefits related issues, alternatives and legislation; develops, initiates and administers benefits related technical systems.

HR PROGRAMS AND SERVICES: This division includes classification, recruiting, labor relations and discipline administration with the delivery of direct service to the departmental HR management. Each of the three HRD service teams is assigned specific departments and serves as the central point of contact for consultation and support on all HR matters. Team members also coordinate strategy development and implementation with countywide functions such as EEO, County Counsel and the Auditor/Control-

ler. This Division maintains the County's classification and recruiting systems; participates in labor contract negotiations, administers the County's discipline and appeals programs, audits personnel and recruiting systems transactions for compliance with policies and procedures and manages the development, implementation and maintenance of County HR systems.

EEO: Manages compliance of County EEO policies and procedures; consults with departments on case issues and mandated disability related interactive process; provides liaison to State and Federal regulatory agencies on case resolution; counsels employees with concerns/complaints relative to EEO issues; coordinates Countywide EEO training programs; coordinates annual filing of County EEO statistics with regulatory agencies and reviews/comments on HR and EEO legislation.

ORGANIZATIONAL DEVELOPMENT AND SPECIAL PROJECTS: This function is responsible for providing consultation and support to agencies/departments on organizational and training issues. Staff to this function also keeps current on best practices in HR and employee development, disseminates information throughout the organization, and plans, organizes and coordinates the HR Leadership Forum and training and development of HR professionals throughout the County. Finally, staff to this function manages special projects which often transcend departmental lines and include developing the project work plan, assigning work activities, and reviewing and evaluating work products, methods and procedures.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- FY 04/05 - As a result of the CEO reorganization, the Human Resources function and an accompanying 20 positions (plus 11 Employee Benefits positions) formed the new department in FY 04-05.
- FY 05/06 - In July 2005, the human resources and employee relations functions were consolidated under one organizational structure to better align resources and functions to improve service delivery. The restructure resulted in a net increase of 9 positions.
- FY 06/07 - An Administrative Manager II position was added to serve as the Project Manager for the HR and Payroll Visioning Project.

Budget Summary

Plan for Support of the County's Strategic Priorities:

The Human Resources Department will support the County's strategic priorities through leveraging department personnel's core competencies and efforts towards enhancing customer service delivery and positioning the county as an employer of choice. Specifically, HRD will:

1) Enhance and implement a more robust technology platform

Conduct strategic evaluation of Orange County's Human Resources and Payroll business functions, provide recommendations for improvement of business processes and source a best practices solution. This pursuit of a value driven replacement strategy for the County's Personnel and Payroll systems will be in partnership with the Auditor/Controller's Office, CEO/IT and CEO/Finance.

Conduct a Pilot Project with the Social Services Agency that is focused on streamlining and automating the entry and approval of position actions on a countywide basis.

2) Further develop and measure customer service delivery

Implement a Benefits Satisfaction Survey to get feedback from County employees and retirees on the quality of service they receive from the Benefits Center.

Champion the use of County's online recruiting system workflow functionality in order to capture time-to-hire data.

3) Strengthen the County's position as an "Employer of Choice"

Update PPO plan documents and bring them up to industry standards for self-insured PPO health plans.

Restructure retiree benefits and review available retiree health plan options to help mitigate the rising costs of retiree medical rates.

Complete a compensation study/survey to identify how the total compensation package of Orange County employees compares with total compensation of alternative sources of employment.

Focus on recruitment processing efficiencies to speed up the hiring process thereby providing greater opportunities to market the County as an Employer of Choice.

Changes Included in the Base Budget:

The Human Resources Department has not added any new programs. To keep costs down for FY 07-08, the department reviewed and consolidated staff memberships, subscriptions, and attendance/participation in professional seminars/conferences.



Final Budget History:

| Sources and Uses | FY 2005-2006 | FY 2006-2007 | FY 2006-2007 | FY 2007-2008 | Change from FY 2006-2007 | |
|--------------------|----------------|-------------------------|--|--------------|--------------------------|---------|
| | Actual Exp/Rev | Budget As of 6/30/07 | Actual Exp/Rev ⁽¹⁾ As of 6/30/07 | Final Budget | Actual Amount | Percent |
| Total Positions | 29 | 30 | 30 | 30 | 0 | 0.00 |
| Total Revenues | 45,360 | 6,000 | 11,279 | 6,000 | (5,279) | -46.80 |
| Total Requirements | 3,120,762 | 4,084,545 | 3,480,140 | 4,036,838 | 556,698 | 16.00 |
| Net County Cost | 3,075,402 | 4,078,545 | 3,468,861 | 4,030,838 | 561,977 | 16.20 |

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2006-07 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Human Resources Department in the Appendix on page A61

Highlights of Key Trends:

- A challenge that the Human Resources Department is continuously faced with is the shrinking talent pool in a highly competitive labor market. This trend is expected to continue and intensify over the next decade. In 2007, to recruit, develop and retain a talented County workforce, the HRD will complete a compensation study/survey to identify how the total compensation package of Orange County employees compares with the total compensation of alternative sources of employment. The HRD will also negotiate labor contracts with different labor organizations representing county employees.
- In addition, HRD/Employee Benefits will launch a number of initiatives in the coming year, including the development of a Health Benefits Committee comprised of representatives from labor organizations and County

leadership whose purpose will be to explore and recommend health plan design changes, new health plans and health care programs. HRD/Employee Benefits will also work with Retired Employees Association of Orange County (REAOC) to mitigate the impact of the January 2008 splitting of the health plan premiums. A Health Savings Account program will also be developed and implemented to provide additional options for employees to plan for and address the rising cost of health care premiums.

- To enhance efficiency and customer service delivery, the HRD, through the Human Resources and Payroll Visioning Project will kick off efforts towards implementation of the personnel and payroll portion of the CAPS upgrade project.

Budget Units Under Agency Control:

| No. | Agency Name | Human Resources Department |
|-----|--|----------------------------|
| 054 | Human Resources Department | 4,036,838 |
| 056 | Employee Benefits | 2,683,782 |
| 14F | Deferred Compensation Reimbursement (HR) | 1,961,238 |
| 290 | Health Maintenance Organization Health Plans ISF | 105,504,472 |
| 291 | Unemployment Insurance Internal Service Fund | 9,735,385 |
| 292 | Self-Insured PPO Health Plans ISF | 89,420,736 |
| 295 | Retiree Medical Internal Service Fund | 81,049,308 |
| 298 | Self-Insured Benefits Internal Service Fund | 11,788,644 |
| 29Z | Life Insurance Internal Service Fund | 3,350,333 |
| | Total | 309,530,736 |

054 - Human Resources Department

Summary of Final Budget by Revenue and Expense Category:

| Revenues/Appropriations | FY 2005-2006 | | FY 2006-2007 | | FY 2007-2008 | | Change from FY 2006-2007 | |
|---------------------------|---------------------|-------------------------|--|---------------------|-------------------|---------------|--------------------------|--|
| | Actual Exp/Rev | Budget As of 6/30/07 | Actual Exp/Rev ⁽¹⁾ As of 6/30/07 | Final Budget | Actual Amount | Percent | | |
| Charges For Services | \$ 44,610 | \$ 2,000 | \$ 9,654 | \$ 2,000 | \$ (7,654) | -79.28% | | |
| Miscellaneous Revenues | 750 | 4,000 | 1,625 | 4,000 | 2,375 | 146.09 | | |
| Total Revenues | 45,360 | 6,000 | 11,279 | 6,000 | (5,279) | -46.80 | | |
| Salaries & Benefits | 2,600,276 | 2,945,649 | 2,929,285 | 3,232,007 | 302,722 | 10.33 | | |
| Services & Supplies | 611,505 | 1,373,010 | 900,044 | 1,122,257 | 222,213 | 24.69 | | |
| Intrafund Transfers | (91,019) | (234,114) | (349,188) | (317,426) | 31,762 | -9.10 | | |
| Total Requirements | 3,120,762 | 4,084,545 | 3,480,140 | 4,036,838 | 556,698 | 16.00 | | |
| Net County Cost | \$ 3,075,402 | \$ 4,078,545 | \$ 3,468,861 | \$ 4,030,838 | \$ 561,977 | 16.20% | | |

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2006-07 Actual Expenditure + Encumbrance included in the "At a Glance" section.