

# Executive Summary

The following is a general overview of the structure of state human resource management agencies and any plans for restructuring those agencies. The central human resource agency in each state was invited to take the survey and out of those 50, 41 states responded, giving a response rate of 82 percent.

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## Over Which Agencies do State HR Agencies Have Authority?

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Out of the 41 respondents, 100 percent of them report having authority over the executive branch. The least represented were the legislative branch (4.8% - Utah and Vermont) and the judicial branch (7.3% - New Jersey and Vermont) having authority over those workers. Nearly 22 percent of state HR agencies have authority over higher education employees, whereas 19.5 percent of state HR agencies have authority over quas-state agencies. Nearly 10 percent of state HR agencies reported authority over other employee groups.

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## Under What Authority Are State HR Agencies Created?

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The most common source for authorizing state HR agencies is statute. Eighty-eight percent of respondents reported that their state's HR agency is created by statute. The next most common authorization comes from the constitution (19 percent). Five percent reported that they are created by executive order and another 2 percent report being created through other means.

Note that some states reported having more than one source of authority. These are: Alabama, Alaska, Nevada and New York (constitutional and statute); Kentucky (statute and executive), Missouri (constitutional and statute), and Pennsylvania (statute and "other").

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## How Are the State HR Agencies Funded?

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Sixty-two percent of respondents answered that they are funded with state general funds and 49 percent reported that they receive funding through agency transfers. Twenty-three percent also listed other sources of funding. Thirty-two percent of the respondents receive funding from multiple sources.

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## How is HR Leadership Selected?

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Eighty-five percent of respondents stated that the head of their central HR agency is appointed. Of those, 66 percent stated that the agency head is appointed by the Governor, 17 percent are appointed by an agency head, and 11 percent are appointed by a board or commission. By a far majority, agency directors are unclassified (80 percent).

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## How Many Employees are in the HR Agencies?

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Staffing levels in central agencies will vary depending on the service delivery model. Those with a heavily centralized structure will likely have more employees than those with a heavily decentralized structure.

The average number of employees in the central HR agencies is 132 with the greatest number being Pennsylvania, with 777 employees, and the lowest being Maine, with 0 employees, and North Dakota, with 13 employees.

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Note that Pennsylvania is quite a large number, with the next two largest workforces being Connecticut (582) and Michigan (451) workers. If we remove the very large number that Pennsylvania provides from the sample we find a better representation of the typical workforce size to be 109 workers.

The average number of employees that are in operating agencies that are supported by the central HR agency is 526. However, the numbers are skewed by the very large response of Ohio. Ohio reports 7,500 workers, and the next two highest are Virginia (1,000) and New York (1,012). Furthermore, there are six states that list zero employees (California, Massachusetts, Minnesota, Mississippi, South Dakota and Vermont). Removing respondent's zero answers as well as the high numbers reported by Ohio, Virginia and New York, a closer representation of the average number of workers is found in operating agencies that are supported by the central HR - around 283 employees.

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### Who Do the HR Agencies Represent?

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The average number of employees that state HR agencies provide services for are 36,836 classified workers and 11,977 unclassified workers. There is also an average of 5,484 employees that fall into other categories such as seasonal workers, temporary workers, etc. among the respondents. This makes for an average of 54,297 total employees that state HR agencies support.

The respondent with the largest number of employees is California with 205,330 total employees (classified plus unclassified), and the respondent with the fewest total of employees is North Dakota with a reported 7,700 employees.

The most common employee that a state HR represents is executive branch employees with ALL respondents reporting that they serve this category of workers. The degree of representation of all other employees is similar, with 20 percent of respondents representing judicial employees, 22 percent representing the categories of higher education, and 16 percent serve legislative employees. Thirty-one percent serve quasi-state employees. About 12 percent stated that they represented "other" employee categories as well.

The number of operating agencies that the HR provides services for is, on average, 82. The New Jersey HR agency reported 443 agencies, by far the largest number (the next largest were Louisiana and Virginia, which provide for a little more than half the number of agencies that New Jersey provides services for). If you remove the very large representation of New Jersey you get a less skewed average of 73 agencies being represented.

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### Labor Relations

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When looking at all states, the average number of unionized workers is 44 percent – up from 39 percent in the 2014 Survey. The average number of unionized workers for just those states that have any union workers at all is 74 percent.

Within those states that are unionized the average number of contracts that are bargained is 14.

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### Centralization of HR Services

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It is not common for a state to completely or mostly centralize HR responsibilities, nor is it common for a state to completely or mostly decentralize its responsibility for a given area. Instead, it is more often the case that responsibilities are split between the central HR and operating agencies or given over to be handled by a completely different agency.

Seven times the category of split responsibility was the largest percent for a category, and seven times the

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largest category was having a different central agency handle the responsibility. This latter category, however, also had the highest occurrence of zero states using this method, making split or shared responsibility much more common than having a different central agency handle the responsibility.

## Centralization of Administrative Functions

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Along with centralization of responsibilities for various activities, the survey also looks at whether or not HR agencies are centralized with regards to administrative functions.

The survey shows that HR agencies are most often consolidated in information technology (68 percent of the respondents are consolidated in IT; that number was 55 percent in 2011). The next most common administrative function that HR agencies are consolidated in is procurement at 63 percent (a HUGE jump from 2011 survey results of only 27 percent). Fiscal functions are centralized 38 percent of the time (in 2011 that number was 18 percent) and facilities services are consolidated for 61 percent of respondents (in 2011 that number was 18 percent). Forty-one percent are consolidated with administrative services regarding budget (2011's number was 15%).

2011's Survey results indicated information technology is where most states were looking to centralize administrative functions; 36 percent of respondents answered that their central HR agency was exploring possibilities of centralizing IT. From the 2017 survey results we can see the jump from 55 percent centralization in 2011 to 68 percent today.

Additionally, in 2011, fifteen percent of respondents were looking at consolidating in fiscal and procurement functions, and 12 percent are considering consolidation in budget and other functions. 2017's results certainly show success in these efforts. The least considered administrative function considered in 2011 was facilities at a rate of nine percent, but today's numbers are now 41% of states consolidating those functions.

## Restructuring Initiatives

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Restructuring process improvement is by far the most popular reform initiative in the last 2 years, as 19 states have undergone this in the last two years. Consolidation and outsourcing were distant seconds in the last two years, with only six states undergoing initiatives in these areas.

As far as initiatives within the last 3-7 years, 27 states report undergoing restructuring in the areas of consolidation (10 states), shared services (nine states) and centralization (eight states).

In terms of cost savings; it is difficult to tell. Many HR agencies did not respond to this question, or replied "unknown" mostly due to lack of data on the subject. As such, any attempt to analyze these figures would likely yield misleading conclusions.