



2011

HR Architecture Survey

Summary

NASPE HR Architecture Survey 2011

The following is a general overview of the structure of state human resource management agencies and past and future plans for restructuring those agencies. The central human resource agency in each state was invited to take the survey and out of those 50, 33 states responded giving a response rate of 66 percent.

With states struggling with significant financial shortfalls, organizational structure and service delivery models are being closely reviewed to achieve efficiencies as states are being forced to provide services with less resources.

Over Which Agencies do State HR Agencies Have Authority?

Out of the 33 respondents almost 100 percent of them report having authority over the executive branch (with the only state not having authority over the executive branch being Arkansas). The least represented were the legislative and judicial branches with only 6 percent of state HR agencies (Montana and New Jersey) having authority over those workers. Twenty-eight percent of state HR agencies have authority over higher education employees whereas 19 percent of state HR agencies have authority over quasi-state agencies. Twelve percent of state HR agencies reported authority over other employee groups.

Under What Authority Are State HR Agencies Created?

The most common source for authorizing state HR agencies is statute. Eighty-five percent of respondents reported that their state's HR agency is created by statute. The next most common authorization comes from the constitution (24 percent). Six percent reported that they are created by executive order and another 6 percent report being created through other means. Note that some states reported having more than one source of authority. These are Alabama (constitutional and statute), Delaware (statute and executive), Louisiana (constitutional and statute), Missouri (constitutional and statute), New Jersey (constitutional and statute), New Hampshire (statute and "other"), and Pennsylvania (executive order and "other").

How Are the State HR Agencies Funded?

Seventy-six percent of respondents answered that they are funded with state general funds and 33 percent reported that they receive funding through agency transfers. Thirty-three percent also listed other sources of funding. Almost half (47 percent) of the respondents receive funding from multiple sources.

States Responding to the Survey

Alabama

Alaska

Arkansas

California

Colorado

Connecticut

Delaware

Florida

Georgia

Illinois

Indiana

Louisiana

Maine

Massachusetts

Michigan

Missouri

Montana

Nebraska

Nevada

New Hampshire

New Jersey

North Carolina

North Dakota

Oklahoma

Pennsylvania

South Carolina

Tennessee

Utah

Virginia

Washington

West Virginia

Wyoming

U.S. Virgin Islands

How is HR Leadership Selected?

Eighty-eight percent of respondents stated that the head of their central HR agency is appointed. Of those, 62 percent stated that the agency head is appointed by the Governor, 27 percent are appointed by an agency head, and 10 percent are appointed by a board or commission. By a far majority, agency directors are unclassified (84 percent) .

How Many Employees are in the HR Agencies?

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 121 with the greatest number being Illinois with 1338 employees and the lowest being Connecticut with 10 employees and North Dakota with 12 employees. Note that Illinois is quite a large number, with the second two largest workforces being California and New Jersey which reported only 200 workers (New York is also likely to be very large but they did not respond to the survey). If we remove the very large number that Illinois provides from the sample we find a better representation of the typical workforce size to be 71 workers.

The average number of employees that are in operating agencies that are supported by the central HR agency is 396. However, the numbers are skewed by the very large response of California. California reports 2,900 workers where Washington, the next largest respondent, reports 850 workers, less than half of what California reports. Furthermore, there are two states that list zero employees (Alaska and Connecticut). So a closer representation of the average number of workers in operating agencies that are supported by the central HR is around 330 employees.

Who Do the HR Agencies Represent?

The average number of employees that state HR agencies provide services for are 41,869 classified and 8,808 unclassified. There is also an average of 2,169 employees that fall into other categories among the respondents. This makes for an average of 52,846 total employees that state HR agencies support. The respondent with the largest number of employees is California with 200,000 employees, and the respondent with the fewest employees is Connecticut with a reported 1,600 employees.

The most common employee that a state HR represents is executive branch employees with 32 of 33 respondents reporting that they serve this category of workers. The degree of representation of all other employees is about equal, with 31 percent of respondents representing judicial employees, and 28 percent representing the categories of higher education, legislative, and quasi-state employees. About 16 percent stated that they represented “other” employee categories as well.

The number of operating agencies that the HR provides services for is, on average, 79. The New Jersey HR agency reported 442 agencies, by far the largest number (the next largest were California, Oklahoma, and Virginia, all providing for less 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 67 agencies being represented.

Labor Relations

When looking at all states, the average number of unionized workers is 39 percent. The average number of unionized workers for just those states that have any union workers at all is 80 percent. Within those states that are unionized the average number of contracts that are bargained is 19. Although, Montana reports a large amount of 65 contracts that are bargained for compared to the next largest number of 30 bargained contracts in Connecticut and Delaware. Therefore, the more typical number of contract that are bargained would be around 16 contracts on average.

Centralization of HR Services

Table 1 in Appendix A contains information functional HR responsibilities that can fall under the domain of the central HR agency; and if those responsibilities are delegated to other agencies. What this survey data tells us is that it is not common for a state to completely or mostly centralize the responsibility for a given area, 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 (eight times the category of split responsibility was the largest percent for a category, and 7 times the 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). Also, half the time responsibilities are completely or mostly retained by the central HR agency when compared with the frequency of splitting or sharing responsibility with other operating agencies (four times it was the largest percentage in a category compared with eight times for splitting responsibility). So, more often than not, central HR agencies adopt a sharing of responsibilities with other agencies.

Centralization of Administrative Functions

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 (55 percent of the respondents are consolidated in IT). The next most common administrative function that HR agencies are consolidated in is procurement at 27 percent. Both fiscal and facilities services are consolidated for 18 percent of respondents and 15 percent are consolidated with administrative services regarding budget. Nine percent of respondents stated that they are consolidated in other administrative areas as well.

Likewise, information technology is where most starts are looking to centralize administrative functions. 36 percent of respondents answered that their central HR agency is exploring possibilities of centralizing IT. Fifteen percent of respondents are also looking at consolidating in fiscal and procurement functions, and 12 percent are considering consolidation in budget and other functions. The least considered administrative function being considered is facilities at a rate of nine percent.

Restructuring Initiatives

The trend appears to be favored in centralization, consolidation, and process improvement as these areas generally have the highest proportion of agency participation (usually around 30 percent). Decentralization appears to be the least popular restructuring initiative, with only 15 percent of respondents implementing it in the last 3-7 years, followed by six percent of respondents implementing decentralization in the past 2 years, and only 3 percent of respondents are considering implementing decentralization in the near future.

In terms of cost savings; it is difficult to tell. Many HR agencies did not respond to this question, mostly due to lack of data on the subject. Only six agencies reported cost savings for past restructuring initiatives and only three agencies reported estimated savings for future restructuring initiatives. As such, any attempt to analyze these figures would likely yield misleading conclusions.

APPENDIX A

Table 1: HR Function Responsibilities

Note: not all values add up to 100 due to rounding, and not all percentages are based on the same number of states as not all states responded to all parts of this survey. Highest percentage is highlighted.

| Functional Areas | Completely or mostly centralized in the HRM | Responsibilities are split with the central HRM and the operating agencies | Completely or mostly decentralized to the operating agencies | Handled by a central agency other than the central HRM |
|--------------------------|---------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------|
| HR Policy Development | 25 states, 78% | 7 States, 22% | 0 States | 0 States |
| Classification | 19 States, 59% | 12 States, 38% | One State, 3% | 0 States |
| Compensation | 20 States, 63% | 9 States, 28% | 2 States, 6% | 1 State, 3% |
| Employee Benefits | 13 States, 41% | 6 States, 19% | 2 States, 6% | 11 States, 34% |
| Workforce Planning | 5 States, 16% | 19 States, 59% | 8 States, 25% | 0 States |
| Training And Development | 3 States, 9% | 25 States, 78% | 4 States, 13% | 0 States |
| Labor Relations* | 9 States, 35% | 10 States, 38% | 3 States, 12% | 4 States, 15% |
| Recruitment | 6 States, 19% | 17 States, 53% | 9 States, 28% | 0 States |
| Testing | 14 States, 47% | 7 States, 23% | 8 States, 27% | 1 State, 3% |
| Retirement | 5 States, 16% | 0 States | 2 States, 6% | 25 States, 78% |
| Payroll | 7 States, 22% | 8 States, 25% | 3 States, 9% | 14 States, 44% |
| Health Insurance | 13 States, 41% | 2 States, 6% | 1 States, 3% | 16 States, 50% |
| Training | 3 States, 9% | 24 States, 75% | 5 States, 16% | 0 States |
| Workers Compensation | 4 States, 13% | 6 States, 19% | 3 States, 9% | 19 States, 59% |
| EEO | 7 States, 22% | 13 States, 41% | 7 States, 22% | 5 States, 16% |
| Employment Relations | 7 States, 22% | 14 States, 44% | 8 States, 25% | 3 States, 9% |
| Performance Management | 4 States, 13% | 20 States, 63% | 8 States, 25% | 0 States |
| EAP | 9 States, 28% | 5 States, 16% | 3 States, 9% | 15 States, 47% |
| Unemployment | 1 State, 3% | 7 States, 22% | 4 States, 13% | 20 States 63% |
| Safety | 1 State, 3% | 7 States, 22% | 15 States, 47% | 9 States, 28% |
| Wellness | 6 States, 19 | 9 States, 28 | 5 States, 16 | 12 States, 38 |
| Other | 0 States | 1 State | 0 States | 1 State |

| Table 2.1 Respondents Engaged in Restructuring Initiatives in the Past Two Years. | | | | | | | |
|--------------------------------------------------------------------------------------|----------------|------------------|-------------|---------------|-------------|---------------------|-------|
| Shared Services | Centralization | Decentralization | Realignment | Consolidation | Outsourcing | Process Improvement | Other |
| 30% | 30% | 6% | 15% | 24% | 15% | 33% | 9% |

| Table 2.2 Respondents Engaged in Restructuring Initiatives in the Past 3-7 Years | | | | | | | |
|-------------------------------------------------------------------------------------|----------------|------------------|-------------|---------------|-------------|---------------------|-------|
| Shared Services | Centralization | Decentralization | Realignment | Consolidation | Outsourcing | Process Improvement | Other |
| 36% | 30% | 15% | 9% | 30% | 12% | 27% | 0% |

| Table 2.3 Respondents Considering Restructuring Initiatives | | | | | | | |
|----------------------------------------------------------------|----------------|------------------|-------------|---------------|-------------|---------------------|-------|
| Shared Services | Centralization | Decentralization | Realignment | Consolidation | Outsourcing | Process Improvement | Other |
| 41% | 44% | 3% | 19% | 50% | 19% | 28% | 0% |