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State Employee Benefits Coordination (Office of State Employment Relations)

[LFB 2013-15 Budget Summary: Page 357, #4]

CURRENT LAW

The Office of State Employment Relations (OSER) was created in the 2003-05 biennial budget to replace the former Department of Employment Relations. Under current law, OSER provides support to other state agencies in human resources management, oversees the state civil service system, negotiates state labor contracts, manages labor relations, and leads the state's affirmative action and equal opportunity employment programs.

The Office is provided base funding of $5,643,100 PR and 48.65 PR positions, as follows: (a) $5,139,500 PR and 46.95 PR positions for general program operations; and (b) $503,600 PR and 1.7 PR positions in several other program revenue appropriation accounts relating to small employment relations programs. The OSER appropriation account for general program operations is funded from moneys received from state agencies for employment relations materials and services provided by OSER.

GOVERNOR

Provide $41,100 PR in 2013-14 and $54,800 PR in 2014-15 in supplies and services funding for work on the coordination of state employee benefits.

DISCUSSION POINTS

1. Administration officials indicate that the coordination function proposed under the bill is intended to: (a) provide senior policy advice to OSER and the administration regarding employee benefits planning; (b) assist the state, in its role as an employer, regarding issues of fringe benefits for state employees, including leave policies; (c) act as the administration's primary liaison

with the Department of Employee Trust Funds (ETF) and the Group Insurance Board regarding the design, coordination, and modification of fringe benefits for state employees, including cost sharing; and (d) coordinate the state's role as an employer with ETF, agency human resource personnel, and employee groups, regarding state employee health plans, optional benefits paid for by employees, consumer directed health care initiatives, and other related fringe benefit programs.

2. Funding for this function was not requested by OSER in its 2013-15 biennial budget request. According to officials, the concept grew out of discussions between ETF and the Governor's office concerning the development of policy in the area of employee benefits. This is an area that has been, and is expected to continue to be, evolving in response to a changing environment and new approaches to the provision of benefits. Agreement was reached concerning the need for the administration to coordinate a diverse range of information into more focused policy initiatives and directives.

3. Both OSER and DOA budget officials indicate that OSER does not currently have staff expertise with respect to fringe benefit and insurance issues that are currently evolving in both the public and private sectors. The development of policy initiatives in these areas require this expertise, as well as an ability to work closely with state agencies, particularly DOA, ETF, and the Commissioner of Insurance. The proposed coordination function appears to be a reasonable enhancement of the state's human resources system. Further, administration, OSER, and ETF officials indicate OSER would be the appropriate agency to house this function.

4. According to the administration, the amounts provided in the bill ($41,100 PR in 2013-14 and $54,800 PR in 2014-15) are intended to supplement funding in the agency's base associated with a vacant position. These base resources and the amounts provided in the bill are intended to provide total funding of $100,700 PR in 2013-14 and $134,200 PR in 2014-15 for the initiative. This level of funding, if applied to a state position, would support an annual salary of up to $100,000, plus fringe benefits. [The 2013-14 funding would be provided for a nine-month period.]

5. A calculation error relating to the 2013-14 funding has been identified and, in order to provide these total funding amounts ($100,700 PR in 2013-14 and $134,200 PR in 2014-15), only $21,200 PR would need to be provided in 2013-14 (a reduction to the bill of $19,900 PR). [Alternative 2]

6. The funding would be provided to OSER's general program operations appropriation account, which is funded from moneys received from state agencies for employment relations services provided by OSER. State agencies would, therefore, be paying for this coordination work.

7. The funding under the bill would be provided on the supplies and services line in OSER's appropriation account for general program operations. Administration officials indicate that this was done to allow OSER to determine at a later date whether the coordination work would be performed by utilizing a reallocated vacant position or by hiring a contractor.

8. As noted above, the work contemplated by the coordination initiative would require an adequate level of expertise in the provision of employee benefits in a large, complex employment

system. The work would also require strong facilitation and communication skills to coordinate the policy initiatives and directives of the administration with state agencies and employees in general and with ETF, OSER, OCI in particular.

9. Arguably, this type of work would be better performed by a state employee than a contracted vendor. Vendors may be short-term consultants asked to provide input on specific issues, but with a limited basis of knowledge of, and experience with, state government. The vendors utilized in this capacity could also change over time, making consistent practice and relationships with state personnel and agencies difficult to maintain.

10. If the coordinator is an employee of OSER, he or she could develop and maintain ongoing relationships with agency personnel and would develop a basis of knowledge and experience of state operations that likely could not be matched by a vendor, or series of vendors. It could argued that effective coordination in this situation requires a steady, consistent presence over an extended period of time.

11. Two options to utilize a state employee for this work could be considered: a classified or unclassified position. A classified position could be authorized as a general position under the OSER pay schedules, which includes nonrepresented positions relating to management, supervision, coordination, or confidential work. The advantage of a classified position is that the occupant may remain in the position for an extended period of time, which could result in the knowledge, experience, and close working relationships that could be viewed as essential to the coordination function. [Alternative 3]

12. The Committee could also consider an unclassified position. An unclassified position would be appointed by the appointing authority, in this case the OSER Director. It is common for the OSER Director to be replaced when a new Governor is elected. It follows that an unclassified benefits coordinator could also be replaced accordingly. This option could have the potential of losing some level of knowledge, experience, and working relationships as the position changes incumbents, but it may have an advantage in ensuring the benefit coordination function is responsive to each Governor's policy interests. [Alternative 4]

13. The initiative, while potentially addressing important and complex issues, could also be viewed as not well developed at this time. This is evidenced by the fact that the administration has not yet decided whether a position or vendor should be utilized for the initiative, and the stated goals for the coordination function are only articulated on a general level. A detailed program plan for the initiative could be developed before the Committee appropriates funding for this function. The Committee could delete the provision. [Alternative 5]

ALTERNATIVES

1. Approve the Governor's recommendation to provide $41,100 PR in 2013-14 and $54,800 PR in 2014-15 in supplies and services funding for work on the coordination of state employee benefits. [The provision allows OSER to hire a position for this work or contract for these services.]

2. Modify the Governor's recommendation by deleting $19,900 PR in 2013-14 to correct the calculation for the funding needed in 2013-14.

ALT 2	Change to Bill Funding
PR	- $19,900

3. Modify the Governor's recommendation by requiring that the benefit coordination function be performed by a nonrepresented classified employee, and delete $19,900 PR in 2013-14 to correct the calculation for the funding needed in 2013-14.

ALT 3	Change to Bill Funding
PR	- $19,900

4. Modify the Governor's recommendation by requiring that the benefit coordination function be performed by an unclassified employee, and delete $19,900 PR in 2013-14 to correct the calculation for the funding needed in 2013-14.

ALT 4	Change to Bill Funding
PR	- $19,900

5. Delete provision.

ALT 5	Change to Bill Funding
PR	- $95,900

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