

**OFFICE OF HUMAN RESOURCES
FISCAL YEAR 2018 BUDGET TESTIMONY
APRIL 25, 2017**

INTRODUCTION

Good Afternoon, President Clarke and Members of City Council. I am Pedro Rodriguez, Director of Human Resources. Joining me today are key members of my Senior Team. I am pleased to provide testimony on the Office of Human Resources' Fiscal Year 2018 operating budget.

DEPARTMENT MISSION & PLANS

Mission: Under the guidance of the Civil Service Commission, the Office of Human Resources (OHR) works to attract, select, and retain a qualified, diverse, and effective workforce to support the goals of the City. OHR accomplishes its Core Mission by administering the City's Civil Service system, whose purpose is to create and maintain workforce management programs based on merit principles governing the hire, promotion, demotion, transfer, lay-off, separation and discipline of City employees. OHR classifies and determines equitable pay rates for all civil service jobs; develops and administers examinations for candidates for City employment; establishes ranked lists of qualified candidates for hire and promotion; creates and adjusts civil service regulations as city programs, employment law and bargaining agreements change; leads and guides departmentally-based human resource managers; and develops and manages a competitive yet cost-effective benefits program for non-union employees and union-represented employees who opt-in.

Until mid-FY17, OHR provided generalist HR services such as workforce planning, staffing, transactions processing and payroll to eight agencies through a centralized model. This pilot was dissolved during FY17 and these functions were transferred from OHR back to the departments in in FY17.

During FY17, OHR created a Job Interest Form for Civil Service Positions on our website where applicants can be notified when a specific job title is going to be announced. Applicants can search for a specific job title, fill out contact information and be notified via email when the City of Philadelphia is announcing that title.

OHR is also responsible for the strategy, legal compliance and administration of the City Administered Health Benefits program. In FY17 the program met all federal compliance mandates associated with the implementation of the Affordable Care Act (ACA) including the distribution of 1095-C forms to 40,000 employees along with the Health and Human Services notification related to non-discrimination in health benefits based upon race, color, national origin, sex or disability.

OHR also sponsors activities designed to help employees get healthy and stay healthy. The wellness program increases employee knowledge of the health plan, enabling them to be informed consumers making better health choices. In 2016, over 700 employees attended wellness seminars on such topics as "Eat Healthy on a Budget" and "How to Become Smart Consumers of your

Dental Benefits.” A bimonthly newsletter was launched to provide ongoing communication and education programming.

The wellness program also requires employees to perform specific wellness activities in order to receive a discount on their employee contributions. A spousal/life partner participation requirement was added in 2015. In 2016, the plan achieved a 43.56% compliance total (inclusive of spouses), a 4.2% improvement over 2015. This achievement places the City of Philadelphia above the national average for wellness programs, which is between 35% and 38%.

The cost of the City’s pharmacy benefit has increased by 3%, linked to an increased number of prescriptions per member. The City manages costs through implementation of various strategies such as use of a drug formulary, and targeted management of specialty, opioid and maintenance drugs. City dispensing rates for generic drugs is 84.8%, better than our peer groups. From a maintenance drug perspective, 80% of our members receive their medication renewals within the required time limits.

Plans for Fiscal Year 2018:

- Implement New Procedures for Alternate Job Placement for Employees with Disabilities: OHR plans to list the new regulations for approval in early FY18 and guide the implementation as it rolls out during FY18 and FY19.
- Implement New Test Management System (TMS) for Multiple Choice Written Exams: OHR currently uses proprietary software to develop, classify and store multiple choice questions for written examinations. In FY17, a replacement was purchased which is more compatible with the City’s network, offers better data analysis functions and facilitates on-line testing.
- Family and Medical Leave Act: OHR will be issuing an updated City procedures manual on the Family and Medical Leave Act to reflect updated software systems used for employment transactions and will provide training to City HR staff.
- New Retiree Wellness Program: The retiree population accounts for a large amount of the medical spend of the City Administered Plan. In 2017, the wellness program was rolled out to include all non-Medicare retirees as well as their non-Medicare eligible spouses/life partners. The timing of retiree participation correlates with the six-year anniversary of the wellness program so that new retirees would have participated as active employees. The benefit of retiree inclusion will be early detection of high risk, the ability to understand medical and pharmacy adherence as well as access to coaching support.

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Staff Demographics Summary (as of December 2016)				
	Total	Minority	White	Female
Number of Full-Time Staff	86	65	20	58
Number of Civil Service-Exempt Staff	8	4	4	6
Number of Executive Staff (deputy level and above)	8	5	3	5
Average Salary, Full-Time Staff	\$61,235	\$58,746	\$69,327	\$59,441
Average Salary, Civil Service-Exempt Staff	\$117,280	\$131,324	\$103,236	\$114,265
Average Salary, Executive Staff	\$136,360	\$144,301	\$122,648	\$128,118
Median Salary, Full-Time Staff	\$49,321	\$43,607	\$65,037	\$45,000
Median Salary, Civil Service-Exempt Staff	\$122,648	\$122,648	\$122,648	\$122,648
Median Salary, Executive Staff	\$122,648	\$122,648	\$122,648	\$122,648

Employment Levels (as of December 2016)		
	Budgeted	Filled
Number of Full-Time Positions	90	86
Number of Part-Time Positions	-	-
Number of Civil-Service Exempt Positions	8	8
Number of Executive Positions (deputy level and above)	8	8
Average Salary of All Full-Time Positions	\$63,021	\$61,235
Median Salary of All Full-Time Positions	\$49,156	\$49,321

General Fund Financial Summary by Class						
	FY16 Original Appropriations	FY16 Actual Obligations	FY17 Original Appropriations	FY17 Estimated Obligations	FY18 Proposed Appropriations	Difference: FY18-FY17
Class 100 - Employee Compensation	\$5,399,621	\$5,313,085	\$5,403,578	\$5,445,883	\$4,983,106	(\$462,777)
Class 200 - Purchase of Services	\$964,070	\$863,348	\$952,070	\$931,630	\$959,070	\$27,440
Class 300 - Materials and Supplies	\$65,582	\$50,698	\$65,582	\$65,582	\$65,082	(\$500)
Class 400 - Equipment	\$4,350	\$3,214	\$4,350	\$4,350	\$4,350	\$0
Class 500 - Contributions	\$0	\$0	\$0	\$0	\$0	\$0
Class 700 - Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	\$0	\$0	\$0	\$0	\$0	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0	\$0
	\$6,433,623	\$6,230,345	\$6,425,580	\$6,447,445	\$6,011,608	(\$435,837)

Professional Services Contracts Summary						
	FY12	FY13	FY14	FY15	FY16	FY17 YTD (Q1 & Q2)
Total amount of contracts	\$355,819	\$412,800	\$443,042	\$352,000	\$509,110	\$383,405
Total amount to M/W/DSBE	\$37,500	\$61,250	\$50,000	\$80,000	\$63,460	\$50,000
Participation Rate	11%	15%	11%	23%	12%	13%

M/W/DSBE Contract Participation Goal			
	FY16	FY17	FY18
M/W/DSBE Contract Participation Goal	15%	20%	20%

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2018 General Fund budget totals \$6,011,608, a decrease of \$435,837 over Fiscal Year 2017 estimated obligation levels. This decrease is due to the transfer of nine employees formerly providing HR services to eight agencies in a centralized service model back to those agencies. Additionally, the EEO and training functions have been reassigned to the Mayor's Office of Labor Relations; three staff will be transferring in July.

The proposed budget includes:

- \$4,983,106 in Class 100, a \$462,777 decrease over FY17 due to the transfer of functions to other agencies.
- \$959,070 in Class 200, a \$27,440 increase over FY17 due to a large scale oral examination to be administered in FY18.
- \$65,082 in Class 300, a \$500 decrease over FY17.
- \$4,350 in Class 400, matching the FY17 budget.

STAFFING LEVELS

The department is requesting 81 budgeted positions for FY18, a decrease of 9 positions from FY17.

This decrease is primarily due to the Strategic Services Division being dissolved as of January 1, 2017. This ended a pilot program in which OHR provided generalist HR services to eight agencies. Also contributing is the transfer of the Equal Opportunity Office and the Training Unit from OHR to the Mayor’s Office of Labor Relations.

NEW HIRES

New Hires (from December 2016 to present)	
	Total Number of New Hires
Black or African American	0
Asian	0
Hispanic or Latino	0
White	1
Other	0
Total	1

PERFORMANCE, CHALLENGES, AND INITIATIVES

FY18 Performance Measures				
Measure	FY16 Actual	FY17 YTD (Q1 & Q2)	FY17 Estimate	FY18 Target
Percent of civil service eligible lists produced on or before targeted date	99%	99%	95%	95%
Average number of days for producing civil service eligible list *	46	50	50	≤ 65
Percent of civil service exams administered on published and projected target date	96%	96%	95%	95%
Total cost of City-administered benefits, net benefit cost	\$79.9M	N/A	\$81.2M	\$85.3M
Percent of new hires who have satisfactory or higher performance evaluations and have not been involuntarily separated after one year of hire **	93%	96%	95%	95%
Percent of employees and spouses/life partners enrolled in wellness initiatives ***	43.7%	N/A		50%
Average turnaround days for HR transactions ****	N/A	2	2	2
Number of civil service eligible lists *****	397	215	420	400

* Goal is to maintain at 65 days of the closing of the application period.

** OHR is using this measures to assess the quality of eligibles.

*** Calculated on calendar year basis. 2017 is the second year for spousal/life partner inclusion. Enrollment data will be available in October.

**** Transactions include employee hires, promotions, transfers, leaves of absence, salary changes and separations.

***** The number of lists produced annually dependson departmental needs and requests. The number of lists typically varies from 250 to 450.

Office of Human Resources

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

N/A

CONTRACTING EXPERIENCE

M/W/DSBE Participation on Large Professional Services Contracts											
Top Five Largest Contracts, FY17											
Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Local Business (principal place of business located within City limits)	Waiver for Living Wage Compliance?
Aon Consulting	Benefits Consultant	\$250,000	6/20/2013	8/1/2016	MBE: 15%	20%	\$50,000	20%	\$50,000	Yes	No
					WBE: Best Efforts	0%	\$0				
					DSBE: Best Efforts	0%	\$0				

EMPLOYEE DATA

Staff Demographics (as of December 2016)					
Full-Time Staff			Executive Staff		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	14	40	<i>Total</i>	1	3
<i>% of Total</i>	16%	47%	<i>% of Total</i>	13%	25%
<i>Average Salary</i>	\$59,138	\$58,118	<i>Average Salary</i>	\$197,636	\$131,765
<i>Median Salary</i>	\$59,321	\$43,058	<i>Median Salary</i>	\$197,636	\$122,648
	White	White		White	White
<i>Total</i>	9	11	<i>Total</i>	1	2
<i>% of Total</i>	10%	13%	<i>% of Total</i>	13%	25%
<i>Average Salary</i>	\$68,450	\$70,044	<i>Average Salary</i>	\$122,648	\$122,648
<i>Median Salary</i>	\$72,143	\$62,781	<i>Median Salary</i>	\$122,648	\$122,648
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	1	3	<i>Total</i>	1	0
<i>% of Total</i>	1%	3%	<i>% of Total</i>	13%	0%
<i>Average Salary</i>	\$130,000	\$53,085	<i>Average Salary</i>	\$130,000	-
<i>Median Salary</i>	\$130,000	\$57,384	<i>Median Salary</i>	\$130,000	-
	Asian	Asian		Asian	Asian
<i>Total</i>	2	1	<i>Total</i>	0	0
<i>% of Total</i>	2%	1%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$59,708	\$31,761	<i>Average Salary</i>	-	-
<i>Median Salary</i>	\$59,708	\$31,761	<i>Median Salary</i>	-	-
	Other	Other		Other	Other
<i>Total</i>	1	3	<i>Total</i>	0	0
<i>% of Total</i>	1%	3%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$64,037	\$53,782	<i>Average Salary</i>	-	-
<i>Median Salary</i>	\$64,037	\$40,955	<i>Median Salary</i>	-	-
	Bilingual	Bilingual		Bilingual	Bilingual
<i>Total</i>	4	7	<i>Total</i>	1	1
<i>% of Total</i>	5%	8%	<i>% of Total</i>	13%	13%
<i>Average Salary</i>	\$86,592	\$67,900	<i>Average Salary</i>	\$130,000	\$122,648
<i>Median Salary</i>	\$76,165	\$59,890	<i>Median Salary</i>	\$130,000	\$122,648
	Male	Female		Male	Female
<i>Total</i>	28	58	<i>Total</i>	3	5
<i>% of Total</i>	33%	67%	<i>% of Total</i>	38%	63%
<i>Average Salary</i>	\$62,766	\$59,441	<i>Average Salary</i>	\$150,095	\$128,118
<i>Median Salary</i>	\$52,841	\$45,000	<i>Median Salary</i>	\$130,000	\$122,648

NUMBER OF BILINGUAL EMPLOYEES

Number of Bilingual Employees								
	Spanish	French	Arabic	Greek	Malayalam	Portuguese	Haitian-Creole	Korean
Hiring Services	1	1	1	1	0	1	0	1
Benefits	1	0	0	0	1	0	0	0
Shared Services	2	0	0	0	0	0	0	0
Organizational Development	0	1	0	0	0	0	1	0
Total - All Divisions	4	2	1	1	1	1	1	1
Total - # of Bilingual Employees		11						
Total - # of Languages Spoken		9						