

**OFFICE OF HUMAN RESOURCES
FISCAL YEAR 2025 BUDGET TESTIMONY
APRIL 2, 2024**

INTRODUCTION

Good afternoon, President Johnson, and Members of City Council. I am Michael Zaccagni, Director of Human Resources, and joining me today are Deputy Directors Marsha Greene-Jones, Janine LaBletta, and Ardena Starks. I am pleased to provide testimony on the Office of Human Resources' Fiscal Year 2025 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 Mayor's goals to make Philadelphia the safest, cleanest, and greenest big city in the nation with economic opportunity for everyone. OHR is committed to ensuring that the City is an employer of choice. OHR is continually reviewing its processes to improve the services it provides and works closely with partner agencies, such as the Office of the Chief Administrative Officer, to develop people strategies that are innovative and focus on creating an environment that values diversity and inclusion. A key component of OHR's mission is to effectively administer the City's Civil Service system to create and maintain workforce management practices that are based on merit and equity. The Office regularly reviews all aspects of the system to assure that merit is the driving value in the selection of staff, while working to break down traditional barriers to diversity and inclusion

Plans for Fiscal Year 2025: The Office of Human Resources' long term strategies continue to focus on investing in critical positions, improving time-to-hire, driving recruitment and engagement, expanding partnerships, and promoting healthy lifestyles for employees. A major goal is to foster an environment where there is a consistent and high-quality individual experience for all those we engage. Our strategies and goals align closely with the mayor's vision for our people practices as well as the values promoted by the Civil Service Commission. Further, each strategy and initiative incorporate values of diversity and equity to assure the City maintains a diverse workforce and a culture of belonging.

Understanding the need to attract quality candidates to the city, we have focused on expanding communications and promotional activities, engaging individuals early, and implementing changes in hiring processes. A focus for FY25 will be working more closely with operating departments on their part of the hiring process. In addition, we will look to expand the use of alternate assessments methods to provide quality candidates expediently.

Recruitment of key staff continues to present challenges across departments. To address these challenges, we have begun a multilayered approach towards our hiring initiatives. Some of highlights from this approach have been:

- Implementing information sessions to provide access and bridge digital divide with candidates for computerized testing.

- Increased candidate communication and engagement throughout application process resulting in increase in applications submitted.
- Implemented performance and oral assessments rather than computer-based multiple-choice exams for appropriate titles. For example, OHR has seen a greater rate of candidates who completed the hiring process (take the assessment) for select skilled trades job titles when performance and oral assessments are used.
- Build partnerships and conduct onsite recruitment and job fairs with schools such as the School District of Philadelphia and Community College of Philadelphia as well as Orleans Technical College and other local community-based partners like the Free Library of Philadelphia. Also, establishing partnerships with community/adult workforce programs through Career Link and Welcoming Center.
- Removing barriers to employment opportunities that include creating alternative career pathways to qualify for positions currently requiring college degrees and promoting the use of varied assessment tools.

While these are only a handful of the ways OHR has been working to increase staffing, there are other initiatives that we look forward to continuing and expanding on in FY25. For example, through an OTF grant, we have procured mobile recruitment and hiring lab bus. This will allow our staff to attend various community events, fairs, and neighborhood gatherings for people to engage with our office and fill out job applications on the spot. This initiative helps to promote our commitment to digital equity and equal employment opportunity for everyone in the city of Philadelphia.

We have also implemented several programs to focus on our current employee wellbeing and growth. One spotlight is our focused health equity and literacy program, participating in the CDC's Culture of Health, a comprehensive benchmarking exercise, receiving the best score of participating companies. We conducted 40 seminars, with 4,200 employee participants, and programs covering personal health, physical health and fitness, financial wellbeing, mental health and self-care, and nutrition over the last year. As we continue to make programs accessible to all employees, we look forward to launching the online wellness platform in partnership with On the Goga this year, which will come without increasing contributions from employees for the 11th year in a row. Another great example is the establishment of our Workforce Development Committee, led by our Director of Staff Development, which has already approved 3 development programs and 2 upskilling programs for our current employees over the next year.

All these initiatives focus on our commitment to increased internal employee engagement and communications as well as building on our external branding and recruitment strategy as an Employer of Choice. Our new Director of Communications is working to promote the mayor's pillar of economic opportunity for all, through skills-based messaging with a people first approach, ensuring that our potential candidates, citizens of Philadelphia, can see themselves as important members of our workforce. A career with the City of Philadelphia means having the ability to impact millions of people where your talents and skills have the potential to do big things, for good.

PROPOSED BUDGET OVERVIEW

General Fund Financial Summary by Class						
	FY23 Original Appropriations	FY23 Actual Obligations	FY24 Original Appropriations	FY24 Estimated Obligations	FY25 Proposed Appropriations	Difference: FY25-FY24
Class 100 - Employee Compensation	\$6,042,760	\$5,488,289	\$6,509,982	\$6,509,982	\$6,530,282	\$20,300
Class 200 - Purchase of Services	\$1,306,067	\$2,135,770	\$6,127,871	\$8,351,871	\$2,762,871	(\$5,589,000)
Class 300/400 - Materials, Supplies & Equipment	\$69,432	\$34,135	\$72,903	\$72,903	\$72,903	\$0
Total	\$7,418,259	\$7,658,194	\$12,710,756	\$14,934,756	\$9,366,056	(\$5,568,700)

Proposed Funding Request:

The proposed Fiscal Year 2025 General Fund budget totals \$9,366,056, a decrease of \$5,568,700 over Fiscal Year 2024 estimated obligation levels. This decrease is primarily due to adjustments in recruitment funding for public safety advertising and a cost neutral transfer of money from the Labor Reserve to continue to fund recruitment initiatives.

The proposed budget includes:

- \$6,530,282 in Class 100.
- \$2,762,871 in Class 200, a \$5,589,000 decrease from FY24. This decrease is primarily due to adjustments in recruitment funding for public safety advertising and a cost neutral transfer of money from the Labor Reserve to continue to fund recruitment initiatives.
- \$72,903 in Class 300/400, level with FY24. This funding will continue to support our current services and purchases.

STAFFING LEVELS

The department is requesting 97 budgeted positions for FY25, level with FY24.

Employment Levels (as of December 2023)		
	FY25 Budgeted	Filled as of December 2023
Number of Full-Time Positions	97	83
Number of Exempt Positions	7	6
Number of Executive Positions (deputy level and above)	4	3
Average Salary of All Full-Time Positions	\$67,010	70,455
Median Salary of All Full-Time Positions	\$51,866	56,961

NEW HIRES

New Hires (from 7/1/2023 to December 2023)		
	Total Number of New Hires	Arabic
Black or African American	2	
Asian	2	1
Total	4	1

PROGRAM BASED BUDGETING:

Program Name: Hiring Services

Program Number: 10

FY25 Proposed General Fund: \$2,786,396

Program Description: Directs citywide integrated workforce planning and key talent management activities including succession and workforce planning, job classification, pay evaluation, exam development, exam administration, test scoring, test review, and preparation of new and revised Civil Service Regulations as needed to support changes in City operations and labor agreements.

FY25 Strategic Goals:

- Communicate and reinforce the brand of the City as an employer of choice with the local, diverse community and expand reach in this effort to diverse colleges and universities with a particular focus on public safety, healthcare/medical, skilled trades, accounting/fiscal, and STEM careers.
- Plan effectively in partnership with operating departments and provide valuable data insights to meet needs for critical vacancies and increasing diversity.
- Focus on an inclusive and optimal candidate experience through engagement in job opportunities for current employees and external candidates to participate successfully in the Civil Service application and selection process.
- Continue to focus on driving engagement by creating and leveraging technology while promoting community-based recruitment.

FY25 Performance Measures:

Measure	FY23 Actual	FY4 Target	FY25 Target
Percentage of civil service eligible lists produced on or by target date	83.0%	97.0%	97.0%
Average number of days for producing civil service eligible list	33	≤ 37	≤ 37

Program Name: Benefits

Program Number: 20

FY25 Proposed General Fund: \$2,211,825

Program Description: The unit’s focus is to provide a quality health benefits package that serves the needs of both the organization and its employees. This includes the design and administration of the City Administered Benefits Plan for active employees and retirees, with a strong focus on wellness initiatives primarily intended to promote healthy lifestyles while effectively managing costs. The unit provides effective management through a series of activities including health provider contract solicitation and evaluation; oversight of the union-administered plans; administration of citywide life insurance, dependent care, and transportation benefits. The unit also is responsible for payment validation for self-insured union plans; provision of retiree data for actuarial analysis for inclusion in the City’s Annual Financial Report; maintenance of data on incurred-but-not-paid claims; annual provision of the 1095 form for employee tax compliance; administration of the City’s service-connected disability program under Regulation 32; and provision of ongoing training for department-based HR staff in benefits-related processes and procedures.

FY25 Strategic Goals:

- Deliver benefits and health literacy programs to support the health of members, families, and communities through initiatives focused on obesity, hypertension, and emotional well-being.
- Evaluate program effectiveness through member feedback and data analytics.
- Deliver effective training programs to close knowledge gaps of the human resources community.

FY25 Performance Measures:

Measure	FY23 Actual	FY4 Target	FY25 Target
Percent change in the total dollar amount of health benefit expenditures (actual) compared to budget (adopted)	-10.6%	+ or - 3%	+ or - 3%
Percent of employees and spouses/life partners who participated in wellness initiatives	44%	65%	50%
Percent of employees and spouses/life partners who completed wellness initiatives	43%	50%	50%

Program Name: HR Administration

Program Number: 30

FY25 Proposed General Fund: \$1,015,087

Program Description: Human resource management is the core administrative activity for the Department and assures employee work events such as appointments, promotions, and retirements are processed in a timely manner and without error. Responsibilities include management of candidate certification and civil service eligible lists, timely processing of employee transactions, auditing, and approval. Human Resource Management Administration partners with operating departments on records maintenance, report development, and workforce analysis services, while providing ongoing training for HR staff in processes and procedures and application of Civil Service Regulations. The unit also works closely with OHR’s IT unit to provide technical support across the City to ensure that current systems for applicant tracking are working as effectively as possible.

FY25 Strategic Goals:

- Partner with HR offices in departments and agencies to assess current processes to drive both quality and accuracy to reduce errors in various transactions.
- In anticipation of additional resources to build capacity, provide greater direct support during periods of high volume.

FY25 Performance Measures:

Measure	FY23 Actual	FY4 Target	FY25 Target
Percent of time SLA is met for human resources initial transactions	100.0%	100.0%	100.0%

Program Name: Planning and Strategy

Program Number: 40

FY25 Proposed General Fund: \$2,363,149

Program Description: OHR provides strategic guidance to departments and agencies across the City to effectively manage a workforce of over 26,000 employees. Planning and Strategy is responsible for developing and executing initiatives in support of the Administration’s strategic goals

and operational needs. A key focus is to provide consistent human resources (HR) policy direction and to facilitate open discussion and the sharing of ideas among the City’s key HR leadership.

FY25 Strategic Goals:

- Continue to professionalize HR staff across the City by increasing skills and competencies.
- Create an HR community space for peer-to-peer networking and learning, which will include a repository for all HR forms and information.
- Develop and implement strategic communications plans that will engage both internal and external stakeholders.
- Support comprehensive strategies to prepare employees for new career opportunities.
- Assess the capacity of HR resources across the city to drive efficiency and consistency.
- Align all strategies and goals with the City’s focus on equity and inclusion.

FY25 Performance Measures:

Measure	FY23 Actual	FY4 Target	FY25 Target
Hiring Time (in days)	80	90	90

Program Name: Medical Evaluation Unit

Program Number: 50

FY25 Proposed General Fund: \$989,599

Program Description: The Medical Evaluation Unit (MEU) ensures that job candidates can perform the essential functions of a specific position. The unit conducts pre-employment medical screenings, in conformance with the federal Americans with Disabilities Act, for positions that have been identified as safety-sensitive or requiring significant physical labor. In addition, the unit provides evaluations for employees returning to work from extended absences or after certain illnesses. It also serves as the medical review officer for the City’s drug and alcohol policy and non-service-connected disability assessments.

FY25 Strategic Goals:

- Continued to maintain the SLA for turnaround time for pre-employment evaluations. Increased the percentage of pre-employment evaluations completed within one to three days from 78.8 percent to 80 percent.

- Evaluated the MEU medical policy to ensure attention is on the positions that require an evaluation and remove those that do not. This approach increases the effectiveness and efficiency of the onboarding and hiring process using current resources and capacity.

FY25 Performance Measures:

Measure	FY23 Actual	FY4 Target	FY25 Target
Percent of evaluations completed under SLA	78.8%	80%	80%

OTHER BUDGETARY IMPACTS

Federal and State

Not Applicable