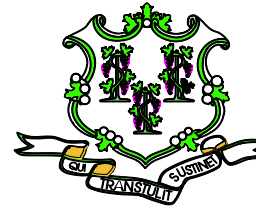




DEPARTMENT OF ADMINISTRATIVE SERVICES



STATE OF CONNECTICUT

Sent Via Email

August 31, 2010

Commission on Enhancing Agency Outcomes
c/o Government Administration & Elections Committee
Legislative Office Building, Room 2200
Hartford, CT 06106

Re: DAS Small Agency Resource Team (SmART) - Potential Expansion

Members of the Commission,

During the Commission on Enhancing Agency Outcomes ("CEAO") meeting on July 28, 2010, you asked the Department of Administrative Services ("DAS") for comments on the CEAO's ideas to expand the DAS Small Agency Resource Team ("SmART").

Services Provided by DAS - SmART

As you know, the SmART unit is a division within DAS that provides personnel, payroll and affirmative action/EEO services to DAS and 23 other state agencies and offices. DAS has executed Memoranda of Understanding ("MOUs") with each of our client agencies to specifically identify which personnel/payroll/affirmative action functions (hereinafter collectively referred to as "personnel" functions) are handled by SmART and which remain the responsibility of the client agency. A template of the SmART MOU is attached to this memorandum for your information. Please note that MOUs are discussed and executed separately with each client agency, therefore final MOUs may vary slightly to reflect particular needs of the agencies.¹

¹ Also attached for your information is a sample of the MOU executed between the DAS Business Office and agencies for which DAS provides business office functions. Again, please note that the attachment is only a sample; the terms of each MOU are discussed at length with each agency, and the MOUs vary depending upon the business needs of both DAS and the client agency.

We would like to emphasize that, although SmART employees provide personnel services for our client agencies, the decision-making authority on personnel matters within each agency remains with the executive heads of the agencies themselves. For example, although SmART employees may advise on, handle documentation for, and make recommendations about personnel matters such as the establishment of new positions within an agency, hiring, employee discipline, etc., the ultimate decisions regarding these matters remain with the head of the client agency/office.

Policy Considerations Regarding Consolidation of Personnel Functions

From a policy perspective, DAS believes that there are advantages to centralizing personnel functions. The primary benefit to a centralized program is consistency. There are myriad federal laws, state laws, regulations, collective bargaining agreements, policies and procedures that govern personnel. DAS provides training to human resource professionals throughout the state in an attempt to ensure that all state agencies and offices are aware of laws and policies, and are interpreting and implementing all rules uniformly and consistently. However, by its very nature, a decentralized program results in inconsistencies in the application of personnel laws, policies and processes.

Additionally, particularly with smaller agencies that have lone individuals performing personnel functions or that use individuals in non-personnel job titles to perform these functions, it may be difficult for the staff with these responsibilities to stay abreast of all the applicable laws and policies governing their work. These individuals do not have colleagues at their agencies with whom to discuss issues as they arise or to tap for needed expertise. At DAS (and at other agencies with larger personnel shops), the diversity and volume of personnel work handled generates expertise within the staff, provides for collaboration and ensures that best practices in the human resources field are followed.

On the other hand, a drawback to a consolidated personnel program is the loss to individual offices and agencies of regular, on-site human resources presence. While the DAS SmART employees do hold office hours at their client agencies, the high volume of work and the number of agencies these employees service limit their ability to do this frequently. Agencies and offices that have more employee relations activity, i.e. complaints and grievances, requests for accommodations, etc., would be more affected by the loss of regular, on-site human resources professionals than other agencies.

Potential Costs and Savings Associated with Consolidation of Personnel

Apart from the policy considerations, another advantage to consolidating personnel services may be budget savings. Savings may be achieved in a number of ways:

- Reducing the overall number of employees providing personnel services throughout the agencies;
- Realigning personnel functions to ensure that functions are performed by employees in the appropriate job titles (i.e., individual agencies may each have employees in very high-level job classes performing functions that may be handled by employees in lower-level job classes); and
- Realizing savings through the consistent application of personnel laws and policies (i.e., reducing instances of such things as salary miscalculations/overpayments, the misapplication of state and federal leave laws, the number of grievances/lawsuits brought, etc.)

Although the potential for savings exist, whether savings will in fact be achieved by including more agencies in the SmART unit depends upon the results of a detailed analysis of the staff currently performing personnel duties in the agencies and the resources that DAS-SmART would need to assume those functions.

First, DAS understands that the July 28, 2010 CEOA materials listing the job titles and salaries of individuals performing human resources, payroll and affirmative action functions in each of the targeted agencies may not be entirely accurate. We urge the Commission to contact each agency individually to verify/update this information, and to determine whether the listed staff is dedicated (100%) to these personnel functions, or if they are also appropriately tasked to perform other functions at the agency consistent with their job specification. It may not be possible to eliminate or transfer the listed agency positions if those positions perform other critical functions at the agencies that will not be handled by SmART.

Second, even if DAS is able to provide the same level of service with fewer employees or with employees in different/lower job classifications, what will happen to the employees who are displaced? If the idea is to transfer these employees into vacant personnel positions elsewhere throughout the state, please be aware that the more agencies serviced by SmART, the fewer opportunities there will be in personnel titles statewide for employee transfers. Additionally, to the extent that positions that are currently funded outside the General Fund are streamlined, and transferred to other (General Fund) agencies, such action may actually have a negative impact on the General Fund.

Moreover, while DAS supports the concept of expanding the SmART unit, it is imperative that any expansion in service (i.e. more agencies) be accompanied by necessary resources. Currently, the DAS SmART unit is at its maximum and cannot take on new agencies without additional resources. Specifically:

- DAS would require positions and PS monies at the appropriate levels to handle the additional workload;
- DAS would require OE money for the additional positions to support new workstations; and
- DAS may have space concerns in its current location, depending upon how many new agencies join SmART.

As mentioned in the July 28, 2010 CEAO materials, DAS also recommends that the agency be provided with three to six months to accomplish any new consolidations, to properly transition personnel, files, systems and processes and ensure that we are able to provide the best possible service and support to our client agencies.

Potential New SmART Agencies

The materials discussed at the CEAO's July 28, 2010 meeting identify nineteen additional small agencies and offices (with 150 employees or fewer) throughout the state as potential new SmART agencies:

- Freedom of Information Commission
- Office of the Chief Medical Examiner
- Connecticut State Library
- Department of Banking
- Division of Special Revenue
- Department of Economic & Community Development
- Department of Insurance
- Agriculture Experiment Station
- Office of the Health Care Advocate
- Judicial Review Council
- Military Department
- Office of Policy & Management
- Office of the Secretary of the State
- Soldiers' Sailors' & Marines' Fund
- State Elections Enforcement Commission
- Office of State Ethics
- Office of the State Treasurer
- Teachers' Retirement Board
- Workers' Compensation Commission

Agencies APO'd to Other Agencies. A few of the agencies identified by CEAO are, by statute, currently under another agency for "administrative purposes only" ("APO"). Specifically, the Office of the Health Care Advocate is APO'd to the Department of Insurance; the Department of Special Revenue is APO'd to the Department of Revenue Services; and the Judicial Review Council is APO'd to the Office of the State Comptroller. To the extent that the personnel functions of these agencies are already being handled by the larger agencies, merging those agencies into the SmART unit may not achieve additional savings.

Agencies Funded Outside the General Fund. Another set within the above list of agencies are not funded by the General Fund, but are industry-funded or otherwise funded outside the General Fund. These agencies include the Department of Banking, the Department of Insurance, the Soldiers' Sailors' & Marines' Fund, and the Workers' Compensation Commission. It is our understanding that positions at the Agricultural Experiment Station are funded through a mix of federal funds and General Fund monies. Any legislation merging these agencies into the SmART unit must include consideration of how the additional resources needed at DAS would be funded, and whether direct General Fund (or other fund) savings would be achieved. However, the efficiencies and consistencies that would be realized by including these agencies in the SmART unit could lead to indirect but important benefits.

Constitutional Offices & Watchdog Agencies. With regard to the Constitutional Offices (Secretary of State and Office of the Treasurer) and the "watchdog" agencies (State Elections Enforcement Commission; Office of State Ethics; Freedom of Information Commission), I believe that DAS could assume the personnel functions for these agencies - with the appropriate resources - without actual conflict. It is important to note that all agencies and offices, including the Constitutional Offices and the "watchdog" agencies, are subject to the State Personnel Act. As such, these agencies and offices are already required to comply with existing laws, policies and procedures relating to staffing requests and other personnel matters (for example, staffing requests of all agencies/offices must be vetted and approved by both the DAS Statewide Human Resources unit and the OPM Budget Office, which review position requests for their appropriateness and efficacy within the agency's organizational design, structure, and mission; the tasks and responsibilities of the position; and the availability of funding). Additionally, as mentioned above, while SmART provides advice/guidance to agencies on personnel matters and handles all personnel documentation for agencies, the decision-making authority on personnel matters remains with the executive heads of the agencies themselves, subject to the applicable laws and policies just mentioned. Notwithstanding these points, however, the Constitutional Offices and watchdog agencies - and indeed some legislators - may believe it would be problematic for personnel services to be provided to those Offices and agencies by an outside agency like DAS.

Physical Locations of Agencies. When considering which new agencies to merge into the SmART unit, it is practical to consider the physical location of the client agencies and the number of agency office locations. Indeed, when the SmART unit was first comprised, DAS took on the personnel functions for the Departments of Public Works and Consumer Protection primarily because those agencies are single-location agencies that are physically located in the same office building as DAS. We believe that the impact of losing regular, on-site human resources personnel to agencies /offices joining the SmART unit would be mitigated where the agencies are physically in close proximity to DAS and SmART personnel was able to quickly arrive on-site.

Business Office Functions

This letter focuses only on the proposal to merge personnel (human resources, payroll and affirmative action) functions within SmART, since the July 28, 2010 CEAO materials were limited to these functions and positions. We have not examined the potential merger of the business office functions of the listed agencies within DAS's Consolidated Business Office. Please know that an analysis of business office positions and functions within the agencies may be more complex, since fiscal job titles are used not only for employees performing duties commonly handled in DAS's Consolidated Business Office (i.e. purchasing; accounts payable/receivable; budget preparation; managing grant reports/accounts; property inventory) but also may include personnel dedicated to programmatic and operational work within the agencies. As an example, while "Accountants" and "Fiscal/Administrative Officers" are used in the DAS Business Office, these titles are also used by DECD for employees responsible for administering STEAP grants or the agency's tax incentive programs.

Additionally, the functions performed by the various business offices throughout the agencies differ greatly depending upon the agency - much more so than personnel offices. Any review to merge business office functions within DAS would have to take into account such factors as the number and nature of grants administered by the agency; the number and variety of funds managed by the agency; funding relationships between the agency and the federal government; etc.

Thank you for allowing me to comment on this important proposal.

Best wishes,

Martin W. Anderson

Martin W. Anderson, PhD
Commissioner

Attachments: Sample SmART MOU
 Sample Business Office MOU