



COUNCIL BUDGET STAFF REPORT

CITY COUNCIL of SALT LAKE CITY
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TO: City Council Members
FROM: Ben Luedtke
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Project Timeline:

Briefing: May 19, 2020
Budget Hearings: May 19 and June 2
Potential Action: June 9 (TBD)

DATE: May 19, 2020

RE: Proposed FY 2020-21 Human Resources Department Budget

ISSUE AT-A-GLANCE

The proposed FY21 budget is \$2.9 million or 6% increase over last year for a total budget of \$50,167,045. The budget also includes a decrease of one FTE for a total of 25 FTEs. The HR Department receives 95% of its funding from the Risk Fund and 5% from the General Fund. The Department of Human Resources includes an administrative team, benefits, compensation and classification, employee and labor relations, employees' university, HR information systems, Police Civilian Review Board and recruiting and onboarding. The budget recommendations include:

- 1. One FTE (HR Deputy Director) Eliminated** – The FY21 proposed budget would eliminate the currently vacant HR deputy director position for a savings of \$139,483. This change accounts for most of the \$143,670 (16%) decrease in the Administration Division budget. (see policy question #2)
- 2. Remove Dedicated Employee for Managing Labor Relations** – The proposed FY20 budget would reclassify an FTE from Labor and Employee Relations Manager to Employee Relations and Equal Employment Opportunity (EEO) Manager. In response to Council staff questions the Administration stated that “it was determined labor relations does not warrant a full-time FTE and could be managed with representatives from HR, Attorney’s [Office] and Finance [Department].” When the Council added the position to the FY19 annual budget, the manager position was envisioned as collaborating with the three unions (AFSCME, fire and police) on memorandums of understanding (MOU), related daily functions, regular reporting, and acting as a facilitator in union discussions. (see policy question #1)
- 3. \$97,183 Vacancy Savings** – In addition to eliminating the HR deputy director position the proposed budget also includes vacancy savings from a six-month hiring freeze for two positions: Benefits analyst and HR Business Partner II. These vacancy savings were booked in the Recruiting and Onboarding Division which is experiencing a \$78,596 (16%) reduction.
- 4. \$2,876,048 Transfers Out** – This is a \$1.5 million (108%) increase in transfers out for the two medical insurance premium holidays. The City and employees will not pay premiums for two bi-weekly paychecks because of a sufficient funding in the medical reserve account.
- 5. \$3,105,655 (7%) Benefits Budget Increase** – This reflects the 4.5% citywide medical insurance premium increase.



POLICY QUESTIONS

1. **Labor and Employee Relations Manager** – The Council may wish to ask the Administration why a dedicated employee for managing labor relations as originally envisioned was determined to not be needed. The Council may also wish to discuss with the Administration what opportunities exist with labor relations, especially since the three unions represent approximately two-thirds of the City’s workforce.
2. **Eliminate Deputy Director FTE** – The Council may wish to discuss with the Administration the proposed elimination of the deputy director FTE which has been vacant since July 2019. If the Council wanted to keep the FTE or reclassify it as another position with HR, then corresponding revenue increases or expense cuts would need to be identified to balance the budget. The fully loaded annual cost for the deputy director is \$139,483.
3. **Increasing Employee Utilization of Benefits** – The Council may wish to ask the Administration how employee access and use of benefits have changed over the years and if this creates additional workload and staffing needs for the HR Department.
4. **Compensation Communication with Employees** – The Council may wish to discuss with the Administration how to improve communication with employees about compensation and benefits. In prior discussions, some Council Members mentioned changes to pay stubs, interactive online compensation tools, and how to display an employee’s total compensation (not just salary / take home pay).
5. **New Performance Measures** – The Council may wish to ask whether there are other measures that should be tracked to determine the success of the department that could relate to employee benefits participation rate, percentage of employees designating beneficiaries, diversity of City workforce compared to residents, City absenteeism, ratio of HR personnel to FTE employees, employee turnover rate, cost per turnover, cost per hire, offer decline rate, promotion rate, vacancy rate or other metrics.

ADDITIONAL AND BACKGROUND INFORMATION

New Performance Measure: 2% Increase in 457 Enrollments

A new performance is added for HR (see Attachment 2 for the table of performance measures). The 2% increase in employees enrolling in 457 retirement savings plans was selected as a follow up to the new 457 service provider (started in 2019). The new provider offers financial planning services, a regular financial fair and 457 online platform for tracking, adjusting and planning retirement savings.

Relocation of Department Offices to Plaza 349

Last year, HR relocated from the City & County Building to offices at Plaza 349. HR reports some improvements as a result of the relocation are more space for confidential conversations, larger rooms for trainings and employee orientations and the ability to better lock down the office during emergencies. Some challenges related to the relocation are less parking which is also shared and not a secured entrance at Plaza 349 compared to the Main Library parking structure. The relocation means HR is closer to some departments and further away from others than before.

The Council approved \$250,000 in Budget Amendment #2 of FY19 for office improvements to the fifth floor at Plaza 349. New carpeting, painting walls and minor renovations were done. No additional funding needs are anticipated at this time.

ATTACHMENTS

1. Summary Comparison Budget Chart
2. Department Performance Measurements

ACRONYMS

AFSCME – American Federation of State, County and Municipal Employees

EEO – Equal Employment Opportunity

FTE – Full-time Employee

FY – Fiscal Year

HR – Human Resources

MOU – Memorandum of Understanding

TBD – To Be Determined

YTD – Year to Date

**ATTACHMENT I
SUMMARY COMPARISON BUDGET CHART**

BY FUNCTION

Department of Human Resources						
Division Budgets	FTEs	2018-19 Actuals	2019-20 Adopted	2020-21 Proposed	Difference	
					Dollars	%
Administration	5	\$ 626,190	\$ 917,920	\$ 774,250	\$ (143,670)	-16%
Recruiting and Onboarding	5	\$ 384,288	\$ 493,353	\$ 414,757	\$ (78,596)	-16%
Employees' University	2	\$ 284,901	\$ 297,290	\$ 309,350	\$ 12,060	4%
Police Civilian Review Board	1	\$ 158,843	\$ 161,580	\$ 164,460	\$ 2,880	2%
HR Information Systems	1	\$ 87,473	\$ 107,658	\$ 99,724	\$ (7,934)	-7%
Employee Relations	6	\$ 1,072,870	\$ 822,739	\$ 866,467	\$ 43,728	5%
Benefits	5	\$ 38,807,967	\$ 44,432,382	\$ 47,538,037	\$ 3,105,655	7%
TOTAL	25.00	\$ 41,422,532	\$ 47,232,922	\$ 50,167,045	\$ 2,934,123	6%
Funding Sources						
General Fund	21.2	\$ 2,614,565	\$ 2,800,540	\$ 2,629,008	\$ (171,532)	-6%
Risk Fund	3.8	\$ 38,807,967	\$ 44,432,382	\$ 47,538,037	\$ 3,105,655	7%
Total Department of HR	25.00	\$ 41,422,532	\$47,232,922	\$ 50,167,045	\$ 2,934,123	6%

Operating Budget for Department of Human Resources					
	2018-19 Actuals	2019-20 Adopted	2020-21 Proposed	Difference	
				Dollars	%
Personal Services	\$ 2,811,293	\$ 3,019,563	\$ 2,836,996	\$ (182,567)	-6%
Operations and Maintenance Supply	\$ 63,672	\$ 68,560	\$ 65,714	\$ (2,846)	-4%
Charges for Services	\$ 38,547,566	\$ 42,760,015	\$ 44,388,287	\$ 1,628,272	4%
Transfers Out	\$ -	\$ 1,384,784	\$ 2,876,048	\$ 1,491,264	108%
Total Department of HR	\$ 41,422,531	\$47,232,922	\$ 50,167,045	\$ 2,934,123	6%

ATTACHMENT II
DEPARTMENT PERFORMANCE MEASUREMENTS

Performance Measure	2018 Actual	2019 Actual	2020 YTD	2021 Target
Improve employee knowledge and understanding of HR information through a minimum of 40 weekly HR emails	NA	≥40	≥40	≥40
Respond to all EEO complaints including conducting an investigation when appropriate in an average of 60 days or less	NA	≤60 days	≤60 days	≤60 days
Human Resource consultants will attend a minimum of 30 departmental meetings each fiscal year	NA	30	30	30
Number of employees that have attended instructor-led training	NA	994	TBD	1200
Achieve a 2% increase in 457 enrollments	NA	≥2% Increase	≥2% Increase	≥2% Increase