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Report No. 06-39

While Improving, People First Still Lacks Intended Functionality, Limitations Increase State Agency Workload and Costs

at a glance

Some planned elements of the People First system have yet to be fully implemented and several of its proposed benefits have not been realized. As a result, the state has been unable to retire its legacy COPES system, and workload for agency human resource staff has been higher than anticipated, which some agencies have addressed by using other staff to manage personnel-related workload. Some agencies also have incurred unanticipated costs to accommodate the system's limited functionality, and DMS has not established a cost-savings methodology for determining if People First has achieved projected cost savings.

DMS has taken steps to address these problems and improve People First. Remaining challenges include adopting a formal implementation plan; establishing a cost-savings methodology; restoring electronic records management capability; improving customer service center operations; improving data warehouse usability; providing additional training; conducting a staffing assessment; and providing continuing quarterly reports.

Scope

As directed by the Legislature, this report examines the People First initiative and the extent to which the initiative has achieved its intended goals. Our review addressed three questions.

- What is the current status of the People First initiative?
- What steps is the Department of Management Services taking to address ongoing challenges with People First?

- What additional actions should be taken to ensure that the initiative meets intended goals?

Background

The People First initiative is an outsourcing project intended to support state workforce management by providing human resource, benefits, payroll, and staffing administration functions. Historically, these functions were provided by human resource staff in each agency and were supported by seven different personnel information systems. Under People First, these functions have been automated and/or shifted to front-line managers.

The People First Initiative is managed by the Department of Management Services (DMS). In the fall of 2000, DMS was directed by the Executive Office of the Governor to determine the feasibility of outsourcing state human resource services. The decision to outsource these services culminated in efforts that began in 1997 to replace the statewide personnel information system, Cooperative Personnel Employment Subsystem (COPES).¹ At the time, COPES was approximately 20 years old, required significant paper-driven processes, and operated in a proprietary mainframe technology environment. As a result, COPES allowed for only limited access to personnel information and limited data management capability.

A business plan issued in 2001 estimated the cost of modernizing COPES to be \$80 million, suggested that outsourcing human resource services would

¹ COPES included functions to maintain data on employees and positions, time reporting, and collective bargaining.

save the state “several million dollars,” and identified numerous benefits of outsourcing these services.² These perceived benefits included avoiding the costs of rebuilding COPES; cost savings associated with replacing COPES with a more efficient system; and improved service delivery to state employees through upgrades in technology and consolidated management.

In August 2002, DMS signed a seven-year, \$278.6 million contract with Convergys Customer Management Group, Inc., to manage statewide human resources services; the department subsequently named the initiative People First. This contract was extended in 2004 from seven to nine years, had been amended nine times as of March 2006, and now totals \$349.9 million. Total costs of the contract are allocated among all user agencies and assessed on an annual basis, as “human resource services assessments.” These assessments are part of agencies’ operating budgets.³

The People First initiative is intended to provide a statewide personnel information system and enterprise-wide suite of human resource services. The initiative was intended to automate and streamline timesheet submission, new employee processing, leave use and accrual management, payroll preparation, benefits administration, and employee records maintenance. Users (including applicants, employees, and managers) access these enterprise-wide services through a self-service website that allows them to view personnel information, apply for positions, and manage their benefits. This website is supported and supplemented by service centers in Jacksonville and Tallahassee that are staffed with customer service representatives. Convergys is responsible for training these staff so that they are sufficiently knowledgeable to meet state needs.

According to the project’s business plan, the state was projected to save \$173.1 million over seven years, for an average annual savings of \$24.7 million. This projection included savings from an initial 73%

reduction in human resource workforce, from 1,187 full-time equivalent employees (FTE) to 316.⁴ It was anticipated that in the fourth year of implementation (2007), the state would be able to reduce the workforce to 179 FTE.⁵

Implementation of People First began with the staffing administration function in May 2003 and concluded with implementation of the benefits administration function in January 2005.⁶ While DMS and Convergys implemented the staffing administration functions as scheduled, other project components were delayed, in some cases for more than a year (see Exhibit 1).

Exhibit 1 People First Implementation Began in 2003; Several Components Were Delayed

Deliverables	Enterprise-Wide Go Live Date	
	Planned	Actual
Staffing Administration	May 2003	May 2003
Human Resources Administration ¹	June 2003	September to November 2004
Payroll Administration	June 2003	October 2004
Benefits Administration	January 2004	January 2005

¹ This function includes an electronic records management component and employee performance evaluation system.

Source: OPPAGA analysis.

In addition to delays in the implementation of People First system components, state agencies experienced significant problems with these components as they became operational. For example, the Department of Financial Services reported that problems with the payroll administration component of the system resulted in over and underpayments as well as missed payments to employees, while agency and legislative officials reported deficiencies in the benefits administration component of the People First system, which resulted in some state employees temporarily losing their benefits.

² A 2004 Auditor General report ([No. 2005-047](#)) estimated the cost to modernize COPES to be \$63 million. The discrepancy between this estimate and the \$80 million business case estimate is due to methodological differences. Specifically, the Auditor General reported that the business case estimate included operating costs that were already accounted for and therefore should have been excluded.

³ The costs associated with the operation of COPES were similarly allocated among state agencies.

⁴ By Fiscal Year 2003-04, all agencies reduced their human resources staff to the projected levels.

⁵ According to the business plan, the 179 FTEs assumes a minimum staffing ratio of one human resources FTE per 650 agency employees, with minimum operational staffing of three human resources FTE per agency.

⁶ Every executive branch and cabinet agency utilizes all four components of the People First system. Three entities – the Legislature, State University System, and State Court System – utilize only the benefits administration component of the system.

Questions and Answers —

What is the current status of the People First initiative?

Currently, most People First components have been implemented, are operational, and are utilized by all executive and cabinet agencies. Agencies are using the system to deliver an array of human resources services, including screening and selection of job applicants, processing new employees, managing leave accrual and use, preparing payroll, and administering benefits. Key stakeholders reported that the system has improved since its initial implementation.

However, several planned elements of the system have not been fully implemented and some of the proposed benefits of the initiative have not been realized. As a result, some agencies have adopted supplemental procedures and designated non-human resource staff to deliver human resource services, which has increased agency workload and costs. The net cost impact of People First cannot be reliably determined, as DMS has not established a methodology to capture project cost savings.

All key system components are not fully operational

While most of the planned components of People First are now operational, some key components of the system have not yet been implemented or made fully available to user agencies. Notably, the electronic records management module for employee personnel files and the employee performance evaluation system are not yet functional. As a result, agencies have had to identify alternatives to provide the missing functionality.

Electronic records management module not fully available. One of the anticipated benefits of People First was the transition from paper to electronic personnel files that could be accessed online. The department and Convergys intended to provide this functionality through an electronic records management module within the human resources administration component of the system. If implemented successfully, this feature could reduce the cost of maintaining personnel files within agencies.

Prior to implementing this component, agencies submitted personnel files to Convergys, which imaged the files for all active employees and planned to image new personnel files as employees entered the state system. The module was made available to DMS during the test phase of the human resources administration function in May 2004. However, within hours of implementation, DMS discontinued online access to personnel records because improper records preparation led to significant privacy concerns. Due to insufficient preparation of personnel files for the imaging process, the electronic personnel files contained private information as well as data on multiple employees. For example, some agencies placed documents in files that contained private information, such as documents with employee bank account information. In other cases, files contained documents showing the personal information (e.g., Social Security numbers) of several employees. These privacy concerns led DMS to limit access to the module to the contractor and to require agencies to request personnel files through the customer service center, which would redact any information unrelated to the employee whose file had been requested. As a result, state agencies never had access to this component of the human resources administration function.

Twenty-one representatives of 22 agencies who participated in OPPAGA focus groups reported that because of this limited functionality, they have stopped submitting personnel files and updates to Convergys for imaging and continue to maintain paper personnel files.⁷ According to these stakeholders, their agencies have expended additional resources to maintain these records in-house. However, personnel officers were unable to provide us an estimate of the costs associated with maintaining these files.

To date, DMS has not developed an enterprise-wide solution for the electronic personnel file issue. Department officials indicated that they are currently exploring potential solutions and that any plan they develop would not result in additional costs. However, the department did not provide a resolution date.

⁷ OPPAGA conducted four focus group sessions with state agency personnel officers, and an e-mail survey of agency administrative services directors, on the People First System and its daily use implications. Twenty-five personnel officers representing 22 agencies participated; 15 administrative services directors participated.

Employee performance evaluation module has not been implemented. The second system component that has not been implemented as intended is the employee performance evaluation module. This module is part of the human resources administration function and had a planned implementation date of June 2003. However, when the human resources administration function eventually was implemented in 2004, the performance evaluation component was not included. According to DMS officials, the primary reason that the evaluation component is unavailable is that it is very challenging to design a system that is standardized enough to allow for the meaningful capture, comparison, and tracking of employee performance across all agencies while accommodating unique agency needs.

DMS is currently working with agencies to design the business requirements for this component and expects it to be available for agency use in January 2007. Meanwhile, agencies will continue to use their own systems until the department develops an interim solution in June 2006 that will allow the agencies to input final evaluation scores into the People First system.

Several aspects of the People First system are not working as intended

Agency personnel officers also reported that the functionality of some portions of People First does not adequately address some of their agencies' human resource management needs. Although People First was intended to allow personnel officers, agency managers, and state employees to perform human resource functions through a self-service website and customer call center, some users are not currently able to use the system as intended. For example, state agencies and the Department of Financial Services continue to have problems processing agency payrolls. In addition, stakeholders reported that the self-service approach is not adequately meeting agency needs because access to the system is restricted for employees who do not have workplace computers, and customer service center staff often are unable to provide comprehensive services.

Payroll processing continues to present challenges. Department of Financial Services officials reported that problems with payroll production have increased significantly since the implementation of People First, resulting in greater workload and costs,

as evidenced by its payroll indicators (see Exhibit 2). These indicators show that monthly paper warrant cancellations have increased by over 200% since People First was implemented, while on-demand records have increased by over 90% and Electronic Funds Transfers cancellations have increased by well over 400%.^{8, 9, 10} The number of personal computer payment records processed refers to supplemental pay for law enforcement officers and firefighters.¹¹ People First was to integrate this function into the regular payroll; however, the department continues to process these records at about the same rate as it did prior to People First's implementation.

Exhibit 2 Workload Associated With Processing Payroll Has Increased Under People First

Indicator	Pre-People First ¹	Post-People First ²	Percentage Increase
Average number of paper warrant cancellations	70	230	228%
Average number of on-demand records processed	1,790	3,456	93%
Average number of EFT cancellations	276	1,497	442%
Number of personal computer payment records processed since People First implementation		220,088	

¹ Pre-People First dates are January through September 2004. The data represents the average number of occurrences for this period.

² Post-People First dates are from October 2004 through December 2005. The data represents the average number of occurrences for this period.

Source: Department of Financial Services as of February 2006.

The Department of Financial Services reported that it has incurred additional costs associated with the work required to address payroll errors made by People First. In December 2004, the department sent a detailed invoice for \$85,571 to DMS for costs associated primarily with additional staff time spent correcting such errors. DMS transferred these funds

⁸ A cancelled paper check for salary or wage payment. Payments are cancelled because of an underpayment, overpayment, or payment that never should have been generated.

⁹ An employee salary or wage payment processed using the on-demand payroll system. This usually occurs when an employee's regular paycheck was not generated or was cancelled or for a non-recurring payment that requires special handling.

¹⁰ A cancelled Electronic Funds Transfers/direct deposit salary or wage payment.

¹¹ A unique DFS payroll system agencies use to submit electronically non-recurring and Criminal Justice Incentive Program payments to employees.

to the Department of Financial Services, which used them to offset its human resource assessment.

Access to timesheets is restricted for employees without computers. A key assumption of People First is that all agency employees have worksite access to a personal computer. Employees are to access the system's human resource management services via their computers and are to perform tasks such as submitting timesheets on-line.

However, many agencies have employees who do not have assigned computers. For example, the Department of Corrections has approximately 16,000 employees, such as prison guards, who do not have routine computer access. Many other agencies have field-based employees who rarely report to an office site with an assigned computer to access People First, including law enforcement officers with the Florida Fish and Wildlife Conservation Commission, and field personnel employed by the Departments of Agriculture and Consumer Services and Highway Safety and Motor Vehicles. Agency personnel officers indicated that these employees generally have to complete paper timesheets that they either fax to the People First service center or submit to their supervisor or personnel liaison for entry into the system.

Agency personnel managers reported that manual submission of timesheets is a concern for several reasons. First, a primary goal of People First was to automate timesheet submission, and continued manual submission is inconsistent with this goal. Second, manual submission requires data entry by agency or Convergys staff and increases the potential for errors that can result in incorrect pay, leave accrual, and benefits. Third, agencies may incur unanticipated costs to address this problem. For example, the Department of Corrections conducted a pilot project to contract with an outside vendor to record employee time and assist in the production and submission of timesheets to People First. While this pilot project was successful, the department estimated that it would cost \$6.3 million over three years to provide this service to its employees statewide, and is not currently requesting funds to do so.

DMS is aware of these concerns and reported that it is evaluating options for facilitating online timesheet submission for employees who lack routine computer access. The department has not identified a timeline for resolution of this issue.

Customer service center assistance is problematic. Virtually all of the agency personnel officers in our focus groups reported difficulties with the customer service centers. These stakeholders reported that People First customer service representatives are not sufficiently knowledgeable about the state's human resource management processes and procedures. Agency personnel officers reported that employees are often provided with incorrect information by the customer service centers, which requires agency staff to intervene. Further, the personnel officers indicated that customer service representatives often tell state employees to contact their agency personnel offices rather than the call centers to resolve problems, which shifts workload intended to be handled by the People First service centers to agency human resources staff.

A primary reason for this problem is that People First customer service agents are often inexperienced due to high turnover at the call centers. The Jacksonville service center has averaged an annual attrition rate of about 20% since it became operational in May 2003, while the Tallahassee center's annual attrition rate is around 45% since its opening in August 2003. As a result of this turnover, service agents often lack expertise on state personnel requirements, which in turn diminishes the quality of service delivered to state employees and citizens who contact the call centers. Convergys staff reported that the high attrition rate at the Tallahassee Center may be related to two factors. First, Tallahassee is home to a national bank's call center, which may hire qualified applicants who might otherwise be employed by Convergys. Second, many of the qualified call center applicants are college students, a population that is traditionally transient and often is interested in only short-term employment.

To respond to these concerns, Convergys offered refresher training for call center agents in the spring of 2005. The company requires that trainees demonstrate at least 90% comprehension of relevant material before becoming certified customer service agents. If call center trainees fail this test, they are not hired. In addition, in December 2005 Convergys began surveying call center users to determine customer satisfaction; the company will collect data for six months to establish baseline information.

Agencies have developed supplemental procedures to address system limitations, which has increased cost and workload

Because some of the proposed benefits of the People First system have not been realized and several elements have not been fully implemented, agencies have adopted supplemental procedures and have assigned this workload to non-human resource staff, which has increased costs. In addition, although an intended goal of the initiative was to retire COPES, the system is still being maintained for historical data at an annual cost of nearly \$400,000.

Some agencies incur additional costs and workload to accommodate limited system functionality. While some agencies (e.g., Department of Transportation, Department of Business and Professional Regulation) reported cost savings associated with People First, several other agencies reported increased expenditures.¹² For example, the Department of Revenue reported that its annual costs for human resources services are an estimated \$1,312,284 higher now than prior to implementation of People First (see Exhibit 3). The department also indicated that 17.5 of the 27 FTEs that have been assigned to perform human resource management work were brought in from other functions. These 17.5 FTEs account for nearly half (\$513,388) of the total \$1,097,084 in salary costs of human resource management staff.

Other agencies also reported incurring unanticipated costs or having to shift resources to accommodate limited system functionality. For example, the Florida Fish and Wildlife Conservation Commission reported a net annual increase in human resources costs of about \$500,000. Similarly, the Department of Health reported that it has assigned human resource management functions to eight FTEs throughout its divisions and added six OPS positions to accommodate human resource workload; this supplemental staffing amounts to approximately \$137,000 in additional costs. Moreover, the Department of Agriculture and Consumer Services reported that to address problems with People First, it must allocate \$149,220 of its personnel assessment to fund additional positions and overtime.

**Exhibit 3
Department of Revenue Reported Higher Human Resource Management Costs Under People First**

DOR Expenditures for HR Services	Amount
Pre-People First	
Salary expenses of human resource staff	\$1,608,830
DMS personnel assessment ¹	\$337,849
Total Pre-People First costs	\$1,946,679
Post-People First (FY 2005-06 Estimate)	
Salary expenses of staff performing human resource management tasks	\$1,097,084
DMS personnel assessment	2,161,878
Total Post-People First costs	\$3,258,962
Increased costs since implementation of People First	\$1,312,283

¹ Costs allocated to agencies for the operation of COPES and the People First system.

Source: Department of Revenue.

COPES is still being maintained at an annual cost of nearly \$400,000. One of the primary purposes of People First was to eliminate the need for COPES. However, nearly three years after implementation of the system, DMS continues to maintain the legacy system for access to historical data, at an annual cost of \$387,000. DMS indicated that COPES is being maintained for several reasons including agency familiarity with COPES; perceptions that historical data is inaccessible or unreliable in People First; and insufficient user training on the People First data warehouse, data dictionary, and query tool needed to access the warehouse.

All of the personnel directors who participated in our focus groups and many of the agency administrative services directors we surveyed expressed concerns about the reliability of the information in the People First data warehouse. These concerns included the accuracy of the data in standard reports and inconsistent results of repeated data queries. In addition, stakeholders noted that using the data warehouse requires a query tool and specialized training, which agencies must pay for from their operating budgets. The query tool preferred and supported by the Department of Management Services, IMPROMPTU, is not part of the contract with Convergys and agencies must buy licenses to use this system and pay for the specialized training to use the system from their operating budgets; the full cost of training per

¹² The agency-reported cost savings are due to a reduction in human resources FTEs.

employee is at least \$2,380, and because of these costs, some agencies elected to offer this training internally instead. License costs vary by type of use and agency need, but the Department of Health reported paying \$241,000 to acquire 241 licenses and the supporting information technology infrastructure. In addition, DOH spent \$9,562 on trainer staff salaries for 28.5 days of training at its headquarters and field locations.

DMS is planning to maintain COPES as a contingency during the “transition period” to People First. However, the department has not established a deadline for the transition period or a retirement date for COPES.

DMS cannot validate whether People First is achieving projected cost savings

DMS reported that the People First initiative has resulted in upfront cost savings associated with staff reductions. However, the department cannot validate whether the initiative is achieving projected savings because it has not established an appropriate cost-savings methodology. Moreover, the enterprise-wide cost of agencies’ supplemental human resource management activities is unknown because the department has not established a mechanism to capture and track all statewide project costs.

The original (2001) business plan stated that the People First initiative would save the state \$173.1 million over seven years (\$80 million of which was to be achieved by avoiding the costs associated with rebuilding COPES); these savings amount to an average of \$24.7 million annually. DMS reported that in Fiscal Years 2002-03 and 2003-04, the state saved \$30.6 million from the elimination of agency human resources positions (758 FTEs). However, these estimates do not take into account the costs of the staff that agencies have tasked with performing human resource management functions due to the ongoing problems with People First functionality.

The Auditor General reported in 2004 that the department had not established a cost-savings methodology to validate whether or not the initiative was on course to achieve its projected savings and recommended that DMS develop such a methodology.¹³ However, the department has not

yet finalized a cost-savings methodology that tracks enterprise-wide costs and compares those expenses to the costs of the People First initiative identified in the business plan. DMS officials indicated that they are in the process of developing a cost-savings methodology, but no timeline for adoption of such a methodology has been established. As a result, the state lacks reliable information on whether People First is achieving its projected cost-savings benefits.

What steps has DMS taken to address ongoing challenges with People First?

DMS has taken several steps to improve the People First System, including identifying priority issues, improving communication with agency users, and expanding its project management team. In addition, the department has increased training for agency human resource management staff, explored and implemented system enhancements, and provided quarterly progress reports as required to the Legislature. These steps, if implemented successfully, should help the department achieve the project’s intended goals.

In January 2005, DMS outlined five priorities for improving People First. These included

- improving the customer service center;
- making system enhancements;
- reviewing benefit files;
- establishing new performance metrics; and
- coordinating with key stakeholders.

To address these priorities, DMS developed a number of mechanisms to integrate user feedback into its management of the initiative. For example, the department has held biweekly personnel officer meetings to provide a forum for giving updates on initiative issues and for personnel officers to comment and ask questions. In addition, to engage user agencies in project-related decisions, DMS established the People First Change Review Board in September 2005; board members represent all areas of state government, including human resources. This board meets monthly and provides guidance on issues such as system enhancement prioritization, best methods and mechanisms for training, and translating state policy into system design.

¹³ Auditor General, Department of Management Services People First, Operational Audit Report No. 2005-047, October 2004.

To better manage the initiative and be more responsive to agency concerns, in the fall of 2005 DMS expanded its People First project team from 8 to 21 staff. The expanded team includes subject matter experts for each system component. In addition, in November 2005, DMS created a process analysis team, which meets every two weeks to review how agency processes can be streamlined to improve system-processing speed and/or eliminate previously identified system issues. In response to agency user concerns, DMS has provided additional training to agency personnel staff and is identifying additional training needs. In addition, in December 2005, the project team hired a training manager who works in conjunction with Convergys and state agencies to design and deliver training to agency representatives, who then train the appropriate agency staff.

DMS also continues to work with Convergys to provide enhancements to the People First system. In Fiscal Year 2004-05, the department introduced updates that covered a range of issues, including facilitating data entry by agency users. Throughout Fiscal Year 2005-06 and into Fiscal Year 2006-07, DMS plans to implement additional enhancements, many of which will address system user concerns. To date, these enhancements have included the ability to calculate overtime and employee time and leave statements that reflect "real time" leave balances. DMS has not yet finalized rollout dates for its remaining planned system enhancements.

As directed by the 2005 Legislature, DMS has been providing quarterly reports detailing actions taken to improve People First. These quarterly reports include descriptions of actions taken on each of the five priority issue areas. To date, the department has issued two quarterly reports detailing progress on priority issues and describing ongoing changes to improve the system.¹⁴ These quarterly reports have indicated that the department is making progress addressing project issues such as revising performance metrics, improving the customer service center, and improving project management and oversight.

What additional actions should be taken to ensure that the initiative meets intended goals?

While the Department of Management Services has made changes in the management of the project to address People First deficiencies, it should continue working with user agencies to improve system performance and accountability. To help ensure the overall success of the initiative, we recommend that DMS

- adopt a formal implementation plan;
- establish a methodology to assess the cost savings realized through People First;
- restore the system's electronic records management capability;
- improve customer service center operations;
- improve the People First data warehouse;
- provide additional training to agency human resource management staff;
- conduct a statewide staffing assessment; and
- continue quarterly reports to the Legislature.

Adopt a formal implementation plan. To date, DMS has not formally identified all of the needed enhancements to People First, established a retirement date for COPES, or identified a final completion date for People First implementation. We recommend that the department develop and adopt a formal plan that identifies definite implementation goals, schedules, and an overall completion date as defined in the contract. This plan also should include regular status updates on the adoption of recommendations made by entities such as OPPAGA and the Auditor General.

Establish a cost-savings methodology. The Legislature should require DMS to develop a methodology for identifying all direct and indirect enterprise-wide costs associated with the People First project. This assessment should consider all costs incurred by DMS and user agencies, including expenses associated with maintaining COPES, expenses associated with implementing supplemental procedures, and those incurred by agencies who have assigned additional staff to perform human resource management functions.

¹⁴ The department submitted reports for the periods from July through September 2005 and October through December 2005 to the Legislature.

These expenses should be compared to the projected cost of the People First system cited in the original business plan to determine the extent to which the initiative is achieving its intended cost savings.

Restore the system's electronic records management capability. DMS should complete its reassessment of the electronic records management/personnel file module of People First and work with its vendor to resolve the ongoing concerns with this module. The department should establish a timeframe for making this function available to state agencies.

If DMS determines that it is not practicable to establish a workable electronic personnel file function, it should develop options for legislative consideration to address this issue, which could include restoring staff to agencies to manage personnel files or creating a centralized state personnel data center to maintain and manage personnel files for all agencies.

Improve customer service center operations. To improve customer service to state employees, DMS should monitor Convergys' efforts to provide training to its customer service center staff and decrease the attrition rate at the service centers. The department should give priority to completing its planned customer satisfaction survey and use these results to improve service where needed. In addition, Convergys and DMS should hold regular focus group meetings with agency personnel officers and staff who use the service centers and website to identify areas of concern and solicit suggestions for improvement.

Improve the People First data warehouse. To address the ongoing concerns about the People First data warehouse we recommend that the department

- provide comprehensive training to all data warehouse users and offer refresher training as necessary to alleviate any data access concerns users might have; and
- ensure that all historical data is available through the data warehouse and directly accessible to agency users so that COPES can be retired.

Provide additional training. DMS should continue to work with agency personnel officers to identify agency training needs and deliver timely and adequate hands-on training on People First system components. DMS should also establish regular user groups for various People First components to

provide ongoing feedback to the department and Convergys. Improved user training would help alleviate many of the issues users encounter in operating the system.

Conduct a statewide staffing assessment. The Legislature should require DMS to conduct a statewide assessment of agency human resource management staffing needs. Almost all agencies in our focus groups reported that the workload assessment that was used to determine the staffing reductions that occurred under People First did not accurately reflect actual workload and as a result, agencies often were assigning additional staff to perform these functions. DMS should work with agencies to conduct a comprehensive statewide staffing assessment for the human resource management function to determine whether agencies have the capacity to deliver timely and efficient services to state employees.

Continue quarterly reports to the Legislature. The 2005 Legislature directed the department to issue quarterly reports on its progress in implementing People First. We recommend that the Legislature continue this reporting requirement, and also require submittal of information on net project cost savings, until the Legislature is satisfied with the initiative's progress.

Agency Response

In accordance with the provisions of s.11.51(5), *Florida Statutes*, a draft of our report was submitted to the Secretary of the Department of Management Services for his review and response. The Secretary's written response is included in Appendix A.

OPPAGA supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

Florida Monitor: www.oppaga.state.fl.us

Project supervised by Kara Collins-Gomez (850/487-4257)
Project conducted by Alexander Gulde, Chad Lallemand, and Emily Leventhal

Gary R. VanLandingham, OPPAGA Director

Appendix A



DEPARTMENT OF MANAGEMENT
SERVICES

"We serve those who
serve Florida"

JEB BUSH
Governor

Tom Lewis, Jr.
Secretary



Office of the
Secretary
4050 Esplanade Way
Tallahassee, Florida
32399-0950

Telephone:
850-488-2786

Fax:
850-922-6149

Internet:
www.MyFlorida.com

April 21, 2006

Gary R. VanLandingham, Director
Office of Program Policy Analysis
And Government Accountability
Claude Pepper Building, Room 312
111 West Madison Street
Tallahassee, Florida 32399-1475

Dear Mr. VanLandingham:

Pursuant to Section 11.51(5), Florida Statutes, this is our response to the recommendations included in your report dated April 2006, While Improving, People First Still Lacks Intended Functionality, Limitations Increase State Agency Workload and Costs. The report provides a very good historical summary of the People First project. The report also underlines the numerous challenges the Department continues to focus on. Our response corresponds with the order of your findings and recommendations.

Finding:

Some planned elements of the People First system have yet to be fully implemented and several of its proposed benefits have not been realized. As a result, the state has been unable to retire its legacy COPES system, and workload for agency human resource staff has been higher than anticipated, which some agencies have addressed by using other staff to manage personnel-related workload. Some agencies also have incurred unanticipated costs to accommodate the system's limited functionality, and DMS has not established a cost-savings methodology for determining if People First has achieved projected cost savings.

Recommendation 1:

The Department develop and adopt a formal plan that identifies definite implementation goals, schedules, and an overall completion date as defined in the contract. This plan also should include regular status updates on the adoption of recommendations made by entities such as OPPAGA and the Auditor General.

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Department Response:

A formal implementation plan was developed and used at the outset of the project. A post-implementation plan has also been developed and is being followed. Both of these documents were provided to OPPAGA during the course of the review. As in the implementation of any large system, the status of the implementation changes on an ongoing basis. These changes are constantly updated in the plan/s and through contract amendments as necessary. When regular updates are made to the plan/s, recommendations made by entities such as OPPAGA and the Auditor General, will be incorporated where appropriate.

Recommendation 2:

The Legislature should require DMS to develop a methodology for identifying all direct and indirect enterprise-wide costs associated with the People First project.

Department Response:

The Department will implement the recommendation as directed by the Legislature.

The Department has a cost savings methodology. This methodology primarily includes contract appropriations, agency recurring reductions, COPES, amendments, and other miscellaneous project costs which ultimately result in a \$74 million - \$104 million savings (\$14 million savings plus \$60 - \$90 million cost avoidance to upgrade COPES) over nine years. The results from this cost methodology have been shared with the Legislature. As additional information is obtained the cost methodology will be updated.

Recommendation 3:

DMS should complete its reassessment of the electronic records management/personnel file module of People First and work with its vendor to resolve the ongoing concerns with module. The department should establish a timeframe for making this function available to state agencies.

If DMS determines that it is not practicable to establish a workable electronic personnel file function, it should develop options for legislative consideration to address this issue, which could include restoring staff to agencies to manage personnel files or creating a centralized state personnel data center to maintain and manage personnel files for all agencies.

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Department Response:

The records management component is operational. Online availability of the electronic files by employees remains outstanding. As noted in OPPAGA's findings, improper record preparation by agencies prior to implementing the component led to privacy concerns and resulted in our limiting access to the full contents of electronic files. That said, the Department is very concerned that the on-line availability feature cannot be used as originally intended. We continue to work on this as a high priority. Options to remedy are being developed by the joint DMS/Convergys Process Analysis Team. Those options, including potential cost and time frame, will be presented to DMS leadership for decision making by the end of May 2006. Currently, all files are available to agencies and employees via a call to the service center.

Recommendation 4:

To improve customer service to state employees, DMS should monitor Convergys' efforts to provide training to its customer service center staff and decrease the attrition rate at the service centers. The department should give priority to completing its planned customer satisfaction survey and use these results to improve service where needed. In addition, Convergys and DMS should hold regular focus group meetings with agency personnel officers and staff who use the service centers and website to identify areas of concern and solicit suggestions for improvement.

Department Response:

While the Department agrees that the turnover rate of service center representatives in the Tallahassee office is high, the turnover rate in the Jacksonville office is compatible with industry standards. While the Department can't control or dictate the turnover rate of a private vendor's service center operation, we agree that we need to work closer with Convergys in evaluating strategies to reduce the attrition rate wherever possible.

In regards to improvement in customer service to state employees, DMS and Convergys jointly implemented a Point of Service Evaluation (POSE) survey in December 2005. The survey solicits and measures feedback from randomly selected callers to the service center. These selected callers voluntarily answer a predetermined set of questions. This data is benchmarked and the results are being used to identify and provide on going improvements to customer service.

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In addition, on an ongoing basis, the People First Service Center utilizes several performance monitoring tools including call monitoring and case monitoring for quality assurance. Representatives must score 95% or higher on their calls and cases in order to meet their performance metrics and the results are included in each representatives' performance rating.

In October 2005, the Department implemented a revised and strengthened set of performance measures for all categories of service levels to address issues and resolve problems. Results from the revised performance measures indicate a continued improvement in service center operations. Our service center can always be improved and we will continually look for ways to do so.

The Department holds regular Personnel Officer meetings on a monthly basis. In addition the Secretary meets several times a year with selected Personnel Officers, from the major agency users. In August 2005, we established a Change Review Board to generally oversee the People First system. Your suggestion of a customer focus group will be submitted to the Change Review Board at its May 2006 meeting.

Recommendation 5:

To address the ongoing concerns about the People First data warehouse we recommend that the department

- Provide comprehensive training to all data warehouse users and offer refresher training as necessary to alleviate any data access concerns users might have; and*
- Ensure that all historical data is available through the data warehouse and directly accessible to agency users so that COPES can be retired.*

Department Response:

The Department recognizes the importance of the data warehouse and its usability to the agencies. As you suggest, the Department will continue to modify and enhance the existing data warehouse training to better enable agency staff to readily access data and reports as needed. To accomplish this we are developing a project plan to ensure that COPES historical data has been properly converted and migrated to the People First data warehouse. This plan will be finalized by May 2006 and implemented during the second quarter of Fiscal Year 2007.

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It is important to note that COPES has been fully retired from a production standpoint. While one of the primary intents of the development of People First was to eliminate the COPES legacy system, which has been accomplished, there remains a need to sustain the 20 plus years of historical data gathered by the associated COPES applications as a contingency. Additionally, People First has only been live to some agencies since August of 2004 and others as recently as November of 2005. Therefore some users have only had slightly less than eighteen months to test the newly designed table structure. While that would appear to be more than ample time, the People First data warehouse is a complex database consisting of millions of records and transactional data. Prior to completely retiring COPES, the Department wants to ensure that COPES historical data has been properly converted and migrated to the People First data warehouse.

Recommendation 6:

DMS should continue to work with agency personnel officers to identify agency training needs and deliver timely and adequate hands-on training on People First system components. DMS should also establish regular user groups for various People First components to provide ongoing feedback to the department and Convergys.

Department Response:

The Department continues to identify agency training needs to provide training for various People First components and continue to receive feedback through user groups. Our People First team has a Training Manager dedicated to designing and developing People First training programs and materials. Numerous training guides and programs have been implemented over the past year to include training alerts sent out via email, PowerPoint training presentations, training guides, user guides, quick reference cards and training survey feedback forms as well as training videos. Thirteen training videos are currently available and 11 more will be released by May 1, 2006. All of the materials listed above are available online for employees to access at any time.

User groups for various People First components will be established by September 1, 2006, and meet biannually thereafter, to provide ongoing feedback to the Department and Convergys for the following purposes:

- Development stage of training materials – HR staff and/or agency trainers

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- Field test of training materials – employees, managers, and/or trainers.
- Feedback during and after training cycles – personnel officers, trainers, employees, and managers.
- Highest priority- user friendly improvements

Recommendation 7:

The Legislature should require DMS to conduct a statewide assessment of agency human resource management staffing needs. DMS should work with agencies to conduct a comprehensive statewide staffing assessment for the human resource management function to determine whether agencies have the capacity to deliver timely and efficient services to state employees.

Department Response:

The Department currently has limited view into the staffing levels employed by other state agencies. Proper authority and funding from the legislature would be required in order to satisfy this recommendation. If the necessary authority and funding is provided by the Legislature to carry out these tasks, the Department would be happy to pursue such an assessment.

Recommendation 8:

The 2005 Legislature directed the department to issue quarterly reports on its progress in implementing People First. We recommend that the Legislature continue this reporting requirement, and also require submittal of information on net project cost savings, until the Legislature is satisfied with the initiative's progress.

Department Response:

The Department will implement the recommendation as directed by the Legislature. We anticipate continuing to provide quarterly reports as well as updates when requested or appropriate.

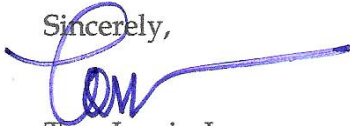
The Department has some funding this year that will enable the Department to continue to address items included in OPPAGA's recommendations. The Department hopes the Legislature will favorably consider these budget requests related to People First in the FY 06-07 Budget. For example, we requested \$433,000 for system improvements to increase usability of the People First

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system, including accessibility by persons with disabilities and \$60,000 for training. Additionally, we requested \$450,000 to continue funding the Project Leadership of our People First Team. Funding these items will enable the continued forward progress the project has realized in this current fiscal year. While we still have a long way to go, I believe we have made measurable improvements in People First over the past year. I hope we will be able to continue making improvements.

If further information is needed concerning our response, please contact Steve Rumph, Inspector General, or John Davis, Audit Director, at 488-5285.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tom Lewis, Jr.', with a long horizontal flourish extending to the right.

Tom Lewis, Jr.
Secretary

TL/sr

cc: John Holley, Chief of Staff
Department of Management Services

Lee Ann Korst, Deputy Secretary
Department of Management Services

Lisa Truckenbrod, Director of Human Resources
Department of Management Services

Dennis King, Project Manager, People First
Department of Management Services

Colleen Englert, Director of Communications
Department of Management Services