



DMS Has Improved People First, But Some System Components Are Still Not Fully Implemented

at a glance

The Department of Management Services has taken steps to address problems highlighted in OPPAGA's 2006 review of the People First human resources initiative. Notably, the department has improved timesheet entry and data warehouse usability. However, the department has not yet fully implemented some planned elements of the People First system. Remaining challenges include adjusting original goals of some system functions, such as electronic personnel files.

The department has substantially reduced its estimate of projected savings from the People First initiative. While the initial business plan projected \$93 million in savings over seven years, the department now projects savings to be \$12 million over the contract's amended nine-year period. The reduction is due in part to unanticipated agency costs, such as the need to modify the system to resolve functionality and security issues. We continue to recommend that the department report cost changes to the Legislature and re-assess cost savings as it amends the contract with Convergys.

Scope

In accordance with state law, this progress report informs the Legislature of actions taken by the Department of Management Services to address the findings and recommendations of OPPAGA's 2006 report.^{1,2}

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, human resource staff in each state agency provided these functions through seven different personnel information systems. Under People First, these functions have been automated and/or shifted to front-line managers.

The Department of Management Services (DMS) manages the People First Initiative. In the fall of 2000, the Executive Office of the Governor directed the department to determine the feasibility of outsourcing state human resource services. The decision to outsource these services culminated efforts that began in 1997 to replace the statewide

¹ Section 11.51(6), *F.S.*

² *While Improving, People First Still Lacks Intended Functionality, Limitations Increase State Agency Workload and Costs*, [Report No. 06-39](#), April 2006.

personnel information system, Cooperative Personnel Employment Subsystem (COPES), which at the time was 20 years old and required significant paper-driven processes.³ A 2001 business plan suggested that outsourcing human resource services would save the state “several million dollars,” and identified benefits of outsourcing these services. These perceived benefits included

- avoiding the costs of rebuilding COPES (\$65 to \$90 million);
- 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. (Convergys) to manage statewide human resources services; the department subsequently named the initiative People First. In 2004, DMS extended the contract from seven to nine years. As of March 2008, the department amended the contract nine times, and it now totals \$349.9 million. To date, DMS has paid the contractor \$190.8 million. The Legislature allocates the annual costs of the contract among all user agencies as “human resource services assessments,” which are part of agencies’ operating budgets.⁴

The state intended that the People First initiative would provide an enterprise-wide personnel information system and suite of human resource services. These functions include automating timesheet submission, processing new employees, managing leave use and accrual, preparing payroll, administering benefits, and maintaining employee records. Users (including applicants, employees, and managers) can access these services through a self-service website that allows them to view personnel information, apply for positions, and

manage their benefits. Service center staff in Jacksonville and Tallahassee support this website and operate a service center. Convergys is responsible for orienting and training these staff so that they are sufficiently knowledgeable to meet state needs.

People First Implementation began with the staffing administration function in May 2003 and concluded with implementation of the benefits administration function in January 2005. While DMS and Convergys implemented the staffing administration functions as scheduled, they did not implement other project components on time, in some cases delaying completion for up to a year.

Prior Findings

Our 2006 report identified several problems with the performance and accountability of the Department of Management Services’ People First system. Some planned elements of the system were significantly delayed and others had not yet been fully implemented. As a result, the state had been unable to retire its legacy COPES system and continued to incur costs for supporting that system. Workload for agency human resource staff was higher than anticipated, forcing some agencies to use other staff to manage personnel-related tasks and to incur unanticipated costs to accommodate the system’s limited functionality. Finally, DMS had not established a thorough cost-savings methodology for determining if the initiative had achieved projected cost savings.

State agencies had experienced significant problems with People First components that had been implemented. For example, the Department of Financial Services reported problems with the system’s payroll administration component, resulting in over-, under-, and missed payments to employees. Agency and legislative officials also reported deficiencies in the People First benefits administration component, which resulted in some state employees temporarily losing their benefits.

³ COPES included functions to maintain data on employees and positions, time reporting, and collective bargaining.

⁴ The costs associated with the operation of COPES were similarly allocated among state agencies.

To address these concerns, we recommended that the department

- 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.

Current Status ---

The Department of Management Services has taken steps to address the problems identified by our 2006 review. The department has worked with agency users and Convergys to improve several system functions and has shut down the legacy COPES system. In addition, the department has improved planning and utilization of system user feedback. However, some system components are still not operating as intended. To address these problems the department is currently seeking a tenth amendment to its contract with Convergys. Furthermore, the department has substantially reduced the People First system's targeted cost savings. We continue to recommend that the department report cost savings and changes to the Legislature as it amends the contract with Convergys.

The department has improved some system operations

The department has taken steps to improve a number of problems with the People First system functionalities, including developing a system work plan and improving data reliability and customer service. The department has also worked with agencies to reduce paper timesheet submission and with Convergys to create management reports for the training component of the People First system.

DMS developed a work plan driven by agency needs. Our previous report noted that the department did not have a formal work plan in place. In September 2006, DMS developed an ongoing work plan that prioritizes all tasks, including system updates, outstanding deliverables, and enhancements. The People First Change Review Board, which consists of state personnel officers and department staff, approves issues and deadlines for the work plan, such as system enhancements. The plan includes tasks that agency users have identified as priorities, and the board and DMS staff review it monthly for modifications and additions. This strategy improves transparency of operations, because previously the department only used "release plans" to identify short-term goals and schedule system updates, rather than providing agencies a long-term outlook for system modifications. According to department officials, DMS revised this work plan to prioritize key user concerns, increase system usability, and improve customer satisfaction.

Data warehouse access and data reliability have improved. DMS is taking steps to ensure that agency users can access and analyze accurate historical personnel information from the People First data warehouse. Our prior report noted that agency use of the data warehouse was limited because agencies were required to pay for specialized training in using the warehouse's query tool. To address this concern, DMS sponsored two trainings for state personnel staff in 2007 and is sponsoring seven additional training sessions in 2008.

DMS also has taken steps to address agency concerns that the data warehouse information was unreliable; as a result, agencies continued to rely on COPES to obtain historical personnel data. To address this issue, DMS repeatedly tested the warehouse information and found queries reliable. DMS also established a user focus group and visited agencies to identify problems users had experienced with the data warehouse. The department found that one key reliability issue was that the system was not updating data in a timely, accurate

manner; as a result, users were getting different information at different times of day. The department provided this feedback to Convergys, which updated the display of information, renamed and deleted data fields identified as problematic, and began updating data daily so users could consistently view information.

These improvements enabled DMS to retire the COPES system in November 2007 as we recommended. Since Fiscal Year 2005-06, the first year when all agencies were using People First, COPES operation cost the state \$418,550.

Many service center customers report satisfaction, but personnel offices are still resolving service center issues. Since our prior report, DMS has continued to assess customer satisfaction with the service center and other aspects of People First. Convergys reports that in 2007, most respondents (87%) described their experiences with service center staff as either excellent or very good (see Exhibit 1).⁵ Similarly, 84% of respondents described the overall quality of the contact with the service center as “excellent” or “very good”.

The department attributes this positive assessment to improved monitoring of service center staff and their interactions with callers. For example, Convergys has provided service center staff with call reminders and ongoing guidance on key policies and processes. In addition, Convergys has monitored live calls and developed more efficient caller routing to allow callers to pick a functional area that meets their needs from an automated menu prior to speaking to a service representative.

The department’s own People First customer satisfaction survey of 20,000 state employees also indicated satisfaction with some elements of the service center experience.⁶ For example, 72% of respondents were satisfied with service center employees’ helpfulness.

**Exhibit 1
Most People First Service Center Users in 2007
Were Pleased With Service Received**

Service Items	Found Service Excellent or Very Good
Overall quality of contact	84%
Overall service provided	87%
Speaking in a professional tone	90%
Understanding question/concern	89%
Demonstrating desire to resolve	89%
Presenting easy-to-understand information	88%
Knowledge of policies/procedures	87%
Way call transfer was handled	86%
Amount of time waiting	79%

Note: The percentages shown represent survey respondents ranking service as “very good or excellent” in 2007.
Source: Convergys.

Despite these improvements, agencies and employees continue to voice concerns about the service center providing inaccurate information and referring problems back to agency personnel offices. The department’s customer satisfaction survey indicates that 18% of respondents lacked confidence in the information provided by the service center. Moreover, personnel officers from several large state agencies reported that service center still occasionally provides callers with incorrect information about benefits (e.g., childcare reimbursement, health insurance coverage elimination) and refers state employees to their personnel offices to resolve such issues. Personnel officials from smaller agencies reported declines in the number of referrals from the service center, but some also noted that they have encouraged employees to contact the personnel office before contacting the service center.

⁵ In 2007, service center customers were offered the survey before contact with a representative, and the representative did not know whether the caller chose to take the survey.

⁶ In total, 3,330 state employees responded to the survey.

Paper timesheet submission has declined. In our prior report, we noted that thousands of employees without computer access could not use the People First system for electronic timesheet submission but instead mailed paper timesheets to the service center for scanning (e.g., Department of Corrections' officers). Over the last year, DMS has worked with the Department of Corrections to designate existing personnel as timekeeper staff in all of its regions.⁷ These staff record time for personnel without computer access. Following implementation, the number of paper timesheets the Department of Corrections submitted has declined from 13,635 in January 2007 to 70 in January 2008.

As a result of implementing the timekeeper function, timesheets are hand-entered directly into the People First system, and thus, are more quickly and accurately completed. Consequently, employee leave balances are up-to-date faster, and the service center no longer has to process the paper timesheets, which allows service center representatives more time to resolve caller issues.

DMS and Convergys have implemented some key components of the system's training module. The department has implemented some delayed People First components and has added training resources. In July 2006, the department established a People First module to allow agencies to capture and record training data. In addition, DMS developed cross-agency focus groups to help develop statewide training. To address this need, the department has added links on its website to 27 People First training videos. As focus group participants indicated that off-the-shelf trainings would not be appropriate, the department developed six general state policy training programs including new employee, ethics, and diversity courses.

Some system components are still not fully implemented

While the Department of Management Services has taken several steps to enhance People First, it has not yet been able to fully implement or improve several problematic system components, including the electronic personnel file and performance management modules. The department reports that it plans to resolve these issues and negotiate other system improvements with Convergys via a tenth contract amendment.

The online personnel file module is still not available. The People First system's electronic personnel file module is still not available online because of privacy concerns. For example, some scanned personnel files contain private information such as bank account numbers and other individual files contain data on multiple employees. The department is continuing to work with Convergys to address this problem. In the absence of the on-line feature, agency human resources staff continue to use hard copy personnel files.

The performance evaluation module is complete; utility is more limited than originally planned. DMS intended for the People First employee performance evaluation module to include a web-based performance appraisal tracking system to capture supervisor evaluations and peer reviews, and this module had an initial planned implementation date of June 2003. However, this module was substantially delayed. As of July 1, 2006, Convergys made this module available to agencies, which allowed limited functionality such as inputting employee evaluation scores. Department staff have sought agency user input and report that the new, more limited goal for the performance management system is to allow agencies to store and retrieve evaluation data easily. Moreover, the department is negotiating with Convergys to provide management reports for this module.

⁷ For example, the Florida Department of Law Enforcement, Fish and Wildlife Conservation Commission, and the Florida Department of Highway Safety and Motor Vehicles have this timekeeper system in place, among other agencies.

The Department of Financial Services reports that supplemental payments and payroll errors have declined, but remain higher than pre-implementation levels. In our prior report, we noted that employee pay errors had increased since People First was implemented, as had supplemental payments made outside of the People First system to resolve payroll problems. Since that time, DMS and the Department of Financial Services report reductions in such payments (see Exhibit 2). For example, the Department of Financial Services' PC Payment system, which processes supplemental payments, processed a monthly average of 15,778 records pre-People First, which has since declined to a monthly average of 2,073 (an 87% decrease). DMS attributes these declines to People First enhancements that made the payroll component more user-friendly, such as adding capacity to manage some types of overtime pay and training agency personnel.

However, state agency use of other payment systems and the number of cancelled payments is still higher than pre-People First levels. Department of Financial Services officials reported that problems with payroll production (e.g., electronic fund transfer cancellations) that increased with implementation of People First continue to exceed pre-implementation levels. DMS plans to address these issues by requesting that Convergys develop functionality to manage the applicable payments within the People First system.

People First is not achieving originally projected cost savings

People First has not achieved the cost savings estimated in the original business case, which projected \$93 million in savings over seven years, because of unexpected costs and errors in the original cost savings projections. For example,

- the original business case projected that over the life of the contract, there would be a total reduction of \$54 million in agency appropriations for human resource functions and staff, but such a reduction did not occur;
- COPES and its related applications took longer than anticipated to retire, and cost more than \$418,000 to operate over the past three years; and
- the department incurred additional costs to improve system security, including conducting an audit to determine if security breaches occurred when an offshore subcontractor scanned personnel information.

Due to these and other factors, the department has reduced its projected cost savings estimates for the original seven-year contract (Fiscal Years 2002-09) from \$93 million to \$12.3 million. Furthermore, unanticipated recurring costs, such as additional staffing needs and People First agency training will likely affect future cost savings prior to the end of the current contract (Fiscal Year 2010-11).

**Exhibit 2
Payroll Issues Higher Than Pre-People First Levels**

Indicator	Monthly Averages				% Change (from Pre to 2007)
	Pre-People First ¹	2005	2006	2007	
Paper Warrant Cancellations	70 ²	203	279	216	209%
On Demand Records Processed	1,790	3,026	2,896	2,615	46%
Electronic Funds Transfer Cancellations	276	1,404	942	790	186%
PC Payment Records Processed	15,778	14,791	8,751	2,073	-87%

¹ January to September 2004.

² June 2004 data excluded as an outlier because of a high number of special bonus payments.

Source: OPPAGA analysis and Department of Financial Services.

Although the department was not directed to evaluate or report on its cost savings, the ongoing unpredictability of its People First-related cost-savings estimates warrants further examination. We continue to recommend that the department regularly report cost savings and/or increases to the Legislature and re-evaluate its cost savings estimates to assess the cost of the human resources function in agencies over the life of the contract. At a minimum, the department should re-assess cost savings whenever it amends its contract with Convergys.

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