



# Office of Program Policy Analysis And Government Accountability



John W. Turcotte, Director

February 1998

## Review of the Performance of the Department of Management Services' Workforce Program

### Abstract

- The Workforce Program's administrative efficiency remained relatively stable during Fiscal Years 1995-96 and 1996-97.
- The program's customers were generally less satisfied with program services in Fiscal Year 1996-97 than expected.
- The program's measures could be improved by establishing better methods for calculating the results for two measures—total administrative cost per full-time equivalent (FTE) position and customer satisfaction with program services.
- The department should include performance-based program budgeting output measures in its legislative budget request to assess the amount of products or services provided by the program.

State agencies must report annually on their performance against these standards to the Governor and the Legislature in their Legislative Budget Requests. The Legislature considers this information in making funding decisions and may award incentives and disincentives for program performance that exceeds or fails to meet the established standards.

Section 11.513, F.S., directs OPPAGA to complete a program evaluation and justification review of each state agency program that is operating under a performance-based program budget. The Workforce Program began operating under a performance-based program budget in Fiscal Year 1996-97.

This is the first of two reports presenting the results of our program evaluation and justification review of the Department of Management Services' Workforce Program. In this review, we examined the program's performance compared to the approved standards for Fiscal Year 1996-97 and options for improving the program's measures and standards for Fiscal Year 1998-99. Our second report, which will be issued by July 1, 1998, will address the program's necessity and alternative means for providing program services.

### Purpose

Chapter 94-249, Laws of Florida, directs state agencies to prepare performance-based program budgeting measures in consultation with the Governor's Office of Planning and Budgeting, staff from the appropriate legislative committees, and the Office of Program Policy Analysis and Government Accountability (OPPAGA). State agencies are then required to submit performance-based program budget requests, with performance measures and standards, to the Legislature for approval. The Legislature includes the approved performance measures and standards in the annual General Appropriations Act.

### Background

The Department of Management Services' Workforce Program is responsible for establishing a fair and equitable system of personnel management that includes recruiting, selecting, and retaining an effective and responsible workforce representative of Florida's labor market. The program accomplishes its responsibilities by managing the State Personnel System to help state agencies (its primary customers) achieve an effective workforce; performing a variety of activities to assist state agencies in human resource management; and providing administrative support for

the Cooperative Personnel Employment Subsystem (COPES).

The State Personnel System is the largest of the six personnel systems dealing with state government employees in Florida (see Exhibit 1). The State Personnel System includes Senior Management Service, Selected Exempt Service, and Career Service employees. The Senior Management Service includes policy-making positions and upper management positions, such as agency heads and division directors. The Selected Exempt Service includes middle management and professional positions, such as doctors and lawyers. All other positions in the State Personnel System are part of Career Service.

**Exhibit 1**  
**The State Personnel System Was the Largest**  
**of the State's Six Personnel Systems**  
**as of December 31, 1996**

Personnel Systems	Number of Employees
State Personnel	124,657
State University	31,824
State Courts	8,969
Legislature	1,193
Florida Lottery	738
Auditor General	616
Total (six systems)	167,997
Other Pay Plans <sup>1</sup>	1,417
<b>Total</b>	<b>169,414</b>

<sup>1</sup>This category consists of much smaller entities that are not included in any of the six personnel systems.

Source: Department of Management Services' 1996 Annual Workforce Report

The program performs a variety of activities that assist state agencies in human resource management. The program maintains the classification and pay system for the State Personnel System; manages the collective bargaining and contract negotiation process with state employees' labor unions; and promulgates and interprets personnel rules for state agencies. Also, the program provides statewide training and professional development opportunities to employees of the State Personnel System; monitors the Florida State Employees' (United Way) Campaign; reviews state agencies' equal employment opportunity and affirmative action plans for conformance with federal requirements; and oversees state child care facilities, the state awards program, and agency telecommuting programs. The program also conducts periodic audits

of state agency personnel offices and handles grievances as deemed necessary for state agencies.

In addition, the program administratively supports and coordinates activities of the Cooperative Personnel Employment Subsystem (COPES). COPES is an automated database that provides state agencies with statewide personnel data, such as employee salaries, vacancies, and turnover. It should be noted that two department programs, the Workforce Program and Information Technology Program, share responsibility for operating COPES. The Information Technology Program operates and maintains the COPES database. State agencies use the information generated by COPES in preparing their legislative budget requests. COPES also supplies information to the State Payroll System, the State Automated Management Accounting Subsystem (SAMAS), and Legislative Appropriations Subsystem /Planning and Budgeting Subsystem (LAS/PBS).

In Fiscal Year 1996-97, the Workforce Program included two program components, Human Resource Management and State Group Insurance. The program was appropriated \$28 million and had 143 authorized positions. As of July 1, 1997, the program was modified so that it included only Human Resource Management. The 1997 Legislature created a new Division of State Group Insurance and transferred to it all insurance functions, thereby removing the State Group Insurance component from the Workforce Program. For Fiscal Year 1997-98, the Workforce Program was appropriated \$9.3 million and 51 employees.

Our review focused on the outcome measures for the Human Resource Management component that remains in the Workforce Program (see Exhibit 2).<sup>1</sup> The Workforce Program has proposed three outcome measures in its Legislative Budget Request for Fiscal Year 1998-99. All of the proposed outcome measures are continued from Fiscal Year 1997-98.

## Findings

<sup>1</sup> Because of a shift in responsibilities, the Workforce Program changed two of its output measures from external measures (i.e., reported in its Legislative Budget Request) to internal measures that are used by program staff. The remaining output measure was deleted, and this information is now captured under another internal measure.

**Exhibit 2**  
**Workforce Program**  
**Performance-Based Program Budgeting Measures for Fiscal Year 1996-97**

Outcome Measures	Explanation
<b>Administrative Cost Per FTE</b> <ul style="list-style-type: none"> <li>• COPEs costs</li> <li>• Administrative cost net of COPEs</li> <li>• Total administrative cost per FTE</li> <li>• Cost per FTE compared to comparable (Southeastern) states<sup>1</sup></li> </ul>	This measure is an indicator of the cost and efficiency of the functions performed by the program. Administrative cost per full-time equivalent (FTE) employee is calculated by dividing the total expenditures for the program, as provided by Department of Management Services' Budget Office, by the total number of FTE in the State Personnel System.
<b>Customer Feedback Ranking</b> <ul style="list-style-type: none"> <li>• Improve employee knowledge, skills, and abilities through training</li> <li>• Maintain fair and equitable employment practices</li> <li>• Attract and retain employees</li> <li>• Provide quality child care</li> <li>• Motivate employees through the Meritorious Service Awards Program</li> <li>• Personnel staff technical assistance</li> </ul>	This measure is an indicator of how the program's customers rank its personnel functions and services that are provided in these six areas. Survey recipients were asked to quantify their responses as to the effectiveness, importance, or efficiency of various factors on a scale of 1 to 10. The aggregated numbers were averaged to arrive at a ranked score.
<b>Percentage of Agencies at or Above EEO Parity With the Available Labor Market</b>	This measures provides information on hiring trends for the state as an employer and on how well the program is in influencing minority hiring through EEO/Affirmative Action criteria.

<sup>1</sup> As of July 1997, this measure was changed from comparing Southeastern states to comparing comparable states.

Source: General Appropriations Act for 1996-97

**Using the program's performance-based program budgeting measures, what can be concluded about its performance in Fiscal Year 1996-97?**

Based on our analysis of the Workforce Program's measures, we concluded that:

- the program's administrative efficiency remained relatively stable during Fiscal Years 1995-96 and 1996-97 (see Exhibit 3);
- the program's customers were less satisfied with program services in Fiscal Year 1996-97 than expected; and
- the percentage of state agencies at or above equal employment opportunity parity was higher in Fiscal Year 1996-97 than the prior year, but was lower than the measure's standard.

**Administrative Costs**

The Workforce Program's administrative efficiency remained relatively stable during Fiscal Year 1995-96 and Fiscal Year 1996-97. As shown in Exhibit 3, the program's 1996-97 *total administrative cost per FTE* (which includes *COPEs cost* and *administrative cost net of COPEs*) was \$72.57, which was \$15.76 less than the standard. However, we identified two problems that contributed to the program exceeding its standard

for Fiscal Year 1996-97 and one problem with the criteria program staff used to select comparable states.

First, the program overestimated its future costs and therefore set its standards too high for Fiscal Year 1996-97. The program initially requested a standard of \$73.61 for Fiscal Year 1996-97 but later requested an increase to \$88.33 (a 20% increase) during the 1996 Legislative Session. Program staff were unable to provide us documentation explaining the reason for this increase. Nevertheless, the program's actual performance for Fiscal Year 1996-97 was reasonably consistent with the prior year's performance.<sup>2</sup>

Second, the program did not include the total cost of COPEs in calculating its administrative cost per FTE. The Information Technology Program (ITP) expended \$850,000 in Fiscal Year 1996-97 to operate and maintain COPEs. The program did not include these costs in calculating the total cost of COPEs; it only included the costs that were expended by the Workforce Program. Thus, for Fiscal Year 1996-97, the program's reported total administrative cost per FTE of \$72.57 is understated by \$6.78. While the program did not include ITP's cost in calculating the administrative cost for COPEs, it did disclose this cost

<sup>2</sup> The program's total administrative cost per FTE for Fiscal Year 1996-97 increased by 4% over its Fiscal Year 1995-96 performance, which is a reasonable increase that is generally accepted as a cost of living.

in its 1998-99 Legislative Budget Request. As stated earlier, the operation of COPEs lies with the Workforce and Information Technology Programs. However, while the Workforce Program does not control the costs expended by the Information Technology Program, the program should include these costs in calculating its administrative cost per FTE for COPEs.<sup>3</sup> This will give a more accurate account of the cost for operating COPEs as it relates to human resource management.

The program also reported that its administrative cost per full-time equivalent member (FTE) was lower than that of comparable (Southeastern) states and met its

<sup>3</sup> The program should also identify and disclose the estimated difference between the amount allocated to the Workforce Program for purposes of funding COPEs and the actual amount expended by the Information Technology Program to run COPEs.

performance standard for Fiscal Year 1996-97.<sup>4</sup> However, this comparison is weak because the program used inadequate criteria to select other comparable states. The program selected comparable states based on the degree of decentralization of the states' personnel systems and state population size. While the cost of another state's human resource program may be affected by the degree to which the program is decentralized and by the services provided, the program's cost per FTE may not be directly related to the state's population size. For example, California has a population twice as large as Florida's, but its state human resource program's cost per FTE is three times as high as Florida's program.

<sup>4</sup> The program selected the following states for comparison: California, Illinois, Massachusetts, Michigan, South Carolina, and Washington.

## Customer Satisfaction

### Exhibit 3 The Workforce Program Met Some of Its Standards for Fiscal Year 1996-97 and Improved Its Performance in Two Functional Areas

Outcome Measures	Fiscal Year 1995-96	Fiscal Year 1996-97			OPPAGA's Comments
	Actual	Standards	Actual	Standard Met?	
<b>Administrative Cost Per FTE</b>					
--COPEs cost	\$ 37.33	\$ 49.41	\$ 40.20	Yes	The COPEs cost and administrative cost net of COPEs reflect the program's total cost per full-time equivalent (FTE) employee for providing personnel management services. However, the standards may have been met because the program overestimated its future costs and thus set the 1996-97 standards too high.
--Administrative cost net of COPEs	32.41	38.92	32.37	Yes	
--Total administrative cost per FTE	69.74	88.33	72.57	Yes	
--Cost per FTE compared to comparable (Southeastern) states	151.63	166.83	160.29	Yes	
<b>Customer Feedback Rating -10 Point Scale</b>					
--Improve employee knowledge, skills, and abilities through training <sup>1</sup>	5.8	7.75	Not Applicable	Not Applicable	This measure is an indicator of how satisfied program customers are with its personnel functions and services in these six areas. The program's standards appear to be reasonable. However, standards were not met in Fiscal Year 1996-97. This may be due to program staff spending considerable time on in-service training during Fiscal Year 1996-97 that related to the department's efforts to reorganize the program's design and to change its mission. The program should continue to strive to improve its performance as it defines its new mission.
--Maintain fair/equitable employment practices	6.1	8.5	6.2	No	
--Attract and retain employees	8.34	8.25	8.1	No	
--Provide quality child care	9.02	9.79	8.7	No	
--Motivate employees through the Meritorious Service Awards Program	6.02	7.2	6.6	No	
--Personnel staff technical assistance	7.07	7.9	6.9	No	
<b>Percent of Agencies at or Above EEO Parity with the Available Labor Market</b>					
	43.30%	54.17%	50.00%	No	This measure provides information on minority hiring trends for the state as an employer and on how well the program is influencing minority hiring by agencies through EEO criteria. This standard appears to be reasonable. Although this standard was not met, the percentage of agencies at or above EEO parity with the available labor market has continued to increase over the past three fiscal years.

<sup>1</sup> Data for this measure was not collected for Fiscal Year 1996-97. The program intends to resume measurement once its new on-line training system is fully implemented.

Source: Department of Management Services' 1998-99 Legislative Budget Request and 1996 General Appropriations Act

The program's customers were generally less satisfied with program services in Fiscal Year 1996-97 than expected. As shown in Exhibit 3, the program did not meet its standards for any of the components for the *customer feedback ranking* measure for Fiscal Year 1996-97. However, customer satisfaction levels improved over Fiscal Year 1995-96 in two of the six service areas (maintaining fair and equitable employment practices and motivating employees through the meritorious service awards program).

Program staff indicated that one reason for customer satisfaction being lower than expected is that staff were spending considerable time on in-service training during Fiscal Year 1996-97 that related to the department's efforts to reorganize the program's design and to change its mission.<sup>5</sup> We also identified several problems with the customer satisfaction surveys that could limit the program's ability to obtain useful information. These problems are discussed in our comments on how to improve the program's measures on pages 5 and 6.

### **Equal Employment Opportunity (EEO) Parity**

The *percent of state agencies at or above EEO parity with the available labor market* was higher in Fiscal Year 1996-97 than in the prior year (50% versus 43%), but was lower than expected (54%). Although this standard was not met, the percentage of agencies at or above EEO parity with the available labor market has continued to increase over the past three fiscal years. It should be noted that while this measure provides the Legislature with information on state hiring trends it does not directly measure the program's performance. The program's primary responsibility is to oversee equal employment opportunity rule interpretation and application by state agencies; it does not directly control agency hiring, firing, or transfer practices.

### **What improvements can be made to the program's measures and standards for Fiscal Year 1998-99?**

Based on our analysis of the program's measures and data sources, we concluded that the program could improve its Fiscal Year 1998-99 measures as discussed below. We also concluded that the department should include output measures in its legislative budget

<sup>5</sup> As discussed later in the report, the program wants to change its mission to become a resource consultant to state agencies and to continue to shift its focus away from controlling agencies' personnel-related activities.

request to indicate the amount of products or services that the program provides state agencies.

We did not identify any problems with the program's performance standards for Fiscal Year 1998-99 and thus concluded that these standards are reasonable.

### **Outcome Measures**

**Administrative Cost Per FTE.** This measure purports to measure the program's cost of providing personnel management services for state employees. The program's administrative cost per FTE measure can be a valid indicator of the program's efficiency in providing these services to state agencies. However, as previously discussed, we identified two problems with the methodology for calculating the measure's standards and a problem with the criteria program staff used to select other comparable states. These problems suggest that the performance results should be interpreted with caution.

To improve the usefulness of this measure, the program should:

- base its cost projections on historical performance unless the effects of future programmatic changes can be reliably quantified. This will ensure that standards are reasonable based on actual prior year performance and will help reduce the likelihood of setting unrealistic standards.
- include the full costs of operating COPES when calculating administrative cost per FTE. The program should also identify and disclose the estimated difference between the amount allocated to the Workforce Program for funding COPES and the actual amount expended by the Information Technology Program to run COPES.
- select states for comparing costs per FTE based on criteria that have a direct effect on a personnel program's administrative cost, such as the types of personnel management services provided and the number of employees being served.

**Customer Satisfaction.** This measure provides the program with information on the perceived quality of the personnel management services it provides to state agencies. Customer satisfaction measures can provide useful information on customers' perceptions of the quality and effectiveness of program services. However, we identified several problems with the design of the program's customer satisfaction surveys

that could limit the usefulness of the measure.

- **Need to survey more types of customers.** In some cases, the program needs to survey more types of customers regarding their satisfaction with program services. For example, parents of children participating in the state child care centers were surveyed, but not directors of the child care centers or the state agencies that have administrative responsibility for the centers and receive administrative and technical assistance from the program.
- **Potential for biased results.** The program's surveys could generate biased results when survey respondents can directly and materially benefit by guiding their responses in a certain direction. For example, the merit awards coordinators (whose jobs depend on the existence of the Meritorious Service Awards Program) were asked if the awards program was achieving its goals and thus worth keeping. Program staff would have obtained more meaningful and useful information if the award coordinators had been asked to evaluate the Workforce Program's services in assisting them in administering the awards program.
- **Inappropriate survey questions.** Some survey questions did not actually assess customers' satisfaction with the program's services. For example, the surveys used to provide data on customers' satisfaction with the program's performance for the measure, *attract and retain employees*, asked respondents to rate the job benefits that were most important to them. The survey respondents were not asked to comment on how well the program performed in providing those benefits.

To improve the usefulness of this measure, the program should:

- survey the program's direct customers who can comment specifically on the program's performance;
- design the survey questions in a way that will help prevent survey respondents from providing biased information; and
- develop survey questions that directly assess customer satisfaction with the program's services. This should ensure that the respondents are evaluating the program's services and not the activities of individuals or other state agencies.

## Output Measures

As stated earlier, because of a shift in its responsibilities, the program deleted the output measures included in the 1996-97 General Appropriations Act and changed them to internal measures in Fiscal Year 1997-98. The program did not include any new output measures in its Fiscal Year 1998-99 Legislative Budget Request. The program needs to include output measures in its legislative budget request to indicate the amount of products or services actually provided by the program.

## Program Changes

Department managers are currently redesigning the program's organizational structure and changing its mission to focus more on serving as a "resource consultant" for state agencies with the goal of providing state agencies more autonomy, flexibility, and accountability for making personnel decisions. This is in keeping with the department's continuing efforts to shift its focus away from being a central administrator of agencies' activities to serving as a resource for agencies to use to help them effectively manage a changing workforce.

Recognizing the limitations in the program's current performance measures, program staff are developing new performance measures that would be more consistent with the program's mission and goals. While the program's current performance measures can be used to assess efficiency and customer satisfaction with services, these measures may need to be changed if the program's mission changes. However, until the program's new mission and measures are established and approved by the Legislature, the program should continue to use its current measures to assess its performance.

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## Conclusions and Recommendations

The Workforce Program remained relatively stable during Fiscal Years 1995-96 and 1996-97 in providing personnel services efficiently. The program exceeded its standard for the *total administrative cost per FTE*, but this appears to be the result of the program overestimating its future costs and thus setting its standards too high.

The program's customers were generally less satisfied with program services in Fiscal Year 1996-97 than in Fiscal Year 1995-96. One factor that may have

contributed to this level of satisfaction is that program staff spent considerable time on in-service training related to the program's reorganization during Fiscal Year 1996-97. In addition, several problems with the program's customer satisfaction surveys limit the usefulness of survey information.

We did not identify any problems with the program's standards for Fiscal Year 1998-99. However, the program needs to include output measures in its legislative budget request indicating the amount of products and services it provides to state agencies.

Department managers are currently redesigning the program's organizational structure and changing its mission to make the program a resource consultant for state agencies. The program should continue to use its current measures to assess its performance until the new mission and measures are established and approved by the Legislature.

Accordingly, we recommend that the Legislature and the Department of Management Services:

- define the new goals and mission of the Workforce Program in providing personnel management resources to state agencies. Establishing a program's goals and mission is a critical first step in the process of developing a useful performance evaluation system.

We also recommend that the program:

- modify its current methodology for calculating the results of the *total administrative cost per FTE* and *customer feedback ranking* measures to incorporate improvements identified on pages 5 and 6;
- continue to use its current performance measures until the Legislature decides whether or not to approve any changes in the program's design, goals, and mission; and
- include performance-based program budgeting output measures in its legislative budget request to help the Legislature to assess the level of products or services actually provided by the program.

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### Agency Response

### Department of Management Services

February 17, 1998

Mr. John Turcotte, Director  
Office of Program Policy Analysis  
and Government Accountability  
Claude Pepper Building, Room 312  
111 West Madison Street  
Tallahassee, Florida 32302

Dear Mr. Turcotte:

Pursuant to Section 11.45(7)(d), Florida Statutes, this is our response to your report, Report of the Performance of the Department of Management Services' Workforce Program.

The Workforce Program is in the process of developing a new goal and mission statement which focuses on providing the best practices and creative ideas to help solve human resource problems. In following the vision of our agency to move from regulator to resource, the Program reengineered its organization. The traditional organizational structure of bureau chiefs and section supervisors overseeing employees working as specialists in functional areas such as classification and pay, recruitment and selection, or labor relations was replaced by cross-trained, self-managed teams working to meet the complete needs of customers. Due to the time spent on reorganizing and reengineering the Program, it was anticipated that our services and customer satisfaction may be affected for FY 96/97. However, we believe a restructuring of the Division was necessary in light of career service reform and an increase in functions delegated to the agencies. Under this new approach, the Workforce Program is focusing more on solving human resource problems for agencies, analyzing trends in human resource management, and recommending policy changes to senior state executives and the Legislature.

In reporting the Program's performance, modifications will be made to the current methodology for calculating the total administrative cost per FTE and customer feedback ranking measures. It should be noted that the administrative cost per FTE measures are influenced by the number of FTEs in Florida's workforce. As the agencies' number of FTEs decrease/increase, either as a result of legislative or agency policy decision or budgetary constraints, the cost per FTE to operate the Program will increase/decrease regardless of the efficiency of Program operations. At this time, the Program is proposing to delete the administrative cost per FTE - comparable states measure and continue with the administrative cost per FTE - total and administrative cost per FTE - less COPEs measures. We will continue to disclose the estimated difference between the amount allocated to the Program for funding COPEs and the estimated amount to be expended by the Information Technology Program to run COPEs as presented in the FY 98/99 Legislative Budget Request. Although the FY 98/99 Legislative Budget Request did not reflect any changes or deletions to performance measures, the Workforce Program will seek Legislative approval for new measures.

The Program is proposing to present new measures to the Legislature during the 1998 session. The recommendations made in this

review have been incorporated in the development of the new measures. These measures will assess the Program's performance in providing consistent, accurate, and timely information to assist agencies in making efficient and effective human resource decisions. We anticipate that the Legislature will allow the Program to move forward with the new measures based on the Program's new vision and changes made in the methodology used to develop them.

Additionally, existing output measures will again be included in future legislative budget requests to help the Legislature assess the level of products and services actually provided by the Program. The output measures included in the FY 97/98 Legislative Budget Request were excluded by the Legislature.

If further information is needed concerning our response, please contact Randy Toothaker, Acting Inspector General, at 488-5285.

Sincerely,

/s/ William H. Lindner  
Secretary

WHL/emj

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