

HUMAN RESOURCES COMMITTEE MEMORANDUM

Subject: Department of Administrative Services Human Resources
Enterprise Service Level Agreement

Prepared By: Thomas A. Evans

Date: June 7, 2004

Recommended Action:

Recommend the Board authorize the Executive Director to negotiate a Service Level Agreement (SLA) between the Department of Administrative Services (DAS) Human Resources Enterprise (HRE) and the Board of Regents (Board) for FY 2005, at a rate consistent with the level of service used by the Regents.

Executive Summary:

Agreement for HR utilities services by DAS/HRE	<p>The purpose of the Service Level Agreement between DAS/HRE and the Board is to provide human resources "utilities" services by HRE to Regents institutions.</p> <p>The proposed agreement provides a package of HRE utilities services, categorized by DAS as "program delivery services", and currently used by Regents institutions that includes collective bargaining contract negotiations, collective bargaining administration and arbitration administration with AFSCME.</p>
HRE service packages vary	<p>The package of HRE "program delivery services" offered to Executive Branch agencies includes services not used by Regents institutions (Personnel Officer advice and counsel, position classification, rule administration for non-contract employees, grievance administration).</p>
Rates are identical	<p>The proposed rates for Regents institutions for "program delivery services" are identical to Executive Branch rates notwithstanding the difference in services included within the "program delivery services" category.</p>
HRE Customer Council	<p>The rates charged for utilities services under the agreement were established by the HRE Customer Council. Billings will be made monthly based on the established service rates multiplied by the number of each institution's employees (full and part-time permanent employee counts).</p>

FY 2005 Funding from DAS Funding for FY 2005 DAS/HRE human resources utilities services is provided to Regent institutions through a distribution from DAS as provided in SF 2298 enacted this legislative session. The distribution represents an allocation by DAS of the costs its services. The distribution is funded by a General Fund appropriation to DAS, less any Non-General Fund resources used to pay for the services. The funds will be distributed by DAS via automated transfer.

Background:

DAS/HRE services

Department of Administrative Services provides state agencies with products and services formerly supplied by the Department of Personnel, Information Technology, General Services and the Revenue and Finance Accounting Bureau. The products and services are divided into three categories (Leadership, Utilities and Marketplace) based on how customers pay for the services. DAS products and services are divided annually into one of the three categories, following consultation with the Customer Councils and approval of the Governor.

Leadership functions are areas of responsibility related to management, oversight and setting policies for DAS products and services.

The Utilities category consists of products and services that are deemed by DAS as most efficiently provided through a centrally managed resource to maximize efficiency and capture economy of scale. Executive branch agencies are required to purchase utility services. Collective bargaining contract negotiation services provided by HRE is an example of a utilities service.

The Marketplace category consists of DAS products and services that executive branch agencies may purchase from a marketplace supplier, including DAS.

Board consent required

Iowa Code section 8A.122 provides that the Board is not required to obtain any services provided by DAS without the consent of the Board.

Customer Councils set rates

Pursuant to Iowa Code section 8A, section 121, DAS established the HRE Customer Council to oversee HRE utilities services and set rates.

In setting rates, the HRE Customer Council created four human resources utilities packages based on customer use patterns (Executive Branch, Regents Institutions, Community Based Corrections and Legislative/Judicial/State Fair Authority).

FY 2005 rate calculation	<p>Rates for each package were established by the HRE Customer Council for FY 2005 based on direct and indirect costs incurred by DAS in providing the current level of service. Payroll costs were projected at FY 2005 salary rates. Non-payroll costs were projected at FY 2004 status quo budget rates.</p> <p>Monthly fees for the packaged services are based on the service rates multiplied by the number of agency employees (full and part-time permanent employee counts).</p> <p>HRE's proposed utilities rate for services within the "program delivery services" category is \$6.14 per employee.</p> <p>The proposed Executive Branch utilities rate for services within the "program delivery services" category is identical to the Regents.</p>
FY 2006 rates	FY 2006 HRE utilities rates are scheduled to be set in July.
Contents of Regents HRE Utility package	HRE utilities services contained in the Regents package under the "program delivery services" category includes: collective bargaining contract negotiations; collective bargaining administration; rule administration; and arbitration administration.
Contents of Executive HRE Utility package	By comparison, HRE utilities services contained in the Executive Branch package under the "program delivery services" category includes additional services (Personnel Officer advice and counsel, position classification, grievance administration), but at the same rate as the Regent's package.
FY 2005 funding	Funding for FY 2005 DAS/HRE human resources utilities services will be provided to Regent institutions through a distribution from DAS as provided in SF 2298 enacted this legislative session. The distribution represents an allocation by DAS of the costs its services. The distribution is funded by a General Fund appropriation to DAS, less any Non-General Fund resources used to pay for the services. The funds will be distributed by DAS via automated transfer.
FY 2006 funding	For FY 2006 DAS customer agencies, including the Regents, will individually request and directly receive appropriations to cover the cost of utilities services. DAS customer agencies will be expected to include the amount of their FY 2005 DAS General Fund appropriation distribution in their FY 2006 budget requests. DAS anticipates that FY 2005 distributions will be the basis for FY 2006 appropriations.

Analysis:

HRE Utilities include necessary services

The DAS/HRE Regent Utilities package includes necessary human resources services that the Regents Institutions receive from HRE for labor relations matters involving Regent employees represented by AFSCME. However, the package also includes services not used by Regents institutions that are related to non-contract employees.

Service Level Agreement

The proposed Service Level Agreement between DAS and the Board for FY 2005 requires further negotiation by the Executive Director with DAS. The agreement as submitted provides for a package that includes services not used by Board institutions, but is charged at a rate identical to the Executive branch package that includes services not offered in the Regents package. The rate structure should be revised through negotiations with DAS to reflect the difference in HRE utilities services actually used by Regents institutions and their associated costs as compared with the Executive branch.

Board must consent in order to receive services from DAS

Iowa Code section 8A.122 provides that the Board is not required to obtain any services provided by DAS without the consent of the Board.

H:/(Human Resources Committee/June2004)