

Discussion Points

Department of Personnel FY 2005-2006

1. In 2002, the Legislature passed an Early Retirement Incentive (ERI) program for State employees. P.L.2002, c.23 provided retirement incentives to approximately 11,000 State and 3,500 State college and university employees. Eligible employees included those age 50 or older with 25 years of service in the Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Alternate Benefit Program (ABP) and those age 60 or older with between 10 and 25 years of service in one of these pensions. This latter group was divided into two categories, those with service between 10 and 20 years and those with service between 20 and 25 years. Data provided by the Division of Pensions and Benefits indicates that 4,664 State employees took advantage of this ERI.

Question: a. If legislation were enacted to provide retirement incentives identical to those granted under the provisions of P.L.2002, c.23, with a retirement deadline of June 30, 2005, how many State and State college and university employees would be eligible for the program? Please provide this estimate together with total salary value for FY 2006, by department and institution. Based on historical experience, what percentage of this group of employees could be expected to leave State employment by July 1, 2005?

Question: b. Historically, certain public safety and direct care provider positions are filled almost immediately following an ERI, due to the essential nature of their services. Of the total number of employees estimated to be eligible for an ERI, how many are employed in such positions and what is their estimated FY 2006 total salary value?

Answer

a. Since our information on State College employees is neither complete nor completely accurate, we will limit our response to State employees on the State Centralized Payroll.

If legislation were enacted to provide retirement incentives identical to those granted in 2002, with a retirement deadline of June 30, 2005, there would be 10,413 full-time State employees eligible for the program. Please see attachments at end of this submission for a breakdown of eligible employees by agency, institution, etc.

Based on our records, a total of 10,559 full-time State employees on Centralized Payroll were eligible for retirement under the provisions of the 2002 retirement incentives. Of these, 4,443, or 42.1 percent, retired under the program. Out of these, 3,693, or 35.0 percent, were gone by July 1, 2002. If our experience with the notional 2005 program is similar to our experience with the 2002 program, approximately 3,645 employees will be gone by July 1, 2005 at a salary value of \$185,399,280.

b. Since the notional ERI applies only to PERS, TPAF, and ABP, strictly speaking there are no public safety employees involved. We have found that 1,135 full-time employees who are eligible for the notional ERI are in social work, nursing, and direct care titles,

and estimated their FY2006 salary value at \$57,730,948.39. The questions raised address only the financial costs associated with an ERI. Of equal importance is the impact on our agencies, should this eventuality occur.

First, the “brain drain” impact of the last ERI is still being felt throughout State Government. Another ERI, within a two year span will likely diminish the remaining historical knowledge base within the State. While newer staff are often hired to backfill retirees, the contribution they are able to make is often limited. For example, a Senior level, experienced Auditor may retrieve a million dollars worth of unpaid taxes, while a new Auditor, unfamiliar with the systems, may actually cost the State money until they are sufficiently trained to perform these types of audit and collection activities. It should be noted that the number of ERI eligibles in the Division of Taxation is high enough to cripple the entire operation and drastically reduce potential collections.

Also, there is no gain in leaving federal or industry funded positions vacant, so they will likely be backfilled. So, while we recognize no savings, we will nonetheless recognize the cost of the retirees’ pensions and benefits. Given the hypothetical situation described above, the cost of these pensions would exceed \$460 million dollars.

2. In the final days of former Governor James E. McGreevey's administration, contracts with eight unions representing State troopers and corrections officers were approved that will cost the State approximately \$25 million more for salaries in FY 2005. The Star-Ledger reports that the three State Police contracts call for pay increases of approximately 4 percent in each of the next four years. The corrections officers' contracts included a 13.5 percent wage increase for most employees over four years. However, senior officers are receiving a total pay increase of 18 percent because the contract includes an additional step after 11 years on the job. The Acting Governor is requesting supplemental funding of \$24.6 million in FY 2005 for these recently negotiated contracts. The FY 2006 Budget recommends \$140 million for salary increases for State employees as a result of all contractual obligations.

Question: Provide the Legislature with a copy of each collective bargaining agreement between the State and its employees. Please summarize the changes that were made concerning the employee health care benefits program and other non-salary related items in the eight agreements with the troopers and corrections officers. Compare and contrast differences between the health care benefits contained in these eight collective bargaining agreements with other State employee collective bargaining agreements. Is legislation necessary to implement any of the provisions in these agreements? If so, please identify those provisions.

Answer

The negotiation of collective bargaining agreements between the State and its covered employees is conducted by the Governor's Office of Employee Relations (OER). The responses to the above questions are, therefore, provided by OER.

- Copies of the current bargaining unit agreements will be provided by the Governor's Office of Employee Relations. With regard to the current collective bargaining agreements between the State and its eight (8) law enforcement units, the Office of Employee Relations advises that the process of reducing those agreements to final printed form is ongoing at this time; however, the Memoranda of Agreement reached with the uniformed units are provided.
- Under those agreements, the three State Trooper Unions (State Troopers Fraternal Associations, State Troopers Non-Commissioned Officers Association, and State Troopers Superior Officers Association) each received a 4% increase in each year of a four-year contract. This wage package was identical to the one these units received in the last contract term (2000-2004). In exchange for receiving the same wage package as set forth in the prior contracts, the Troopers unions made a series of concessions on health care, which are summarized below. The Troopers Unions did not seek and did not receive a 10th step to their present salary.

The five corrections units (including non-corrections law enforcement personnel) each received an increase as follows:

7/1/03 - 2%
7/1/04 - 2.9%
7/1/05 - 2%
1/1/06 - 2%
7/1/06 - 2.25%
1/1/07 - 2.35%

Additionally, effective 7/1/06, a 10th step is to be added for employees who have been on Step 9 of the salary guide for at least 24 months. Wages were effective upon implementation; by agreement, no retroactive wage payments were made in connection with these increases.

The wage package set forth above was identical to the one agreed to with all civilian units in May 2003 (including the agreement as to the 10th step) with the exception of the 2% effective 7/1/03. However, because this increase was not paid retroactively, its only effect was on the calculation of future increases. The increases were implemented at various points from late November 2004 into early January 2005 depending on the unit. Therefore, as a practical matter, the agreement not to pay retroactive wages rendered the wage package almost identical, on a percentage basis, to the one reached with the civilians.

According to the Governor's Office of Employee Relations, one of the primary goals of the most recent round of contract negotiations with the units representing uniformed officers in the Executive Branch was to achieve a greater degree of consistency between the health benefits arrangements between uniformed and civilian staff and to the extent the State could achieved this consistency it should effectuate cost savings. The following changes apply to all eight law enforcement units that reached agreement with the State:

(a) Closure of the Traditional Plan.

Effective July 1, 2005, the Traditional Plan will no longer be available to members of the bargaining unit.

(Note: a special open enrollment is being conducted this month to allow employees to chose alternate coverage).

Effective July 1, 2005, the Traditional Plan will no longer be available to all prospective retirees retiring after that date.

Effective immediately upon implementation, no new hires permitted to enroll in Traditional Plan

(b) Increases in co-pays and deductibles.

The increases to co-pays and deductibles that were implemented subsequent to negotiations with the civilian units in May 2003 were also made part of the agreement with the law enforcement units, as follows:

Traditional Plan Deductibles - Increased from \$100.00 to \$250.00

HMO/PPO co-payment for doctor visits (primary and specialists) increased from \$5.00 to \$10.00

Retail prescription drug co-pay increased to \$10.00 for name brand and \$3.00 for generic.

Mail Order prescription drug co-pay increased to \$15.00 for brand name and \$5.00 for generic.

(c) Retiree Coverage.

In recognition of the effect of the closure of the Traditional Plan to prospective retirees, including some who may have already made retirement plans, the State agreed that for the duration of these contracts only (6/30/07 as to corrections, 6/30/08 as to Troopers) it will seek to obtain retiree health care coverage substantially similar to NJPLUS for retirees moving to jurisdictions that do not presently accept NJPLUS.

(d) Coordination of Benefits.

The State obtained an agreement from the unions to implement a coordination of benefits program to limit or eliminate duplication of health care coverage between spouses where both are covered by the State Health Benefits Program. This was identical to an agreement secured with the civilian units in May 2003.

(e) Eye Care Plan.

The contractual bi-annual formula was increased by \$5.00, effective 7/1/05. This was identical to an agreement reached with the civilian units in May 2003.

With regard to Troopers Units:

1. State Troopers Fraternal Association (STFA).

(a) Salary guide amended effective 7/1/05 to improve progression of mid-level Troopers (7 to 9 years of service);

(b) Reconcile Trooper Class 116A with other classes on Step Guide;

(c) Amount of notice required to be given for assignment of overtime reduced from 48 hours to 36 hours;

(d) Language of prior "Out of title" work agreement added to contract;

(e) Payment of educational incentive expressly limited to degrees from institutions accredited by U.S. Secretary of Education; and

(f) Promotional process sought by State adopted by union and to be incorporated by reference.

2. State Troopers Non-Commissioned Officers Association (STNCOA).

(a) Payment of educational incentive expressly limited to degrees from institutions accredited by U.S. Secretary of Education;

(b) Effective 7/1/06, extra hours worked in performance of patrol/road Sergeant duties no longer subject to reduction;

(c) Promotional process sought by State adopted by union and to be incorporated by reference.

3. State Troopers Superior Officers Association of New Jersey (STSOA).

(a) Payment of educational incentive expressly limited to degrees from institutions accredited by U.S. Education Secretary.

Concerning Corrections units:

1. New Jersey State Corrections Association, affiliated with FOP Lodge 200 (rank and file).

(a) \$500 signing bonus, payable upon contract implementation, and in recognition of the union's agreement to forego the payment of wages retroactive to July 1, 2003;

(b) Increase in uniform allowance - FY 04 - \$0, FY 05 - \$0, FY 06 - \$25, FY 07 \$25;

(c) Two titles deleted from recognition clause as no longer applicable;

(d) Non-discrimination clause expanded to include categories covered by State and federal law;

(e) Clerical change made to labeling of Article VI;

(f) Grievance procedure modified to reference and incorporate process provided by Public Employment Relations Commission;

(g) Clerical changes made throughout agreement to reflect name and address of new unit representative;

(h) Re-opener language added in the event any other State corrections unit (except investigators) received a better deal on wages, uniform allowance or health care; and

(i) verbal understanding, confirmed in separate correspondence, regarding structure of union leave benefit.

2. New Jersey Law Enforcement Supervisors Association, affiliated with FOP Lodge 185 (Sergeants).

(a) The agreements set forth in (a), (b) and (h) above were also made part of this agreement;

(b) Non-discrimination clause expanded to include categories covered by State and federal law;

(c) Employees will be allowed to review content of personnel folders but required to sign a receipt for said materials, which shall be placed in the file;

(d) Article XI, Section M, subsection 6 deleted by agreement (covering titles no longer in use);

(e) Language relating to appeals of minor discipline modified to ensure consistency with applicable code provision;

(f) Condition precedent for minor discipline settlement meetings reduced from 10 pending matters to 6;

(g) Language added to Overtime provision memorializing current payroll practice; and

(h) Parties agreed to post specialized training opportunities for 14 days, and to make every effort to assign such training on an equal basis.

3. New Jersey Superior Officers Law Enforcement Association, affiliated with FOP Lodge 183 (Lieutenants).

(a) The agreements set forth in (a), (b) and (h) above were also made part of this agreement; and

(b) The term "PBA" replaced with "NJSOLEA" to reflect correct identity of majority representative.

4. New Jersey Superior Officers Association, Captains, affiliated with FOP Lodge 187 (Captains).

(a) The agreements set forth in (a), (b) and (h) above were also made part of this agreement;

(b) The term "PBA" replaced with "FOP" to reflect correct identity of majority representative.

5. New Jersey Investigators Association, affiliated with FOP Lodge 174.

(a) The agreements set forth in (a), (b) and (h) above were also made part of this agreement;

(b) Parties agreed to 45 day time limit for imposition of discipline (60 days for EEO charges), consistent with all other FOP contracts;

(c) Parties agreed that job opening or vacancies sought to be filled by State would be posted for 14 days;

(d) Parties agreed to post specialized training opportunities for 14 days, and to make every effort to assign such training on an equal basis; and

(e) The term "PBA" replaced with "NJIA" to reflect the correct identity of the majority representative

- Comparing and contrasting the differences between the health care benefits contained in these eight collective bargaining agreements with other State employee collective bargaining agreements:

(a) Contributions toward health care premiums.

Since July 1996, civilian employees have shared in the cost of their health care premiums. Since July 2000, they have paid 25% of the State's premium cost for coverage under the Traditional Plan, and 5% of the State's cost for HMO coverage. This arrangement was continued under the most recently negotiated civilian contracts (2003-2007). Therefore, civilian employees and prospective retirees will continue to the Traditional Plan available to them, but at a cost-share of 25% of premium.

Notwithstanding the arrangement with the civilian units, the eight law enforcement units have never premium-shared in connection with health care coverage, with the exception of a minimal amount of non-corrections law enforcement personnel hired or promoted after dates set forth in the 1999-2003 corrections contracts. As a result of recently concluded contract negotiations, these units will not be required to premium share in connection with HMO coverage; however, the Traditional Plan will no longer be

available to either active employees or prospective retirees covered by these contracts, which is a departure for the coverage offered to civilian employees.

(b) Co-pays and deductibles.

As a result of recently concluded negotiations with these eight law enforcement units, certain co-pays and deductibles attendant with coverage under the SHBP were increased to match those increases implemented to the civilian units after 2003 negotiations. Therefore, these terms are now uniform as to civilians and law enforcement employees (pending closure of the Traditional Plan).

(c) Eye care.

The increases to the eye care benefit in the law enforcement contract was designed to match the same increase given to civilians as a result of 2003 contract negotiations. Therefore, it is my understanding that these terms are now uniform as to civilians and law enforcement employees.

(d) Coordination of benefits.

The agreement of the parties as to this issue was designed to match an identical agreement reached as between the State and its civilian employees during 2003 contract negotiations. Therefore, it is my understanding that these terms are now uniform as to civilian employees and law enforcement employees.

(e) Closure of Traditional Plan to new hires.

The agreement of the parties as to this issue was designed to match an identical agreement reached as between the State and its civilian employees during 2003 contract negotiations. The agreement was intended to achieve uniformity between civilians and law enforcement pending the closure of the Traditional Plan to all law enforcement employees in July 2005.

(f) Retiree Coverage.

The State's agreement to find "substantially similar" coverage to NJPLUS for retirees moving to states that do not presently accept NJPLUS is unique to law enforcement, and does not apply to civilians. As noted above, that agreement was reached in recognition that the closure of the Traditional Plan could render a hardship on a number of employees (likely to be a fairly small number) who had made plans to retire and move out of state on the assumption that the Traditional Plan would be both available and portable to that jurisdiction. Note that this agreement comes to an end at the duration of the present agreements, since future retirees can make their retirement plans with the knowledge that the Traditional Plan is no longer available.

- With regard to the necessity of legislation to implement any of the provisions in these agreements, the closure of the Traditional Plan as to active employees will require an amendment to N.J.S.A. 52:14-17.28. Draft legislation has been developed for this purpose. It is also possible that legislation may be necessary to effectuate that component of the agreement relating to the Plan's closure as to prospective retirees, and this issue continues to be reviewed by the Division of Pensions and Benefits.

3. The FY 2006 recommended budget reflects a \$500,000 reduction in salary funding for efficiency savings associated with the administration of small group testing. According to position data (page D-310), staff in State and Local Government Operations, where testing activity is concentrated, is projected to increase to 297 compared to a funded position level of 278 projected for FY 2005 (FY 2005 Budget, page D-312).

Question: Please describe and itemize the types of efficiencies the department will implement to achieve these proposed savings. Describe administrative changes that will be made to the small group testing program. How will the projected position growth be supported if salary resources are reduced?

Answer

Testing efficiencies will continue to be made via the use of test batteries. A test battery is the use of an examination that measures skill sets for a large number of job titles that share a common and primary job responsibility. Instead of taking ten separate jobs that have a lot in common, the candidate would take one test applying the score to all ten jobs. For example, the one Supervisory Test Battery has been used the last five years in association with approximately 350 State and Local Government supervisory titles. Similarly, the Management Test Battery is used in association with well over one hundred titles. In light of the tremendous efficiencies achieved through such instruments, two new test batteries are under development which will be used eventually to test candidates for a large number Administrative and Social Work titles.

The “blocked-announcement-month” initiative is another means for achieving efficiency. When the same title is re-announced repeatedly month after month (i.e., for multiple municipalities, counties or State departments), multiple test administrations are required throughout the year as well in order to avoid extended delays between announcement and test dates. However, with certain titles being assigned designated months for announcement purposes, efficiencies can be achieved through the synchronization of test development and administration activities. This coming fiscal year, many titles will be assigned “blocked announcements” for this purpose. Hand-in-hand with this “blocked announcement” initiative is the development of an examination inventory system that will assist in the judicious decisions concerning examination re-use. Of course, when test utility is maximized, efficiencies are achieved.

The review of applications along with the assignment of points based on the applicant’s education and experience (E&E’s) will continue to be used as an alternative selection methodology when the applicant population is low, recruitment is difficult and competition is limited. This type of selection methodology is faster, far less expensive and more efficient than developing and administering paper and pencil examinations. Indeed, efforts will be made to broaden E&E use whenever formal testing is not practical.

With respect to the projected growth from 278 to 297 in funded positions, this projected number includes other divisions under State and Local Government Operations, such as

Human Resource Management, Human Resource Information Services and Shared Services. The Department of Personnel is working with our Shared Services client agencies to pass most HR functions back to these agencies. Adjusted for Shared Services, the numbers would be 236 for FY05 and 232 for FY06.

4. A prominent topic in debates on state civil service reform is position classification. In short, state civil service systems have been criticized for too many position Classifications. The National Commission on the State and Local Public Service has recommended a drastic reduction of the number of job classifications. Between 1996-2003, as many as 30 states reduced their number of position classifications, and only six states reported an increase in the number. The number of classifications currently ranges from less than 400 in Massachusetts and Oklahoma to more than 4,000 in New Jersey and Georgia. Overall, 20 states now have fewer than 1,000 job classifications, while seven have less than 500. The Council of State Governments "Book of the States 2004" reports that New Jersey, at 4,707, has the most job classifications of any state personnel system in the nation. Neighboring states such as New York (3,777), Connecticut (2,450), Pennsylvania (2,828) and Delaware (900) all have a lower number of job classifications. Florida consolidated more than 3,300 classes into 23 job families by implementing a broadbanding classification and compensation system in July 2002. The state of Washington recently approved reform legislation that will substantially reduce its number of job classifications beginning this year. New Jersey has made progress in reducing the number of job classifications. In 1996, the Department of Personnel maintained 6,169 titles. More recently, the department abolished 478 titles in FY 2004. However, Budget evaluation data (page D-309) indicates that the number of abolished titles dropped to only 50 in FY 2005 and for FY 2006, the department plans to abolish 200 titles. Several years ago the department announced its intention to broadband job titles. However, this effort appears to have failed.

Question: Please discuss the status of the reduction in job titles, including the number and type of titles that have been abolished. What factors are obstructing the department from reducing the number of titles in a more rapid fashion? Please identify any areas where a proliferation of job titles hinders management flexibility. Ideally, what number of job titles would the department like to maintain? Does the department plan to implement a broadbanding classification and compensation system?

Answer, Question 4:

Discussion Items and Questions from OLS
Question 4 - FY 2006 Budget Briefing

Status of reduction of titles, including number and type:

ERG	<u>ERG Description</u>	<u>Inactivations</u>	<u>%</u>
--	Local Government Titles	14	38%
A	Administrative and Clerical Services Unit (CWA)	3	8%
O	Operations, Maintenance and Services Unit (IFPTE)	3	8%
F	Law Enforcement Unit, Non-Corrections (PBA)	3	8%
P	Professional Unit (CWA)	5	14%
M	Managerial	2	5%
R	Primary Level Supervisors Unit (CWA)	3	8%
I	Inspection and Security Unit (IFPTE)	2	5%
X	Exempt	1	3%
G	Judiciary Professional Non-Case Processing Unit (CWA)	1	3%
		<u>37</u>	<u>100%</u>

ERG	<u>ERG Description</u>	<u>Inactivations</u>	<u>%</u>
--	Local Government Inactivations	91	17%
M	Managerial	114	21%
P	Professional Unit (CWA)	101	19%
R	Primary Level Supervisors Unit (CWA)	64	12%
S	Higher Level Supervisors Unit (CWA)	39	7%
A	Administrative and Clerical Services Unit (CWA)	28	5%
X	Exempt	20	4%
I	Inspection and Security Unit (IFPTE)	15	3%
Y	Professional Unit, Exempt	14	3%
O	Operations, Maintenance and Services Unit (IFPTE)	13	2%
C	Crafts Unit (IFPTE)	10	2%
H	Health Care & Rehabilitation Services Unit (AFSCME)	9	2%
V	Higher Level Supervisors Unit, Exempt	6	1%
F	Law Enforcement Unit, Non-Corrections (PBA)	5	1%
K	Primary Level Law Enforcement Unit, Non-Troopers (FOP)	3	1%
J	Superior Officers Law Enforcement Unit, Non-Troopers (FOP)	1	0%
N	State Police, Non-Commissioned Officers Unit (NCOA)	1	0%
		<u>534</u>	<u>100%</u>

*Ideally, what number of job titles would the department like to maintain?
Does the department plan to implement a broad banding classification and compensation system?*

- Previously submitted recommendations have included a proposed structure of 1,500 – 2,000 job bands to replace the 5,000+ titles we currently maintain. Broader job bands would require a concomitant change to the existing compensation system. A **market relevant system** would be appropriate, and would allow the State of New Jersey to be more competitive in the job marketplace.
- A market relevant system would require a different system of negotiating compensation, based on market survey information, and would no longer provide for internal equity among all employees within a given job band. This would require an enormous cultural shift and the agreement of all bargaining units. The Department of Personnel is currently researching a possible “pilot program” with the IFPTE bargaining unit to test the benefits of job banding.

What factors are obstructing the department from reducing the number of titles in a more rapid fashion?

- **The cost of implementing a market-relevant system would have to be assessed.** This could be **accomplished via a market analysis of benchmark titles**, which itself has the **cost of salary surveys**. If title consolidation and a market-relevant compensation system were adopted on a large scale, there would also be a **significant cost associated with upgrading** technology i.e., the legacy HRIS, position and payroll systems.
- **Inflexibility in the current compensation system, as well as the statutory competitive process, puts extreme pressure on the current classification system to create yet more “unique” titles**, in order to provide management with flexibility in the hiring and advancement process.
- Bargaining unit concerns regarding the potential for differing market conditions to provide dissimilar increases for employee in different occupational groups
- *Please identify any areas where a proliferation of titles inhibits management flexibility.*
- It is frequently to management’s advantage to request a new title. Rather than inhibiting flexibility, new titles provide management with a means of changing an employee’s compensation, and/or developing new testing criteria.

5. Recommended Budget language (page D-312) would appropriate an additional \$600,000 in unexpended balances from fire fighter and law enforcement examination fee receipts — from \$600,000 to \$1.2 million — to the department. As previously noted, there is also a reduction of \$500,000 recommended in salary funding for State and Local Government Operations, attributable to efficiencies.

Question: Is the Department of Personnel facing a real reduction in resources for FY 2006 compared to FY 2005? How does the system or cycle for developing and administering public safety position examinations justify the need for reappropriation of unexpended balances of this magnitude?

ANSWER

The application processing fee was established in 1992 for the fiscal year 1993 budget cycle. The original fee was a flat \$5 per application. Subsequent enabling legislation was amended to allow the Commissioner to establish a fee for open competitive and promotional exams for law enforcement and firefighter titles which “shall not exceed the cost of developing, procuring and administering the examination, including the processing of any appeals or reviews associated with the examination.” The department usually processes both the firefighter and the law enforcement exams on two-year administration cycles. During the interim period between announcements, the Department processes applications, and develops, validates and administers tests. Soon after test administration, these tests are scored and lists are issued.

In the 1999 budget the department announced the firefighter exam. As the development of the 2000 budget took place, it became clear that a substantial portion of the costs of administering the test would not occur until the next cycle. Without securing carry-forward language, the receipts collected to pay those costs would lapse at the end of the 1999 budget year. Therefore the request for the carry-forward language was originally included and approved in the 2000 budget to accommodate the two-year test cycle. At that time, only firefighter exam language was requested because that was the only test we had announced. The \$600,000 cap on the carry-forward was based on an estimate of what costs would be incurred in the 2000 year.

The department now has a similar situation with the law enforcement program, whose next announcement and subsequent administration falls in different fiscal cycles. A substantial bulk of the application fees can be anticipated to be collected in one budget cycle, which means that virtually all of the expenses of procuring, administering and defending the exam will occur in the next budget cycle. It is for this reason, and the fact that the law enforcement exams tend to draw more applications than the firefighter exams, that the increase in the maximum amount to carry-forward has been requested.

Despite the reduction of \$500,000 in State and Local Government Operations, the entry level public safety exams must be administered. There is no question that the service this provides to local jurisdictions would be enormously expensive to recreate on their own.

Therefore, these reductions will be taken in other human resource and testing program areas. With the use of the carry-forward funds, the DOP will ensure the jurisdictions are provided with qualified police and fire candidates.

6. The Human Resources Development Institute (HRDI) coordinates and provides training services for employees of State government agencies. The FY 2006 budget would provide the HRDI with appropriations of \$4.2 million and fee revenue of \$2 million. This \$6.2 million resource level would be sufficient to support 64 staff positions, and to deliver over 225,000 "contact hours", i.e., hours of training, to over 26,000 trainees; each quantity is a notable increase over recent years' output (Evaluation Data, page D-310).

Question: a. What number of HRDI staff deliver direct training/instruction to trainees? What proportion of contact hours is provided by HRDI staff, and what proportion by private sector staff under contract with HRDI? What is the average or typical cost per contact hour delivered by an HRDI staff instructor and a private instructor, respectively? What accounts for the difference, if any? Please describe the process for selecting private sector persons and/or firms to deliver training services. Is the department confident that this process results in the lowest possible cost per trainee available in the market?

Question: b. Using the most recent data available, please list the ten most frequently provided training courses, as measured by 1) contact hours and 2) individuals trained. For each course listed, please provide total contact hours, individuals trained, total cost of training. What proportion of contact hours was provided to each of the eight "EEO" job categories, e.g., professionals, office-clericals, technicians? By what process does HRDI review and revise its training catalogue to assure that course offerings are relevant to workforce training needs and effective in meeting those needs?

ANSWER

The Commissioner of Personnel is currently conducting a review of HRDI and all related business practices. As part of that review, an examination of alternate methods of training delivery, including elearning (computer based programs), coordinated efforts with a consortium of colleges to bring training closer to the customer, and other cutting edge methodologies will be explored. In today's busy worksites, it is clear that we must find ways to reduce the direct and indirect costs of training. The answers to the questions raised are provided based on current business practices. As these begin to shift in this coming fiscal year, it is anticipated that impacts and costs may shift significantly.

What numbers of HRDI Staff deliver direct training instruction to trainees?

ANSWER: Unlike past practices, no HRDI staff currently deliver/direct training instruction to trainees.

What proportion of contact hours is provided by HRDI staff and what proportion by private sector staff under contract with HRDI?

ANSWER: In our current service model, 100% of all HRDI contact hours are provided by private contract staff under contract with HRDI.

What is the average or typical cost per contact hour delivered by an HRDI staff instructor and a private instructor, respectively?

ANSWER: Not Applicable for HRDI. Our contracted contact hours typically cost \$95.00 per hour; however, our instructors are not typically contracted on an hourly basis. HRDI's contract instructors bid on a daily rate and the average daily rate is approximately \$570.00. NOTE: This is a raw average. Rates fluctuate depending upon the complexity of the course.

Please describe the process for selecting private sector persons and/or firms to deliver training services. Is the department confident that this process results in the lowest possible cost per trainee available in the market?

ANSWER: HRDI uses a modified bid process sanctioned by the Department of Treasury. Every 18 months, HRDI advertises on its website and in various media (newspapers, periodicals, etc.) for adjunct instructors. Each potential instructor must complete a bid package (list of credentials required to teach each type of course, references, bid amount, etc.). HRDI staff review each bid carefully requiring a classroom and topical skills delivery demonstration from each potential qualified instructor. Once instructors are selected they are ranked according to their bid amount (lowest to highest) and selected to deliver services based upon lowest available bidder. This process ensures the lowest possible cost for training.

6b.

Using the most recent data available, please list the ten most frequently provided training courses, as measured by 1) contact hours and 2) individuals trained. For each course listed, please provide total contact hours, individuals trained, total cost of training.

ANSWER:

There are two distinct ways HRDI provides training to its customers via Open Enrollment or Contract courses.

1) Open Enrollment courses - those that are advertised in the catalog and on the website. Individual employees can register for and attend. The 10 most frequently attended Open Enrollment classes are:

Course	Contact Hours*	Individuals Trained	Cost**
L.E.E.E.P.(LAW ENFORCEMENT ENTRY EXAM	6	341	\$ 33,759.00
MOVING UP THE LADDER: FIRE LIEUTENANT/	36	264	\$ 156,816.00
MOVING UP THE LADDER: ORAL ASSESSMENT PR	6	179	\$ 26,671.00
READY, SET, TEST! - PREP FOR CIVIL	6	158	\$ 7,742.00
MAKING THE TRANSITION FROM CO-WORKER TO	6	132	\$ 13,068.00
EXCEL 2000 INTRODUCTION	6	115	\$ 10,235.00
MANAGEMENT SKILLS FOR NEW SUPERVISORS	6	115	\$ 11,385.00
MAKING THE MOVE TO SERGEANT	44	111	\$ 94,350.00
EFFECTIVE WRITING	12	107	\$ 21,186.00
DEALING WITH ANGER & AGGRESSIVE BEHAVIOR	6	106	\$ 10,494.00
EXCEL XP INTRODUCTION	6	101	\$ 8,989.00

* “Contact Hours” is the total number of classroom hours for each individual training session (for example, 6 contact hours is a typical one day training session).

** “Cost” represents the total number of “Individuals Trained” times the cost per session – for example, LEEEP is a one day class that costs \$99 per person. When 341 individuals are trained, the total is \$33,759.

2) Contract classes – those that the agencies contract with HRDI to provide to their employees exclusively (as a result of the efforts of HRDI Customer Relationship Managers).

The 10 most frequently attended Contract classes are:

Course	Contact Hours	Individuals Trained	Cost
EXCELLENCE IN CUSTOMER SERVICE AT LABOR	3	787	\$ 19,675.00
READY, SET, TEST! - PREP FOR CIVIL <u>SERVICE TESTS</u>	6	436	\$ 43,164.00
VALUING DIVERSITY	6	368	\$ 25,392.00
EXPLORING ETHICS IN THE WORKPLACE	6	351	\$ 31,239.00
PREVENTION OF SEXUAL HARASSMENT	3	312	\$ 21,528.00
WORD XP INTRODUCTION	6	238	\$ 21,182.00
AMERICANS WITH DISABILITIES ACT: <u>AWARENESS</u>	6	211	\$ 18,779.00
CUSTOMER SERVICE FOR PASSAIC BOARD OF <u>SOCIAL SERVICES</u>	5	193	\$ 17,177.00
EXCEL XP INTRODUCTION	6	190	\$ 16,910.00
PC INTRODUCTION/WINDOWS XP	6	173	\$ 15,397.00

NOTE: All data is based upon the number of individuals trained, year-to-date for FY2005 (July 2004 through March 2005).

What proportion of contact hours was provided to each of the eight EEO job categories, e.g. professionals, office-clericals, technicians?

ANSWER: For Year-to-date FY2005 (July 2004 through March 2005) the following hours of training were delivered to each of the eight EEO job categories:

CATEGORY	INDIVIDUALS TRAINED	HOURS OF TRAINING
Official Administrator	520	3838
Professional	5035	37666.25
Technician	372	2708.5
Protective Service	132	2125
Para-Professional	1473	9319.5
Office Clerical	1835	14939.5
Skilled Craft	246	1578
Service Maintenance	299	1904
Skilled Crafts	6	63

By what process does HRDI review and revise its training catalogue to assure that course offerings are relevant to workforce training needs and effective in meeting those needs?

ANSWER: Each year HRDI reviews the EEO/Workforce Development plans submitted by State agencies to the DOP. The plans contain information regarding the type of training and development needs each agency anticipates in the coming year. That information and trend analysis of prior years' training is used to determine which classes will be offered and how frequently offered in the catalog.

Additionally, HRDI has Customer Relationship Managers that meet with the staff of each State agency to further explore and refine the unique needs of the agency. This relationship provides HRDI the opportunity to create custom offerings to address employee development needs that are more unique to the agency.

