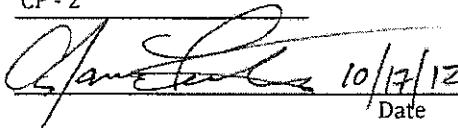


## Schedule 13 Funding Request for the 2013-14 Budget Cycle

Department: Department of Personnel & Administration

Request Title: Employee Engagement Survey Adjustment

Priority Number: CP - 2

Dept. Approval by:  10/17/12

Date

- Decision Item FY 2013-14
- Base Reduction Item FY 2013-14
- Supplemental FY 2012-13
- Budget Amendment FY 2013-14

OSPB Approval by:  10/23/12

Date

Line Item Information		FY 2012-13		FY 2013-14		FY 2014-15
		1	2	3	4	6
		Appropriation FY 2012-13	Supplemental Request FY 2012-13	Base Request FY 2013-14	Funding Change Request FY 2013-14	Continuation Amount FY 2014-15
	Fund					
<b>Total of All Line Items</b>	<b>Total</b>	68,427	-	68,427	215,000	-
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	68,427	-	68,427	215,000	-
	FF	-	-	-	-	-
<b>(2) Division of Human Resources, (C) Risk Management Services, Operating Expenses</b>	<b>Total</b>	68,427	-	68,427	215,000	-
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	68,427	-	68,427	215,000	-
	FF	-	-	-	-	-

Letternote Text Revision Required?    Yes:     No:     If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number:    Various Cash Funds

Reappropriated Funds Source, by Department and Line Item Name:    Liability Cash Fund

Approval by OIT?    Yes:     No:     Not Required:

Schedule 13s from Affected Departments:    Yes - All Departments

Other Information:    None



# DEPARTMENT OF PERSONNEL & ADMINISTRATION

John W. Hickenlooper  
Governor

*FY 2013-14 Funding Request  
November 1, 2012*

Kathy Nesbitt  
Executive Director

*Kathy Nesbitt* 10/17/12  
Signature Date

*Department Priority: CP - 2  
Employee Engagement Survey Adjustment*

Summary of Incremental Funding Change for FY 2013-14	Total Funds	General Fund	FTE
Employee Engagement Survey Adjustment	\$215,000	\$0	0.0

### Request Summary:

The Department of Personnel & Administration is requesting \$215,000 in Reappropriated Funds for allocation through the Risk Management common policy line item titled "Payment to Risk Management and Property Funds." The request is for a biennial appropriation of \$215,000 to conduct a survey to gauge employees' attitudes towards work, their work environment, overall satisfaction, and trends that are developing within the workforce.

### Problem or Opportunity:

The first Colorado State Employee Engagement Survey, administered in September 2011, provided crucial insight into what is working and what is not working within the State agencies. Administering a statewide survey on a biennial basis is an opportunity to receive insight and feedback on improving service delivery and business practices of state government through the review of trends identified in ongoing surveys. Administering one survey provides only a snapshot in time, whereas multiple surveys allow leadership to hold State agencies accountable for having taken action on the first survey.

Currently, the State also lacks the ability to identify trends in the State workforce that relate to overall job satisfaction, approval or disapproval of general policies, and engagement with an employee's specific line of work. These factors play significantly in the lives of the State's employees and impact their proclivity to conduct themselves in a professional or non-professional manner. In short, the more engaged an employee feels with their work, the less likely they are to stray from professional practices, thereby decreasing the State's liability for their actions. If the State had a method to measure engagement and satisfaction on a consistent basis, the Executive Branch could take a proactive approach to dealing with engagement and job satisfaction issues.

### Brief Background:

The first Colorado State Employee Engagement Survey was administered in September 2011. The Governor's Office, the Department, and Executive Directors of State agencies gained important insights to what is working and what is not working in state government as a result of the survey. The survey revealed several key points:

- 20,000 employees took the survey.
- 93 percent feel their work is important.

- 82 percent feel they are accountable for the results.
- 79 percent of respondents rated their feeling of accomplishment in their job as favorable.
- 78 percent rated their immediate supervisor as respectful toward them.
- Employees see their work as important and are proud to be employees of the state of Colorado.
- Employees want to do great things, but get frustrated by lack of resources and other barriers to great work.

The survey results were delivered to the Executive Directors of State agencies; presidents of higher education institutions; legislative, judicial, and other executive branch leaders; and throughout state government in order to be used to promote a climate of collaboration between employees and their managers and directors. This request identifies the resources needed to support the biennial administration of the Colorado State Employee Engagement Survey in an effort to establish ongoing trends and allow leadership to hold State agencies accountable for having taken action on the first survey.

**Proposed Solution:**

The Department requests \$215,000 in Reappropriated Funds for FY 2013-14 to conduct an ongoing employee engagement survey. The Department requests this appropriation be made biennially so that the Department can conduct and administer a survey every other year. The funding for the engagement survey will be collected through the Division of Human Resources Liability Insurance program. The Department is charged with implementing a program to reduce liability losses incurred by each state agency pursuant to Section 24-30-1505 C.R.S. Increased employee engagement limits negligent professional acts, errors, or omissions on behalf of State employees, thereby limiting liability claims incurred by the Division of Human Resources Liability Insurance program. Additionally, the results of the first Colorado State Employee Engagement Survey identified program areas and situations that could have led

to employment liability claims against the State had they gone unidentified.

**Alternatives:**

Focused measurement and action on strategic components of organizational culture can have a critical impact on performance. Certain facets of a working climate are central forces in creating more effective organizations with the most fundamental principle being that happy employees make for happy customers, which in turn make for happy stakeholders. The Corporate Leadership Council cites that engagement accounts for 40% of observed performance improvements, while highly committed employees try 57% harder, perform 80% better and are 87% less likely to leave than their disengaged colleagues. Each of these factors contributes to the overall satisfaction of employees, which in turn reduces the likelihood that any given employee will engage in behavior that might require coverage from the State's liability insurance program.

Beyond the statistical connection of employee opinions with performance, an ongoing employee engagement survey provides an extension of the leadership's voice. In the first Colorado State Employee Engagement Survey, the survey was designed around the message of Efficiency, Effectiveness, and Elegance. The work group level dialog that is generated as a result of the survey promotes attention and effort given to this set of values and this way of operating the government. By reflecting core messages of organizational direction and values, surveys create dialog throughout an organization focused on specific topics of importance to leadership. In this way, ongoing employee opinion surveys help pave the way for positive change.

The ongoing Employee Engagement survey will be designed to evaluate and manage important components of the State's key performance metrics. These can range from service to safety, innovation to high-potential retention, or quality to sales effectiveness.

As an alternative to this request, the State may be able to contract for an “off-the-“shelf” alternative that does not delve into the specific areas touched by the original engagement survey. The benefit to this alternative is that it *may* be less expensive and would require little to no input from the State’s Human Resources professionals. However, the drawback to this alternative is that the State would lose the fidelity required to hone its policies with respect to certain groups of employees. The State’s workforce is extremely diverse and an “off-the-shelf” survey would not allow it to identify trends between groups that have a number of diverging characteristics (e.g. physicians versus state patrol officers).

**Anticipated Outcomes:**

If approved, the Department of Personnel & Administration will begin the process of honing the employee engagement survey for its second round in FY 2013-14. The results of that study will allow the State to gauge the effectiveness of a number of policies that have been enacted to address opportunities or concerns brought to light by the previous engagement survey. The survey will also allow the State to determine temporal distortions in the results versus those that have the potential to be long-term strengths, weaknesses, opportunities, and threats to the State’s workforce. Finally, the survey will allow the State a tool to proactively identify areas in which the State is exposed to risk due to the behavior or general disposition of its work force.

**Assumptions for Calculations:**

The Department has requested an amount of funding equal to the amount required to perform the initial employee engagement survey. This expense is requested as a biennial recurring appropriation that will be included in the common policy request as well as through the Operating Expenses line item in (2) Division of Human Resources, (C) Risk Management Services, Operating Expenses line item.

**Consequences if not Funded:**

A high performing work culture must have ways for employees to give feedback. The Colorado

State Employee Engagement Survey is an opportunity for all employees to share perspectives on how the state can more effectively deliver services to the citizens of Colorado and operate state government more efficiently. Failing to administer the statewide survey a biennial basis would be a missed opportunity to receive insight and feedback on improving service delivery and business practices of state government. Without the results of the survey, leaders and managers will not know where best to focus their energies on action plans for improvement. In addition, managers will lose the ability to proactively identify practices or trends within the State that may create rifts or dissent among the State’s workforce. The benefit of an ongoing survey is the ability to track trends. Administering one survey provides only a snapshot in time, whereas multiple surveys allow leadership to gauge whether the agencies have taken the information gathered and responded to it, making improvements over time.

**Impact to Other State Government Agency:**

The table in the attached appendix shows the impact to each agency for this request.

**Relation to Performance Measures:**

*No applicable performance measures.*

**Current Statutory Authority or Needed Statutory Change:**

24-30-1503 & 1504 C.R.S. (2012) authorizes the Department of Personnel & Administration to administer the State’s self-funded risk programs.

<b>Table 1: Liability Allocations for All Agencies</b>					
<b>Agency</b>	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>
Agriculture	\$1,971	\$0	\$1,971	\$0	\$0
Corrections	\$64,227	\$61,658	\$2,569	\$0	\$0
Education	\$1,016	\$1,016	\$0	\$0	\$0
Governor	\$3,802	\$1,141	\$0	\$2,661	\$0
Pers & Admin (DPA)	\$2,349	\$623	\$214	\$1,512	\$0
Health Care Policy	\$3,463	\$1,732	\$0	\$0	\$1,731
Higher Education	\$0	\$0	\$0	\$0	\$0
Transportation	\$39,732	\$0	\$39,732	\$0	\$0
Human Services	\$22,554	\$9,735	\$2,839	\$8,010	\$1,970
Judicial	\$15,907	\$15,907	\$0	\$0	\$0
Labor & Emp.	\$834	\$0	\$275	\$0	\$559
Legislature	\$247	\$247	\$0	\$0	\$0
Local Affairs	\$383	\$356	\$24	\$3	\$0
Law Dept	\$3,284	\$3,284	\$0	\$0	\$0
Military Affairs	\$896	\$896	\$0	\$0	\$0
Nat. Resources	\$12,672	\$2,173	\$9,845	\$362	\$292
Public Health	\$1,371	\$0	\$0	\$1,371	\$0
Public Safety	\$29,466	\$29,466	\$0	\$0	\$0
Reg. Agencies	\$5,134	\$164	\$4,699	\$176	\$95
Revenue	\$4,745	\$1,893	\$2,852	\$0	\$0
Secretary of State	\$915	\$0	\$915	\$0	\$0
Treasury	\$32	\$32	\$0	\$0	\$0
<b>Allocation Totals</b>	<b>\$215,000</b>	<b>\$130,323</b>	<b>\$65,935</b>	<b>\$14,095</b>	<b>\$4,647</b>

**Table 2: Liability Allocations for All Agencies**

Agency	Code	FY 2013-14 Base		FY 2013-14 Policy Adjustment	
		% Allocation	\$ Base Allocation	% Allocation	\$ Policy Allocation
Agriculture	AG	0.868%	\$73,103	0.917%	<b>\$1,971</b>
Corrections	CO	28.267%	\$2,381,222	29.873%	<b>\$64,227</b>
Education	ED	0.448%	\$37,697	0.473%	<b>\$1,016</b>
Governor	EX	1.674%	\$140,974	1.769%	<b>\$3,802</b>
Pers & Admin (DPA)	GS	1.034%	\$87,120	1.093%	<b>\$2,349</b>
Health Care Policy	HC	1.524%	\$128,406	1.611%	<b>\$3,463</b>
Higher Education	HE	5.372%	\$452,567	0.000%	<b>\$0</b>
Transportation	HI	17.487%	\$1,473,061	18.480%	<b>\$39,732</b>
Human Services	HS	9.926%	\$836,185	10.490%	<b>\$22,554</b>
Judicial	JD	7.001%	\$589,743	7.399%	<b>\$15,907</b>
Labor & Emp.	LA	0.367%	\$30,941	0.388%	<b>\$834</b>
Legislature	LE	0.109%	\$9,182	0.115%	<b>\$247</b>
Local Affairs	LO	0.169%	\$14,219	0.178%	<b>\$383</b>
Law Dept	LW	1.445%	\$121,759	1.528%	<b>\$3,284</b>
Military Affairs	MA	0.395%	\$33,249	0.417%	<b>\$896</b>
Nat. Resources	NR	5.577%	\$469,828	5.894%	<b>\$12,672</b>
Public Health	PH	0.603%	\$50,830	0.638%	<b>\$1,371</b>
Public Safety	PS	12.969%	\$1,092,459	13.705%	<b>\$29,466</b>
Reg. Agencies	RG	2.260%	\$190,347	2.388%	<b>\$5,134</b>
Revenue	RV	2.088%	\$175,925	2.207%	<b>\$4,745</b>
Secretary of State	ST	0.403%	\$33,923	0.426%	<b>\$915</b>
Treasury	TR	0.014%	\$1,204	0.015%	<b>\$32</b>
<b>Allocation Totals</b>		<b>100%</b>	<b>\$8,423,944</b>	<b>100%</b>	<b>\$215,000</b>

**Table 3: FY 2013-14 Allocations by Department: Payments to Risk Management and Property Fund**

<b>Department/Agency</b>	<b>Liability Base Need</b>	<b>Liability Policy Need</b>	<b>Property Need</b>	<b>Total Liability + Property</b>	<b>FY 2012-13 Long Bill</b>	<b>Incremental Adjustment</b>
Agriculture	\$73,103	\$1,971	\$71,913	\$146,987	\$139,215	\$7,772
Corrections	\$2,381,222	\$64,227	\$1,242,643	\$3,688,092	\$3,087,036	\$601,056
Education	\$37,697	\$1,016	\$53,314	\$92,027	\$78,918	\$13,109
Office of Governor	\$140,974	\$3,802	\$70,465	\$215,241	\$157,246	\$57,995
Personnel & Administration	\$87,120	\$2,349	\$471,119	\$560,588	\$657,049	(\$96,461)
Healthcare Policy & Finance	\$128,406	\$3,463	\$1,622	\$133,491	\$84,444	\$49,047
Higher Education	\$452,567	\$0	\$2,353,707	\$2,806,274	\$3,634,349	(\$828,075)
Transportation	\$1,473,061	\$39,732	\$1,275,926	\$2,788,719	\$2,900,725	(\$112,006)
Human Services	\$836,185	\$22,554	\$607,127	\$1,465,866	\$1,392,061	\$73,805
Judicial	\$589,743	\$15,907	\$9,955	\$615,605	\$239,318	\$376,287
Labor & Employment	\$30,941	\$834	\$15,093	\$46,868	\$28,916	\$17,952
Legislature	\$9,182	\$247	\$4,419	\$13,848	\$13,969	(\$121)
Local Affairs	\$14,219	\$383	\$22,817	\$37,419	\$14,752	\$22,667
Law	\$121,759	\$3,284	\$5,071	\$130,114	\$87,949	\$42,165
Military Affairs	\$33,249	\$896	\$31,520	\$65,665	\$149,905	(\$84,240)
Natural Resources	\$469,828	\$12,672	\$354,249	\$836,749	\$789,421	\$47,328
Public Health	\$50,830	\$1,371	\$46,960	\$99,161	\$93,098	\$6,063
Public Safety	\$1,092,459	\$29,466	\$78,644	\$1,200,569	\$823,432	\$377,137
Regulatory Agencies	\$190,347	\$5,134	\$7,049	\$202,530	\$129,422	\$73,108
Revenue	\$175,925	\$4,745	\$39,165	\$219,835	\$187,392	\$32,443
Secretary of State	\$33,923	\$915	\$6,238	\$41,076	\$27,906	\$13,170
Treasury	\$1,204	\$32	\$151	\$1,387	\$929	\$458
<b>Totals</b>	<b>\$8,423,944</b>	<b>\$215,000</b>	<b>\$6,769,167</b>	<b>\$15,408,111</b>	<b>\$14,717,452</b>	<b>\$690,659</b>