

**Arizona Department of Administration**  
**Human Resources**

A.R.S. § 41-761

	<b>FY 2001 Actual</b>	<b>FY 2002 Estimate</b>	<b>FY 2003 Approved</b>
<b>PROGRAM BUDGET</b>			
Full Time Equivalent Positions	151.5	158.5	161.5 <sup>1/</sup>
Human Resources			
<u>Subprograms</u>			
Benefits and Insurance	2,448,200	3,461,200	5,111,200
Open Enrollment SLI	489,400	0	0
<u>Subprogram Subtotal</u>	<u>2,937,600</u>	<u>3,461,200</u>	<u>5,111,200</u>
Human Resources Operations	6,411,400	7,214,400	7,362,900
Human Resources Management			
System SLI	1,649,400	4,763,400	6,726,300 <sup>2/3/</sup>
<u>Subprogram Subtotal</u>	<u>8,060,800</u>	<u>11,977,800</u>	<u>14,089,200</u>
<b>TOTAL APPROPRIATIONS</b>	<b>10,998,400</b>	<b>15,439,000</b>	<b>19,200,400</b> <sup>4/</sup>
<b>FUND SOURCES</b>			
Personnel Division Fund	8,060,800	12,177,800	14,387,000
Special Employee Health Insurance			
Trust Fund	2,937,600	3,261,200	4,813,400
<u>Subtotal - Other Appropriated Funds</u>	<u>10,998,400</u>	<u>15,439,000</u>	<u>19,200,400</u>
<b>TOTAL APPROPRIATIONS</b>	<b>10,998,400</b>	<b>15,439,000</b>	<b>19,200,400</b>

**COST CENTER DESCRIPTION** — *The Human Resources Division serves as the state personnel office, providing recruitment and evaluation services, assisting state agencies with hiring and personnel issues, and administering the state's health insurance plans. The division's operating budget is funded through a charge on state agency payrolls of 1.04% in FY 2003.*

<b>PERFORMANCE MEASURES</b>	<b>FY 1999 Est./Actual</b>	<b>FY 2000 Est./Actual</b>	<b>FY 2001 Est./Actual</b>	<b>FY 2002-03 Estimate</b>
• Customer satisfaction with benefit plans (Scale 1-8)	6.0/5.5	NA/5.9	6.5/6.24	6.8/7.0
• Customer satisfaction with the open enrollment process (Scale 1-8)	NA	NA	6.5/NA	6.8/7.0
• Average number of days to issue list of job applicants from Resumix to inquiring agency	2.9/2.9	2.8/2.8	2.0/1.74	2.0
• Number of employees attending Arizona Healthways events	NA	NA/494	543/42,160	597/657

<sup>1/</sup> Includes 6 FTE Positions funded from Special Line Items in FY 2003.

<sup>2/</sup> The Human Resources Management System Special Line Item includes \$4,600,000 in FY 2003 to replace the Human Resources/Payroll System. This amount is exempt from A.R.S. § 35-190, relating to lapsing of appropriations until June 30, 2004. (General Appropriation Act Footnote)

<sup>3/</sup> The Arizona Department of Administration Human Services Division shall submit a report to the Joint Legislative Budget Committee by June 30, 2003 on specific savings that can be achieved as a result of the implementation of the Human Resources Information System. The report shall include information about savings that can be achieved through the elimination of redundant human resources systems employed by the state agencies. (General Appropriation Act footnote)

<sup>4/</sup> General Appropriation Act (Laws 2002, Chapter 327) funds are appropriated as a Lump Sum by Fund with Human Resource Management Special Line Item.

**Benefits and Insurance Subprogram** — This subprogram administers a variety of group insurance plans for employees including medical, dental, and disability. It also administers the state employee Wellness Program. This subprogram is funded from the Special Employee Health Insurance Trust Fund. The approved amount includes a Special Employee Health Insurance Trust Fund increase of \$1,500,000 above FY 2002 for health insurance administrative costs related to self-insurance requirements of the Public Finances ORB (Laws 2002, Chapter 328). (*See Additional Legislation.*)

**Open Enrollment Special Line Item** — Monies in this line item were added by Laws 2000, Chapter 232 (Supplemental Appropriations) to provide funding for a full health insurance open enrollment. This Special Line Item is not funded for FY 2003.

**Human Resources Operations Subprogram** — This subprogram provides human resources support to agencies under the ADOA personnel system including developing personnel rules, evaluating and referring job applicants, providing personnel related training courses, and maintaining an employee classification system. This subprogram is funded from the Personnel Division Fund.

**Human Resources Management System Special Line Item** — This line item funds the operations of the Human Resources Management System (HRMS) including Data Center charges for computer run time. Starting in FY 2002, this line item also includes funding to replace the current HRMS system. The approved appropriation is funded from the Personnel Division Fund. The approved amount includes a Personnel Division Fund increase of \$212,900 above FY 2002 for increased data center usage.

The approved amount also includes a Personnel Division Fund increase of \$1,700,000 and 3 FTE Positions above FY 2002 to replace the Human Resources/Payroll (HRMS) system. Funding is provided for software, outside consultants to design and build the system, data center charges, and a project manager and programmers. These amounts are non-lapsing until June 30, 2004 (General Appropriation Act Footnote).

**Additional Legislation: Omnibus Budget Reconciliation: Public Finances (Chapter 328)** — Provisions of Laws 2002, Chapter 328 require ADOA to seek a variety of health and accident insurance plans where the state assumes the liability for claims (i.e. self-insured). The ADOA must implement these plans by October 1, 2003. Currently, the state contracts with insurance providers at a set rate; in those contracts, the liability for the claims falls to the contracted provider.

The same chapter also allows that ADOA may provide coverage for medical and dental insurance to program providers of foster care, programs for the developmentally disabled, providers of the independent living programs

pursuant to A.R.S. § 8-521 and respite-sitter programs. The provision of insurance to those providers is subject to approval by the Joint Legislative Budget Committee. Participating program providers shall pay the full cost of medical and dental coverage they receive, although they may allocate some of the cost to their employees.

**Other Issues: Pro Rata Assessment** — Agencies covered by the ADOA Personnel System are assessed a percentage of their Personal Services to fund the operations of ADOA's Human Resources Division. This assessment is deposited into the Personnel Division Fund. In order to fund the HRMS replacement (*see Human Resources Management System Special Line Item*), the General Appropriation Act increased the pro rata share contribution from 0.95% in FY 2002 to 1.04% in FY 2003. The FY 2003 budget did not include funding for General Fund pro rata assessments.

**Military Leave Pay** — Provisions of Laws 2002, Chapter 321 extends the period that eligible members of the National Guard, the Army Reserve, the Naval Reserve, the Marine Corps Reserve, and the Coast Guard Reserve may receive a portion of their state salary. Eligible members of military organizations can now receive, after vacation pay and annual leave allowances are exhausted, up to 270 days pay calculated as the difference between their state salary and any military pay and allowances received.

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