

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 7 – P
DATE: March 29-30, 2023

SUBJECT

HR Transformation Update

CONTROLLING STATUTE, RULE, OR POLICY

None

BACKGROUND / DISCUSSION

Following the adoption of the HR Transformation (HRT) project charge at the October 2022 Board meeting, the HR Transformation Steering Committee (HRSC) and subcommittees have been working toward the goals as outlined in the project charge. Below you will find updates related to each of the project’s goals and expected deliverables.

GOAL 1: Implement an organizational structure for HR that supports dual reporting lines, with campus HR staff responsible to both the System HR Officer and the appropriate campus administrator.

The HRSC has drafted an authority matrix that establishes expectations to support the new reporting structure and clearly articulates where decision making authority lies in human resources related decisions. A draft of the authority matrix is attached for Board review and feedback, this document will continue to evolve as decisions are made regarding centers of excellence and the organizational structure is finalized.

GOAL 2: Establish a strategic vision for human resources that includes a system HR vision statement, defines the role of human resources departments, establishes a project timeline, and sets the goals for the sub-committees.

The Board approved the [project charge and timeline](#) at its October meeting and the strategic [Vision, Mission, and Objectives](#) document for human resources at its December meeting. All five subcommittees were provided project charges and timelines charges that outline the goals and expected outcomes in alignment with the overall project charge.

(Continued)

DRAFT MOTION 20230329_7-P:

I move the Board adopt the recommendations as outlined in this item to include, 1) develop and implement the Classification and Compensation Center of Excellence, 2) centralize payroll functions and expand shared services, and 3) implement recommended best practices.

The HRSC has been focusing on a few key expectations from Goal 2:

1. Evaluate the human resources services and propose changes to the HR delivery model to support integrated human resources services and systems across the Regental system, including evaluation of centralization, shared “centers of excellence” or on-site delivery of services, and;
2. Evaluate current human resources staffing levels across the system and conduct a competency assessment to identify skills gaps.

All human resources staff across the system completed an activities assessment that provides the HRSC with the appropriate data to understand the time spent on specific human resources functions to inform decisions related to staffing levels for centers of excellence, identify skills gaps, and to establish metrics and set goals.

The subcommittees tasked with evaluation of shared services and classification and compensation finished their committee work in accordance with the project timeline and made recommendations to the advisory and steering committee. The HRSC recommendations related to development and expansion of centers of excellence are outlined in Goals 3 and 7.

GOAL 3: Evaluate & provide recommendations to develop and implement a ‘Center of Excellence’ (shared service model) for classification and compensation management across all employee types.

The subcommittee on Classification and Compensation completed a holistic review of current state of processes and practices related to compensation and classification across the system and developed recommendations that support a center of excellence model for classification and compensation management for the system including The HRSC evaluated and supported the recommendations of the advisory committee, a list subcommittee and advisory committee recommendations can be found in Attachment II.

Steering Committee Recommendations

The steering committee supported the recommendations from the classification and compensation subcommittee and advisory committee. Below is a summary of the steering committee recommendations:

1. The development of system policies, practices and guidelines related to compensation and classification is necessary and should ensure that the most critical components are addressed first. The steering committee also recommends that a small advisory committee with council representatives should be formed to facilitate the development of guidelines. HR should be empowered to develop these policies and guidelines with input from stakeholders, but not seeking approval from the various system councils.
2. The Classification and Compensation Center of Excellence (CCCE) staff should report directly through the system CHRO and be staffed to support the system needs,

- with the system CHRO coordinating with the steering committee on development of position description(s) as needed.
3. Compensation management should fall under the purview of the CCCE, including establishment of ranges for position postings, assignment of paygrades to new positions, development of guidelines for permanent and temporary compensation adjustments, approval for compensation adjustments, management of the salary structures and market analysis and research.
 4. CCCE staff should complete all classification audits and evaluation of new positions to determine appropriate classification and pay grade as necessary. CCCE staff will be the liaison between the Bureau of Human Resources (BHR) and SDBOR on classification, compensation and manage all system updates related to classification, compensation and annual reporting requirements.

Goal 7: Evaluate the existing functions and responsibilities of the Shared Payroll Center and Shared International Employment Services Center to identify opportunities for expansion of services.

The subcommittee tasked with evaluating the existing Shared Payroll Center (SPC) and Shared International Employment Services Center (SIES) also completed a holistic review of the services currently provided and opportunities to expand services, and to eliminate redundancies and duplication of services and effort across the system.

Steering Committee Recommendations

1. Shifting reporting of all payroll staff to the SPC Manager and centralization of payroll function and full implementation of EPAFs to support the centralized payroll functions.
2. Centralization of the following services and processes, including but not limited to: benefits orientation, tracking of affordable care act eligibility, coordination of benefits fairs, benefits billings and worker's compensation, third-party vendor payments, termination payroll processes and paperwork, deferred pay, and management of annual system processes.
3. Development of a system expert related to Banner HR reporting and metric development.
4. Due to turnover of leadership at SIES, evaluation of that center will continue in coordination with the recommended restructure of SPC.

Goal 6: Conduct an efficiency review to evaluate key human resources processes in order to identify inefficiencies and develop and document system standards where appropriate. This will include evaluation of current technology solutions to ensure full utilization of existing resources and identify technology needs.

Lastly, the subcommittee tasked with establishment of system processes and best practices. This subcommittee work will continue throughout the remainder of the overall project.

Steering Committee Recommendations

1. Development of system templates for contracts and offer letters for all employee types.
2. Implement DocuSign for all new hire paperwork processes and eliminate a contract with another vendor for those services, at a reduction of approximately \$30,000 annually in subscription and service fees.
3. Development of a human resources knowledge center that can be shared across the system to assist employees in finding information they need.
4. Development of a process to expedite IT and security setup as part of a LEAN evaluation of existing HR and IT processes.

IMPACT AND RECOMMENDATION

The steering committee is requesting that the Board adopt the recommendations as outlined in this item, including:

1. The development of the CCCE and authorize staff to develop positions and a budget model to support the center.
2. Centralization of payroll functions across the system, and expansion of services at the existing centers.
3. Implementation of best practices and uniform processes as outlined above.

ATTACHMENTS

Attachment I – Draft Delegation of Authority Matrix

Attachment II – Summary of Advisory Committee Recommendations

DELEGATION OF AUTHORITY MATRIX

V1.2

INSTITUTIONAL HR TASK OR DECISION	AUTHORITY/DECISION MAKING	
	INSTITUTION	SYSTEM CHRO
COMPENSATION, CLASSIFICATION & POSITION MANAGEMENT		
Mid-Year Compensation Adjustments (no reclassification) CSA, NFE, Faculty	First level approval	Final Approval - BOR approval for exceptions
Classification Changes - NFE	First level approval after class review completed by Center of Excellence	Notify.
CSA Classification Changes	First level approval after class review completed by Center of Excellence	Final Approval by BOR HR designee.
New hire compensation setting	Approve after starting range established at system level (unless BOR Policy/guidelines require system approval)	Approve for exceptions and final approval of salary guidelines.
Development of new positions (CSA, faculty, NFE)	First level approval after classification review completed by Center of Excellence	Final Approval - BOR approval for exceptions
Human resources department staffing - Filling positions, new positions, FTE changes	First level approval	Final Approval
Department/College/Institutional Reorganizations	Approve	Notify UNLESS it results in new positions or RIF then requires Approval
Fiscal Year Salary Policy Application	Approve.	Approve exceptions.
EMPLOYEE DISCIPLINE & SEPARATION - Will be driven by the new review panel process starting in CY2023.		
Corrective Actions (verbal and written warnings)	Approve - campus level	Nothing required.
Disciplinary Action - Resulting in demotion or termination	First level approval	Notice prior to action.
CSA Termination - Probationary	Approve	Notify
CSA Termination	First level approval	Notice prior to action.
CSA Reduction in Force	First level approval	Notice prior to action.
NFE Termination for Cause	First level approval	Notice prior to action.
NFE Non-Renewal	Approve	Notify

DELEGATION OF AUTHORITY MATRIX

V1.0

NFE Reduction in Force	First level approval	Notice prior to action.
Faculty Non-Renewal	Approval	Notify. BOR approval required for TT faculty.
Faculty Reduction in Force	First level approval	Notice prior to action.
Faculty Termination for Cause	First level approval	Notice prior to action.
INSTITUTIONAL HR DEPARTMENT POLICIES, PROCESSES AND PROCEDURES		
HR institutional policies & guidelines.	First level approval	Final Approval
Changes to HR services/programs (for example, orientation, onboarding)	Approve	Notify
HR Technology Change/New Technology Requests	First level approval	Final Approval
Institutional HR led training programs	First level approval	Final Approval.
Performance evaluation approvals (if university HR does final approval)	Approve	No action required.
RECRUITMENT, RETENTION & TRAINING		
Requisition and recruitment of approved or existing positions	Approve	Notify for positions reporting to the president. Exceptions approved by BOR.
Contracting with a search firm.	First level approval	Final Approval
EMPLOYEE RELATIONS		
Engage with outside legal counsel for employee related issues.	First level approval	Final Approval
Work/Performance Improvement Plans	Approve	Notify
Employment Contract Language - NFE & Faculty	First level approval	Final Approval.
LEAVE APPROVALS		
Advanced Sick Leave Requests	First level approval	Final Approval
Leave without Pay Requests - Greater than 3 Months	First level approval	Final Approval
Donated Sick or Annual Leave Requests	First level approval	Final Approval
Repayment from Leave	First level approval	Final Approval
HUMAN RESOURCE DEPARTMENTS		
Recruitment of institutional HR leadership position	Approve	Approve

DELEGATION OF AUTHORITY MATRIX

V1.2

Termination/Disciplinary Decisions for institutional HR leadership	Approve	Approve
Performance Evaluation of institutional HR leadership	Approve	Approve
Compensation for institutional HR leadership	Approve	Approve
Leave and Time Reporting	Approve	Notify (extended leave)

Delegation of Authority Matrix

V1.2

3/14/2023

Classification and Compensation

A summary of the recommendations is summarized below:

Development of Guidelines, Policies and Best Practices

1. Develop and enforce policies on frequency and practice for compensation requests that occur off the fiscal year cycle.
2. Establishing criteria to determine when positions should be compensated versus volunteer status and independent contractor or employee status.
3. Evaluate FLSA exemption status and work with campuses to determine overtime eligibility for positions.
4. Develop incentive or bonus practice guidelines.
5. Standardize practices shift differentials, overload payments, supplemental pay, permanent and temporary additional duty pay, out-of-class-pay and discretionary and/or market adjustments.
6. Develop student employee and intern compensation practices and establish guidance for graduate assistant pay practices.

System Compensation & Classification Management – Center of Excellence

Responsibilities

1. Manage and submit all salary survey and reporting requirements for the system.
2. Complete market research to determine movement of salary structure on an annual basis.
3. Evaluate market trends, conduct compensation analysis, and make recommendations on salary policy pool distribution per approved breakout of market, performance, and institutional performance components.
4. Develop uniform approach to salary policy application that includes the performance ratings and market benchmarking.
5. Develop communication and training materials related to compensation and total rewards.
6. Develop metrics to identify and report issues with compression, inequities, and complete periodic salary regression analysis in coordination with system institutional research staff.
7. Develop processes to upload performance ratings data and provides campuses with accurate data sets to conduct salary policy processes.
8. Update Banner tables with CUPA and CIP codes and ensure that positions are updated.
9. Create knowledge center resources relating to classification and compensation.
10. Review and act on temporary and permanent additional duty pay requests, or other compensation adjustments that occur mid-year across all position types.
11. Establish approved starting salary ranges for new hires at time of recruitment.
12. Complete market analysis for reclassification, market adjustment requests, multi-year contracts, retention increases, and so forth.
13. Develop policy on appropriate intervals in which market analysis and increases will occur outside of the fiscal year salary policy processes.
14. Evaluate and make recommendations on compensation policies.

15. Complete classification audits or reviews with the employee, supervisor and consulting with institutional HR prior to making a recommendation on classification.
16. Act as the liaison between BHR and BOR on CSA classification, requesting new classifications when appropriate or necessary.
17. Manage classification and compensation related systems and update as appropriate.
18. Determine classification for new positions (CSA and NFE), research comparable positions and make determination on classification and FLSA status, determine salary range for new NFE positions and classification for CSA.
19. Coordinate classification appeals processes.
20. Develop system guidance on working titles versus classification codes.

Evaluation of Existing Shared Services

A summary of the recommendations is outlined below:

Institutional Payroll Functions and Organizational Structure.

1. Payroll employees across the system shift to a reporting line to SPC to ensure consistency, this would require centralizing payroll functions from NSU, SDSMT & SDSBVI into a model similar to DSU and BHSU.
 - a. USD payroll functions housed at USD reporting directly to SPC.
 - b. SDSU payroll functions housed at SDSU reporting directly to SPC.
2. Labor redistribution functions will be shifted from payroll into the more appropriate budget office.
3. Complete Electronic Personnel Action Forms (EPAF) implementation to support the centralized payroll operations.
 - a. Evaluation of workload and capacity in existing positions will be evaluated to determine if ID generation and employee biographic data entry can be centralized for specific institutions that do not have department based EPAF originators, employee entry, move creation of Person records into a centralized function:
 1. Web Timekeeping Troubleshooting should be handled by designated payroll staff that provide payroll services for each institution with assistance from the campus during peak times.
 2. Aligning the Shared International Employment Services and Shared Payroll Center together.

Expansion of Services

1. Establish benefits experts within SPC, identifying payroll staff to serve as benefits resources and experts:
 - a. Offer benefit (health, SDRS, leave) orientation sessions for all institutions.
 - b. Track Affordable Care Act eligibility for all institutions and navigate files with BHR.
 - c. Answer basic/general questions from employees or human resources offices and assist with enrollment.

- d. Coordinate benefit fairs at all institutions, investigate options for “virtual” fairs at institutions who do not get attendees.
 - e. Centralize benefit billings, collection reconciliations, and manage payroll entries related to worker’s compensation.
2. Leave and Time Reporting Specialists
 - a. Designate specialist(s) that can assist with troubleshooting, establish a ticketing system with SPC, as the first line of review for leave request for leave so RIS does not get direct emails.
 3. Manage annual Banner system processes and table updates.
 4. Management of campus vendor payments for all campuses(Foundation, parking, YMCA memberships, United Way)
 5. Act as the single point of contact for duplicate IDs for human resources and payroll.
 6. Improve efficiency and reduce errors through centralization of the following tasks:
 - a. Deceased employee payroll entry.
 - b. Sabbatical payroll entry/sabbatical re-payments.
 - c. Reemployment verification of wages.
 - d. State and federal agency required payroll reporting.
 - e. Management of employee overpayments including communication with employees, documentation, and development of repayment schedules.
 - f. Termination processes including leave payouts, prorated longevity, Special Pay Plan and SDRS forms.
 - g. Banner entry of state to BOR transfers for benefit purposes.
 - h. Banner entry of mid-year salary changes or mid-year hires for those on deferred pay.

Reporting and Metrics

1. Develop centralized Banner HR and reporting expertise within the system for HR and payroll, including report and metrics development and EPAF expertise.
2. Development of HR metrics to provide leadership data to drive decision making.

Best Practices Subcommittee

A summary of recommendations is outlined below:

1. Develop and implement consistent templates for contracts and offer letters for all employee types.
2. Consistent use of PeopleAdmin Hiring Proposals for routing approvals for new hires and elimination of shadow systems.
1. Development of a knowledge center in Team Dynamix that can be shared across the system.
2. Policy updates to BOR Policy 4:47 – Background Verifications, to provide clarification for on background check requirements and establish consistent practices.

3. Determination of temporary vs regular employment and develop guidelines for eligibility for benefits and/or leave, primarily an issue with temporary faculty appointments and when we determine they are ongoing or temporary.
4. Development of automated processes to establish new hire IT setup and baseline security access.