

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 6 – D
DATE: October 5-6, 2022

SUBJECT

Human Resources Transformation

CONTROLLING STATUTE, RULE, OR POLICY

None

BACKGROUND / DISCUSSION

The Senate Bill 55 Task Force recommended the Board to review human resources (HR) functions for potential areas of consolidation. The recommendation states that the review should identify HR efficiencies achievable through implementation of technology and/or consolidation of functions through shared services centers or through centralization under the central office. The Board office contracted with Segal Consulting to conduct a thorough review of the human resources departments in order to identify functions and processes requiring uniform, consistent approaches to reduce risk management liability, address duplication, increase effectiveness, and make recommendations on whether or not the system would benefit from expanding shared services.

In February and March 2022, Segal led the system through an overall HR assessment which included a comprehensive document review, and interviews with 55 different individuals or focus groups across the system. Segal held one-on-one interviews with each institution's HR leader, presidents, select vice presidents, and the executive director; focus group interviews were held with vice presidents, academic leaders, faculty, and staff. Following this process, Segal recommended that the Board initiate a comprehensive effort to transform the human resources delivery model to support the need for strategic, value-added human resources services across the system. The recommendations cover four broad areas:

1. Structure and Service Delivery Model - Create a new HR organizational and service delivery model that aligns and integrates resources across the system.
2. Strategy and Services - Enhance and expand strategic HR services, programs, and functions.
3. Process and Technology - Redesign HR processes and leverage technology to gain efficiencies and create capacity to provide more strategic services.
4. People - Elevate and align HR competencies, roles, and responsibilities to support enhanced service offerings.

(Continued)

DRAFT MOTION 20221005_6-D:

I move the Board adopt the HR Transformation project charge and timeline.

The Board gave direction to the staff at its August retreat to move forward developing a plan to implement the recommendations. Since the August meeting, the Board office has established a steering committee that will be tasked with leading the HR Transformation project. The steering committee includes:

- Dr. Brian Maher, SDBOR Executive Director and CEO
- Nathan Lukkes, SDBOR Chief of Staff and General Counsel
- President Gestring, USD President
- Laurie Nichols, BHSU President
- Veronica Paulson, NSU VP for Finance and Administration
- Tracy Greene, SDSU General Counsel and Vice President
- Kayla Bastian, SDBOR Chief HR Officer (non-voting member)

The steering committee met twice in September 2022 and have drafted a project charge (Attachment I) which outlines the goals and expectations of this project. In addition, the committee has developed a project timeline (Attachment II) with project milestones and deliverables that support a phased implementation of changes in the delivery model. The project charge tasks the steering committee with the first two goals, which encompasses the strategic work of developing an overall system human resources delivery model through implementation of Centers of Excellence, establishment of a funding model, definition of the role of human resources, and developing an implementation and communication plan to ensure success.

This project will also be supported by an advisory committee who will be tasked with leading, or participating in, subcommittees that will focus on key functional areas to include classification and compensation, recruitment and retention, training and professional development, standardization of processes and establishment of best practices, and an evaluation of existing shared service centers. The subcommittees will also include individuals from other functional areas to ensure that the new human resources delivery model supports the needs of the campus stakeholders.

The steering committee will hold a project kick-off meeting with the advisory committee on October 6, 2022, as a kick-off to the project and to prepare for the upcoming subcommittee work that is scheduled to begin in November. The Board will receive updates at each Board meeting to ensure that the project recommendations align with the direction from the Board.

IMPACT AND RECOMMENDATION

The steering committee is requesting that the Board adopt the attached HR Transformation project charge and timeline, these two documents will drive the steering and advisory committees in development of solutions and recommendations that support the goals of t

ATTACHMENTS

Attachment I – HR Transformation Project Charge

Attachment II – HR Transformation Timeline



HR Transformation

HR TRANSFORMATION

The SD Board of Regents SB55 Task Force recommended a review of human resources (HR) functions to identify HR efficiencies achievable through implementation of technology and/or consolidation of functions through shared services centers or through centralization under the central office. In 2021, SDBOR contracted with Segal Consulting to conduct a holistic assessment of human resources departments and services across the system and provided recommendations to transform human resources services for SDBOR. The overarching recommendation is to *"Initiate a comprehensive HR transformation effort to move HR from a largely transactional function to one that provides strategic, value-added services to the system"* The Segal recommendations focus on four broad areas:

1. Structure and Service Delivery Model - Create a new HR organizational and service delivery model that aligns and integrates resources across the system.
2. Strategy and Services - Enhance and expand strategic HR services, programs, and functions.
3. Process and Technology - Redesign HR processes and leverage technology to gain efficiencies and create capacity to provide more strategic services.
4. People - Elevate and align HR competencies, roles, and responsibilities to support enhanced service offerings.

At the August 2022 Board of Regents meeting, the Board adopted the recommendations from the Segal assessment and directed Board staff to develop a project charge and implementation plan.

PROJECT LEADERSHIP

Project Champions: Dr. Brian Maher & SD Board of Regents

Project Sponsor/Manager: Kayla Bastian, System CHRO

Steering Committee: A small, cross-functional committee of senior leaders will serve as the Steering Committee for the HR Transformation initiative. The Steering Committee will be tasked with providing strategic direction, make decisions, set project goals for the Advisory Committee, and develop the overall human resources service delivery model organizational structure for the SD Board of Regents System. Steering committee members may be tasked with serving on subcommittees and will evaluate and make decisions on the recommendations from the HR Advisory Committee. The Steering Committee will be charged with leading Goals 1 & 2 as outlined below.

Steering Committee Members:

Dr. Brian Maher, SDBOR Executive Director and CEO
Nathan Lukkes, SDBOR Chief of Staff and General Counsel
President Gestring, USD President
Laurie Nichols, BHSU President
Veronica Paulson, NSU VP for Finance and Administration
Tracy Greene, SDSU General Counsel and Vice President
Kayla Bastian, SDBOR Chief HR Officer (non-voting member)

Advisory Committee: The advisory committee will be comprised of human resources leaders across the system who will be tasked with leading subcommittees to support the goals and expected outcomes of this project charge. They will propose recommendations to the Steering Committee and will be a liaison between the sub-committees and the Steering Committee. Goals 3 through 7 as outlined in this document will have a small subcommittee comprised of stakeholders from various functional areas across the system.

Advisory Committee Members:

Melissa Hart – BHSU HR Director
Debra Roach – DSU VP for HR
Bill Spindle – SDSMT VP for Finance
Mary Larson - SDSU Director of HR
Warren Tolley – USD CHRO
Emery Wasley – USD AVP for HR
Sheila Hansen – Special Schools Director of HR
Susan Bostian – NSU AVP for HR
Katie Carter – SDBOR Assistant Director of HR
Liza Clark – SDBOR Director of Government Relations and Economic Development
Ashley Plueger – Shared Payroll Center Supervisor
Holly Farris – SDBOR Assistant General Counsel
Kayla Bastian – SDBOR CHRO

PROJECT CHARGE – GOALS AND EXPECTED OUTCOMES

STRATEGIC HUMAN RESOURCES PLANNING

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.

HR TRANSFORMATION PROJECT CHARGE

SEPTEMBER 21, 2022

V.5

Expected Deliverables:

1. Establish expectations for reporting and management through development of roles, responsibilities and expectations at the campus and system level. The reporting structure should consider the need for strategic engagement of human resource leaders at the institutional level while accommodating the need for an integrated and aligned human resources model for the system.
2. Guidelines or policies that clearly define the HR organizational structure and responsibilities.

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.

Expected Deliverables:

1. Draft a vision statement for human resources.
2. Develop clearly defined roles and responsibilities across all HR functions and evaluate and eliminate duplication in responsibilities where appropriate.
 - a. To include a review of roles and responsibilities in HR departments and determination of whether those responsibilities should be in HR or should be delegated to supervisors and/or other departments.
3. 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.
4. Evaluate current human resources staffing levels across the system and conduct a competency assessment to identify skills gaps.
5. Develop a communication plan, set goals, and establish key priorities to support the strategic plan.
6. Develop and establish a funding model to support the human resources services.

CLASSIFICATION AND COMPENSATION

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

Expected Deliverables:

1. Develop a “Center of Excellence” shared service model for compensation and classification across all employee types, including, but not limited responsibility of the following areas:
 - a. Conduct classification reviews for employees in coordination with university HR staff.

HR TRANSFORMATION PROJECT CHARGE

SEPTEMBER 21, 2022

V.5

- b. Create system guidelines for compensation and classification for all employee types.
 - c. Management of the compensation structures.
 - d. Coordination with SD BHR on CSA classification and compensation policies and practices.
 - e. Evaluate and make recommendations on new classification needs.
 - f. Evaluate new positions to ensure appropriate salary range and classification is applied.
 - g. Complete salary surveys and complete reporting requirements as appropriate for the system.
 - i. CUPA-HR Surveys
 - ii. Others
 - h. Make recommendations on policies and guidelines related to compensation and classification.
2. Develop appropriate recommendations for use of technologies and develop system workflow processes to manage classification and compensation adjustment requests to support a shared service model.
 3. Develop recommendations on appropriate interaction and communication expectations with Center of Excellence employees and institutional human resources offices and other administrators as applicable.
 4. Evaluate historical classification request data to inform recommendations on appropriate FTE to support the Center of Excellence.

TRAINING AND DEVELOPMENT

Goal 4: Evaluate systemwide training and professional developments needs and implementation of a shared position to develop, implement and manage professional development and training opportunities across the system.

Expected Deliverables:

1. Evaluate the needs training and professional development across the system including, but not limited to:
 - a. Supervisory training needs.
 - b. Professional and leadership development needs and opportunities.
 - c. Identify workforce (internal) development needs to identify skills gaps across the system to support succession planning initiatives.
 - d. Evaluation of learning management systems and potential technology solutions.
2. Evaluation of current training initiatives at the system and campus level to inventory current state of training and development.
3. Evaluation of what training is centralized versus institutionally driven training.
4. Development of policy or guidelines on what training is required.

5. Development of a centralized training and development position to support the needs of the system.

RECRUITMENT AND RETENTION

Goal 5: Evaluate the current model for recruitment to identify process improvements and centralize management of search functions into the human resources departments, or a “center of excellence” model, to ensure consistency, compliance, and efficiency.

Expected Deliverables:

1. Complete a review to assess current recruitment processes to identify opportunities for improvement in recruitment efforts; the process review will include requisition, recruitment, interview, background checks, reference checking and onboarding.
2. Evaluate and develop search committee training materials and tools for institutions to establish recruitment strategies for various employee types.
3. Evaluate use of search firms and assess the ability to utilize institutional or system HR staff to eliminate or reduce use of external search firms.
4. Develop partnerships between human resources and university relations to improve branding and efforts in promoting and marketing SDBOR institutions as employers.
5. Consider implementation of system contracts for advertising to realize cost savings.
6. Evaluate and establish metrics related to recruitment and retention to support data driven decision making and strategic planning.
7. Identify retention strategies, including evaluation of benefits, workplace policies and evaluation of employee engagement strategies.

STANDARDIZATION OF PROCESSES AND IMPLEMENTATION OF BEST PRACTICES

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.

Expected Deliverables:

1. Evaluation of key HR processes through an efficiency review and process mapping resulting in recommendations for improvements where appropriate, examples of areas of consideration should include:
 - a. Recruitment Processes – Technology and communication tools.
 - b. Onboarding – Communication and flow of information between departments.
 - c. Timekeeping and leave reporting.
 - d. Compensation and classification processes.

- e. Letters of offer/contract issuance and renewals.
 - f. Human resources data standards and reporting requirements.
 - g. Personnel action forms and use of EPAF.
2. Analysis of policies and procedures to ensure consistency across the system.
 3. Development of best practices in HR processes and development of guidelines and training documentation.

EVALUATION OF EXISTING SHARED CENTERS

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.

Expected Outcomes:

1. Evaluation of further expansion of utilizing shared employees to manage institutional payroll functions.
2. Review of opportunities to expand services including, but not limited to leave, benefits, employee termination processing, and timekeeping support.
3. Evaluation of system reports and data metrics to improve efficiency and reduce errors.
4. Evaluation of shared international employment services needs across the system, and assessment of responsibilities.
5. Assessment of roles and responsibilities in the Board office HR department to ensure that it appropriately support for the needs of the system.

Phase	Description	Start Date	Deadline
BOR Meeting	Board of Regents Retreat – Action to Adopt Segal Recommendations	August 4, 2022	August 5, 2022
Planning	Steering Committee Planning Phase <ol style="list-style-type: none"> 1. Steering Committee Meetings 2. Project Charge 3. Reporting structure expectations 4. Timeline Development 5. Define Scope of HR Services 6. Reporting Expectations 	September 6, 2022	October 31, 2022
BOR Meeting	Board Reviews and Approves Project Charge and Timeline	October 5, 2022	October 6, 2022
Planning	Steering Committee & Advisory Committee Kick-Off Meeting	October 6, 2022	October 6, 2022
Committee Work	Phase 1 Advisory Committee Work <ol style="list-style-type: none"> 1. Classification and Compensation Center of Excellence 2. Existing Shared Services Evaluation – Center of Excellence 	November 1, 2022	March 1, 2023
Committee Work	Phase 1 Advisory Committee – Process Improvement and Best Practices	November 1, 2022	September 1, 2023
BOR Meeting	Board Discusses HR Vision and Steering Committee Update	December 7, 2022	December 8, 2022
BOR Meeting	Board discusses Center of Excellence Recommendations	March 29, 2023 (Tentative)	March 30, 2023
Implementation	Implementation of: <ol style="list-style-type: none"> 1. Reporting structure 2. Classification and Compensation Center of Excellence 3. Recommendations for Existing Shared Services 	April 1, 2022	June 22, 2023
Committee Work	Phase 2 Advisory Committee Work <ol style="list-style-type: none"> 1. Training and Development 2. Recruitment and Retention 	February 1, 2023	June 1, 2023
BOR Meeting	BOR Reviews Recommendations of Phase 2 Committee Work	June 21, 2023 (Tentative)	June 22, 2023
BOR Retreat	Board Reviews Implementation Plan	August 8, 2023 (Tentative)	August 10, 2023
Implementation	Final Implementation Phase	July 1, 2023	December 1, 2023

Phase 1 Committee Work <ol style="list-style-type: none"> 1. Evaluation of existing shared services 2. Classification and Compensation 3. Process Improvement/Best Practices 	Phase 2 Committee Work <ol style="list-style-type: none"> 1. Recruitment and Retention 2. Training and Development
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