

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST

Schedule 13 Change Request for FY 08-09 Budget Request Cycle											
		Decision Item FY 08-09 <input checked="" type="checkbox"/>		Base Reduction Item FY 08-09		Supplemental FY 07-08		Budget Request Amendment FY 08-09			
<b>Request Title:</b>		Training for Department Staff									
<b>Department:</b>		Health Care Policy and Financing		<b>Dept. Approval by:</b>		John Bartholomew <i>JB</i>		<b>Date:</b> November 1, 2007			
<b>Priority Number:</b>		DI-8		<b>OSPB Approval:</b>		<i>John M. Z...</i>		<b>Date:</b> 10/17/07 for 11/1/07			
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 06-07	Appropriation FY 07-08	Supplemental Request FY 07-08	Total Revised Request FY 07-08	Base Request FY 08-09	Decision/ Base Reduction FY 08-09	November 1 Request FY 08-09	Budget Amendment FY 08-09	Total Revised Request FY 08-09	Change from Base (Column 5) FY 09-10
<b>Total of All Line Items</b>		<b>Total</b> 1,196,014	1,039,465	0	1,039,465	1,023,940	100,000	1,123,940	0	1,123,940	100,000
FTE		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GF		586,457	494,229	0	494,229	486,342	50,000	536,342	0	536,342	50,000
GFE		0	0	0	0	0	0	0	0	0	0
CF		0	14,395	0	14,395	3,800	0	3,800	0	3,800	0
CFE		8,151	14,546	0	14,546	27,093	0	27,093	0	27,093	0
FF		601,406	516,295	0	516,295	506,705	50,000	556,705	0	556,705	50,000
<b>(1) Executive Director's Office, Operating Expenses</b>		<b>Total</b> 1,196,014	1,039,465	0	1,039,465	1,023,940	100,000	1,123,940	0	1,123,940	100,000
FTE		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GF		586,457	494,229	0	494,229	486,342	50,000	536,342	0	536,342	50,000
GFE		0	0	0	0	0	0	0	0	0	0
CF		0	14,395	0	14,395	3,800	0	3,800	0	3,800	0
CFE		8,151	14,546	0	14,546	27,093	0	27,093	0	27,093	0
FF		601,406	516,295	0	516,295	506,705	50,000	556,705	0	556,705	50,000
<b>Letternote revised text:</b>											
<b>Cash Fund name/number, Federal Fund Grant name:</b>				FF: Title XIX							
<b>IT Request:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No											
<b>Request Affects Other Departments:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				<b>If Yes, List Other Departments Here:</b>							

**CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE**

Department:	Health Care Policy and Financing
Priority Number:	DI-8
Change Request Title:	Training for Department Staff

**SELECT ONE (click on box):**

- Decision Item FY 08-09
- Base Reduction Item FY 08-09
- Supplemental Request FY 07-08
- Budget Request Amendment FY 08-09

**SELECT ONE (click on box):**

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This Request is for departmental training and professional development in the amount of \$100,000 total funds. Training and professional development moneys will enhance the Department's ability to attract and retain employees with the skills and competencies needed to achieve results that benefit departmental programs and Medicaid clients in Colorado.

Background and Appropriation History:

Due to difficult economic conditions in FY 02-03, the Department was forced to reduce infrastructure and administrative costs in an effort to help minimize General Fund expenditures throughout the State. As a result of these cuts, the Department has curtailed employee training and professional development over the last five years to a point where they are nearly non-existent.

Due to the reduced resources available, the Department has gotten creative in trying to provide some sort of knowledge sharing and professional development. These creative ideas have included informal "brown bag" trainings hosted by Department staff to: promote efficiencies in contract writing and administration; increase awareness and

usefulness of Microsoft Office application functions; enhance staff's understanding of what each section within the Department oversees; update staff on recent changes to Medicaid rules and regulations; etc. While these above items are not exhaustive, the list of informal trainings does not demonstrate that staff receives job specific training.

In addition to these "brown bag" sessions, the Department has also provided some department-wide training. Since these trainings were seen as essential in order to create a safe and respectful work environment and to provide the appropriate level of protection of client specific information, the Department allocated \$16,500 for these sessions over the last two years. FY 05-06 and FY 06-07 department-wide trainings included: 1) Privacy and Security (Health Insurance Portability and Accountability Act of 1996); 2) Violence in the Workplace; 3) Preventing Sexual Harassment; and 4) Creating a Respectful Workplace. Of the four sessions listed above, Privacy and Security training was the only training provided by internal staff. The other three were performed by a contractor which allowed the Department to fund using vacancy savings from Personal Services.

General Description of Request:

This Request is for departmental training and professional development in the amount of \$100,000 total funds. While there is much difficulty (in both the private and government sectors) to effectively and adequately measure the return on investment on training expenditures, it stands to reason that employee training and professional development can help to improve productivity, quality and management of public assets and programs.

In a knowledge-based economy, businesses, non-government organizations and governments will need more than land, capital equipment, and technology to remain competitive. They each need to become proficient in the recruitment, management, development, and retention of human capital. The investments in training and developing human capital are an integral part of an organization's effort to achieve cost-effective and timely results ("*The Human Capital Challenge*", American Society of Training and Development, August 2003).

The need to become more productive and cost-effective, not only for private-sector businesses but also state agencies, is part and parcel of the Governor's *The Colorado*

*Promise (The Colorado Promise, January 2007, page 19). Through The Colorado Promise, these outcomes can be achieved in part by streamlining state government and investing in workforce education (ibid). To this end, the Department established as one its goals for 2007 — “Demonstrate the value of Department personnel through effective recruitment, hiring, training, and retention. Allocate Department staff and resources in ways to ensure that it addresses the organization’s priorities.”, (Department of Health Care Policy and Financing internal website, Goals for 2007, 2007). The investment in workforce training and professional development is not only a goal for 2007, but an ongoing effort led by the Department’s four-year vision: “Turnover of key personnel is minimal, and HCPF [Health Care Policy and Financing] is able to keep and attract bright, enthusiastic, and talented professionals for public service.”, (Department of Health Care Policy and Financing public website, Vision- HCPF four years from now, 2007).*

The National Governors Association recognizes that states’ workforce development systems must build a skilled workforce using higher levels of education, worker training and lifelong learning to compete successfully in the global economy (“*Governors’ Principles to Ensure Workforce Excellence*”, Policy Position, National Governors Association, March 5, 2007). Only through a comprehensive, integrated, and flexible workforce system will states be able to quickly respond to the changing needs of its workers, businesses and citizenry.

In the last decade, the American Society of Training and Development has tracked the growing field of workplace learning and performance. It estimates that U.S. organizations spend \$109.25 billion on employee learning and development annually. The average annual expenditure per employee in the American Society of Training and Development’s sample of large organizations increased to \$1,424 per employee in 2005, an increase of 4% from the previous year figure of \$1,369. The organizations in this sample continue to see efficiency and performance gains as a result of their learning expenditures.

This request not only seeks to increase technical aptitude and skill, but also to improve non-technical or interpersonal activities such as supervisory training. A skilled supervisor

can help to improve morale, lower turnover and reduce grievances and employee appeals. Well-trained supervisors also communicate more effectively and understand how to create an environment that fosters employee engagement and loyalty.

Beginning in FY 06-07, the Department included as part of its employee *Performance Evaluation and Planning* document a formal *Individual Performance Objective* on training. Through the annual employee performance review, the manager and employee discuss individual training needs and professional development while keeping in mind the goals and objectives of their respective division, section or unit. The Department believes these efforts may increase: 1) employee and programmatic productivity; 2) cost-effectiveness; 3) quality; and 4) reduce costly staff turnover.

In developing this request, the Department collected three samples of *Individual Performance Objectives* from 24 of the 28 sections within the Department. These samples were used to estimate training and professional development costs of \$100,000 or \$373 per FTE. This average expenditure per FTE is 26% of the average annual expenditure per employee of \$1,424 referenced in the 2006 State of Industry Report published by the American Society for Training and Development. In comparison to the National Association of State Budgeting Officers' training budget of 6.2% (see table on following page), the Department's training and professional development request is less than 1.0% of the estimated FY 08-09 Personal Services and Operating Expenses budget of \$19,708,575.

<b>National Association of State Budgeting Officers' training budget as a percentage of functional expenses</b>	
	<b>Amount</b>
Conferences, conventions, and meetings, Form 990 line 40	\$37,177
Professional Services, Form 990 line 43b	\$21,091
Estimated total training and professional development expenditures, Form 990 line 40 plus line 43b	\$58,268
Total functional expenses, Form 990 line 44	\$938,170
Training and professional development expenditures as a percentage of total functional expenses, total of lines 40 and 43b divided by line 44	6.21%

Note: Figures are taken from the 2003 National Association of State Budgeting Officer's Internal Revenue Service Form 990.

Some examples of *Individual Performance Objectives* within the Department's request include: Microsoft Excel and Access; contract negotiation; LexisNexis; dispute resolution; supervisory training; technical writing; and Department of Personnel and Administration's contracts training. The Department anticipates these training courses will contribute to higher performance and productivity within each Section as well as the Department as a whole.

Consequences if Not Funded:

The Department believes the lack of sufficient and adequate training and professional development will contribute to: 1) lower productivity; 2) lower quality; 3) higher staff turnover; and 4) delays in implementation times.

Calculations for Request:

<b>Summary of Request FY 08-09 and FY 09-10 for (1) Executive Director's Office, Operating Expenses</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Cash Funds Exempt</b>	<b>Federal Funds</b>
FY 08-09 Final Request	\$1,123,940	\$536,342	\$3,800	\$27,093	\$556,705
FY 08-09 (and FY 09-10) Request	\$100,000	\$50,000	\$0	\$0	\$50,000
FY 08-09 Base Budget	\$1,023,940	\$486,342	\$3,800	\$27,093	\$506,705

**Table 1: Calculation of estimated training and professional development request**

Row	Description	Amount
A	Training costs using Denver Metro training providers including mileage reimbursement	\$17,673
B	Training costs using out-of-state training providers including airfare and hotel costs	\$9,243
C	Training provided by the Department's sections or divisions	\$0
D	Estimated training and professional development request using samples from 72.0 FTE	\$26,916
E	Total number of <i>Individual Performance Objectives</i> in sample	72
F	Estimated average cost per FTE in sample (row D divided by row E)	\$373.83
G	Total estimated FTE for FY 08-09	259.5
H	Total estimated training base request (row F multiplied by row G)	\$97,009
I	FY 08-09, Decision Item, DI-7, Additional FTE to Restore Department Efficiency and Functionality, 8.0	8.0
J	Estimated training cost for additional FTE in FY 08-09 decision items (row F multiplied by row I)	\$2,991
K	Total estimated training base request including Decision Items (row H plus row J)	\$100,000

Note: Figures may not total correctly due to rounding.

Assumptions for Calculations:

Table 1 uses the 72 samples of *Individual Performance Objectives* and Internet research to estimate training costs. The Department sought independent Denver Metro training providers as well as State agency training when available, but used out-of-state training provider costs when applicable. When training was provided by Denver Metro training providers, in addition to course fees, the Department included a round-trip mileage reimbursement of 30 miles at \$0.39 per mile per person. In estimating out-of-state training costs, the Department used in addition to the course registration fee, a roundtrip airfare cost of \$400 per person and hotel cost of \$100 per night per person. If training was provided by one of the Department's sections or divisions, the Department estimated zero costs.

Using this process, the Department estimates an average training and professional development cost per FTE of \$373. While this average cost may be higher than expected for training courses like Microsoft Excel and Access, for example, it includes training and professional development expenditures for more expensive and out-of-state training such

as Forecast Pro, LexisNexis, and Health plan Employer Data and Information Set (HEDIS) which include airfare, hotel, and registration fees. Including both these higher cost trainings and the zero cost trainings in the average cost should negate any bias in the cost per FTE.

Table 1 also includes training and professional development costs for FY 08-09 Decision Item, DI-7, Additional FTE to Restore Department Efficiency and Functionality, 8.0 FTE. As this separate Decision Item may be only partially funded pending Joint Budget Committee actions, the Department has indicated these costs separately for ease of revising this calculation.

Impact on Other Government Agencies: No impact on other government agencies.

Cost Benefit Analysis:

Description of Benefits	Cost
The Department will increase employee productivity and cost-effectiveness	\$100,000
The Department will lower employee turnover, reducing delayed implementations and administrative costs with hiring	
The Department will improve administrative efficiencies across program areas	

Statutory and Federal Authority: 25.5-1-104 (3), C.R.S. (2007). *The executive director may establish such divisions, sections, and other units within the state department as are necessary for the proper and efficient discharge of the powers, duties, and functions of the state department; except that such action by the executive director shall not conflict with the implementation requirements for the plan for restructuring the delivery of health and human services in this state, as set forth in article 1.7 of title 24, C.R.S.*

Performance Measures: This Change Request supports the following Performance Measure:

- Provide specific job training to each employee. Complete and implement a comprehensive orientation and training curriculum for new staff.

The Department believes the training and professional development request will help each employee to receive specific job training consistent with their *Individual Performance Objective*. This request will also provide new FTE under Decision Item #7 to receive adequate orientation and training in their new positions.