

**Voluntary Buyout Business Justification
Finance and Administration**

Executive Summary

Division of Accounts:

The Property Utilization Manager 2 positions in the Division of Accounts Asset Management Section have been identified as VBP-eligible for the following reasons:

Employees in this class manage the state's personal property inventory system on a statewide basis. The Edison Asset Management Module, managed by the Division of Accounts, is currently the state's official system of record for both capital assets and controlled capital type items (i.e. "sensitive equipment" that is not capitalized for financial reporting purposes). Based on best practice, as well as statewide research (revealing many duplicated efforts in the current centralized business model), the state plans to begin decentralizing the accountability responsibilities for controlled capital type items in the spring of 2015 (i.e. individual department systems, rather than the Edison Asset Management Module, will become the official system of record for controlled capital type items). This change will significantly diminish the volume of routine transactions processed through, and the amount of personal property tracked in, the Edison Asset Management Module, and thus reduces Division of Accounts staffing needs for managing operations surrounding controlled capital type items.

Division of Administration:

The Information Systems Manager 4 classification in the Information Technology Management (ITM) Section, the F&A Financial Management Consultant 2 classification in the Office of Consulting Services (OCS), and the Information Representative classification in the Communication Section (Information Officer) of the Administration Division are VBP-eligible for the following reasons:

Consistent with the recommendations from the analysis of ITM as part of NextGen IT, we plan to re-organize and reclassify positions in ITM to better meet the business outcomes in the Department. This would accelerate our ability to reach our desired organizational structure with the right job classifications within our existing budget.

Some business functions performed by OCS can be absorbed by other business units within the Department.

Some communication functions within the Department can be performed by other staff within the Department.

Division of Budget:

The VBP would be offered to one Administrative Services Assistant 3 position and three Budget Administration Coordinator 1 positions. We would accept only one Administrative Services Assistant 3 and only one Budget Administration Coordinator 1 position.

Both positions would be reclassified to either a Budget Administration Analyst 4 position or an Information Systems Technology Consultant, lower grade level positions (Demotion-Level Decrease) in order to re-align existing staff and to better reflect that areas of development and management of the state budget are growing in volume and complexity.

Specifically, existing positions would be reclassified to address the following areas.

- 1) The Capital Budget
- 2) Information System Support
- 3) Revenue Tracking and Analysis

Office of Criminal Justice Programs:

We have identified the Administrative Assistant 1, Program Monitor 2 and Program Monitor 3 classifications within the Office of Criminal Justice Programs (OCJP) as VBP-eligible for the following reasons:

Due to changes in Federal grant monitoring guidelines and the need to enhance the focus of programmatic detail in the process of monitoring grants within this business unit, OCJP plans to reorganize by changing job responsibilities and job reclassifications -- changes that would most effectively be accomplished via use of the VBP.

Office for Information Resources:

The Voluntary Buyout Program benefits OIR in several areas to include primarily the acceleration of the elimination of positions that will not be required when some functions are outsourced in the coming months; but secondarily, the ability to reshape the workforce through the reclassification of positions to provide for entry or mid-level positions to help eliminate career progression stagnation, and also the capability to get ahead of the coming loss of a significant population of experienced IT staff who are retirement eligible. There are 18 positions set forth in more detail herein that will be impacted within OIR if staff accepted the voluntary buyout that would result in a total savings of \$1,455,222.

Office of the Inspector General:

The Office of Inspector General has identified the OIG Special Agent and OIG Special Investigator classifications as Voluntary Buyout Plan (VBP) eligible for the following reasons:

The OIG Eligibility Integrity Unit (EIU) has an imbalance of special investigators to conduct preliminary investigations associated with the OIG mission.

The OIG Criminal Investigation Division (CID) has an imbalance of Special Agents that are responsible for the conduct of criminal investigations associated with the OIG mission.

Note: This agency plan identifies positions the Department presently believes will need to be eliminated, or relocated, or reclassified downward (to a lower pay level), or reclassified upward, regardless of whether VBP-eligible employees elect the VBP. However, no position eliminations, relocations or reclassifications will occur until after VBP participants have separated from employment on July 31, 2015. Any position eliminations or the like will be conducted in accordance with State law, including notice requirements.

Business Justification and Assessment

Division of Accounts:

Based on best practice and statewide research relative to control and accountability practices for controlled capital type items (i.e. "sensitive equipment" that is not capitalized for financial reporting purposes), the state plans to shift the focus of control efforts for these items from a centralized finance

function business model (i.e. from the Division of Accounts) to the individual departments, or a decentralized model. This shift will result in:

- a) A reduction in duplicated efforts. Many state departments are maintaining separate systems, outside of the Edison Asset Management Module, that have been tailored to meet unique departmental needs, for purposes of fulfilling their accountability responsibilities for controlled capital type items; and, under the current centralized business model are being required to reconcile these systems to the Edison Asset Management Module.
- b) A significant reduction in the volume of routine transactions processed through, and the amount of personal property tracked in, the Edison Asset Management Module; and, a resultant reduction in the Division of Accounts staffing needs for managing operations surrounding controlled capital type items.

As part of this plan, the Division of Accounts Asset Management Section staff's objectives will be shifted to focus more on the financial reporting valuations, allocations, presentations and disclosures related to capital assets (i.e. tangible or intangible assets that meet the state's capitalization thresholds and have initial useful lives extending beyond a single reporting period – including land and buildings), and less on property control for low dollar cost sensitive equipment.

The Division of Accounts Asset Management Section staff is currently comprised of:

- a) One F&A-Fiscal Director 1
- b) One Accountant 3
- c) Two Accountant 2s
- d) Two Property Utilization Manager 2s

The diminished need for operational management of controlled capital type items within the Edison Asset Management Module under the new business model is being addressed by identifying the two Property Utilization Manager 2s as VBP eligible. The two positions will be reclassified to higher graded Accountant 2's (Promotion-Level Increase).

The present intention of the Department is to reclassify this position to a higher graded position (Promotion - Level Increase), regardless of whether the persons in the current position apply for and are accepted to participate in the VBP. Any action taken and the resulting impacts on employees in these classifications will be conducted in accordance with State law, including notice requirements.

Division of Administration

ITM can be reduced by one position to reach its targeted NextGen targeted size and configuration. There are currently two Information Systems Manager 4 positions. We are making both positions VBP-eligible and are willing to accept one. If both apply, we will accept the one with greater longevity. The net savings/equity from the one position accepted (after covering the VBP cost) will be applied toward the remaining NextGen positions reclassifications to enable the NextGen implementation of our unit to remain "budget neutral."

There is one Management Consultant 2 in OCS. This position performs functions distinctly different from the Management Consultant 3s in the unit. These services can more effectively be performed by other business units within the department. Simultaneously, the Capital Accounting section of the Division of Administration has seen a dramatic increase in the volume and complexity of their work requiring additional resources to remain compliant with the timeliness and accuracy of payments on Capital

Projects. We will repurpose this Management Consultant 2 position to support the Capital Accounting function.

Functions currently performed by our one Information Representative position can be absorbed by the Department's Information Officer without negatively affecting departmental communication efforts.

The present intention of the Department is to abolish the Information Systems Manager 4 and Information Representative classifications addressed herein. The Department plans to reclassify the F&A Financial Management Consultant 2 to an Accountant 2 a lower grade level (Demotion-Level Decrease) and move it to capital accounting. The Department currently intends to follow through on its plans regardless of whether the persons in the current positions apply for and are accepted to participate in the VBP. Any action taken and the resulting impacts on employees in these classifications will be conducted in accordance with State law, including notice requirements.

Division of Budget:

The development and management of the state's \$33 Billion plus budget is very complex and has many complicated nuances. In an effort to manage the ever growing volume of complex information, certain functions would be well served if additional resources could be added. In order to avoid future cost increase requests, existing positions could be reclassified to address the following areas.

- 1) The Capital Budget
- 2) Information System Support
- 3) Revenue Tracking and Analysis

The following is a brief description of each area.

Capital Budget:

Oversight of the capital budget has grown in volume and complexity. Staff review and prep time for each monthly State Building Commission time and each monthly SBC SubCommittee demands an ever growing amount of time and continues to increase. Responsibilities in this area include:

- Monthly SBC (includes agenda review, pre-meeting, principle review, and committee time)
- Monthly SBC Executive Sub (includes agenda review, pre-meeting, principle review, and committee time)
- Development and Management of the Capital Budget
- Working with DGS on office space consolidation / reassignment efforts (T3)
- Working with DGS on lease space changes and funding impacts
- New Project Analysis (Mid-year requests)
- The Facilities Revolving Fund Analysis
- TDZ application reviews

Currently, the budget division has only one full-time position dedicated to the capital budget and all of its activities. It would be helpful to dedicate one additional position to this important area.

Information Systems:

The office is currently in the early phase of planning and development of a new budget management system. Targeted to come on-line in August of 2015, the new system will replace a system that was first designed nineteen years ago. When completed, the new system will consolidate several stand-alone

systems and create a consolidated repository of budget information. This will allow better tracking, better reporting and improved workflow while maintaining flexibility and being fully integrated with the state's ERP. The current systems are support by only two full-time positions. It is unknown at this time if the new system will require additional support to maintain. It is quite possible one additional position will be needed in order to provide the proper system maintenance.

Revenue Tracking and Analysis:

To build and manage the state budget, the proper tracking, allocation and forecasting of state revenues are critical. The challenges to do this are numerous. Recent accounting changes have added a layer of administrative complexity to our analysis. Legislation is proposed each year to establish or raise rates, fees and fines while at the same time dedicating some or all of the revenue to very specific purposes and programs. The nuances to these types of changes are numerous and grow each year. At the same time, proposals are made annually to change state tax revenues which require review, analysis and a high degree of collaboration with the Department of Revenue. No matter the revenue type, all revenues must be carefully tracked and analyzed to understand and identify issues, understand their possible performance, and understanding their potential impact on the budget. This analysis is currently performed by three individuals. Of the three, only one position is dedicated to this effort on a full-time basis and has the least amount of experience with this type of work. Another full-time position splits their time between this revenue analysis and other general overview development activities. The third position is our most experienced analyst but is employed only on a part-time basis. Because of the complexity and the criticality of this work, it would be extremely helpful to dedicate additional resources to this area.

In order to add additional resources to address these areas, the VBP would be offered to one Administrative Services Assistant 3 position and three Budget Administration Coordinator 1 positions. We would accept only one Administrative Services Assistant 3 and only one Budget Administration Coordinator 1 position. The ASA 3 was made eligible for the VBP to recognize a change in our office processes and workloads due to technological changes. With Edison and email, the volume of paper has decreased significantly. The responsibilities of the ASA 3 can be absorbed by the one remaining office administrator.

The Budget Administration Coordinator 1 positions were made eligible for the VBP to also recognize a shift in workloads. The work of one BAC 1 can be absorbed within existing staff.

Both positions would be reclassified to either a Budget Administration Analyst 4 position or an Information Systems Technology Consultant, lower grade level positions (Demotion-Level Decrease) in order to re-align existing staff and to better reflect that areas of development and management of the state budget are growing in volume and complexity.

The Department currently does not intend to reclassify these positions if the persons in the current positions are not accepted to participate in the VBP.

Office of Criminal Justice Programs:

The OCJP office, as a whole, carries out all responsibilities of grant management at a very high level. Yet the majority of individual OCJP staff members are not fully equipped for all the responsibilities of grant management due to the current organizational structure and separation of duties. Tasks are delineated as either "program management" or "monitoring." Individuals are classified as one or the other and receive only the assignments and training deemed necessary for their position. Below is a synopsis of each position.

Program managers:

- classified as Executive Service, Planning Analysts
- individually focus on a limited number of fund sources.
- involved in strategic planning for their unit, grant applications review and approval, agency technical assistance, and reviewing and compiling reports.
- understand and evaluate how an agency's contract logic model fits the strategic plan and if the agency's reporting (informally and formally) reflects the logic model of the respective contract.
- do not normally conduct site visits to see the actual project/program in action.

Pros: The program managers possess in-depth fund source and program specific knowledge and understanding that is critical to program evaluation and performance analysis.

Cons: Due to limited site visits to observe funded programs the approved logic models may unintentionally suffer from unrealistic or inadequate expectations or projections. The Program managers must spend time conveying to the monitoring staff the specifics and nuances of each project and agency prior to monitoring visits.

Program monitors:

- classified as Preferred Service, Program Monitors,
- individually review contracts from all fund sources,
- have a broad knowledge of federal and state grant requirements,
- review program files and interview program managers to understand the nuances of the specific project/program before each monitoring visit,
- conduct site visits to agencies to determine compliance, program effectiveness and adequacy.

Pros: Monitors remain objective in their review. They conduct test work for a broad range of compliance and performance issues in a single site visit. The monitors are able to compare agencies and programs to evaluate practices and quality.

Cons: Due to time constraints for preparation, planning and conducting the review the projected logic model may not be fully verified or tested in the field by monitoring staff. Additional visits by program staff or management are sometimes necessary to determine program weaknesses and provide technical assistance.

CONCLUSION: Reorganize the unit so that both "program management" and "monitoring" functions are provided by Program Managers. This will require the three (3) program monitor positions and one Administrative Assistant to be reclassified to higher graded planning analysts with the job title of Program Manager (Promotion - Level Increase). These positions will then be assigned to the individual OCJP units (Criminal Justice and Victim Services) for continued training and assumption of duties.

To achieve this, we are making VBP-eligible all three Program Monitors and the one Administrative Assistant within the business unit. We would accept all four.

The present intention of the Department is to reclassify these positions to higher graded positions (Promotion - Level Increase), regardless of whether the persons in the current positions apply for and are accepted to participate in the VBP. Any action taken and the resulting impacts on employees in these classifications will be conducted in accordance with State law, including notice requirements.

Office for Information Resources:

IPS VOICE SERVICES SECTION - Davidson County (11 positions):

Information Systems Technical Manager (1)
Telecommunications Manager (1)
Systems Programmer 3 (1)
Systems Programmer 4 (1)
Communications Systems Analyst 4 (7)

There are a total of 11 eligible positions in this workgroup, and all would be accepted.

Justification: These positions are eligible for the VBP and will be eliminated when the IPS Voice Services section is downsized. Most of these positions have been supporting the Legacy Phone Systems with the agencies. However, many legacy phone systems have already been converted to IPS and the remainder is the responsibility of the agencies. There is a Blackbox contract available to the agencies to use for support. The contract is not an OIR contract that would require resources to manage. OIR has already implemented 25,671 IPS phones to date with the remaining primarily with the Department of Corrections (prisons) and the Tennessee Department of Environment and Conservation (State Parks). These positions will result in a total cost savings of \$914,313.

END POINT MANAGEMENT TEAM - Davidson County (2 positions):

System Programmer 4 (1) would be accepted.

System Programmer 2 (1) would be accepted.

These two positions work in a subgroup of End point and their functions are going to be outsourced.

Justification: The Voluntary Buyout Program benefits OIR to accelerate the elimination of positions that will not be required when some functions associated with the Email Exchange environment are outsourced to the cloud in the coming months. Functions associated with some email administration, anti-malware administration, and email archive for legal hold will no longer be required enabling the reduction of two staff positions. These positions will result in a total cost savings of \$220,606.

ACCOUNT MANAGEMENT SUPPORT TEAM - Rutherford County (1 position):

System Programmer 4 (1) in Administration

Justification: Due to the Active Directory provisioning tasks being moved to the End Point Management group, the volume of work has decreased in this area. Accordingly, we are reducing the number of employees in this area from four to three.

Realignment: The \$78,108 (without benefits) reduction in salary cost will be used to reclassify 10 IRSS 2 positions in the NOSC (Network Operations Service Center) to IRSS 3. This will cost \$41,975 (without benefits) with a net savings of \$36,133. This reclassification is needed to recognize the additional skill level required to perform the enterprise network and virus monitoring functions.

ADMINISTRATION/FINANCIAL AREA (1 position):

Administrative Services Assistant 3 (1)

Justification: Due to a change in high-level administrative duties for the Chief Information Officer and the Deputy Chief Information Officer, there is no longer a need for full-time support from an Administrative Services Assistant 3 position. This decrease in support is due to the introduction of the new PlanView Portfolio Management application in support of statewide IT Planning, the elimination of the fee for service technology training that OIR previously offered to state employees, and the imminent introduction of a new Internet design that allows for more automation of such things as public meeting notices.

Given the new strategies relative to the State's portal, service delivery and workstation consolidation, we are in need of re-structuring and adding support in the OIR Financial Area. We plan to take the savings derived from the Administrative Services Assistant 3 position which is a grade 027 and currently costs \$44,184 and re-classify it to a lower graded Account Technician 2 position (Demotion-Level Decrease). The latter is a grade 025 which will cost \$31,324. This position would report to the Director of OIR Financial Management and would be responsible for preparing information necessary to bill for workstations and also fees associated with the Portal. This will allow OIR to be more efficient in its service delivery and result in a cost savings of \$12,860.

ENTERPRISE SERVICES/REMEDY TEAM (3 positions)

IRSS 5 (2)

System Programmer 3 (1)

Justification: Due to the upcoming change in the State's ITSM system from an on premise Remedy solution to ServiceNow Cloud based subscription service, there is no longer a need for three support positions. The IRSS 5 positions are application support and customer service. With Service Now, we will automate most of the processes that are required for basic Remedy support. ServiceNow's user interface is much more intuitive requiring less time to configure and support. These two changes along with moving to a vendor management role instead of application and environments support changes the team makeup. The System Programmer 3 position provides support for Remedy Report Services. The robust reporting capabilities of ServiceNow will eliminate the need to have a position dedicated to that purpose. Given the new direction relative to the State's ITSM system, these positions will result in a total cost savings of \$271,310.

The present intention of the Department is to abolish certain designated positions and reclassify others to a lower grade level (Demotion-Level Decrease) as addressed herein. The Department currently intends to follow through on its plans regardless of whether the persons in the current positions apply for and are accepted to participate in the VBP. Any action taken and the resulting impacts on employees in these classifications will be conducted in accordance with State law, including notice requirements.

Office of the Inspector General:

The OIG's Eligibility (Program) Integrity Unit has five (5) Special Investigators who are assigned to review cases meeting the criteria for criminal or civil prosecution of TennCare fraud.

The demand for the services offered by the Eligibility Integrity Unit is currently decreasing due to changes in the Federal Healthcare Eligibility System. Those changes have caused an imbalance in the workload of this unit.

The number of Special Investigators will be reduced by one and that employee's duties would be absorbed by the remaining four (4) Special Investigators without interrupting the workflow of the unit.

This position will undergo a reclassification to a lower graded Case Reviewer/Hotline Operator with Spanish Linguistic skills (Demotion-Level Decrease) which would result in potential cost savings and in greater productivity and efficiency to the EIU and the OIG as a whole.

This recommendation is in consideration of OIG's *Best Practices* and *Lean Management* philosophy.

The OIG's Criminal (Field) Investigation Division (CID) has twelve (12) Special Agent/ Criminal Investigators who identify, investigate and prosecute persons who defraud or attempt to defraud Tennessee's Medicaid program (TennCare).

Special Agents are assigned to judicial districts in an effort to have an equitable balance in terms of a projected case load. The demands for the services of the CID are subject to variables which exist in each judicial district statewide and mainly reflect upon the population and the number of complaints received by the OIG in one year's time.

The demand for the services offered by the Criminal Investigation Division is currently decreasing due to changes in the Federal Healthcare Eligibility System. Those changes have caused an imbalance in the workload of this unit.

The number of Special Agents will be reduced by one and that agent's duties could be absorbed by the remaining 11 Special Agents without interrupting the workflow of the unit

This position will undergo a reclassification to a lower graded Legal Assistant (or ASA2) (Demotion-Level Decrease) which would result in potential cost savings and in greater productivity and efficiency to the OIG.

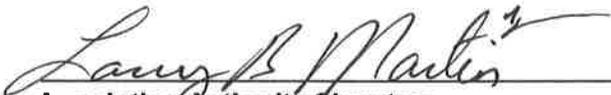
This recommendation is in consideration of OIG's *Best Practices* and *Lean Management* philosophy

The present intention of the Department is to reclassify one of each classification to a lower grade level (Demotion-Level Decrease). The Department currently intends to follow through on its plans regardless of whether the persons in the current positions apply for and are accepted to participate in the VBP. Any action taken and the resulting impacts on employees in these classifications will be conducted in accordance with State law, including notice requirements.

Chart setting forth the changes is attached.

Estimated Net Cost Savings – See attached spreadsheet

Justification for Eligibility Appendix (if applicable)



Appointing Authority Signature

5-20-2015

Date