

## Department vacancies

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We understand that the committee has concerns regarding vacancies at the Department of Revenue. We recently spoke with you about the challenges we've faced in filling some key roles in our Finance Section, but many of our vacancies are strategic in nature and aren't a reflection of issues with recruitment or retention at Revenue. Additionally, due to current restructuring of business processes and workloads, some of these vacancies are also not necessarily indicative of a loss in production. There are three primary reasons for the current number of vacancies at Revenue:

- 2017–19 budget considerations.
- Process and workload changes resulting from the Core Systems Replacement (CSR) Project.
- Positions needed for project staff once implementation is complete.

### **Vacancy savings**

The vacancy savings for the positions that have been held vacant up through April 2017 total approximately \$9.1 million. The agency committed to revert back \$4.5 million and the remaining funds have been used for the following:

- Double fills/work out of class—\$4.5 million.

### **Budget considerations**

The higher-than-normal number of vacancies is mostly attributable to our efforts to mitigate the negative impact of proposed staffing reductions for the next biennium. Since the discussion of potential reductions began, Revenue leadership have been working to ensure that—if positions were cut—Revenue could still effectively administer the tax programs that contribute so significantly to the General Fund.

Late last year, executive-branch agencies were encouraged to take steps to save money and reduce costs through the end of the biennium, such as delaying hiring processes. Revenue began requiring managers to submit a request to the leadership team that explains the immediate operational need to fill a position. If the request was approved, the hiring process could begin. This emphasized the importance of thinking strategically about how we conduct our business.

Agency leadership has also paid special attention to making sure that impacts to staff are seriously considered. It was a conscious decision to leave some positions vacant because we either identified them as reductions through the budget process or to reduce costs for this biennium. It didn't seem appropriate to invest the resources in hiring and training someone we knew would likely be laid off in less than a year. It also didn't seem to fit with valuing our employees to hire someone for a "permanent" position we believed could soon be eliminated.

## Changes to processes and staffing needs

As we've mentioned throughout our presentations, while we know our business, the way we do that business has changed with the implementation of our new system. In many areas, we're still figuring out how to adjust to these changes and continue to improve upon them. We're continually looking at our resources to ensure they align with the new efficiencies we're gaining and the way workloads are shifting with each GenTax rollout by:

- Shifting staff to areas in need of additional resources.
- Making sure positions with new duties are appropriately classified.
- Using the funding from vacant positions to conduct permanent finance plans.

These actions will ensure we're using our resources—dollars, systems, staff—in the best, most productive way possible.

## Returning project staff

We knew that appropriate staffing was key to the success of the CSR Project. We needed to have the right number of people with the right skillsets in the program areas and on the project team. We staffed the project team with subject matter experts from throughout the agency. We assured those who were selected for these temporary assignments—many for the four-year life of the project—that they would be able to return to their permanent positions at the end of the project. This resulted in a need to find ways to continue getting the work done while these individuals were working on the project. We knew there wouldn't be the capacity with remaining staff to learn the new system, restructure all of their business processes, and pick up the workloads of those who had left to work on the project.

To ensure staff had enough bandwidth to handle their regular work and the training and familiarization needed to operate in the new system, we decided to use double-fills and work-out-of-class assignments to pick up the work of those who moved to the project team.

As the project draws to a close, we're working closely with our Legislative Fiscal Office (LFO) analyst and our Department of Administrative Services Chief Financial Office (DAS CFO) analyst to discuss our future resource needs in light of the system changes we're making and any new responsibilities given to the department by the Legislature and Governor. We're planning on presenting more information on this during our Day 8 budget presentation on May 12.