Human Resources
ADMINISTRATION
CITY OF DETROIT

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To: David Whitaker, Legislative Policy Division
From: Denise Starr, Director of Human Resources
Date: March 25, 2025
Re: **Responses to 2025-2026 Human Resources Budget Analysis**

Please find below responses to your questions sent on 3/19/2025, regarding the Fiscal Year 2026 Proposed Budget for the Human Resources Dept.

1. **Please briefly explain HRD's new expenditure initiatives, new expenditure initiatives, new capital funding requests, operational reform and savings proposals, and new revenue initiative(s)/proposal(s) to be implemented in FY 2026. Please provide which appropriation/cost center the new initiative(s)/proposal(s) is impacting in FY 2026.**
   B28-5:

   Workforce Analytics & Engagement: The addition of a Human Resources Specialist in 280110 is a strategic investment in addressing engagement and employee experience. This position will allow HR to leverage data-driven insights to drive cultural transformation and optimize workforce productivity. Research supports that highly engaged employees contribute to business outcomes at a rate 49 times higher than their disengaged counterparts.

   Operational Efficiency Enhancements: HR continues to identify areas for cost reduction and improved service delivery. Notably, reductions in IT-related equipment and software expenses ($143,200) and a reallocation of Intern-related costs ($446,430) from operating services to salary and wages align with our focus on sustainable fiscal management.

   ARPA Workforce Transition Strategy: HR remains committed to assessing and facilitating ARPA-funded employees' transition into General Fund-supported roles, ensuring the retention of key talent where feasible.

   Infrastructure Investments: Upgrades in the HR Information Systems (HRIS) management align with efforts to modernize HR operations and improve administrative efficiency.

2. **As illustrated in the table above, as of February 5, 2025, HRD has 106 General Fund budgeted positions in FY 2025, but only 100 of them are filled, meaning there were 6 vacancies as of February 5, 2025. The Mayor is recommending 107 General Fund positions for FY 2026, one more than the 106 General Fund positions adopted for FY 2025. HRD filled 26 ARPA positions that were not adopted for FY 2025 or recommended by the Mayor for FY 2026.**

   Questions:

   a. **Please explain the difficulty of filling the six vacant positions.**

      HR experiences ongoing workforce transitions as part of normal organizational dynamics. The six vacancies referenced reflect a combination of new and existing openings due to turnover. The specific positions currently vacant include:

      - Project Manager & Analytics Specialist IV – Potential ARPA hire or apprenticeship partnership with Apprenti.
      - General Manager – Benefits Administration – Vacant since December 2024.
      - General Manager – Classification & Compensation – Offer extended in March 2025.
      - Classification & Compensation Manager I – Offer extended in March 2025.
      - Classification & Compensation Analyst III – Offer extended in March 2025.
      - Human Resources Assistant III – Vacant since December 2024.

      HR remains proactive in recruitment efforts, prioritizing timely placement while ensuring candidates meet the required competencies for each role.

   b. **Please explain the need for the position increase for FY 2026, then a return to 106 budgeted positions from FY 2027-2029 in the four-year financial plan.**

      The requested addition of a Human Resources Specialist III represents a one-time FY26 ARPA continuation position. Future APRA funding considerations will be based on departmental priorities and available fiscal resources.

   c. **It appears there are no budgeted expenditures for the 26 ARPA positions. Please explain the need for these positions. Does HRD plan to keep these positions filled? If so, what funding sources will be used to fund these positions for FY 2026 and onward?**

      HR continues to assess the alignment of ARPA-funded roles with the City's operational needs. Where feasible, efforts are underway to transition employees into permanent General Fund-supported positions. This strategy ensures business continuity while mitigating the impact of ARPA program expiration. Future APRA funding considerations will be based on departmental priorities and available fiscal resources.

3. **B28-5: Please explain what makes up the One-Time Expenditures of $128,226 for FY 2026.**

   The one-time expenditure amount is entirely attributed to the salary and fringe costs for the new Human Resources Specialist III position 1 FTE listed as 13107103 for $97,000 + Fringe Benefits.

4. **B28-6: Please explain the $1.23 million increase in Salary & Wages when only one position is being added to FY 2026. Please also explain why Salary & Wages hover around $10 million plus in FY 2027 through 2029 when the number of positions returns to 106 positions in those same years.**

   The increase in Salary & Wages is primarily driven by:

   - Standard Wage Adjustments: Cost-of-living adjustments, merit increases, and contractual wage escalations contribute to the salary growth.
   - Reclassification & Position Upgrades: Adjustments to job classifications and strategic role enhancements have impacted salary expenditures.
   - Internship Cost Reallocation: A significant portion of the increase is due to the reclassification/move of interns from operating services to salary and wages.

   The sustained Salary & Wages allocation beyond FY 2026 reflects anticipated personnel costs, ensuring HR remains competitive in talent retention and compensation.

5. **B28-6: Please explain why Professional & Contractual Services increase $355,827 in FY 2026.**

   The net increase in this category is largely attributable to:

   - Employee Parking Costs – Adjustments to parking allocations for employees.
   - Contractual Rate Adjustments – Moderate increases in costs for background checks, employee wellness clinics, and people analytics software-as-a-service subscriptions.

   These adjustments are essential for maintaining operational effectiveness and compliance with workforce-related services.

6. **B28-6: Please explain why Operating Supplies decrease by $157,550 in FY 2026.**

   Most of the reduction stems from lower IT-related equipment and software procurement costs ($143,200). The remaining balance reflects minor adjustments in operational expenses, ensuring budget efficiency while maintaining essential resources.

7. **B28-6: Please explain why Operating Services decrease by $470,656 in FY 2026.**

The largest factor in this reduction is the reallocation of intern-related expenditures ($446,430) from Operating Services to Salary & Wages, aligning with HR's updated accounting methodology. Other minor cost reductions contribute to the total decrease.

8. **B28-6: In Appropriation 29280 – Human Resources Department Administration, there is 9.71% increase in Expenditures totaling $69,688 from $717,636 to $787,324 in Cost Center 280008 – HRMS and a 21.80% increase in Expenditures totaling $516,338 from $2,368,671 to $2,885,009 in Cost Center 280110 - Human Resources Administration, when the number of positions only goes up by two (B28-9). Please explain the reason for these increases in FY 2026.**

   The expenditure increases result from both personnel and non-personnel costs, specifically:

   - HRIS Position Upgrades – The reclassification of HRIS Manager II to Information Technology Manager III & IV (HRIS) resulted in a corresponding increase in salary and fringe benefits.
   - Personnel Additions & Contractual Increases - $249,206 of the increase is attributable to salary and fringe costs for two new positions, while the remainder reflects contractual increases in HR operations such as increases in: Employee Parking (168,000) background check software ($45,000), Dues and Fees ($8,000), Medical (10,000) and Training ($7,500) and offsetting reductions including Software Maintenance (-$143,000) and Rental expenses ($32,000).
   - These adjustments are necessary to support HR's evolving technology landscape and operational demands.

9. **B26-8: In Appropriation 29281 – Workforce Management, there is a $193,467 or 8.2% increase in Cost Center-Employee Services Administration, a $143,750 or 23.1% increase in Cost Center-HR Risk Management Operations, and a $309,070 or 13.7% increase in Cost Center 280320-Talent Development & Performance Management. Please explain the reason for these increases in FY 2026.**
   a. $193,467 increase is largely attributable to annual wage growth and corresponding employee benefit impacts.
   b. $143,750 increase largely relates to $109,000 in Salary Increases across FTEs and the subsequent employee benefits impact.
   c. $309,070 increase relates is attributable to salary and fringe costs for two additional FTEs and annual wage increases across FTEs.

10. **B26-8: Please explain why there is a $86,017 or (6.6%) decrease in Cost Center 280530-Labor Relations Administration in FY 2026 when there are no changes in the eight number of budgeted positions from FY 2025 to FY 2026.**

    The $86,017 decrease is attributable to updated personnel cost estimates based on current staffing expectations.

11. **According to the FY 2025 Budget Hearing Responses provided by HRD, it was noted that technical advancements made to the HR Information Systems (UKG- UltiPro) will be finalized in Ql 2025. Is HR on track with this finalization?**

    Yes, the Human Resources Department is on track to finalize key technical advancements in the HR Information System (UKG – UltiPro) in Q1 of FY 2025. We're excited about the progress made and the positive impact these tools will have on employee experience and workforce management.

    The HRIS team has been working collaboratively with Employee Services and Talent Development & Performance Management to support a seamless rollout of several critical modules. This includes the probation evaluation module, the new Learning Management System to track employee learning and skill development, and enhancements to employee onboarding.

    These advancements are part of our broader commitment to modernizing HR processes, improving service delivery, and investing in the success and development of City employees. We look forward to completing this phase and continuing to build a more data-driven, employee-focused HR infrastructure.

12. **According to FY 2025 Budget Hearing Responses provided by HRD, it was noted that the contract for Ulti-Pro was set to retire by the end of FY 2024. Please provide a status on the contract and any additional funds spent on continuing the Ulti-Pro services in FY 2025. Will there be additional funding needed for FY 2026?**

    While the Human Resources Department is a primary user of the UKG (UltiPro) platform, the contract itself is managed by the Department of Innovation and Technology (DoIT). As such, HR is not in a position to provide detailed information regarding the status of the contract or specific funding allocations.

    HR continues to work closely with DoIT to ensure uninterrupted functionality of core HR processes and systems. Any updates related to funding or contract changes are being coordinated through DoIT.

13. **According to the FY 2025 Budget Hearing Responses provided by HRD, it was noted that some ARPA employees may be hired in their respective Departments if resources were available. Has HR been tracking the retention of ARPA employees transferring into City employees? When ARPA employees become City employees, are they usually General Fund employees? If so, does HR know in which Departments this is occurring?**

    422 ARPA hires successfully transitioned into full-time Civil Service positions. Here is a partial list of the titles/departments where the employees have been hired/converted into FTEs:

    Parking Enforcement Officers – Municipal Parking
    Crime Analysts – DPD
    General Environmental Technicians – GSD
    Project Managers – Various Departments
    Program Analysts – Various Departments
    Animal Care Technicians – Animal Care and Control
    Vehicle Operators – GSD and DPW
    General Auto Mechanics – GSD and DDOT
    Playleaders – GSD
    Procurement Assistants – OCFO
    Appraisers – OCFO
    Traffic Sign Mechanics – DPW
    Inspector 1 & 2's – BSEED
    Transportation Equipment Operators (TEO's) – DDOT
    Coach Service Attendants (CSA's) – DDOT
    Customer Service Reps Paratransit – DDOT
    Service Guards – DDOT
    Fire Fighter Student – Fire
    Tree Artisans – GSD
    Building Trades Workers – BSEED
    Field Service Technicians – DWSD
    Carpenter Foreman – GSD
    HR Assistant – HR

    The Skills for Life Program was very successful in up-skilling the participants for some of our full-time positions. Other participants in the program landed positions in other fields and employers.

    All of the employees hired from the ARPA program are all funded through General Funds.

14. **Has there been a positive impact on retaining City Police Officers due to the salary increases? What was the retention rate for Officers in FY 2025? What is the anticipated retention rate for FY 2026?**

    The Human Resources Department supports employee life cycle functions for all City agencies, with the exception of the Detroit Police Department (DPD) and the Detroit Water and Sewerage Department (DWSD), as they maintain their own internal HR operations.

    As such, the HR Department does not manage or track retention data specific to DPD. Questions related to the impact of salary increases on police officer retention, as well as retention rates for FY 2025 and projections for FY 2026, would be best addressed directly by the Detroit Police Department.

15. **Please provide a list of unions that finalized labor contract negotiations with the City in FY 2024 and FY 2025. Please provide the list of union contracts that will enter into labor negotiations in the remainder of FY 2025 and in FY 2026.**

    <u>Contracts Finalized 2024</u>

    Association of Municipal Engineers (Union Ratification 9/3/2024)
    Building Trade Tripartite (Union Ratification 1/9/2024 & 1/11/2024)
    Detroit Traffic Control Officers (Union Ratification 11/7/2024)
    MAPE – Board of Police Civilian Police Investigators (Union Ratification 7/2/2024)
    SEIU Professional & Technical Unit (Union Ratification 9/3/2024)
    UAW Legal Assistants (Union Ratification 12/12/2023)

    <u>Contracts Finalized in 2025</u>

    Emergency Medical Service Officers Assoc. (Union Ratification 2/19/2025)

    <u>Current Negotiations:</u>
    AFSCME - Non-Supervisory
    AFSCME – Supervisory
    AFSCME - Motor City Seasonals
    AFSCME - Crossing Guards
    AFSCME - Forestry, Landscape and Paving Foremen
    Assistant Supv. of Streets Mtn. & Const.
    Association of City of Detroit Supv. (ACODS)
    Bldg. Constr. Trades (Foreman)
    DOT Foremen's Association - Chapter 337
    IUOE - Operating Engineers, Local 324
    SEIU Non-Supervisory

SEIU Supervisory
Teamsters-Supervisory
Teamsters-Principal Clerks

<u>Contracts expiring in 2025</u>
Amalgamated Transit Union (ATU)
AFSCME – ESDO

<u>Contracts expiring in 2026</u>
Detroit Fire Fighters Association (DFFA)
UAW Local 2211 (Public Attorneys Association)

<u>Contracts expiring in 2027</u>
Detroit Police Officers Association (DPOA)
Detroit Police Lieutenants and Sergeants Assoc.
Detroit Police Command Officers Assoc.

16. **Has the City's Compensation Schedule (White Book) been updated to include the salary range changes from the labor contracts that were settled in FY 2024 and so far in FY 2025?**

    Yes, the City's Compensation Schedule, commonly referred to as the White Book, is being updated to reflect salary range changes resulting from labor contracts settled in FY 2024 and thus far in FY 2025.

    The White Book is a static document that is updated on a monthly basis and includes all approved changes from the prior month. In contrast, the jobs table within the UKG system is updated in real time as changes are approved, ensuring that current salary ranges are immediately available to HR staff and department leadership for operational purposes.

    This dual approach ensures both accuracy and timeliness—real-time updates for day-to-day functionality and monthly White Book updates for official documentation and reference.

17. **For the FY 2025 budget, Council approved $10 million for workforce investments in competitive active employee retirement benefits located in Non-Departmental, appropriation 29350-Citywide Overhead, cost center# 350980-Workforce Investments. It was discussed during the FY 2025 budget process that the Mayor was exploring a shorter vesting period for active employees who participate in the City's 401 type retirement plan to be more competitive with other employers. Has this concept been discussed with labor unions during labor contract negotiations? Is it likely that a portion of the$10 million in Non-Departmental will be used in FY 2025 or FY 2026? If not, will this concept be discussed in the future labor contract negotiations? If not, does Human Resources have alternative employee benefit plans that could be eventually funded by the $10 million in Non-Departmental?**

    The Human Resources Department is aware of the $10 million allocated in the FY 2025 budget for workforce investments related to employee retirement benefits. However, questions regarding the allocation, planning, or use of this funding are best directed to the Office of the Chief Financial Officer (OCFO).

    Additionally, it is important to note that any modifications to an employee benefit be a mandatory subject of collective bargaining. As such, the City may be precluded from publicly discussing any related terms or proposals, if any have been developed, prior to or outside of formal negotiations.