

Human Resources Department

2019 ANNUAL REPORT

Mary Rath
MRATH@VAH.COM | 847-368-5153

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Key Services and Functions

Human Resources (HR) is an internal services Department that works with all Village Departments on a daily basis. We are adaptive, resilient and quick to change. Despite HR's integral role, of all the departments in our organization, the Human Resource department likely has the least popular reputation.

HR is like your doctor, that you would rather never see or need. When the HR Director calls you and asks you to come by her office, you may assume that something bad is about to happen to you. However, many employees don't realize that HR also actually works to benefit the Village employee and the overall work environment.

The simplest way to think about what Human Resources does is to think of any employment-related issues that an individual encounters from when they look for employment until they leave employment. It encompasses everything from on-boarding an employee (orientation) all the way through the employee's exit interview.

More specifically, our HR department manages recruiting, benefits, wellness, class and compensation, risk management, labor and employee relations, compliance, staff development and performance management for all budgeted 435 Village employees. HR interacts and works with each Village Department in establishing long-term strategies for growth and development of both its employees and the organization as a whole.

While not all employees have face-to-face interaction with HR, they all interact with the policies and procedures that HR develops and oversees. For example, if you have ever applied for any type of leave, attended training, requested time off, had a performance evaluation, received a pay increase, or been disciplined, then you have interacted with a policy or procedure that HR manages and maintains. Our main function is risk management. Human Resources provides a wide range of assistance and support to the department heads, supervisors and employees of the Village of Arlington Heights. From ensuring a safe work environment, to helping employees understand their rights and responsibilities, employee relations, benefits and compensation, through assisting managers to attain and retain the staff they need, the HR staff works diligently to help maintain a highly-motivated workforce.

We have become a true function within the Village providing structure as well as managing its most important resource - our employees.

ORGANIZATIONAL OVERVIEW

Who Is Human Resources?

Including myself, there are four full-time employees and one intern in the HR Department. While being cross-trained in every HR area and balancing varying compliance issues, each staff member has clear duties and responsibilities.

My role is the Director of the HR Department. My duties include planning, managing and coordinating all duties of the Department. As such, my duties vary daily. For example, I may spend days immersed in employee relations, coaching supervisors how to have a difficult conversation with an employee, and other days I review and rewrite personnel policies. I am also a resource to other Directors regarding application of policies and rules, employee issues, and coaching employees on their work performance.

Kelly Livingston is the Assistant Human Resources Director coordinating recruitment for entry-level and promotional sworn positions in Fire and Police, as well as assisting with all Village recruitment. Additionally, Kelly assists in numerous safety and risk management functions including the Village's Safety Committee and the Accident Prevention Board. She works closely with the Workers Compensation program and is the conduit between the Village's Third-Party Administrator and employees.

Joan Bokina is the Village's Employee Benefits Coordinator, and manages the Village's numerous benefits functions including all medical, retirement, and accruals. She schedules all training in this area and is responsible for the Medicare Part D prescription rebate program that the Village receives annually. As Joan is adept in creating reports in both excel and other programs, she works closely with Integrated Services Department (ISD) and other Departments gathering required data. She also works in conjunction with the Village's payroll coordinator.

Eileen Hellstrom is the Department's Administrative Assistant; however, she is actually the analytical link of the Department. She manages the day-to-day activities of the Department and conducts various surveys and tests candidates for open positions. Eileen coordinates recruitment for all non-sworn positions and coordinates the Village's bi-annual employee physical program as related to Fire, Police and Public Works employees.

HR is fortunate to have an intern. The intern learns about and assists with many of the HR functions. We take great pride in this position and use every opportunity to train and mentor our interns. Given the exposure and responsibilities provided to our interns, I am proud that every intern we have had has gone onto gain full-time employment in the HR field.

Workload and Performance Data

RECRUITMENT/TALENT MANAGEMENT

Recruitment is at the core of what we do in Human Resources, we are responsible for recruiting for all vacant positions. This is the first step in creating a positive culture at the Village. Through the recruitment process the culture can change based on the quality level of employees that join our Village.

The chart below illustrates all Village positions filled for the last six years. This includes all new hires as well as promotional positions.

Total Village Positions Filled Per Year						
	2013	2014	2015	2016	2017	2018
Police (Permanent)	9	13	6	12	2	7
Fire (Permanent)	6	8	3	6	6	6
All Non-Union Positions (Permanent)	24	12	15	33	13	30
Temporary Positions	61	52	50	48	46	43
Total Positions Filled	100	85	74	99	67	86

In addition to all other positions, as the liaison to the Fire and Police Commission, I coordinate the recruitment process for both entry-level and promotional positions in both the Fire and Police Department. The recruitment process varies but has similar components for both sworn and non-sworn positions. HR, along with the Police and Fire Departments and the Fire and Police Commission, are dedicated to filling vacant positions with qualified candidates. Both entry-level and Police Sergeant and Fire Lieutenants are interviewed by the Fire and Police Commission to create an eligibility list.

The chart below illustrates Fire and Police Commission meetings for the past six years, along with the number of interviews and employees hired. The Fire and Police Commission meetings include interviews for entry level Firefighters and Police Officers, and also includes interviews for Police Sergeant and Fire Lieutenant positions.

Fire and Police Commission meetings held						
Year	2013	2014	2015	2016	2017	2018
# of Meetings	17	39	22	29	18	32
# of Interviews	21	101	54	92	44	95
Hired	13	14	10	22	9	17

Along with the Fire and Police Commission meetings and interviews, the HR Department also runs testing for Fire and Police positions. For example, the Department recently completed the written portion of testing for entry level Firefighter and Fire Lieutenant. We are in the planning stages for entry level Police Officer and Police Sergeant testing. We conduct each of these tests biennially.

The chart below illustrates the number of interviews conducted for the past three years in the recruitment process for all non-bargaining unit positions.

Interviews conducted for the past 3 Years			
Year	2016	2017	2018
# of Interviews	117	54	104

We seek to promote internally; however, we always hire the most qualified candidates for all positions. In 2017, of the twenty-one (21) positions filled, sixty-two percent (62%) were external candidates. In 2018, of the forty-three (43) positions filled, fifty-six percent (56%) were external candidates, averaging fifty-eight percent (58%) for the past two years for all Village positions. The Village is currently recruiting for twelve full-time vacancies plus various temporary/intern positions.

We are currently in process for the Police Officer testing which will be conducted in January of 2020. The recruitment team continues their demographic outreach and recruitment sources with the goal of expanding inclusion through a targeted recruitment strategy.

Police Officer written exam		
Testing Year	Number Tested	Percent Passed
2012	191	68%
2014	293	83%
2016	219	83%
2018	215	75%

The Village tested for Firefighters in October 2018. Due to the changes related to the Fire Hire Act which went into effect in 2011, guidelines were established for hire allowing preference points for direct fire training and certifications. These candidates are likely to have experience in Fire service, understand the duties and responsibilities of the position, and thereby go through the entire recruitment process typically very smoothly. This is reflected in the higher scores test beginning in 2014 shown below.

Firefighter written exam		
Testing Year	Number Tested	Percent Passed
2012	346	50%
2014	345	80%
2016	342	78%
2018	280	81%

We have shifted the focus in HR from a tactical perspective to creating a long-term talent management organization. Talent management is best understood as managing the hiring, training, and retention of great employees.

We are changing the focus from “is this person a good fit for this role?” to “is this person not only a good fit for this role, but also for the organization as a whole, and for future roles they may

inhabit?" Considering the Village's aging workforce and the four-year pension-eligible statistics below, we need to continue to outreach to young candidates, such as through our continued internship programs for high school and college students.

Attrition Rates for the next Four Years				
	2019 Pension Eligible	2020 Pension Eligible	2021 Pension Eligible	2022 Pension Eligible
Non-Union	22%	24%	25%	30%
Union	7%	11%	15%	15%
Grand Total all Village employees Retiree Eligible	29%	35%	40%	45%

Due to the anticipated attrition including retirements, we need to redefine the Village's core values as we continue to evolve and hire new staff. Talent management differs from other HR processes because the HR Department needs to work with each individual department to determine appropriate job descriptions, candidate objectives and training. Talent management is also more strategic, and is a long-term plan closely associated with overall Village goals, while HR is more tactical, dealing with the day-to-day management of people.

ONGOING RISK MANAGEMENT

Human Resources has an active role in risk-management. Risk Management is not something that gets checked off a list, it is a continuous activity. Having a risk-management process means that the Village has a proactive process to identify and evaluate potential risks, and has strategies in place to reduce or remove the risk.

Human Resources has varied roles in risk management. First, people are a source of risk. For example: shortage of employees, understaffing, subpar completion of work, employees refusing to take on additional responsibility, or key employees leaving with little or no notice. Second, how do employees manage risk while they are doing their job? For example: employees must be empowered to use their creativity to solve unexpected problems, make decisions, go the extra mile for our residents, suggest changing workplace procedures, or even an employee recommending a talented friend to apply for a position in the Village.

To understand fully how Human Resource Management (HRM) and risk management are interrelated, one must first understand HRM. HRM is a process that can be broken down into specific activities: job analysis, writing job descriptions, hiring, orientation, training, employer/employee interactions, performance appraisal, compensation, and discipline. Understanding these activities helps explain the relationship between human resources and risk. Failure to successfully carry out any of these activities can increase risk and may penalize the Village by not being aware of what its people are or could be contributing. Effective HRM

also helps employees accomplish their career goals.

Human Resource risks are present at every step of the employment life cycle; hiring, retention, employee relations, daily work expectations, safety and employment separation. With the anticipated attrition rates at the Village, we are aware of the risk in losing years of specialized institutional memory, and we must remain prepared in planning for the future.

Human Resources takes a proactive approach and makes sure that planning is always at the forefront of our mind. If it isn't, the consequences will sneak up on you and these issues have a habit of snowballing. So to be safe, we aim to always look forward and anticipate and address foreseeable issues ahead of time.

Key Accomplishments

The HR Department defines success as being able to respond to the needs of our current and future employees effectively and efficiently. We work at being proactive, anticipating needs and requests. We aim to create a work environment where employees can be happy, healthy and able to contribute to the goals of the Village.

HR has expanded the Village's culture of employee development through various training and other initiatives. We are currently in the design phase of an enhanced onboarding program, wherein we schedule orientations, provide risk-management training, and meetings geared particularly to new employees. We are looking to more actively engage supervisors and all departments in this process.

As a result of the Customer Service/Relations Survey conducted with Village residents, an interdepartmental workgroup has been established to develop Village-wide standards embracing the "One Village Voice" concept. The "One Village Voice" initiative was developed by the Village Manager and the ISD. This message conveys to all Village employees the importance of speaking in "One Village Voice" that is clear consistent and courteous. As public sector employees we all wear the hat of customer service professionals. "One Village Voice" highlights the importance of the customer service role; we continually look at ways to improve our communication both externally with the public and internally between departments.

The Human Resources Department also looks for ways to expand the use of technical resources. The electronic employment application process has been streamlined to allow candidates to fill out a job application and submit a cover letter and resume at the same time. Job candidates can self-administer pre-employment tests from their location and do not have to come into the HR Department for completion.

HR works directly with ISD to create custom reports on reporting data for the ongoing Benefits audit and has expanded the use of the Villages Employee Intranet with benefits and wellness information.

Employees are notified electronically for their upcoming biannual physicals and request for attendance at the Villages Accident Prevention Board and other meetings.

HR is reviewing the Village-wide use of “Target Solutions,” a software that offers Public Sector employers technology for training, compliance, operations and workforce management, through electronic file storage and employee information. The Human Resources Department is analyzing its use for employee training, record keeping and dissemination of documents such as personnel policies and other related documentation. In addition, relevant training can be completed by employees anywhere, anytime with 24/7 on convenience and mobile access.

Employee benefit coverage is an essential part of both attaining and retaining great employees. We seek to maintain consistent coverage levels with minimal disruption. The Village’s insurance team comprised of members from Human Resources, Finance and the Village Library continually meets with the Village’s Broker of record (HUB) to review and strategize cost saving measures in how to reduce medical claims and prescription drug costs. This is an ongoing process and strategic planning has already begun for 2020 and beyond.

LABOR-MANAGEMENT RELATIONS

Our Police and Fire bargaining unit members are represented by two unions. Accordingly, we have certain obligations including negotiating labor contracts and occasional labor-management issues. The HR Director along with the Village’s In-House Counsel and the Assistant Village Manager comprise the Village Administration’s negotiation team. We seek to maintain our positive relationship with both of our Unions. Both contracts expire on December 31, 2019 and we anticipate negotiations to begin in the Fall of 2019.

In addition, a review and revision of all non-bargaining unit employees’ performance evaluations have been revised and implemented for use in 2019.

Review of Current and Anticipated Challenges

Recruitment in the public sector has become increasingly competitive. We continue to create a culture that is strategic in its recruiting to ensure that technical skills are identified and practiced by all employees. Currently the Village of Arlington Heights is an employer of choice. Our challenge is to maintain this prestige, continuing to be innovative and open to changes that come along the way.

The Village as an employer can have an impact as our work directly affects the lives of our citizens and all who travel through or enjoy the many amenities of the Village. We need to be cognizant of the ever changing needs of our employees and structure a work and benefit environment to continue to attract the best and the brightest.

With the anticipated succession rates here at the Village and in conjunction with the low national unemployment rates, we must continually be cognizant of the emerging workforce. This is an opportune time to re-evaluate our incentive and benefit offerings to recruit and retain employees.

We also need to be aware of the skills shortage for certain positions in the recruitment process. The low number of people entering the trades is beginning to affect recruitment in the Building and Life Safety Department, particularly in the code enforcement area. Data reflects a shrinking number of qualified candidates testing for police officer, not just here, but nationwide. This can be a result of pay and low morale—the so-called Ferguson Effect—but also of differing qualifications for employment.

We may also want to take another look at the concept of retirement. Nearly 80% of all employees nationally expect to continue working during traditional retirement years according to a recent survey by the Employee Benefit Research Institute. Government pensions were designed and adopted at a time when it was popular to retire early. Today, the trend is to continue working, maybe in an entirely different career.

It is becoming more common for organizations to offer flexible work schedules, allow for shifting from full-time to part-time work, and allow some employees to transition to less stressful or demanding jobs. Understanding the limitation of the Village's retirement systems, we may want to consider what options may be available to some of our employee groups. In addition, this may allow for a smooth transition of knowledge/institutional transfer from one to employee to another so that the many years of institutional memory, knowledge, relationships, leadership and skills do not vanish.

While the breadth of the HR functions continues to expand, due to mandated reporting, enriched employee benefits, recruitment and employee relations, we continue to search for better ways to work smarter. The Village's current Enterprise Resource Planning (ERP) system is restrictive in that it causes considerable disruption in HR workflow due to the software limitations, functionality and flexibility to communicate across all departments. The lack of cross functional exchange of data creates an environment ripe for errors as data is replicated in numerous databases. The lack of online services for all employees hinders the flow of data between departments and can limit our competitive advantage with job candidates due to outdated software.

With the current ERP limitations there is an increase in time filling open positions, sharing candidate information with the recruitment team, the interview process, through to the final offer. A new ERP system would not only increase efficiency and productivity in several areas of workflow but would also offer access to current data, streamline compensation processing, create simplified and uniformed reporting, provide additional financial transparency, make informed business decisions, and ensure accountability.

The Illinois Workers' Compensation Act provides benefits to employees who are injured at work. The Human Resources Department along with the Villages Safety Committee meet monthly to discuss and review any injuries that have occurred. The Committee looks to minimize risks of workplace injuries and illnesses and ensures compliance with federal and state health and safety

regulations. Committee members identify problems, utilize insights to seek solutions, and have the authority and expertise to implement policies which ensure an effective safety program.

VAH currently works with a consortium for Workers Compensation – Intergovernmental Risk Management Agency (IRMA). IRMA offers a spectrum of services to manage risk and prevent loss that are tailored to address specific member loss profiles, including on-line courses, on-site and regional programs, and monthly newsletters. Nurse case managers are assigned to all claims resulting in lost work time. They attend all appointments with the employees, allowing them to more closely monitor the treatment and progress of the employee. This has resulted in faster approval of appointments and treatment and enables IRMA to immediately address any concerns with either the employee's lack of improvement or concerns on the treatment plan in place.

At this time, we need to prepare for the legalization of marijuana for recreational use in Illinois. While passage of this law remains somewhat uncertain, we need to anticipate the potential impact in the workforce.

Potential New Initiatives to Explore in the Future

RECRUITMENT TRENDS

With the competitive talent environment, we need to continue to make VAH appealing to the entire workforce. The emerging workforce has changed, and we need to be cognizant how to keep our employees motivated, challenged and engaged.

Employees want to work on teams and projects that require brainstorming and involve other departments. Identifying stretch goals and communicating across departments should be encouraged while not losing sight of their own departmental responsibilities. Employees crave specific feedback and thrive on learning new skills through ongoing training.

We all want to work but desire work-life balance. While this may appear to make employees look lazy, that is not the case. While some employees may want to vary their work hours, they think nothing about checking their work emails and texts at 12:00 am.

Employees want to work for an organization that is doing something important for the residents they serve and for the community as a whole. Just getting a paycheck and getting the job done is no longer sufficient. Managers and supervisors must clearly state and continually reinforce the value and benefits their services provide.

Issue of Civility At Work

A variety of societal pressures have heightened stress and conflict in all workplaces over the past several years. This behavior leads to greater interpersonal conflict in some circumstances. How leaders and team members treat each other is not a problem unique to local government. Research shows that incivility is pervasive throughout nearly every organization. Bullying, rudeness and indifference from co-workers combined with the improved economy can drive employees to quit their jobs.

In the public sector, expectations are increasing and there is continued pressure to do more with less. The reality is that public sector employees' focus is shifting from simple compliance with regulations and reports to citizen/customer satisfaction. It is important that senior leaders model the expected behavior in all their interactions on a daily basis. Leaders must also coach their staff to practice positive behaviors and redirect any skewed behaviors. Just as leaders hold employees accountable for performance measures, they must also hold staff accountable for workplace civility and great customer service.

The HR Department stresses the importance of personal and organizational civility to all Village employees. We are implementing civility awareness training and are looking to expand it to all Village employees.

BENEFIT TRENDS

With the changing demographics of the Village's workforce, benefits prove to be an even more important factor in employee loyalty and retention than ever before. As expectations continue to evolve, and employees become more engaged, employees will look for advice and help in understanding how to best leverage their benefits and make informed decisions about their benefits.

In an era of personal responsibility, growing concerns about financial security are leading employees to take a more active role in planning for their financial future.

RESOLVE FINANCIAL WORRIES

There is a growing sense of financial concern for economic security for workers. Financial worries can interfere with employee's productivity at work. Among younger workers, 67 percent said they stress over finances every day. This includes immediate and longer-term financial issues relating to college loans, health insurance, resources and time to care for aging parents and relatives in addition to having savings in lieu of a sudden income loss.

The Village has three defined benefit plans, the Illinois Municipal Retirement Fund (IMRF), the Police Pension, and Fire Pension fund. For those employees who have entered public sector employment after January 2011, a Tier Two retirement system has been put in place by the above three pension funds, thereby increasing both the vesting and retirement ages for that employee group.

As we believe it is important for employees to have another avenue for retirement, we offer a defined contribution plan, a "457 plan," for which all employees are eligible. While being financially astute, sixty-five percent of all Village employees contribute to the 457 plan. However, the Village's 457 plan ranks number one in terms of assets as compared to other contributors in the state of Illinois. The Village also has a payroll Roth program and a voluntary IMRF contribution program.

With the influx of younger workers and the concern that employees switch jobs more often than ever before, statistics show that 45% will switch jobs within 2 years and only 28% of expect to stay at a job for 5 years. The future of these statistics remains unknown as traditionally our employees stay working for us until the time of retirement. However, we need to be cognizant that benefits can bridge the loyalty gap and drive the retainment of our employees.

BENEFITS

Benefits can also be personalized by tailoring them to employees based on stage of life. Addressing how benefits can address employees' life events can bring the focus to the individual. Life events that are experiences that occur at different junctures in the lives of employees; from getting married and possibly starting a family, dealing with personal and family medical needs and caregiving responsibilities, funding education or other financial challenges and retirement. Additionally, employees are requesting flexible work hours, and extended paid leave such as paid parental time off, leave to care for elderly parents, flexible grief practices and pet insurance.

There are many things employers can do with benefit plans to help address the financial burdens that can become a distraction for employees. Voluntary benefits also can help with the stress, and risks employees face at different stages of their lives.

Voluntary benefits are sometimes called supplemental insurance or employee-paid benefits and are offered through the workplace where employees can choose to buy them in addition to the core benefits they may get as part of a benefits package. Voluntary benefits are offered to employees at no direct cost to the Village. Voluntary benefits may prove to be a critical game changer for employers in the ongoing battle to win and keep good employees. It's important to think more strategically about them in 2020 and beyond. The key is to stay engaged with the workforce staying fully aware of the risks employees face and then provide those benefits choices that address those risks.

CREATING A CULTURE OF HEALTH – WELLBEING

As we are continually concerned about the rising cost of health care, we are focusing on how to encourage our employees to behave in ways that will help them lead healthier lives. We are expanding our focus from Wellness which traditionally focuses on behaviors to Wellbeing which is a more inclusive, holistic approach. Wellbeing incorporates all aspects of our employee's lives to improve total health. We are looking to expand this concept by focusing on financial, physical, social, community and mental well-being thereby creating a culture of health within the Village.

If employees lead healthier lives, they may increase the potential for avoiding costly medical procedures and claims. Healthier employees are more productive, maintain high morale, and minimize medical costs.

As mental health concerns continue to rise not only in our community but within our workforce, we must be continually cognizant of our employees need for the Village's Employee Assistance Program (EAP). Our statistics show that among the pool of those members who utilize the EAP,

the Village of Arlington Heights' employees has the highest member participation for the past two years. This work-based intervention program is designed to identify and assist employees and their eligible family members in resolving personal problems that may be negatively affecting their performance at work, such as marital, financial or emotional problems; family issues; or substance or alcohol abuse. EAPs may also offer a wide array of services covering basic legal assistance and referrals, adoption assistance, help finding elder care services, wellness programs, and provide training.

Much of what HR will focus on in 2019 and beyond is understanding and improving the employee experience. We have learned that technology alone will not solve problems in the workplace and is no replacement for one-on-one conversations which can keep both managers and employees productive and engaged.

We will continue researching and implementing creative strategies and solutions for recruiting and staffing given the changing demographics of the workplace

We will continue to build and foster our relationships with everyone we come into contact with. While respecting these relationships, we are aware this is the key to both our and their success.

We must remember that our most valuable resource is our employees. When we give our employees opportunities to do and be their best, we get the best from our employees in return.