

**FY2017 – FY2020
Strategic Plan**

*“Providing Business Solutions for Idaho
State Government”*

July 1, 2016

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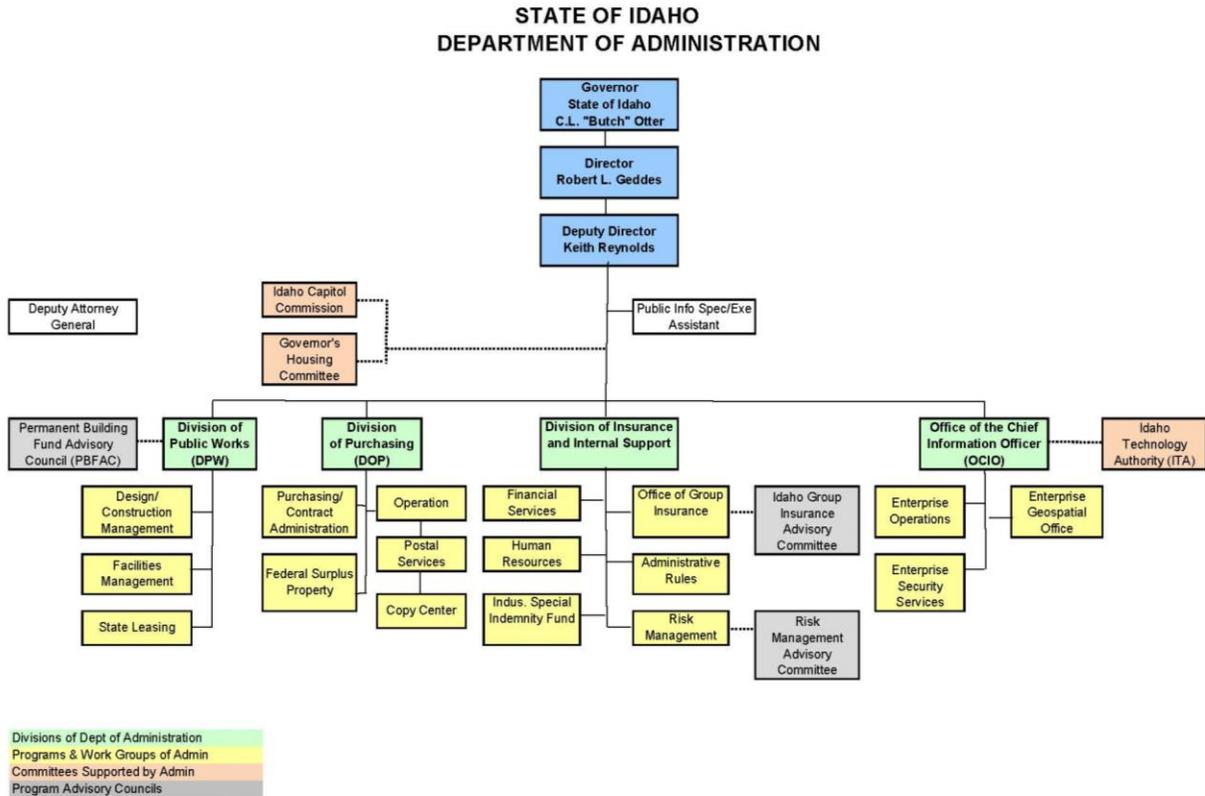


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Department Overview

Core functions of the Department of Administration are outlined in Idaho Code Title 67, Chapters 57 and 92. The department is composed of four very unique divisions committed to providing leadership, expertise and value added services.



Office of the Director:

The Idaho State Capitol Commission: Composed of 9 members—6 public members and 3 ex-officio voting members including the Executive Director of the Idaho State Historical Society, Director of the Legislative Services Office, and the Director of the Department of Administration, who serves as Commission Secretary. The Commission is charged with the ongoing oversight of the Capitol including overseeing all restoration work and additions to the building; approving all displays, artwork, and furnishings within the Capitol; and, promoting interest in the history of the Capitol Building. (Idaho Code Section 67-16)

The Governor’s Housing Committee: Composed of two members of the state Senate, two members of the House of Representatives, and the Director of the Department of Administration; oversees the Governor’s Residence Fund created to provide a Governor’s housing allowance and/or the acquisition, construction, remodel, furnishing, equipping, or maintenance of a Governor’s residence. Department support for this Committee includes accounting, clerical, and facility planning/management services. (Idaho Code Section 67-455)

Division of Insurance and Internal Support (DIIS): *Internally*, DIIS provides financial support and internal controls/auditing services through its Office of the Chief Financial Officer to all programs within the Department, supported committees, and the Idaho Commission on Hispanic Affairs (ICHA). It also provides human resources and payroll services to the Department and ICHA. *Externally*, its Risk Management program serves as the state's property and liability insurance manager and adjudicates claims made against the state. The Office of Group Insurance contracts and administers medical, dental, life, flexible spending account, and disability benefit contracts for state employees and retirees. The Industrial Special Indemnity Fund manages a portion of the workers' compensation system commonly referred to as the "Second Injury Fund," which provides lifetime benefits to workers who become totally and permanently disabled from a work injury. Finally, the Division houses the Office of the Administrative Rules Coordinator executing the function of the Administrative Procedures Act. (Idaho Code Sections 67-5202; 67-5746; 67-5760–5778; 72-323–334 and 409; 67-52)

Division of Public Works (DPW): Manages the construction, alteration, and repair of public buildings for Idaho's state agencies. The Division is also charged with the management (operations and maintenance) and space allocation of all facilities on the Capitol Mall and of the State Office Buildings in Lewiston and Idaho Falls. Additionally, it is tasked with negotiating, approving, and making contractual lease agreements for office space to be used by various state departments, agencies, and institutions. DPW also coordinates the activities of the Permanent Building Fund Advisory Council. (Idaho Code Sections 67-5705-5713)

Division of Purchasing (DOP): Manages purchasing policy and implementation for property acquisitions (goods and services) for state executive agencies, including solicitation, issuance, and administration of contracts and training for professional purchasing staff; provides reproduction and mailing services (Copy Center, Central Postal); and, serves as clearinghouse for the federal government's surplus properties. (Idaho Code Sections 67-9201 et seq.; 67-5744; 67-5749-5753)

The Office of the Chief Information Officer (OCIO): Supports the Idaho Technology Authority (ITA), which reviews and evaluates the information technology (IT) and telecommunications systems presently in use by state agencies, and prepares statewide short and long-range IT and telecommunications plans. ITA establishes statewide IT and telecommunications policies, standards, guidelines, and conventions assuring uniformity and compatibility of state agency systems. OCIO provides leadership towards, and administration of, state information technology innovations. It operates central network and technology security systems for use by all agencies, and it guarantees reliable communications with and within state government through telephone, IT networks, and Internet services. OCIO provides all IT services (e.g. desktop troubleshooting, server administration and e-mail) to approximately 44 agencies. (Idaho Code Sections 67-5747-5748; 31-4815–4818).

Program Support of FY2016 Strategic Plan Goals

Department-Wide Progress

During FY16, Administration sustained its efforts to address dominant themes of the 2013 Employee Satisfaction Survey: Communication, **Training and Compensation**. The department made a concerted effort to utilize its **intranet website**, sending frequent communication from the director to share important information, and hosting department-wide meetings.

The **training section of the department's intranet web site** included development resources providing a variety of topics and specialties at no-cost, low-cost, and on-line. In addition, Administration continued its efforts in tracking training to ensure employees at all levels are provided the opportunity for professional development and potential upward mobility. During FY16 Administration employees attended a total of 282 training sessions with 192 of those training sessions at no cost. Examples of topics covered included Americans with Disability Act Training, Budget 101, Environmental Management, Claims & Litigation Management, and Recruitment Practices.

To address employee compensation, and at the direction of the legislature, the department was able to implement an average **4% Change in Employee Compensation**. Additionally, in our efforts to move employees to policy, Administration continued with its practice regarding a minimum compa-ratio taking years of state service into consideration. Those employees falling below the minimum were awarded an additional increase, based on performance.

Office of Group Insurance (OGI)

OGI provides a robust benefits package to State of Idaho employees as an important component of their total compensation. In FY16 it competitively **remarketed its third party vendor for flexible spending account (FSA) services**. The process allowed the Department of Administration to select a new vendor to administer the flexible spending accounts which resulted in reduced on-going costs for participants and the state. The transition to the new vendor will take place at the beginning of FY17.

During FY16, OGI staff provided **outreach to agency human resources and payroll staff**; it conducted nearly 40 employee presentations, attended 10 benefit fairs across the state and provided one-on-one training sessions to numerous agencies. Educating employees and the state's human resources and payroll staff about the benefits has been a key objective for the Office of Group Insurance.

With the end of the FY16 plan year, OGI also completed the **wrap up of the thriveidaho** health promotion program. Over 3,500 employees earned their reward for the year by taking steps to understand and improve their health status as well as engage in healthy behaviors.

As healthcare costs continue to increase, OGI is committed to continuing to add value to the benefits while seeking opportunities for fiscal responsibility and cost control. Accurate and timely forecasting of expenses has been, and will continue to be, critical in developing the budget for health insurance benefits that directly impact every state agency.

Division of Public Works

In FY16 DPW began the process of pursuing avenues for procuring a **new project management system**. The existing system is antiquated and no longer supportable. Envisioned is a new system that will provide critical fiscal tracking and reporting, as well as digital storage and retrieval of project management documents such as field reports, change orders, etc.

DPW **completed the renovation of the Capitol Annex** and the building was occupied in late summer of 2015. The Idaho Law Learning Center, along with the Supreme Court Law Library are the building tenants. A **major project is currently underway in the basement of the Supreme Court Building**. The building heating and cooling systems are being upgraded and office space is being remodeled for occupancy by the State Appellate Court.

Starting in 2015, continuing through 2017, DPW is providing technical support and project management to the Idaho Capitol Commission for **accessibility modifications and improvements to the Statehouse**. This is a result of a negotiated settlement with the U.S. Department of Justice in response to a complaint filed with them regarding the Americans with Disabilities Act. DPW is also working with the Capitol Commission to compile a list of **upcoming maintenance needs and anticipated modifications for the Statehouse**. This is in response to a specific request from the legislature as part of the budgeting process. A report to the legislature will be made during FY17.

Division of Purchasing

During FY16, **Purchasing** was focused on working with the Interim Legislative Committee on proposed modifications to the Procurement Code, as a first step toward modernizing and streamlining the procurement process. The committee's work resulted in passage of a "**State Procurement Act**," consolidating the majority of the procurement code in one chapter, effective July 1, 2016. This took an extensive amount of internal resources; as well as assistance from agencies, Legislative Services Office and the Attorney General's office. In addition to rolling out the new Procurement Act through revised forms, templates and reference materials (and conducting the associated statewide training on the code modifications), the division will continue to work with the legislative **taskforce to modernize Idaho procurement law** during FY17; and will engage in the negotiated rulemaking process in order to promulgate rules in response to the new legislation.

Purchasing has continued to create and **update forms, templates and other resources**; including holding **agency-oriented trainings** as well as vendor forums, in an effort to increase education and outreach. Training has been, and will continue to be a challenge as DOP has limited available training resources.

The **Central Postal and Quick Copy** operations achieves efficiencies with operations under one roof. Both organizations continued to focus on superior customer delivery of both mail collection and delivery and reproduction and mailing services. Hardcopy output continues to decline as more agencies convert to internet enabled communications. Therefore, these organizations have been internally focused on cost reduction to include new and **more cost effective hardcopy reproduction equipment, fuel efficient vehicles, and workforce reduction** through attrition.

Federal Surplus Property (FSP) had a transition year, with new management in place, in addition to one support staff member, which allowed the operation to stay open five days a week. The program has and will provide greater opportunity for on-site visits to Federal installations in order to acquire high-quality and "in demand" donated property. Staff has also had an increased ability to participate in conferences and forums

throughout the state, to **raise awareness of the opportunities available through FSP's program**. FSP customers include approved Small Business Administration companies and tax-supported entities e.g. state agencies, cities, counties, school districts, fire districts, etc. FSP is actively working on a marketing plan to increase education and outreach throughout the state; as well as updates to its website in order to enhance on-line opportunities to apply to the program; and to view available inventory.

Office of the Chief Information Officer

In 2016, the OCIO has focused on **new and updated policies** with the Idaho Technology Authority (ITA), especially those related to cybersecurity. While the IT strategy is delegated to IT leaders, ITA also directly participated and we hope will continue and expand on that participation. Direct ITA participation in the annual IT Strategic Planning process brings important agency-business perspective to the effort.

For the balance of 2016, virtual services accessed through high-availability networks (aka **cloud services**) was a key topic for strategic planning as agencies wrestle with incorporating cloud capability into their existing technical architecture. OCIO has already moved the Department of Administration to Microsoft's Office 365 cloud-based offering. Lessons learned through the OCIO pilot project will influence the direction taken by the enterprise, and we are planning to move our other supported customers to the cloud email option.

If we are successful in gaining a legislative appropriation next year, we will be **replacing much of the network security appliances, including the firewall**. This major upgrade signals a significant overhaul in the state's capacity to defend itself against the latest forms of cyber-attack.

Risk Management

During FY16, Risk Management successfully developed, designed and launched a **comprehensive intranet site**. Our agency partners now have immediate access to coverage and program descriptions, fillable forms, training, and guidance memorandums. Risk also developed **individual agency loss reports** which will help identify trends. This information will contribute toward reducing loss costs in the future. Additionally, Risk implemented a new **pro-active claims model** that has improved responsiveness and customer service ratings and feedback. Finally, based on several identified loss trends, **training to both internal and external state employees**, and Risk staff has been provided to help mitigate those trends.

Strategic Planning FY2017 – FY2020

The Department of Administration took a fresh approach toward goal setting in its FY17 - FY20 Strategic Plan. The new focus challenges our major client-oriented programs with strategies for enhancing quality and/or cost efficiencies in their delivery of services.

Governor Otter's three statewide priorities serve as our inspiration, while our mission statement, vision, and guiding values lay the foundation for the department's strategic initiatives. From that vantage point, our eight new goals are dedicated to improve the productivity and quality of Idaho government through business management and administrative services.

The success of Administration's strategic goals and objectives will not only be gauged by achievement of their timelines and performance measures, but also by how well our department employees understand and participate in their implementation.

Governor's Statewide Priorities

- Enhancing Economic Opportunity
- Empowering Idahoans
- Promoting Responsible Government

Mission Statement

Provide responsive, cost effective, and timely support services to Idaho's policy makers, public agencies and state employees as they serve Idaho citizens.

Vision

Bring appropriate, innovative and efficient operating practices to Idaho government.

Guiding Values

- **Customer Service**
Serve our customers to the fullest extent possible and treat them with respect and professionalism.
- **Integrity and Honesty**
Be honest, dependable, fair, credible and trustworthy. Acknowledge mistakes, seek to correct them and learn from them.
- **Innovation**
Demonstrate initiative and flexibility in promoting and responding to challenges and changes.
- **Communication**
Believe that open, positive, and honest communication is critical to our employees, our customers and the citizens of Idaho.

Goals

1 Reduce claims frequency which will reduce overall costs to the state associated with risk loss.

Objectives:

1. Study last 3 years of historic loss data
2. Identify top 5 trends in external factors and the impact of the events to trends in the historical data
3. Use the historic loss data and trends to identify highest frequency claims
4. Identify and provide training to reduce claims frequency and positively impact severity

Performance Measure:

1. Reduce frequency of claims by **2% annually** through FY20

Benchmark:

FY15 received 888 Claims; reduce claim counts by **17 claims or in proportion with state growth** in FY17, FY18, FY19 & FY20.

Rationale for Benchmark: Multi-year claims data was reviewed and adjusted for economic cycles and other anomalies and forecasted the reduction based on the potential impact that targeted training will have on claim counts. The projection was also based on previous experience of the State's Risk Manager and results achieved when implementing safety training programs. Unfortunately, the current system has a lot of data and all of it must be manually reviewed and manipulated to identify claim trends. It does not have the ability to do predictive modeling which makes it easy to identify patterns and develop models to predict future events. The methodology used is a forecast based on manual claim review to determine trends and implement appropriate training.

2 Reduce number of independent systems supporting cybersecurity and core networking functions while maintaining or expanding practical functionality.

Objectives:

1. Establish baseline number of systems currently supporting six key functions: firewall, data loss prevention, web filtration, botnet detection, intrusion prevention, and virtual private network.
2. Establish baseline costs to maintain current systems.
3. Identify common elements that could be included in the next-generation firewall requirements
4. Implement systems replacement project keyed around next-generation firewall services.
5. Compare system count and maintenance costs against baselines in #1 and #2

Performance Measures:

1. Reduce number of operational devices requiring separate administration and maintenance by **14 systems by the end of FY17.**
2. Reduce maintenance cost of functional services by **60% annually by the end of FY17.**

Benchmarks:

1. The state will maintain only **2 operational devices** requiring separate administration and maintenance.
2. The cost of maintaining these 2 devices will be reduced to **\$88,200 annually.**

Rationale for Benchmarks: Both targets are based on current state-of-the-art, what is technical practical, and financially achievable.

3 Reduce the average length of time between project bid date and issuing a Notice to Proceed, authorizing construction.

Objectives:

1. Develop a baseline showing the average time over the last two years.
2. Identify critical steps in the process that are causing delays. This may be postponed receipt of agency authorization or incomplete submission of documents by the contractor (external influences).
3. Analyze internal processes that could be modified to reduce the time.
4. Educate agencies and contractors on the required process and submission of documents.

Performance Measure:

1. Reduce time by **5% per year** until benchmark has been reached.

Benchmark:

1. **“An average maximum of 30 days”** between project bid date and issuing a Notice to Proceed

Rationale for Benchmark: Our client agencies have expressed concern about how long it takes to get construction actually started. Contractors have also voiced concern about price escalations and holding labor while contracts are put in place. DPW has reviewed its processes and determined this is an area where improvement is needed. The average maximum of 30 days is a reasonable expectation based on the efforts and time required to obtain bonds, secure subcontracts, arrange for insurance coverage, etc.

4 Complete the Administrative Code Archive Project.

Objectives:

1. Review and compare printed originals to uploaded files for the oldest archives (1993, 1994, 1995) for accuracy. Make necessary corrections.
2. Reformat oldest archives to current format for consistency and clarity.
3. Rename files using archival naming convention; update footers to identify version.
4. Convert all files to newest version of FrameMaker.
5. Correct and revise cumulative rulemaking index entries as needed; check links to Code and Bulletin.
6. Prepare files for conversion to pdf for posting on website.

Performance Measure:

1. Increase the number of archived rules by **5 agencies annually** until benchmark has been reached.

Benchmark:

1. Rules for all **60 agencies are archived** through 1993. (15 are done—45 left to complete)

Rationale for Benchmark:

The Office of the Administrative Rules Coordinator was created in 1992, and the first set of rules promulgated by the Office was in 1993. Achieving this measurement means all rules ever processed by the Office are archived online.

- 5 Increase the number of state agencies utilizing the state’s Postal Services and Copy Center; and increase the number of qualifying entities utilizing the Federal Surplus program in order to maximize the value of existing resources and reduce overall costs to state and other public agencies.**

Objectives:

1. Learn more about our current and potential customer base through increased outreach and in-person meetings throughout the state to identify key personnel/decision makers as well as presentation opportunities through annual association meetings (Cities, Counties, Sheriffs, Fire Chiefs, School Board Officials, Parts Managers, etc.).
2. Develop targeted marketing materials based on:
 - Representative projects (postal/copy); and
 - Identified Equipment and Supply needs (Federal Surplus)

Performance Measure:

1. Increase the number of agencies (or other entities) utilizing each service by **5% – 10%**, without additional capital outlay or increased overhead expenses until benchmarks have been reached.

Benchmarks:

1. Copy Center provides service to over **50 agencies** in a one-year period.
2. Postal Services picks up an additional **2 - 3 “large” agency projects** in FY17.
3. Federal Surplus increases the annual number of active donees **from 109 to 125**.

Rationale for Benchmarks: This benchmark has no scientific rationale other than it sets a goal to provide service on a broader base, which should result in some efficiencies/savings especially to some of the smaller agencies who are not currently utilizing our services.

- 6 Implement an in-state purchasing certification program.**

Objective:

1. Promote Idaho-specific training in purchasing laws, rules, policies and processes across all state agencies which fall under the purview of the division by end of FY17 culminating in various levels of in-state certification; resulting in a more efficient and well-trained procurement workforce.

Performance Measures:

1. Current number of state employees with delegated authority who have in-state certification **established end of FY17**
2. Increase number of in-state certifications for individuals with delegated authority by **25% each year** beginning in FY18 until benchmark is reached.

Benchmark:

1. All state employees with delegated purchasing authority obtain in-state certification.

Rationale for Benchmark: The benchmark is self-explanatory. The goal certifies all employees with delegated purchasing authority.

7 Examine the State’s Group Insurance Program administration costs to establish a benchmark and minimize annual variability.

Objectives:

1. Study historic program structure, program operating costs and full-time positions
2. Identify external factors that impact quantifiable trends in the historical data
3. Review trends in historic operating costs compared to full-time positions
4. Provide updated communications and education to agency human resource staff and plan participants to promote informed consumership

Performance Measure:

1. Program operating costs increase by **no more than 3% annually**

Benchmark:

1. FY2017 rate **\$3.75 per FTP per month**

Rationale for Benchmark: As a dedicated fund program, costs to support the Office of Group Insurance are shared amongst all agencies. The performance measure was established to compare year over year the cost per FTP to support the personnel and operation of OGI as statewide FTP counts increase, plan costs increase, and as personnel requirements and service delivery methods change.

8 Enhance awareness of role, function, and processes of the Industrial Special Indemnity Fund (ISIF) for workers compensation practitioners and specialists.

Objectives:

1. Identify target audiences for outreach and in-person meetings throughout the state to include presentation opportunities through association meetings (trial lawyers, compensation consultants, insurance adjusters, etc.)
2. Develop targeted marketing materials:
 - Pamphlets
 - Worksheets
 - Letters
 - PowerPoint Presentations

Performance Measure:

1. Increase opportunities to attend meetings and/or conferences and identify any new players to share information to increase awareness of the ISIF.

Benchmark:

1. On an annual basis, provide presentations to at least 2 workers compensation industry meetings, proactively meet face-to-face with the State Insurance Fund Manager, and identify at least 2 occasions to share information to individuals new to the industry.

Rationale for Benchmark: This benchmark has no scientific rationale other than it sets a precedent to move forward efforts to provide education about the ISIF.

External Influences

A number of external factors will influence the goals set by the Department of Administration. Federal and state legislation, particularly with regard to health care, changes in technology and budget constraints, have all played a factor in the completion of established goals.

Federal and State Law Changes

Statutory changes often threaten business as usual. As a result, additional responsibilities can be placed on the program as well as increased expenditures. Increased scope of responsibilities can affect program goals, and increased costs to the program are often passed on to the agencies. Changes mandated in the Patient Protection and Affordable Care Act (PPACA) impacts the cost and design of the medical insurance plans available to state employees now and in the future. Amendments to the Federal Fair Labor Standards Act require a review of our internal policies as well as potential impact to project service orders administered by the Division of Purchasing on a statewide contract.

Economic

The Statewide Leasing Program will be facing a challenge over the next few years in order to retain affordable facility costs for the 62 state agencies that are currently in leased facilities. Economic recovery and increased construction costs are forcing lease rates to new levels. Staff continues to seek facility alternatives which may result in savings. In the next year, the program will issue its bi-annual facility satisfaction survey to determine if state agencies are receiving adequate services from their landlords.

Budgeting Cycle

Besides the uncertainty of receiving an appropriation (faced by all state agencies when submitting their budgets), requesting funds for technology has an added challenge. The 18-month lag time between a budget request and actual receipt of funds is a long time in the information technology arena. By the time a purchase is ready to be made, the technology has often been replaced by a more current iteration.

Seasonal Elements

Weather conditions can influence whether the department successfully meets goals in a timely manner. For example, severe weather has a direct correlation to claims frequency in our Risk Management program. Weather is also a factor in the construction industry and can cause delays in the completion of our public works projects within construction timetables.

Personnel Changes

The same external influences are true today as they were last year at this time, and will be for several years to come-- aging workforce, upturn in the economy. The ability of the private sector to offer higher wages is resulting in difficulty filling vacant department positions. This has, and will continue to result in loss of knowledgeable and skilled employees and loss of tremendous institutional knowledge. As the economy continues to improve, the department is faced with the potential exit of key employees, particularly those employees in information technology and construction-related fields.

To compound this problem, Administration currently has 44% of its workforce eligible to retire today, either due to reaching full retirement age, Rule of 90, or reaching early retirement eligibility. (8% due to reaching full retirement age and 36% due to Rule of 90 or early retirement eligibility.) Within the next three years an additional 8% of our workforce will be eligible for early retirement. The breakdown by program shows: 11% of those employees are in OCIO; 11% are in DPW; 7% in Purchasing; 5% in Facilities Services; and, the remaining individuals are in Risk, HR, Group, Director's Office, Fiscal, Rules and ISIF.

Elimination of the thriveidaho program

Due to higher than expected costs in the medical plans and prescription drug benefits, the legislature chose to direct available funding back to the medical plans by discontinuing the thriveidaho health promotion program and the associated financial rewards. The cost for the program was estimated to be nearly \$2 million in FY17. The Office of Group Insurance has processed all of the rewards for employees who completed the program and will prepare a final analysis of the program, costs, participation, and marketing materials.

Group Insurance Advisory Committee

The Group Insurance Advisory Committee (GIAC) has been essential in the review of the benefits currently offered through the Office of Group Insurance. The GIAC also provides consultation to the Director of the Department of Administration on possible enhancements to the current benefit package or additional benefit offerings that could improve access to healthcare for state employees. The authority and responsibilities for the GIAC can be found in I.C. 67-5761.

Interim Health Care / Compensation Committee

The 2016 legislature passed House Concurrent Resolution No. 61 establishing an interim committee "to undertake and complete a study of the state's employee group insurance plan structure and total compensation package, including salary and benefits, and to make recommendations." The department will interact extensively with this committee and will ultimately implement any resulting changes.

Risk Management Advisory Committee

The Risk Management Advisory Committee (RMAC) includes members of the legislature, higher education, Department of Correction, and the Idaho Transportation Department. The RMAC meets semi-annually in an advisory capacity to provide consultation to the Director of the Department of Administration. The authority and responsibilities for the RMAC can be found in I.C. 67-5773.

Modernization of Idaho Purchasing Laws

An interim legislative committee was appointed in 2015 to undertake and complete a study of the purchasing laws of the State of Idaho. This committee has been continued by the 2016 legislature. In addition to the continued interaction with the committee, the Division of Purchasing is promulgating administrative rules as a result of 2016 legislation.

Idaho Technology Authority

The Idaho Technology Authority (ITA) is set forth in I.C. 67-5745A-C. The composition of the ITA ensures that those affected by policy decisions have a role and say in policy direction. The ITA continues past efforts of the IT Resource Management Council (ITRMC) to improve efficiency and effectiveness in State IT operations. Part of the ITA efforts will be through two subcommittees: the Idaho Technology Leadership Council (ITLC) and the Idaho Geospatial Committee – Executive Council (IGC-EC).