



ADOA

ARIZONA DEPARTMENT OF ADMINISTRATION



FIVE YEAR STRATEGIC PLAN FY2013 – FY2017

**Scott A. Smith
Director**



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Dear Arizonans:

I am pleased to share with you our strategic plan for the next five years. The leadership team of the Arizona Department of Administration has invested extensive time and effort into the development of this strategic document by redesigning our plan from the ground up. We have involved our customer agencies, our employees, and our stakeholders in the development process.

The importance of accurately recognizing the context of our environment during the development of our strategic plan cannot be overstated. The national and state economies are struggling and agencies have limited financial resources available to devote to pursuing strategic initiatives. During the past few years, agencies have experienced budget reductions, employees have seen the elimination of performance pay, government has gone through a period of statewide furloughs, and the State continues to operate under a hiring freeze.

In spite of these conditions, employees have shown dedication and innovation to meet the challenges. The Arizona Department of Administration continues to advance in providing better service to agencies, introducing efficiencies and solving problems – all toward the goal of serving Arizonans by making government better. This strategic plan will guide our future actions and decisions toward that end.

Sincerely,

Scott A. Smith
Director

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EXECUTIVE SUMMARY

The Arizona Department of Administration (ADOA) is a state government agency dedicated to enabling, and in many cases, enhancing the ability of other agencies to conduct their business. ADOA was established in July 1973 by the Arizona State Legislature to provide support to the operation of state government.

Mission

“Proudly serving the people of Arizona, the Arizona Department of Administration enables government agencies to operate efficiently and effectively by providing support services and serving as a leader of statewide programs and solutions.”

This statement accurately identifies the dual role of ADOA; that of providing centralized support services to agencies so they can focus their efforts on their unique missions, as well as embracing the leadership role of the agency to introduce and implement statewide efficiencies and solutions that no other agency has the leverage to embrace.

Vision

The vision of ADOA is to be recognized as:

- a vital link in providing outstanding government services for the people of Arizona*
- the model government administrative agency in the nation*
- the organization where employees want to work*

The agency acknowledges the importance of being recognized as a vital link in the service delivery chain, ensuring that those agencies that directly provide services to the people of Arizona, are in turn supported by ADOA. The agency is also working to be known as the model agency among all benchmark organizations, and ensuring that the agency is strongly competitive with other organizations to attract top quality applicants when a position needs to be filled.

Values

A comprehensive list of twelve core values has been identified that will guide and direct the behavior of employees at all levels of the organization. Taken together, these values describe the culture of the workforce, ensuring that all employees and visitors to the agency have a common understanding of how they will be treated and what the expectations are.

- *Professionalism*
- *Leadership*
- *Courtesy*
- *Accountability*
- *Innovation*
- *Stewardship*
- *Partnership*
- *Integrity*
- *Results-Oriented*
- *Pride*
- *Quality*
- *Initiative*

Goals

The agency has identified eight goals that will direct future actions and decision-making. These goals cover a broad diversity of actions and initiatives, as shown below:

- *Goal 1 – Employees*
- *Goal 2 – Statewide Effectiveness*
- *Goal 3 – Reliability*
- *Goal 4 – Reform*
- *Goal 5 – Leadership*
- *Goal 6 – Asset Management*
- *Goal 7 – Innovation*
- *Goal 8 – Partnerships*

Strategic Issues

The agency's strategic issues are also broad in scope and in most cases impact multiple divisions within the agency. The nature of these issues further reinforces the value and the goal of partnering with our customers and stakeholders; the agency will not be successful with the implementation of these issues without the assistance and cooperation of other agencies. Each of the strategic issues listed below are described in more detail in the strategic plan, including appropriate objectives and strategies that will lead to realizing efficiencies and improved service delivery:

- *Strategic Issue 1: Attract and Retain a Skilled Workforce*
- *Strategic Issue 2: Personnel Reform*
- *Strategic Issue 3: Leverage HRIS (Human Resources Information Solution)*
- *Strategic Issue 4: One State – One Procurement Gateway*
- *Strategic Issue 5: COSF Reform (Capital Outlay Stabilization Fund)*
- *Strategic Issue 6: Enhance Capitol Security*
- *Strategic Issue 7: Leverage DMS (Document Management System)*
- *Strategic Issue 8: Control & Contain Benefit Costs*
- *Strategic Issue 9: Regulatory Reform*
- *Strategic Issue 10: Implement State Data Center Business Continuity Improvements*
- *Strategic Issue 11: Implement New Statewide Infrastructure & Communications Network*
- *Strategic Issue 12: Expand E-Government Capabilities*
- *Strategic Issue 13: Accelerate Statewide Enterprise Architecture Adoption*
- *Strategic Issue 14: Implement Statewide Enterprise Resource Planning Solution*
- *Strategic Issue 15: Implement New Business Transformation Office*

OVERVIEW OF THE AGENCY

The Arizona Department of Administration (ADOA) is a state government agency dedicated to enabling, and in many cases, enhancing our customers' ability to conduct their business. ADOA was established in July 1973 by the Arizona State Legislature to provide support to the operation of state government. The Arizona State Legislature funds the majority of ADOA programs. For the fiscal year ending June 30, 2012, the ADOA operating budget was \$78,477,200 and the agency was authorized 682.7 Full-Time Equivalent positions. Due to budget reductions, however, the agency currently employs only 529 employees.

The primary customers of ADOA include Arizona State government agencies (consisting of over 100 state agencies, boards, and commissions) and Arizona State employees. Even though it is minimal, ADOA does provide some direct service to the public, and to other governmental entities, including local governments (city and county), political subdivisions (e.g. school districts) and the Federal government.

Our service delivery cycle begins with the citizens of Arizona and their needs. They have needs for such things as health care; human service programs; enforcement of standards for the quality of Arizona's air, land and water; enforcement of standards of practice including opticianry, banking, accountants, barbers, insurance and educational standards; protection from criminal activity; law enforcement; and a transportation system. ADOA understands that it is just one piece of the overall operation of state government. Seven different types of state government agencies address these customer needs by including:

- Health and welfare agencies (e.g. Department of Health Services, Arizona Health Care Cost Containment System, Department of Economic Security),
- Protection and safety agencies (e.g. Department of Corrections, Department of Public Safety),
- Transportation agencies (e.g. Department of Transportation),
- Inspection and regulation agencies (e.g. Board of Accountancy, Department of Real Estate, Department of Insurance),
- Education agencies (e.g. Department of Education, Arizona State Schools for the Deaf and Blind),
- Natural resource agencies (e.g. Department of Environmental Quality, Game and Fish Department, State Land Department), and
- General government agencies (e.g. Department of Revenue, Governor's Office, Arizona Department of Administration).

For these state agencies and their employees to be successful in providing services to the citizens of Arizona, they in turn have needs. These needs can often be met most effectively and economically only through common systems and processes shared by all state government organizations. These common needs include:

- Developing employees through training
- Paying employees for the work they do
- Processing claims when the employees get injured
- Providing medical and dental health benefit options to employees

-
- Maintaining office buildings for employees work in
 - Purchasing goods and services needed to conduct business
 - Providing information technology and telecommunication services for employees
 - Providing vehicles for business trips
 - Providing a pool of qualified applicants to fill job openings

ADOA was established by the Legislature to provide these common services which not only capture economies of scale and reduce unnecessary duplication, but also to allow state government agencies and their employees to focus their resources and efforts on their unique missions and meeting the various needs of the citizens of Arizona.

ADOA is organizationally comprised of the Director's Office and seven divisions:

Director's Office

In addition to providing strategic direction and operational guidance for the agency, the Director's Office also includes the Office of Employment and Population Statistics which provides a wide variety of labor market and demographic information for Arizona including local area employment and unemployment statistics, occupation and industry employment estimates and projections, wage survey data, population data and much more. The office also supports the Governor's Regulatory Review Council which is the decision-making body as the final step in the rulemaking process. The group ensures rules are necessary, avoiding duplication and adverse impact to the public.

Benefit Services

The division administers and largely self-insures the health, life, dental, vision, and flex insurance programs. Their customer base includes state employees, university employees, and retirees, and their dependents. In total the division has a total customer population of over 127,000 members making the State the largest health insurance company in Arizona. The division assists members with a variety of benefits related issues. Additional services provided by the division include a Wellness Program and contracted services for an Employee Assistance Program. The Member Services staff works closely with the Benefit Liaisons assigned to each agency to ensure initial enrollments are correctly completed. Additionally, each year the staff conducts an Open Enrollment activity allowing members to modify their insurance choices (www.benefitoptions.az.gov).

General Accounting Office

This group administers the statewide accounting system (AFIS) which maintains information on over 28,000 vendors and involves processing over one million transactions each year. The division also administers payroll for over 38,000 state employees through the Human Resources Information Solution (HRIS). Each pay period nearly \$85 million is processed through the payroll system. The division also coordinates and prepares multiple statewide financial reports, establishes statewide accounting policies and procedures, conducts internal audits, and assists agencies with problem resolution. Taken as a whole, the State is a big business; if the State were a Fortune 500 company, it would rank on the top 100 companies, between number 72 Coca-Cola and number 73 Humana.

General Services

The division provides project management and contract review services for capital projects and other construction projects. The division also maintains ADOA-managed office buildings (plumbing, electrical, heating/cooling, and general maintenance), provides custodial services, maintains landscaping, inspects facilities, and manages the modification of office space. In total the division provides property management services for over 3,500 structures. The division maintains a statewide fleet of vehicles ensuring agencies have appropriate vehicles for both long-term and short-term transportation needs. The management and disposition of surplus property is also coordinated through the division.

Human Resources

The division manages the ADOA Personnel System which consists of 35,000 employees in over 100 state agencies, boards, and commissions. The division has three primary functions:

- Maintaining the infrastructure for personnel administration including the State's payroll/personnel system (HRIS), the centralized job board (azstatejobs.gov), the hiring system (Hiring Gateway), the State's centralized employee's self-service website (YES), the classification and compensation system, and the Personnel Rules and policies that govern personnel within the ADOA Personnel System.
- Providing a number of services to state employees including a State Career Center, a Travel Reduction Program, and training through the Arizona Learning Center.
- Supporting state agencies by providing human resources services in the areas of employee relations, staffing and recruitment, job classification, employee compensation, employee development, recognition, workforce planning and analysis, and operational support.

Arizona Strategic Enterprise Technology (ASET) Office

ASET is responsible for defining and executing the Statewide strategic IT plan in alignment with the Governor's four cornerstones of reform. ASET will expand on the Governor's reform agenda with the themes of reducing unnecessary expenditures, leveraging technology as a force-multiplier, and protecting the security and privacy information of our state's citizens. The Strategic Transformation and Innovation office sets the technology, security, privacy, and communication strategies, policies, and procedures for the state of Arizona. In addition, it is the body responsible for monitoring and overseeing high-risk technology projects across all state agencies. Lastly, it manages several large, state-wide programs and initiatives such as e-Government, the Health Information Exchange, and Broadband.

Risk Management

The office provides statewide (including the three universities) management responsibilities for the following programs:

- The Property and Liability Claims Section is responsible for the investigation and settlement of all insurance claims related to state property and liability issues. The section also manages and defends lawsuits against the state with the assistance of the Attorney General's Office and recovers moneys from third parties responsible for loss or damage to state property.
- The Workers' Compensation Section is responsible for investigation and management of all workers' compensation claims filed by State employees. The Workers' Compensation

Section manages the return to work and modified duty programs for the State and provides assistance to state employees in receiving quality medical care for injuries sustained on the job.

- The Loss Prevention/Insurance Section's primary responsibility is to work with State agencies to reduce the frequency and severity of losses. Risk Management Loss Prevention Consultants provide advice and assistance in a variety of areas, including exposure analysis, environmental assessments and industrial hygiene concerns. The section also purchases insurance policies that provide excess coverage, provides agency assistance regarding insurance and indemnification issues, and also oversees post-offer physical exams for persons entering jobs with a high risk of occupational illness or injury.
- The Financial Section provides budgets, forecasts, financial reports and pays all approved insurance claims.
- The Administration Section provides the division with support services, Support services include personnel, procurement, facility management and archiving

State Procurement Office

The State Procurement Office serves as the central procurement authority for the State of Arizona. The office conducts strategic sourcing for statewide, cooperative contracts including: office supplies and equipment, temporary services, marketing/advertising services, information technology equipment, software and telecommunication equipment and services. They also conduct specialized procurements for a large number of small agencies with limited procurement authority. Additionally, the office provides and supports a central e-procurement system (ProcureAZ) for state agencies and cooperative members (i.e., counties, cities, schools) to use in conducting their procurements.

MISSION AND VISION STATEMENTS

MISSION

Proudly serving the people of Arizona, the Arizona Department of Administration enables government agencies to operate efficiently and effectively by providing support services and serving as a leader of statewide programs and solutions.

VISION

The vision of ADOA is to be recognized as:

- a vital link in providing outstanding government services for the people of Arizona**
- the model government administrative agency in the nation**
- the organization where employees want to work**

VALUES

Professionalism:	We hold ourselves to a high standard of excellence in our conduct, behavior, communication, and appearance.
Leadership:	We see the need, take action, and guide and empower others.
Courtesy:	We treat others politely and with respect.
Accountability:	We accept responsibility for our actions and hold others responsible for theirs.
Innovation:	We encourage creativity, ingenuity, and responsible risk taking in order to improve our services.
Stewardship:	We embrace the responsibility of managing resources on behalf of the taxpayers.
Partnership:	We involve our customers, stakeholders, and employees as a critical part of our processes and decision-making.
Integrity:	We are honest and adhere to a moral and ethical code of conduct in all of our actions.
Results-Oriented:	We focus on outcomes, solutions, and achievements; streamlining and simplifying where possible.
Pride:	We demonstrate enthusiasm and dedication in everything we do.
Quality:	We provide excellent service and exceptional value.
Initiative:	We act to solve problems and serve our customers.

GOALS

- Goal 1 – Employees:** Attract, develop, retain and value every employee, our most valuable resource.
- Goal 2 – Statewide Effectiveness:** Strengthen government’s ability to achieve results efficiently and effectively.
- Goal 3 – Reliability:** Maintain the continuity of State government operations to ensure the safe and efficient delivery of government services.
- Goal 4 – Reform:** Fundamentally revamp and streamline statewide programs, eliminate bureaucracy and deliver effective, efficient, transparent, and responsive services.
- Goal 5 – Leadership:** Provide statewide and innovative direction in managing resources and delivering exceptional customer service.
- Goal 6 – Asset Management:** Manage assets and infrastructure to sustain operations and make advancements with proven industry standards.
- Goal 7 – Innovation:** Use modern technology, business systems, data and expertise to enhance results and performance.
- Goal 8 – Partnerships:** Continually develop and enhance internal and external relationships through collaboration and ongoing communication.

STRATEGIC ISSUES

- **Strategic Issue 1: Attract and Retain a Skilled Workforce**
- **Strategic Issue 2: Personnel Reform**
- **Strategic Issue 3: Leverage HRIS (Human Resources Information Solution)**
- **Strategic Issue 4: One State – One Procurement Gateway**
- **Strategic Issue 5: COSF Reform (Capital Outlay Stabilization Fund)**
- **Strategic Issue 6: Enhance Capitol Security**
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- **Strategic Issue 15: Implement New Business Transformation Office**

Strategic Issue 1: Attract and Retain a Skilled Workforce

Description: Arizona State government has approximately 35,000 state employees employed in over 100+ state agencies, boards and commissions. The workforce is comprised of a very broad and diverse career field including, but not limited to, information technology, healthcare, attorneys, law enforcement, social services, administrative, engineering, and finance. Like many employers, Arizona state government is facing leaner staffing levels and tighter budgets, and the need to have the right expertise is more critical today than ever.

Demographic shifts will be the biggest single influence on our workforce over the next five years, as increasing numbers of experienced employees may retire or choose to pursue other career opportunities. Our focus moving forward will continue to be on our ability to implement strategies to mitigate anticipated departures of our valuable employees and also to implement recruitment measures to attract top talent.

Objective(s): By December 31, 2013, increase average length of service of high performing employees by 5%
By December 31, 2013, increase turnover of low performing employees by 5%
By December 31, 2013, increase new hire quality by 5%

Strategies: Implement Personnel Reform and revise rules and policies consistent with the reform initiative.

Performance Measures:

- Increased Average Length of Service
- Reduced Voluntary Turnover of High Performing Employees
- Increased Turnover of Low Performing Employees
- Increased Promotional Rate for High Performing Employees
- Reduction of Poor Quality Hire
- Increased New Hire Quality
- Increased Employee Referrals

Strategic Issue 2: Personnel Reform

Description: To promote public confidence in government, governmental integrity, increased accountability and the efficient delivery of services to its citizens, the State is reforming its outdated personnel system. The current system consists of rules and regulations adopted many years ago that served a valuable purpose at the time, but now actually make it difficult to manage the workforce effectively. The current emphasis on job security rewards longevity over performance that often results in the retention of lower performers and the separation of our best talent.

Objective(s): By October 1, 2012, implement a new personnel system that supports the State's ability to attract, hire and retain high-performing employees.

Strategies: There are five major areas of personnel reform including:

- Consolidating Personnel Systems
- Changing the Covered/Uncovered Status of the Workforce
- Improving the Management of the Workforce
- Restructuring the Grievance and Appeal System
- Modifying Human Resources Practices

Performance Measures:

- New System Implemented
- Reduced Voluntary Turnover of High Performing Employees
- Increased Turnover of Low Performing Employees
- Reduction in Total Time to Fill Positions
- Increased Promotional Rate for High Performing Employees
- Reduction of Poor Quality Hire
- Increased Employee Satisfaction
- Improved Performance of Key Government Indicators (to be identified)

Strategic Issue 3: Leverage HRIS

Description: Human Resources Information Solution (HRIS) is an integrated enterprise system that processes human resources, payroll, and benefits transactions. Every state agency, with the exception of the universities, relies on HRIS to accurately pay state employees. Every state agency (including the universities) utilizes HRIS to manage health insurance coverage. Currently, HRIS processes information for over 40,000 employees and calculates the State's annual payroll of \$2.5 billion dollars.

Over the past 7 years, ADOA has leveraged HRIS to generate millions of dollars in efficiencies and productivity savings through the deployment of functionality that has streamlined business processes across state government. This functionality includes Employee Self Service, Manager Self Service, Training Administration, Hiring Administration, Electronic Employee Time Entry and On-Line Benefits Open Enrollment.

While most of the focus up to this point has been in generating efficiencies in the areas of human resources, benefits and payroll, there is a significant opportunity to leverage HRIS to generate efficiencies in other lines of business, including such areas as communicating with state employees (one source for email addresses), granting employee badge access to state buildings, monitoring employee gas purchases for state vehicles, and providing a universal resource that allows for "single sign on" for other password-protected systems, to name a few.

Objective(s): By December 2014, generate \$3,000,000 in productivity savings and efficiencies by leveraging HRIS to streamline business processes.

Strategies:

- Identify areas that could benefit from leveraging HRIS
- Create a plan for deployment

Performance Measures:

- Productivity Savings and Efficiencies Realized

Strategic Issue 4: One State – One Procurement Gateway

Description: To evaluate the current procurement methods, legislation, and organization to modernize and transform existing practices and expand the direct delivery of shared services, customer service, and transparency.

Objective(s): Implement Phase 3 of ProcureAZ
Strengthen Statewide Contracts Program
Evaluate and improve procurement methods and legislation used by agencies
Transform Procurement Organization to develop One Procurement Gateway

Strategies:

- Rollout of invoice management/ 3 way match and AFIS interface.
- Market the use of ProcureAZ to political subdivisions.
- Update Technical Bulletins, Procurement Rules and Uniform Terms and Conditions.
- Conduct market basket studies to compare pricing and contract terms relative to other states and cooperative purchasing programs.
- Centralize all statewide contracts to accomplish consistent contract administration and delivery.
- Benchmark other governmental procurement practices and analyze and prepare recommendations for proposed legislation.
- Centralize procurement positions as a direct report to the State Procurement Administrator.

Performance Measures:

- By June 30, 2012, complete the implementation of ProcureAZ invoice management/3 way match and AFIS interface.
- By June 30, 2012, complete 4 Cooperative/ProcureAZ marketing outreach events.
- By June 30, 2012, finalize Technical Bulletins and implement standard procedures.
- By June 30, 2012, complete initial market basket data collection methodology and annually conduct 3 market basket studies..
- By June 30, 2013, achieve an increase of 10% Co-op purchases through ProcureAZ.
- By June 30, 2013, centralize 50 statewide contracts and annually identify 2 new statewide contracting opportunities.
- By June 30, 2013, implement updated rules and uniform terms conditions.
- By September 2013, complete collection of legislative benchmark data.
- By December 31, 2013, prepare recommendations regarding proposed legislative changes.
- By December 31, 2014, attain One Procurement Gateway

Strategic Issue 5: Capital Outlay Stabilization Fund Reform

Description: It is necessary to re-evaluate appropriations made from Capital Outlay Stabilization Fund (COSF) as the present approach does not properly fund Operation and Maintenance (O & M) or prolong the useful lives of structures. A.R.S § 41-792.01 establishes COSF and allows ADOA to collect rents from State agencies occupying state-owned space. The primary objectives of the COSF are to: (1) cover a majority of routine O & M costs of 52 ADOA-managed buildings, and (2) provide a source of building renewal (major maintenance) monies for over 3,500 statewide structures in the ADOA Building System owned by 23 state agencies.

Under current appropriations practices, COSF's primary objectives are unattainable. Two significant problems are: (1) as of FY 2012, only 40 buildings generate the COSF rents to cover the O & M expenses of ADOA-managed buildings and ADOA Building System building renewal needs, and (2) lease-purchase and legislative facilities are wholly exempt from payment of rents or basic operating and maintenance costs - yet directly benefit from COSF supported services.

Fortunately, ADOA is making final payments for many of the lease-purchase facilities in FY 2012 and it expects many of the structures will generate COSF revenues. It is critical that expected additional COSF revenues be appropriated to ADOA for building renewal purposes. Deferred major maintenance is presently valued at approximately \$375 million and additional COSF funding will enable ADOA to at least *commence* the effort to remedy the affects of deferred maintenance. (We'll never "catch up" at this point)

Objective(s): By July 1, 2012, increase Building Renewal funding from \$6.5 million to \$13.5 million for the purpose of completing major maintenance projects that extend the useful life of structures in the ADOA Building System.

Strategies:

- Brief legislative Budget Director and staff on the ramifications of appropriating insufficient funding for Building Renewal and using COSF appropriation for purposes other than maintaining capital assets.
- Brief Executive policy makers and staff on the ramifications of appropriating insufficient funding for Building Renewal and using COSF appropriation for purposes other than maintaining capital assets.

Performance Measures:

- Maintain customer satisfaction at 6.5 or better for the service, "Administers Building Renewal Program."
- Maintain customer satisfaction at 7.0 or better on Voice of Customer survey card results.

Strategic Issue 6: Enhance Capitol Security

Description: Representatives of the Department of Public Safety (DPS) and the Governor's Office of Homeland Security worked together on a study to evaluate security in the Executive Tower. They were tasked with: 1) documenting security strategies currently employed, 2) identifying any shortcomings, and 3) making recommendations to address the shortcomings. General Services Division staffers are working closely with DPS, Homeland Security, and the ADOA Director's office to implement many of the study recommendations.

Objective(s): By January 1, 2013, address and rectify Executive Tower security deficiencies identified by the Department of Public Safety and the Governor's Office of Homeland Security to facilitate improved security for Executive Officers and employees.

Strategies: Utilize federal grant funding via Arizona Office of Homeland Security to address and rectify security deficiencies in the Executive Tower identified by the Department of Public Safety and the Governor's Office of Homeland Security and facilitate improved security for Executive Officers and employees.

Performance Measures:

- By January 1, 2013, rectify security deficiencies identified by the Department of Public Safety (DPS) and the Governor's Office of Homeland Security.
- By January 1, 2013, request security audit of Executive Tower by outside consultant to evaluate the effectiveness of the strategic security improvements.

Strategic Issue 7: Leverage Document Management System

Description: Improve efficiency and effectiveness of the Risk Management Document Management System, automation of work processes, electronic invoice processing, immediate document availability and archival, enhanced security, and improve disaster recovery

Objective(s): Continue development and implementation of Phase II (Workers' Compensation) of Risk Management's Document Management System.

Strategies: Develop and implement: paperless environment, electronic workflows, interfaces with the State's financial system (AFIS) and medical bill review provider, and an electronic invoice authorization ladder

Performance Measures:

- By March 31, 2012, develop and implement electronic workflows and authorization ladder
- By December 31, 2012, develop and implement interface with medical bill review provider
- By March 31, 2012, develop and implement interface with AFIS
- By December 31, 2012, determine post implementation DMS enhancements

Strategic Issue 8: Control & Contain Benefit Costs

Description: Health care costs continue to trend upward across the nation, which lead to increased benefit premium costs for the state and its employees and retirees. To further control and contain benefit costs, the State will continue to pursue efficiencies and will work with vendors, reviewing and adjusting the design of the State Health Plan as necessary and shifting the focus to improving the health of the individual through continued expansion of Wellness Programs.

Objective(s): Each plan year, manage the benefits offerings such that the premium costs are lower than the national trend.

Strategies:

- Administer a comprehensive Wellness Program in partnership with the State's health care vendors.
- Administer a comprehensive Audit Program to ensure vendor compliance with contract performance standards.
- Evaluate annually and adjust as necessary the design of the benefit offerings.
- Evaluate the potential of self insuring the dental benefits.

Performance Measures:

- Member satisfaction with benefit plans
- Percentage of health plan loss ratio
(percentage of premium that is attributed directly to health care claims – Federal Requirement is 85% for large plans)
- Percentage of administrative costs of health plan
(amount of total premium that is designated for administrative/operation costs)
- Percentage of actuarial value of health benefits provided
(measure of the level of protection a health insurance plan offers expressed as a percentage of the cost of covered benefits for which the plan pays)
- Maintain health costs lower than the national trend

Strategic Issue 9: Regulatory Reform

- Description:**
- 1. Ensure Public Access to Substantive Policy Statements:** In the age of the Internet, an agency should provide substantive policy statements on the agency's web site so that they are more accessible to the regulated community. This would allow members of the regulated community to view the substantive policy statements in an electronically accessible format.
 - 2. Augment the Governor's Regulatory Review Council's Authority Regarding Substantive Policy Statements:** Currently, A.R.S. § 41-1033 allows a person to petition an agency if the person believes a practice or substantive policy statement is actually a rule. There are cases where the Council discovers, during the rulemaking process or from a five year review report, that a substantive policy statement is being used as a *de facto* rule. GRRC has no authority to require a rulemaking unless a person files a 41-1033 petition. A.R.S. § 41-1033 should be augmented to provide the Council with the statutory authority to review a substantive policy statement on its own initiative.
 - 3. Consolidate Reporting Requirements for Agencies and the Council:** Eliminate agency reporting requirements related to completion of actions proposed in a previous five-year review report, compliance with licensing time frames (LTF), and certification of compliance with A.R.S. § 41-1091 because this information can be easily obtained from other sources.
 - 4. Strengthen the Five-Year Review Process:** The Council has statutory authority to return a five-year review report, but does not have the authority to require agencies to revise out-of-date rules in an expedited manner. Legislation could address this problem by allowing the Council to set a date by which identified rules will expire unless amended and provide an abbreviated procedure for technical correction rulemakings.
 - 5. Account for Economic Impacts Imposed by Federal Law and State Statutes:** When state agencies prepare a cost-benefit analysis as part of an economic, small business, and consumer impact statement for a rulemaking, the economic analysis only includes the costs directly associated with the rules themselves. Costs that are mandated by federal law or state statute should be separately addressed in this analysis so the public can be aware of these costs.
 - 6. Create a Process so that Rules Made under an Exemption are Subsequently Made within a Reasonable Time Period under Regular Rulemaking Procedures.**
 - 7. Clarify that Agencies Should Establish or Increase Fees by Rule, Absent an Exemption .**

Objective(s): Passage of legislation achieving real regulatory reform that streamlines the rulemaking and reporting processes, eliminates redundancies and unnecessary requirements, and supports the efficient operations of agencies while limiting burdens on the business community and serving the public.

Strategies:

- Work with the Governor’s Office, GRRC Council, state agencies, the business community, and other stakeholders to identify meaningful opportunities for reform.
- Support passage of legislation that achieves regulatory reform for such issues and those described above.
- Ensure agencies and other stakeholders are aware of and properly trained to implement any reform measures that become law.

Performance Measures:

- Increase customer satisfaction to 6.5 or better on the annual customer satisfaction survey.
- Maintain customer satisfaction at 7.0 or better on the “Voice of the Customer” survey cards.

Strategic Issue 10: State Data Center Business Continuity Improvements

Description: The State Data Center (SDC) provides critical services for more than 140 state agencies, boards, commissions, offices, universities, counties and cities, and the processing of medical claims for the State of Hawaii. Every year the SDC processes more than \$50 billion worth of transactions and several hundred million other types of transactions.

The SDC is responsible for the daily (24/7/365) operations of the mainframe, open system servers, critical system monitoring, incident management, change management, 99% system availability, help desk, offsite data storage, high speed print services, and enterprise storage.

In 2011, the SDC has suffered several outages that have impacted every customer due to insufficient or aging core infrastructure. The SDC currently does not have the administrative tools to help automate server administration or the server, network and security infrastructure to properly test and ensure changes do not impact customers. The SDC also does not have the resources to implement tools and infrastructure already purchased to address identified issues. Lastly the SDC does not have adequate disaster recovery resources to ensure mission critical and essential business capabilities will not fail.

Objective(s): Complete technical assessment of core infrastructure by December 2011.
Complete disaster recovery assessment for critical and essential infrastructure and make decision on whether to continue to invest in the Tucson Disaster Recovery facility or identify alternative by March 2012.
Implement core infrastructure improvements identified in technical assessment.
Address Uninterrupted Power Supply (UPS); Power Distribution; Server, Network and Security development and testing environments.

Strategies:

- Partner with the Department of Economic Security and the Department of Public Safety to establish multi agency Mainframe Disaster Recovery Strategy.
- Create SDC Executive Steering Committee – this committee of customers and stakeholders will drive the SDC roadmap, pricing models and change management processes.
- Augment staffing and skills with outside professional services to complete projects for mission critical and essential systems.

Performance Measures:

- Project Completion
- Server, Co-Location and Storage Capacity
- Core Services Uptime – Service Level Agreements
- Incident Management

Strategic Issue 11: Implement New Statewide Infrastructure and Communications Network

Description: The mission of the Enterprise Infrastructure and Communications (EIC) Office within ADOA is to ensure that the State of Arizona has a cost effective, efficient and consolidated shared telecommunications infrastructure to meet the needs of government agencies, their employees and the public. ADOA is approaching the final year of the state's telecommunications contract with the vendor responsible for implementing the initial network capabilities.

Over the course of 2011-2012, ADOA will be selecting a new technology partner to enhance the current network to ultimately reduce telecommunications costs, improve service levels and security, and develop disaster recovery programs to ensure business continuity for its employees and citizens.

Objective(s): Telecommunications Expense Management (TEM) – The State seeks benefits of successful implementation of the Telecommunications Expense Management (TEM) providing a high value, low cost fixed priced contract. The requirements for the TEM provider must have extensive experience in carrier and cellular management, billing dispute resolution and complex billing.

Voice and Network – The State seeks the benefits of successful implementation of voice and data network services that include cost-effectiveness; improved voice and network security and performance measures; increased efficiencies while reducing costs.

Strategies: There are four primary focal areas of Telecommunications Expense Management

- Successful transition of billing from Accenture to Telesoft
- Transition new voice and network provider(s) pricing
- Transition all cellular billing beginning July 1, 2012
- Improve billing efficiencies for state agencies

There are three primary focal areas for Voice and Network Services

- Successful transition of voice and network service providers
- Prioritize refreshment strategies
- Implement refreshment strategies

Performance Measures:

- New billing and asset management system stabilization
- Multiple transitions completed
- Recognize efficiency savings
- Perform monthly performance audits on Service Level Agreements (SLA's)
- Develop monthly, quarterly and annual efficiency reports

Strategic Issue 12: Expand E-Government Capabilities

Description: The Strategic Transformation and Innovation (STI) Office within ADOA is responsible for managing several, large statewide programs such as e-Government. As part of the overall e-Government strategy, STI maintains the Arizona web portal, which is the platform for providing a variety of services to state employees and citizens. In today's rapidly changing world of technology, citizens expect to have access to the state's services anywhere and at any time.

As part of ADOA's strategic plan, increased focus will be placed on leveraging new web and mobile technologies to enhance the services currently offered via the Arizona web portal. Through the inclusion of new service offerings, as well as adding support for wireless technologies, ADOA will improve the quality, capacity, and velocity of the business services available for all Arizona citizens.

Objective(s): Modernize Arizona.gov website
Consolidate and modernize state Agency websites
Implement a mobile website platform for mobile applications
Develop an application marketplace for both state employees and citizens
Implement E-Check capabilities
Implement Business One Stop solution
Implement a digital process automation solution
Complete integration of E-Licensing solution with Arizona.gov website

Strategies:

- Incorporate a governance model that includes multi-agency participation. An advisory committee will be created and include groups such as the Arizona Commerce Authority, the Governor's office, and a combination of public and private tourism organizations.
- Implement a modern web platform with content management capabilities to allow state agencies to update their websites faster and easier. The result will be more accurate information for Arizona citizens that could be accessed anywhere at any time.
- Provide valuable services to citizens and generate new revenue opportunities to support and sustain the e-Gov program.
- Augment staffing through a combination of public/private relationships.

Performance Measures:

- Project completion
- Website traffic results (page visits, length of time on website, etc.)
- Number of downloaded applications
- Number of agency websites on single platform (i.e. consolidation)
- Internal customer acquisition and retention

Strategic Issue 13: Accelerate Statewide Enterprise Architecture Adoption

Description: Enterprise Architecture (EA) provides guidance to ensure the reliability, interoperability, and sustainability of the state's IT investments via the enterprise business, information, technology, and solution architectures. EA creates, communicates, and improves the key principles and models that describe the enterprise's future state and enable its evolution.

By leveraging the state's CIO Council, as well as through the facilitation of ongoing EA training, ADOA will emphasize the importance of adopting a statewide EA strategy. Over time, ADOA will implement an enterprise planning methodology, which will result in a holistic framework and process for solving the state's business challenges today and in the future.

Objective(s):

- Provide statewide business and technical EA training
- Implement data governance methodology
- Implement statewide EA planning tool
- Complete a statewide infrastructure assessment
- Complete a technology contract assessment
- Implement a new statewide asset management solution

Strategies:

- Incorporate a governance model that includes multi-agency participation. An advisory committee will be created to ensure all agency projects are aligned with the overall enterprise architecture.
- Facilitate ongoing training to educate both technical and business state resources on the important of Enterprise Architecture.
- Cross-agency workgroups will be leveraged to complete many of the projects.

Performance Measures:

- Project completion
- Implicit acceptance of statewide Enterprise Architecture charter and methodology
- Agency participation in workgroups
- Completion of scheduled training sessions

Strategic Issue 14: Implement Statewide Enterprise Resource Planning Solution

Description: AFIS is the State's financial system of record. In FY11, it processed over 1.5 million documents and over 9.1 million transactions, totaling \$32.3 billion in revenues and \$31.6 billion in expenditures. This mission-critical system is at significant risk of failure.

- AFIS was installed in 1992 and has no vendor support. The technical architecture of AFIS is incompatible with many newer systems, making the cost of deployment of new functions or interfaces prohibitively high.
- Failure would jeopardize the State's ability to make timely payments to Medicaid and child welfare recipients, State vendors and many others who rely upon disbursements from the State.
- AFIS provides only basic project budgeting and project accounting capabilities, and does not include project scheduling or other project management functionality.
- The AFIS Chart of Accounts does not effectively support reporting by program, project, grant or location. To develop and control budgets at a level of detail below the current appropriation line item (i.e., Fund, Fiscal Year, Organization, Activity), agencies capture actual revenue and expenditure data either in AFIS, using a variety of accounting codes determined by the agency, or in their own agency-based financial systems. As a result, grant, project and program data are all uniquely defined by agency and cannot be summarized, reported, or controlled at the enterprise level.

There is increased risk of system failure due to the loss of business and technical expertise. Over the next five years, the State's vulnerability to system disruptions will increase, as a significant number of employees knowledgeable of AFIS become eligible for retirement. The loss of these employees will make AFIS more difficult to maintain and increase the risk of system failure because, as noted previously, AFIS was developed using older technology that is inflexible, and has been modified extensively.

The intent is to evaluate the State's options from a long-term enterprise perspective and implement a strategy that not only replaces AFIS, but also other redundant/shadow systems and change the State's business processes to incorporate the efficiencies and effectiveness enabled by current technology.

Objective(s): The Project will be coordinated with all State agencies to ensure that the solution meets the State's needs. Focus will be on incorporating best practices by appropriately streamlining and standardizing business processes.

Strategies: A business case analysis is currently being prepared. The business case will be presented and discussed with the Governor's Office and the Legislature to obtain proper project funding and approval. The project organization structure includes

executive sponsorship, an Executive Steering Committee, and other agency/stakeholder involvement. The project will have relevant oversight including ITAC. Specific strategies will be developed and implemented to ensure the State's ultimate desired outcomes are achieved within the project's timeframe, scope and resources.

Performance Measures:

- Complete Business Case Analysis
- Obtain Funding Approval
- Obtain ITAC Approval
- Complete Request for Proposal (RFP) and Award Contract(s)
- Complete ERP Implementation Milestones
- Implement Business Process Reengineering Program
- Implement Communications and Governance Strategy

Strategic Issue 15: Implement New Business Transformation Office

Description: Implement new Business Transformation Office (BTO), within the Department of Administration, focused on implementing a statewide continuous improvement culture. The BTO will focus on the following activities:

- Implement educational outreach program and develop agency experts
- Work with the Governor's office to identify, prioritize and facilitate agency specific process improvement projects
- Develop a statewide methodology, standards and tools
- Implement a centralized repository for sharing all materials
- Support agency led process improvement initiatives
- Implement creative incentive plans
- Define, track and communicate key metrics

It is critical for Arizona to develop long-term solutions to meet our needs for faster, better and more cost-effective services, to deal with the continuing pressure to do more with less and address the shrinking workforce. Lean times require lean and innovative thinking.

Objective(s): Over the next three years, the Business Transformation Office will implement an educational outreach program and train 300 state agency resources and facilitate 200 process improvement projects driving \$40 million in capital impact.

Strategies:

- Establish the Business Transformation Office within the Department of Administration and staff the team.
- Develop the training program and facilitate training classes.
- Develop an agency support process along with tools and materials.
- Work with the Governor's office to identify, prioritize and facilitate agency specific process improvement projects.
- Define key reporting metrics and communication plan.

Performance Measures:

- 300 state agency resources trained by 2014
- 200 process improvement projects completed
- \$40 million in capital impact realized through completed process improvement projects