

Arizona Department of Administration

Leading the way for efficient and accountable government





*“You cannot lead
someone anywhere
you are not willing
to go yourself”*



*ADOA Director
Craig C. Brown*

Summary

When I arrived there was 528 employees and ten independent divisions operating to daily requests on a myriad of tasks from many agencies. Larger agency Director's desired more autonomy and smaller agencies sought for less bureaucracy. The implementation of a new vision and mission statement, 2016 plan and goals required all employees to work

in closer partnerships to not only achieve the day to day tasks, but also take on and deliver larger than life goals that move their division towards stronger partnerships and more efficient government.

In the first six months we have tried hard to be extremely credible and capable in our areas of expertise. We have focused sharply at improving our partnerships with all agencies. We have many examples where agency leaders have flocked our way seeking help. In some cases it has been for resources, others in contract engagement, tool improvements etc. We have pledged to be a strong partner and resource feeder of our skills to other agencies.

We have taken a can do attitude and have earned much respect as we attempt to resolve our partners' issues. In addition, we have proactively created several state-wide initiatives that are identifying opportunities to improve business results using lean principles. Through all of this, we have increased our resource base to 544 employees through 2016 to support these investments and believe we can again glide down as our efficiencies come through.

Early feedback from internal employees and external stakeholders have shared an excitement for the change.



“We serve the people of Arizona in their pursuit of a better life”

Lean

Much time has been spent with the Governor’s office, outside consultants and within the ADOA Leadership staff in planning our mission, vision and strategies for the state.

With the state mission of “We serve the people of Arizona in their pursuit of a better life” follows the five prong strategies of : 21st century Education, Strong Innovative Economy, Healthy Arizona, Safe Communities, and Efficient and Accountable Government. DOA plays in this by helping our partners be successful in their respective missions. We also have taken on the leadership role of efficient and accountable government.



To best do this, the state has adopted LEAN as the methodology and language of an intentional management system.

The tools and culture that come from this historically successful improvement methodology are being trained and piloted throughout the estate agencies. The ADOA staff has committed to hours of training through the summer months and pledged to role model the usage of these methods going forward.

Procurement

The State Procurement Office (SPO) serves as the central procurement authority for the state of Arizona and is responsible for direct contracting and purchasing for all state goods and services.

SPO manages 28,000 vendors, \$27 billion with more than \$156 million going to Arizona small businesses and executes more than one million transactions per year.



Additional services include, regulatory and policy-making, management, ancillary and support services.

We are developing a stronger negotiation capability and setting goals for larger reductions and higher savings in state spending as contracts come up for renewal or on new bids. The result of this plan in the first 6 months has been a \$17M annualized hard cost savings over 40 contracts. We will keep our foot on the pedal and keep raising the bar to secure the most savings possible for the taxpayers, so we become known as the place where efficient tax dollars get spent! Another dimension requiring attention is the improvement of our Procurement tools used to do solicitations, pay suppliers and ensure the state is charged per contractual terms. All options are on the table to ensure that we are able to stay ahead of the curve on technology.

Our challenge is to define processes to incentivize agency participation while diverting a portion of the savings to other purposes.

*\$17M annualized
hard cost savings
over 40 contracts*



ASET

We added a state CIO in October of 2015 and one of the first tasks at hand was to conduct a baseline assessment of the ASET operation using an outside firm using the COBIT methodology/standard. Using that objective input and other observations, ASET reorganized into a PLAN BUILD RUN structure and is aligning its resources to this model. They have identified many improvement projects. Two of which are :



Outsource the call center to achieve best in class level IT service and



Assess and drive a new mainframe strategy that consolidates internal demand to a single system and moves the majority of the work to the cloud.

We seek to put in a solid central IT strategy to guide statewide technology improvements.

*ASET reorganized
into a PLAN BUILD
RUN structure*



Benefits

The benefits services division manages the Health Insurance Trust fund with an annual revenue of \$856 million and is responsible for the medical, dental, vision, home and auto-insurance benefits of over 129,000 members including active and retired state employees, elected officials, COBRA members and qualified dependents, they also manage the state Wellness program which includes Mayo Clinic Health Assessment, Annual Flu Vaccines, and the Tobacco Free program.

Benefits proceeded through its yearly Open Enrollment and execution of changes for the new calendar year.



Agency premium costs were reduced and employee premium costs either were reduced or remained the same.

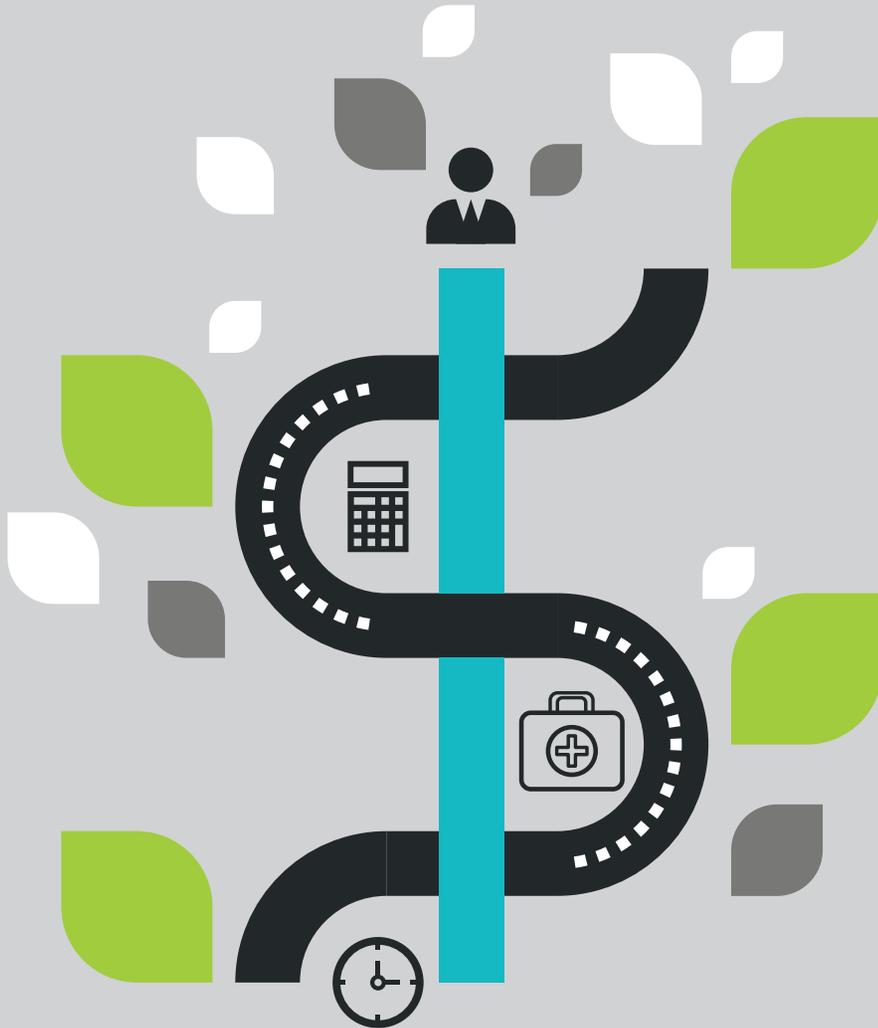


Wellness program communications were enhanced, encouraging a higher HIP participation rate for 2016.



In April, Benefits launched a local health center pilot, partnering with Maricopa County to utilize its health center, which offers basic medical and pharmaceutical services.

Once the pilot is complete, we will analyze utilization rates and determine the feasibility of having a dedicated health center located at the Capitol Mall.



Launched a pilot to have a local clinic offering basic medical and pharmaceutical services



Looking at alternate options to provide a more stable and well rounded HR suite of tools

HR

The Human Resources Division (HR) manages the more than 38,000 state employees from more than 100 agencies throughout the state, with the goal of recruiting and maintaining the top talent in the state. Additionally, they maintain the infrastructure for the state's payroll system, the centralized state employment website azjobs.gov, the state employee portal (YES), the classification and compensation system, and the personnel rules that govern employees

In early interviews with Agency Directors, a common request was for an improved HRIS and MAP system.

The HR Division has answered this call to action and is currently focusing efforts on assessing and aligning many key, state-wide services and products in order to increase process/people efficiencies and more effectively support agency mission successes.

A significant component of this effort is an assessment of current and outside HR technology system options that would potentially incorporate many process reductions and improvements, including a more streamlined performance appraisal/evaluation strategy. Lean Training initiatives has afforded the HRD leadership team the ability and tools to move forward strategically and purposefully in defining and implementing several pilot programs



Direct savings for FY 2016 are trending toward \$1 million and are expected to approach \$1.5 million in FY 2017

RISK

Risk Management provides insurance coverage for all state owned property and liability needs, as well as workers compensation coverage for all state employees. They work diligently to mitigate adverse effects of accidental losses that involve state government assets. On average they process 13,000 claims each year for more than 100 state agencies.

Risk has been managed very efficiently and are proceeding with the plan to increase insurance deductibles on property claims across the State. Benefits of increasing the property deductible include:

- Increases loss prevention awareness
- Empowers agencies to make good business decisions regarding the replacement of small dollar damaged property
- Eliminates small claim processing costs at the agencies
- Allows Risk Management to focus on the management of liability claims having a significantly greater impact on state finances



The Risk Management Division has also successfully outsourced the Workers' Compensation Medical Processing and Cost Containment Program.

After accounting for medical inflation, direct savings for FY 2016 are trending toward \$1 million and are expected to approach \$1.5 million in FY 2017. Savings resulted from better medical pricing, a reduction in unnecessary care, a decrease in emergency room utilization, and internal cost reductions, etc. We also estimate a minimum annual productivity savings of \$500,000 by returning employees to work sooner.



*New GIS-based labor
statistics providing
additional dimensions to
our analysis*

EPS

Employment and Population Statistics (EPS) is made up of three offices; the State Demographer's Office, Labor Statistics Office and the Economic Analysis Offices, these offices develop population estimates and projects, produce local area employment and unemployment statistics, occupation and industry employment estimates and projections, wage survey data, and supports the efforts of the workforce system by developing various economic analyses and projections for the state of Arizona.



EPS worked diligently with several partners, including DES on the Workforce Innovation and Opportunity Act State plan and the Commerce Authority to draw attention to workforce issues in the West Valley.

Presentations on local area labor market topics continued to evolve, with new GIS-based labor statistics providing additional dimensions to our analysis. The Special Census in Maricopa County allowed the State Demographer's group to check their work against a good (and unusual) benchmark, with validation that their methods are working quite well.

GSD

The General Services Division (GSD) provides direct operational support to approximately 3.8 million Gross Square Feet of property in the Capitol Mall, Phoenix Metro, Tucson, and Kingman and other support to over 4,000 state-state owned facilities throughout the state, including reviewing, planning, and prioritizing capital improvements; overseeing construction projects; administering the State's private sector office space leasing program; managing the ADOA Fleet of approximately 1,350 vehicles; providing mail and interagency delivery services; and directing the surplus property program.

General Services has always been strapped for budget with regard to state-wide building maintenance. We expect the legislature to pass a budget that will provide an approximate 2X funding increase for fiscal year 17 (\$29M) and we are readying the staff to prepare to deliver more projects in a more efficient manner.

A state-wide Fleet improvement project was launched. The goal is to reduce the approximately \$33M annual spend on vehicle by 20% through a stronger focus on state-wide policies in usage, procurement, maintenance and disposition.



Also, the Surplus area managed by GSD needs to look at their revenue generation vs cost of operations and determine if we need to reset our collection/value metrics to provide an optimum return on our resource investment.



*Operational support
to approximately 3.8
million Gross Square
Feet of property*



Strong communication systems help train/teach, reinforce and also reward great performance

Communications

Strong communication systems help train/teach, reinforce and also reward great performance. It can also soften the sharp edge of business and make work fun. ADOA has added a very capable staff to manage communications across ADOA channels to help teach employees of current expectations.

The team rebranded and relaunched ADOA's intranet with new name, logo, look and navigation, which increased page views 34% over previous quarter and increased session duration by more than one minute over previous quarter.



New and diversified communication channels were also added including three new video series and a TV monitor that highlights ADOA news.

GAO

The General Accounting Office (GAO) is the accounting hub for the state, processing approximately 30 million accounting transactions and \$35 billion in expenditures annually, administering a \$70 million payroll every two weeks for approximately 39,000 state employees, in addition to preparing statewide financial reports such as the Comprehensive Annual Financial Report and the cash basis Annual Financial Report, setting accounting policies and procedures, and providing technical assistance and other management advisory services.

In July 2015 GAO implemented a new statewide accounting system, on time and within budget, after a two-year implementation project.

They continue to implement new functionality within the system and are working to improve reporting capabilities.



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Grants and Support Functions

Grants, the smallest of the divisions within ADOA is working hard to diversify the state's grants enterprise while at the same time efficiently reduce administration costs on grant dollars and direct monies to the highest value projects.

In addition to statewide grants coordination, they also have been chartered with several special projects such as public safety broadband, managing the state's energy office, and gathering data.

Grants also makes recommendations on the overall efficiency of managing agencies, boards and commissions statewide.

*Efficiently reduce
administration costs
on grant dollars and
direct monies*

