

## Part I – Agency Profile

### Agency Overview

The vision of the Department of Administration is to bring appropriate, efficient, and innovative business practices to Idaho government. In FY16, the Department of Administration made progress towards the goals and objectives established in its FY 2016-2019 Strategic Plan with a focus on customer service and communication. The plan has since been updated for the period FY 2017-2020 challenging the major client-oriented programs with strategies for enhancing quality and/or cost effectiveness in their delivery of services.

The Department of Administration is organized into four divisions: The Divisions of Insurance and Internal Support, Purchasing, Public Works, and the Office of the Chief Information Officer. Within those divisions, Administration is committed to providing leadership, expertise, and value-added services within the following management functions:

Risk Management, Liability and Property Insurance  
Group Insurance/Employee Benefits Programs  
Administrative Rules  
Purchasing/Contract Administration  
Federal Surplus  
Postal and Quick Copy Services  
Design/Construction Management  
Facilities Management  
Statewide Leasing  
Office of the Chief Information Officer (OCIO)  
Industrial Special Indemnity Fund (ISIF)  
Internal, and Small Agency Support (Fiscal, Human Resources, IT)

Administration also provides administrative support for the Idaho Capitol Commission, the Governor's Housing Committee, the Idaho Technology Authority (ITA), the Group Insurance Advisory Committee (GIAC), Risk Management Advisory Committee (RMAC) and the Permanent Building Fund Advisory Council (PBFAC).

In the Boise area, the Department has offices in the Len B. Jordan Building, the Borah Building, the Capitol Mall Parking Garage #1, and the Public Works Building. The Federal Surplus Program is located in Caldwell. Additionally, the Division of Public Works has satellite offices in Pocatello, Lewiston, and Moscow, and Facilities Services oversees the Lewiston and the Idaho Falls State Office Buildings.

### Core Functions/Idaho Code

#### Office of the Director:

**The Idaho State Capitol Commission:** Composed of nine members—six public members and three 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, and oversees the Governor's Residence Fund created to provide a governor's housing allowance and/or the acquisition, construction, remodel, furnishing, equipping, or maintaining 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, State of Idaho

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 adjusts 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 Lewiston and the Idaho Falls State Office Buildings. Additionally, the Division 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; conducts diligent dispensing of government documents through reproduction and mailing (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). ITA 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 ensuring 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 30 agencies. (Idaho Code Sections 67-5747-5748; 31-4815–4818).

## Revenue and Expenditures

Revenue	FY 2013	FY 2014	FY 2015	FY 2016
General Fund	\$8,829,669	\$13,842,300	\$9,070,402	\$8,841,675
Idaho Education Network - 0120	\$801,276	\$11,648	\$2,165	\$461,800
Indirect Cost Recovery	\$1,333,189	\$1,435,608	\$1,091,972	\$0
Federal Grants	\$0	\$0	\$0	\$0
Permanent Building Fund	\$80,999,744	\$82,160,849	\$73,526,777	\$56,054,313
Governor's Housing Fund	\$23,426	\$17,713	\$178,047	\$63,488
Admin. & Accounting Svcs.	\$18,884,532	\$20,054,383	\$18,894,585	\$17,993,324
Federal Surplus Property	\$348,898	\$456,871	\$672,482	\$390,877
Group Insurance	\$207,483,762	\$223,366,011	\$261,045,618	\$274,737,502
Risk Management	\$7,559,227	\$8,552,719	\$8,815,729	\$10,997,254
Administrative Code Fund	\$250,112	\$374,102	\$493,648	\$389,099
Capitol Income & Reserve Fund	\$63,069	\$62,960	\$105,124	\$267,810
Special Indemnity Fund	\$3,825,518	\$4,489,921	\$4,881,935	\$4,386,603
<b>Total</b>	<b>\$321,572,753</b>	<b>\$354,825,085</b>	<b>\$378,778,484</b>	<b>\$374,583,745</b>
Expenditures	FY 2013	FY 2014	FY 2015	FY 2016
Personnel Costs	\$9,067,086	\$9,243,115	\$9,479,722	\$9,415,497
Operating Expenditures	\$30,759,263	\$36,016,078	\$27,248,385	\$25,671,997
Capital Outlay	\$85,173,822	\$76,009,499	\$71,011,103	\$54,722,586
Trustee/Benefit Payments	\$222,743,045	\$236,214,699	\$261,621,671	\$284,773,665
<b>Total</b>	<b>\$347,743,216</b>	<b>\$357,483,391</b>	<b>\$369,360,881</b>	<b>\$374,583,745</b>

**Profile of Cases Managed and/or Key Services Provided**

<b>Cases Managed and/or Key Services Provided</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Insurance &amp; Internal Support Division:</b>				
# of rules promulgated	189	173	194	174
# of FTP's supported through payroll & HR				
• Administration	148.75	146.75	145	139.5
• ICHA	2.8	2.8	2.8	2.8
• SWCC	16.0	16.0	16.0	0
# of property, casualty, liability, and auto insurance claims reported.	966*	927*	916*	873* (to date)
Value of property insured by Risk Management	\$6.49 Billion	\$6.8 Billion	\$7.2 Billion	\$7.6 Billion
# of vehicles insured for liability by Risk Mgmt (all vehicles insured for liability)	7,027	7,025	7,148	7,211
# of vehicles insured for physical damage (only vehicles scheduled for this coverage)	6,500	6,449	6,688	6,747
# of active employees enrolled in group ins.	17,847	17,987	18,270	18,571
# of active employee dependents enrolled in state's group insurance.	26,206	26,742	26,912	27,362
# of retirees enrolled in state's group insurance.	956	938	870	789
# of retiree dependents enrolled in group ins.	265	269	222	200
<b>Key Services Explanatory Note:</b>				
*Risk Management Claims are tracked based on their dates of loss, but claims or suits for a fiscal year may be reported after the year is over. There is almost always an increase in numbers over time for the most recent years, as their data are less mature. The figures for each fiscal year will increase as additional claims and suits are reported. FY 2015 has the least mature data and will change the most.				
<b>Purchasing Division:</b>				
# of contracts issued/value	793/ \$650M	756/ \$482M	941/ \$534M	945/ \$715M
# of purchasing personnel trained/man hours	665/136,325	615/91,170	566/ 152,820	556/ 101,192
# of P-card transactions	338,550	264,556	296,897	337,879
\$ total value of P-card usage	\$44,090,000	\$48,967,222	\$53,836,625	\$59,310,430
# of postage pieces mailed - external	7,155,447	7,229,525	6,599,235	6,221,499
# of postage pieces mailed - interoffice	957,107	565,300	738,386	667,624
\$ postal cost avoidance	\$996,288	\$772,258	\$857,579	\$714,366
# of impressions made - Copy Ctr.	3,457,814	3,259,120	2,584,164	3,046,115
\$ of Federal Surplus Property (FSP) items sold	\$316,405	438,321	660,981	\$347,412
FSP's Average cost savings to public entities	68.98%*	77.95%*	81.8%*	76.35%*
<b>Public Works Division:</b>				
\$ appropriated for Public Works projects not including agency funds	\$36,613,900	\$36,320,000	\$28,741,300	\$27,578,300
\$ amount of all funding sources for projects under construction	\$329,394,156	\$371,109,430	316,136,676	\$195,021,749
# of active Public Works projects	318	296	337	366
# of new Public Works projects	150	182	140	155
# of closed Public Works projects	196	219	205	221

Cases Managed and/or Key Services Provided	FY 2013	FY 2014	FY 2015	FY 2016
# sq.ft. office space leased statewide	1,612,745	1,629,112	1,677,299	1,599,694
# sq. ft. total space leased statewide	2,016,327	2,029,113	2,041,737	1,997,920
\$ amount of office space leased statewide	\$20,837,957	\$21,059,006	\$22,180,098	\$21,173,423
\$ amount of total space leased statewide	\$26,928,448	\$27,304,105	\$28,069,847	\$28,173,423
<b>Office of the Chief Information Officer:</b>				
# of cumulative Idaho government inter-active services and applications on-line	291	323	335	375
# of visits to the Idaho.gov homepage.	1,736,817	1,610,953	1,510,084	967,384
# of unique visitors to Idaho.gov homepage (does not include individual agency sites)	983,284	936,357	922,605	906,704
# of page views on the Idaho.gov homepage	7,703,983	5,337,675**	3,102,129**	2,762,308**
<b>Key Services Explanatory Note:</b>				
*The Federal Surplus Property (FSP) average costs savings to public entities is calculated by comparing the market value of products sold to the price paid by the donee.				
**In FY 2014, the State launched its new and improved Idaho.gov site. The new website has increased indexing capabilities which allow users to find what they need with faster. The trend is that more and more views are being made via mobile devices.				

## Performance Highlights

### Support of FY2016 Strategic Plan Goals

#### Department-Wide Progress

During FY16, Administration sustained its internal efforts to address dominant themes of an Employee Satisfaction Survey: **Communication, Training and Compensation**. The department made a concerted effort to utilize the department's **intranet website**, sending frequent communication from the Director to share important information, and hosting division and 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

The Office of Group Insurance (OGI) provides a robust benefits package to State of Idaho employees as an important component of their total compensation. In FY16 OGI 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**; they 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 OGI.

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 (DPW)

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 (DOP)

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, LSO 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 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 **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 State of Idaho

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 (OCIO)**

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 to expand on that participation. Direct ITA participation in the annual IT Strategic Planning process brings important agency-business perspective to the effort.

Virtual services accessed through high-availability networks (aka cloud services) has been 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.

Contingent upon a legislative appropriation, the OCIO 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.



**Part II – Performance Measures.**

Performance Measure		FY 2013	FY 2014	FY 2015	FY 2016	Current Year
<b>Goal 1 Customer Satisfaction</b>						
1. Have a department-wide average rating at least “4” on our agency survey measuring attitudes in external customer satisfaction. Likert scale ranges from 1: Highly Dissatisfied to 5: Highly Satisfied.	actual	4.2	4.22	4.15	4.32 (*See notes for breakdown by division/program)	-----
	benchmark	4	4	4	4	Average rating of “4” on Likert Scale for measuring attitudes in regard to the Department’s level of service.
<b>Goal 2 Professional Development</b>						
2. Increase employee professional development training over a three-year period beginning FY 2013.	actual	Training has increased but Admin is still developing the mechanism to track and quantify this increase.	Training has increased but Admin is still developing the mechanism to track and quantify this increase.	56.83%	61.15%	-----
	benchmark	N/A	N/A	20%	20%	By 2015, 20% of Administration employees will have attended professional development training.
<b>Goal 3 Insurance Rate</b>						
3. Ensure the state’s annual insurance rate increase falls within 2% of the industry’s defined average increase for medical/dental insurance.	actual	**State’s Increase = 4.3%	**State’s Increase = 9.0%	**State’s Increase = 6.1%	**State’s Increase = 11.6%	-----
	benchmark	***Industry benchmark = 8.4%	***Industry benchmark = 7.8%	***Industry benchmark = 7.8%	***Industry benchmark = 8%	Annual insurance rate increase for medical/dental costs are within 2% of current industry benchmark

## Performance Measures Explanatory Notes

### Goal #1:

- \* Breakdown of customer satisfaction ratings by program/division. (Likert scale ranges from 1: Highly Dissatisfied to 5: Highly Satisfied.)

	FY15	FY16
Office of Group Insurance/Employee Benefits Program	4.21	4.26
Office of the CIO (OCIO)/IT	3.86	4.13
State Purchasing	4.00	3.79
Postal	4.00	4.29
State Copy Center	3.90	4.47
Design & Construction	4.20	4.35
Facilities Services	3.75	4.34
Statewide Leasing	4.37	4.6
Administrative Rules	4.47	4.61
Risk Management/Liability & Property Casualty	4.41	4.23
Agency Support (HR & Fiscal)	4.26	4.21
Director's Office	4.31	4.58

### Goal #3:

- \*\* State's increase is calculated as the percentage increase of State cash cost per employee year over year. Calculations are refined as the claims associated with each fiscal year are settled and closed during the run-out period.
- \*\*\* Industry benchmarks are a weighted calculation of active employee trend and retiree trend.

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