

MISSOURI OFFICE OF ADMINISTRATION: EFFICIENT, EFFECTIVE GOVERNMENT



2014 ANNUAL REPORT

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Commissioner's Message

DOUG NELSON



TO THE GENERAL ASSEMBLY AND THE CITIZENS OF MISSOURI:

The Missouri Office of Administration, created by the General Assembly on January 15, 1973, combines and coordinates the central management functions of state government as clarified and amended by the Omnibus State Reorganization Act of 1974.

Efficient & effective government is a model we strive to achieve every day.

Comprised of a team of highly-motivated professionals, our senior management staff represents an array of professionalism, talent, experience and diversity that embodies the spirit of our state.

The 2014 Annual Report highlights the immediate accomplishments and challenges of the Office of Administration. Read about how our organization operates, functions and communicates to ultimately carry out the agency's duties and responsibilities on behalf of the citizens of Missouri.

Many states across the country are learning to function with smaller budgets than in the past, and we are no different here in Missouri. We focus daily on adapting our output to strive for a leaner, more efficient and effective government, while still providing the high-quality services our employees and citizens have come to expect.

I look forward to working with you on the important projects and initiatives that are before us. Together, we will keep building a better Missouri.

Sincerely,

Douglas E. Nelson
Commissioner of Administration

What is the Office of Administration?

The Office of Administration (OA) combines and coordinates the central management functions of state government. OA provides services for state agencies and serves as the state's administrative office. The core functions provided by OA include:

- Administering the state budget and accounting activities for the state.
- Administering the human resources system and providing HR services.
- Coordinating information technology services and telecommunications for state agencies.
- Providing and maintaining office and other space for governmental operations and protecting the state's investments in property assets.
- Procuring supplies, materials, equipment and services for state agencies.
- Managing the state transportation fleet, vehicle maintenance, state printing, risk management and central mail services.

Statutory reference:
Chapter 37
(Created by General Assembly on 1/15/73; responsibilities were clarified & amended by the Omnibus State Reorganization Act of 1974).

OA Divisions:

1. Accounting
2. Budget & Planning
3. Facilities Management, Design & Construction
4. General Services
5. Information Technology Services
6. Personnel
7. Purchasing & Materials Management

Commissioner's Office

DOUG NELSON



Commissioner

RENEE SLUSHER



Deputy Commissioner/
General Counsel

WALTER PEARSON



Assistant
Commissioner

EMILY KRAFT



Special
Assistant

BRETT BERRI



Legislative
Liaison

RYAN BURNS



Public Information
Officer

WANDA SEENEY



Community Outreach &
Marketing Director

KRISTEN PAULSMEYER



Legal Counsel

AARON HART



Human Resources
Director

GERRI HOWARD



Budget Officer

SHERRECE SMITH



Executive
Assistant

SARA VANDERFELTZ



Administrative
Assistant

KRISTEN
PAULSMEYER
Legal Counsel

SARA
VANDERFELTZ
Administrative
Assistant

DOUG
NELSON

SHERRECE
SMITH
Executive
Assistant

RENEE
SLUSHER
Deputy
Commissioner/
General Counsel

BRETT
BERRI
Legislative
Liaison

EMILY
KRAFT
Special Assistant
to the
Commissioner

RYAN BURNS
Public
Information
Officer

WALTER
PEARSON
Assistant
Commissioner

GERRI
HOWARD
Budget Officer

WANDA
SEENEY
Community
Outreach &
Marketing
Director

AARON HART
Human Resourc-
es Director

CELESTE
METCALFE
Director of
OEO

Office of Administration Organizational Chart

Director's Office

DOUG NELSON



Commissioner

STACY NEAL



Accounting

LINDA LUEBBERING



Budget & Planning

CATHY BROWN



Facilities Management,
Design and
Construction (FMDC)

MARK S. KAISER



General
Services

TIM ROBYN



Information
Technology Services
Division
(ITSD)

NANCY JOHNSTON



Personnel

KAREN BOEGER



Purchasing

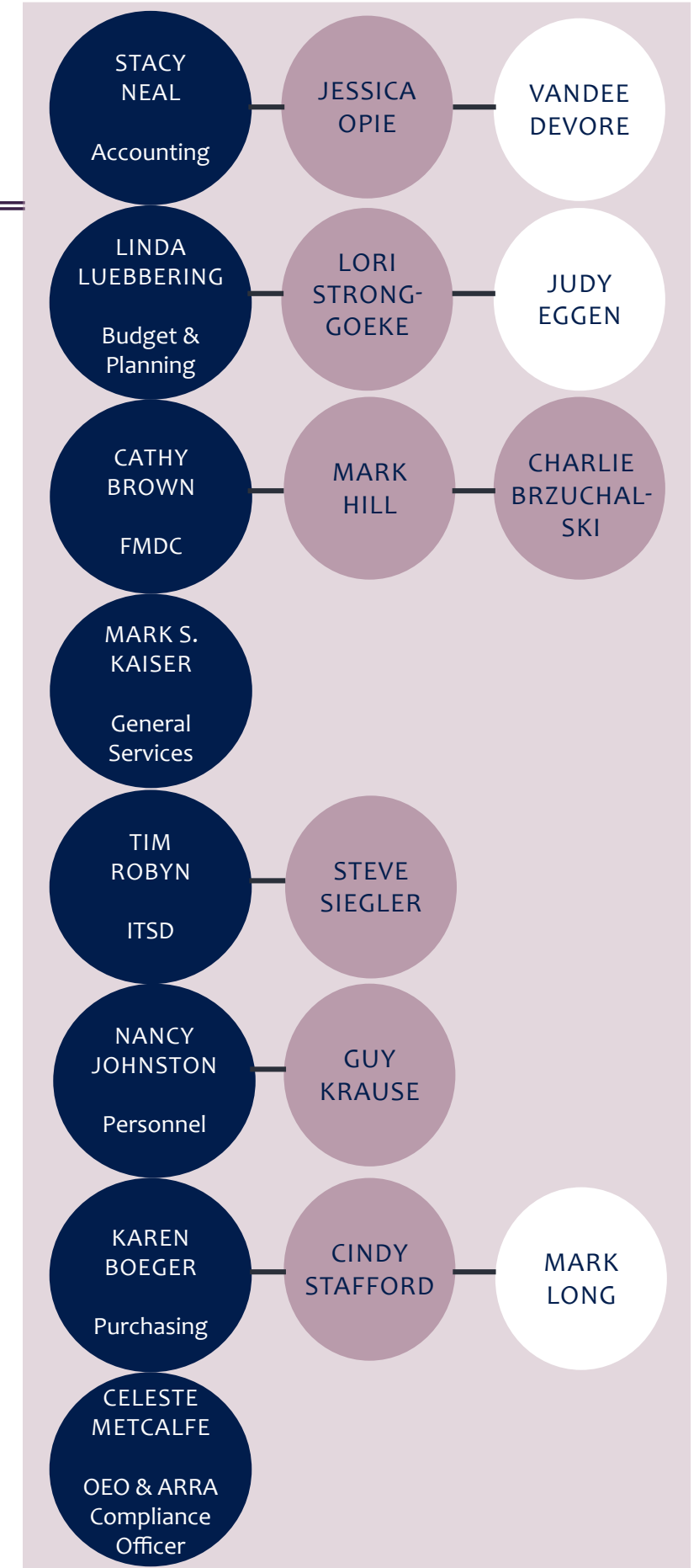
CELESTE METCALFE



Office of Equal
Opportunity & ARRA
Compliance Officer

DOUG
NELSON

Director's Office Organizational Chart



Division of Accounting

ACCOMPLISHMENTS:

1. **Debt Restructuring** – In 2014, OA played an integral part in refinancing outstanding state bonds in order to take advantage of the historically low interest rates. These transactions resulted in savings to the state in the millions of dollars over the life of the debt. The lower interest rates helped to achieve the following economic and budgetary savings:

Board of Public Buildings Refunding bonds issued in August 2014:

- Provides cash savings of \$11.2 million over the life of the bonds.
- Achieved present value savings of approximately 7.92% of the par amount refunded.

In addition to refunding transactions, OA helped facilitate a new money bond issuance of \$92.7 million of Missouri Development Finance Board, State of Missouri sponsor, for the construction of a new Fulton State Hospital. This bond issuance is the first new money issuance that OA has helped to facilitate since 2007. The issuance is just one of an estimated two bond deals totaling \$200 million to finance the new mental health facility.

2. **Missouri's AAA Bond Rating Reaffirmed** – The state's AAA bond rating was reaffirmed during 2014. All three credit rating agencies: Fitch Ratings; Standard and Poor's; and Moody's Investors Service have rated Missouri's general obligation debt as AAA. Missouri's rating, currently higher than the U.S. sovereign rating, is equaled by only 11 states. The rating, which applies to general obligation bonds issued by the state, allows the state to borrow with lower interest rates, thereby saving the state money. Missouri's conservative financial management has contributed to the state maintaining the AAA rating since 1989.

3. **SEC Municipalities Continuing Disclosure Cooperation (MCDC) Initiative** – The Securities and Exchange Commission (SEC) announced the MCDC initiative in March 2014 which requires issuers to self-report potentially material misstatements in official statements about past compliance by issuers within its continuing disclosure undertakings. The SEC has also indicated that after the self-reporting deadline, they will initiate enforcement actions against issuers

that do not report eligible violations and will seek harsher penalties than those that did self-report. To determine whether OA should report any of the bond issuances on which OA worked, OA along with the assistance of bond counsel, reviewed the undertakings of the prior 10 years and official statements of the prior five years to determine whether there had been any misstatements made. The review determined that a few minor compliance issues occurred. However, OA, as well as bond counsel, believe that the misstatements were all immaterial. As a result, OA did not self-report any misstatements to the SEC by the December 1, 2014 deadline.

4. **Social Security** – The State Social Security Administrator is responsible for maintaining and administering provisions of the state's Social Security coverage agreement, extending Social Security coverage to the state's political subdivisions and the proper application of Social Security and Medicare coverage. These agreements, referred to as Section 218 Agreements, represent a mutual commitment to assure that participation in the Social Security program is a viable part of employee benefit programs available to public employees. In 2014, the State Administrator submitted 18 coverage agreements, conducted direct communication with 70 county health department administrators, two face-to-face educational sessions for county health departments, two explanatory conference calls with boards, and one referendum for proper coverage. There have also been presentations and other contacts with various entities regarding the complexities of coverage.

Employees:

49

Budget:

\$2,098,274

(*includes PS & EE)

STACY NEAL



Division Director

5. **Employee Benefits** – The recent passage of the Affordable Care Act imposes regulations on all large employers to offer health insurance coverage to all full-time employees, which are defined as employees that work 30 hours or more on average. Accounting worked with other state agencies and divisions within OA to implement the Act and created parameters in order to pull payroll information from the state's accounting system. Accounting worked with the Information Technology Services Division (ITSD) to create reports to pull variable hour employees that were subsequently offered health insurance coverage by their respective plans. We will continue towards full implementation of the Act during Fiscal Year 2015 by adding new employees to the reports on a monthly basis. Additionally, we modified the Code of State Regulations for the Cafeteria Plan to reflect changes needed to comply with the act.

6. **Electronic Routing System** – Accounting worked with ITSD to create an electronic routing system for state-wide forms which was loosely based on a system developed by the Department of Insurance. The system was named MODOCS and currently contains five enterprise-wide forms including the Out of State Travel, Monthly Expense Report, Request to Fill, SAM II HR and SAM II Financial Security Request forms. The system is currently operational for only

OVERVIEW

The Division of Accounting provides central accounting services for all state agencies. This includes producing checks, ACH payments and providing technical support for the statewide accounting system.

In addition, the Division provides a central payroll processing and reporting function for all State agencies including processing wage garnishments, direct deposit of State employee pay and providing technical support for the statewide HR system.

Accounting is also responsible for providing numerous statewide financial reports. This includes the Comprehensive Annual Financial Report, cash flow reports for the General Revenue Fund and three different debt reports.

The Division monitors and provides oversight of the employee benefits program. This includes transfers from agency funds to a central statewide fund from which the benefit providers are paid.

Accounting also provides support and oversight for the issuance of State debt. This includes communication with Moody's Investors Service, Standard & Poor's and Fitch Ratings to maintain the State's AAA rating.

the Office of Administration. However, we are working toward adding other agencies as well as additional forms to increase the functionality of the system. The creation of this system allows for more efficient routing of the forms through the appropriate approval process and the next approver in the system is set up based on the organizational structure of each unit. Employees that have submitted a form are able to track the progress of the form from start to final approval.

CHALLENGES:

- 1. Social Security** – The State Social Security Administrator duties continue to have significant coverage challenges. The number of entities that exist without a proper coverage agreement is unknown. As a result, significant communication and education challenges exist. Efforts are underway to amend state regulations related to the requirements of 218 coverage agreements with political subdivisions. This rule change would eliminate the requirement for every political subdivision to have an agreement and would coincide with the federal requirements related to mandatory Social Security coverage if entities do not participate in a Federal Insurance Contributions Act (FICA) equivalent retirement system. Communication efforts are ongoing to educate and inform affected individuals. The role of the State Administrator is neutral, yet explaining the impact to benefits when an entity has been contributing without the legal means to do so can be quite challenging.
- 2. Cash Flow** – Cash balances in the general revenue (GR) fund continue to remain low. Borrowing from the budget reserve fund has been necessary each fiscal year from 2008 to the present. The FY15 anticipated ending cash balance indicates additional borrowing may be required in FY16. Accounting will continue to closely monitor GR cash balances and borrow as necessary to ensure all payments are processed timely. This condition is expected to persist until structural changes are made in the budget.
- 3. Employee Benefits** – The Office of Administration successfully implemented the requirements of the Affordable Care Act by offering health insurance coverage to all full-time employees, which are defined as employees that work 30 hours or more on average. While this was an accomplishment for 2014, the reporting requirements of the Act will be a challenge for the division in 2015. The IRS has released draft forms that would be required

for compliance of the Act. Based on the drafts released, we feel that gathering the information in the format that is proposed will be challenging. Information that is available will have to be combined together from many different sources creating hurdles to accurately report the data.

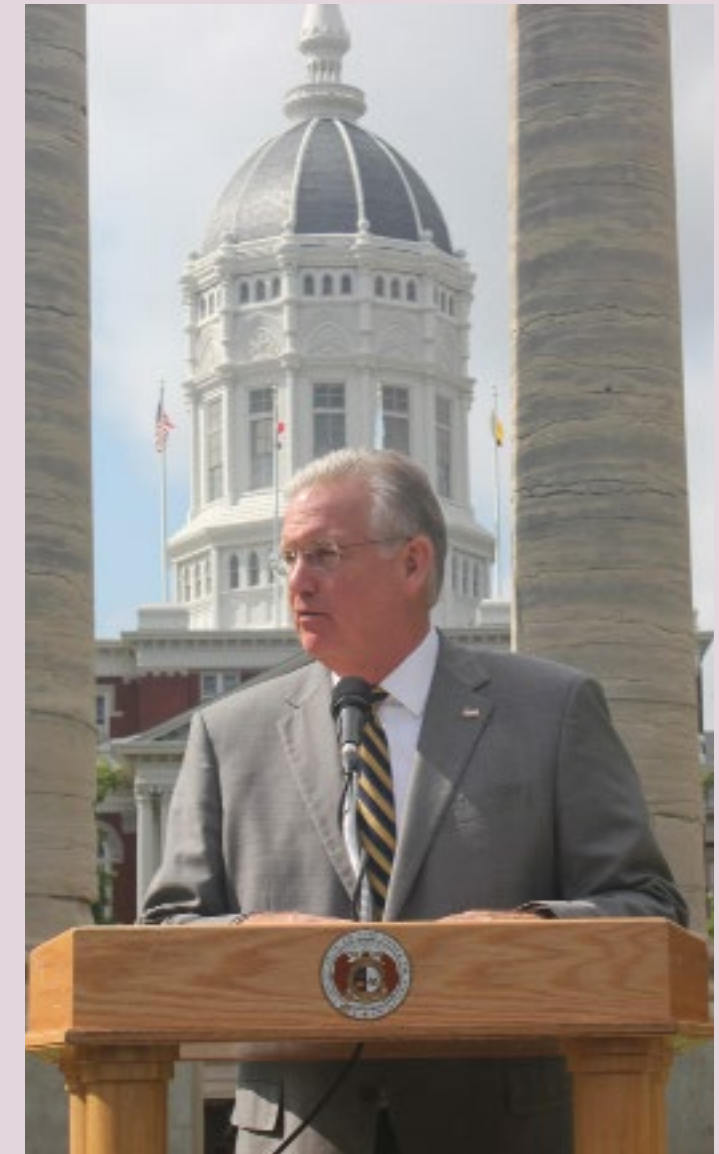
4. Tax Compliance – Over the past few years, the IRS has pushed for greater post-issuance compliance on tax-exempt financing. Accounting has faced many challenges with going back to old debt issuances and getting the necessary and required documentation to meet IRS regulations and guidelines. It is imperative to have the files in place in order for the state to continue financing projects on a tax-exempt basis, which allows the state to issue debt at lower interest rates. In addition to the tax compliance challenges on existing outstanding debt, there will be additional challenges relating to new money debt issuances. This includes keeping track of all detailed expenditures of debt proceeds as well as making sure all spending is done within the specified time frame to avoid financial penalties with the IRS. Both will require additional scrutiny that was not there in the past.

5. Comprehensive Annual Financial Report (CAFR) – Accounting is responsible for producing the state's CAFR. The report should be issued by December 31st each year. However, Accounting has had challenges meeting that deadline. We have begun educating state agencies on what is needed from them to get the report completed in order to make the process more efficient. In addition, we regularly look for ways to reduce our staff hours and make our work papers more efficient. Even with these improvements, it is still a challenge to complete the CAFR in a timely manner as most years there are additional reporting requirements added by the Governmental Accounting Standards Board which adds additional complexity to the process. The process is manual due partially to an out of date accounting system and the fact that the information used comes from many different sources. We will continue to look for ways to improve the timeliness of issuing the report while

still maintaining the integrity of the data found in the report.

6. Statewide Cost Allocation Plan – Accounting has met with the U.S. Department of Health and Human Services (HHS) regarding the Statewide Cost Allocation Plan. Each year, Accounting seeks HHS approval of the plan to generate additional federal funding for state agencies with federal grants. The plans for 2007-2012 have been partially approved; however, issues remain related to the consolidated Information Technology Services Division and Facilities Management Design & Construction for the 2007-2012 plan years. Accounting is waiting on communication from HHS as all questions have been answered to date.

7. Inefficient Statewide Accounting System – Accounting is tasked with managing the state's statewide accounting system (SAM II), which has not been significantly updated in 15 years. One step has been made to try to partially modernize the state's financial processes. During 2014, a request for proposal was issued for a new electronic purchasing system (e-procurement) and a contract was awarded. The e-procurement system would feed information into SAM II and create documents which will help to automate the process of making a payment in SAM II. This process of implementing the new e-procurement system will be time consuming and will require extensive training of state agencies. Communication and getting all agencies on board with a new system will be challenging but we feel the end result will help modernize our system, at least partially, which will increase efficiencies and reduce administrative costs.



Governor Nixon visits the University of Missouri to discuss the impact of House Bill 253 on higher education and the State's AAA credit rating.

“From Day One, we have maintained a laser-like focus on balancing the budget and maintaining Missouri’s perfect AAA bond rating.”
Governor Jay Nixon

Division of Budget & Planning

ACCOMPLISHMENTS:

- 1. Maintaining a Balanced Budget** – Budget and Planning assisted the Governor’s Office with finding solutions, including cost-containment options, to ensure a balanced budget and that limited resources were focused on the state’s priorities. The Division also provided the Governor’s Office with information on legislation that may negatively impact the budget.
- 2. Legislative Analysis** – The Division completed reviews on 169 Truly Agreed To and Finally Passed (TAFP) bills and 80 legislative proposals, providing thorough analysis of policy and financial issues to the Governor’s Office for consideration during its review of legislation.
- 3. Continued Efficiencies** – The Division worked with all departments to continue to find efficiencies in their budgets. For example, the division worked with multiple departments to develop strategies to fund Medicaid expansion as proposed by the Governor. The Division worked with the Departments of Mental Health and Social Services to improve monitoring of the successful Health Homes Program. The Division worked with Department of Health and Senior Services on efforts to target resources to assessment and reassessment efforts.
- 4. Fiscal Note Improvements** – The Division’s leadership worked with members of the General Assembly and their staff, along with other departments, to respond to questions regarding the Executive Branch’s response to legislative fiscal notes and participated in an ongoing effort to improve the process and responses. The division worked over the summer with the Oversight Division on forms and training. Budget and Planning trained approximately 100 staff from state departments on the new process and how to improve our coordination and responses.
- 5. Clean-Up Legislation** – Budget and Planning worked with the General Assembly, the Governor’s Office and departments to draft and review multiple clean-up bills during the 2014 session related to the criminal code, reorganizations, duplicate sections and expired/obsolete statutes.
- 6. Lottery Review** - Budget and Planning staff completed a comprehensive review of Missouri Lottery operations which included making contacts with every state to assess various methods utilized for lottery operations. This information provides a resource for decision makers.
- 7. Medicaid Expansion** – The division assisted with policy development, fiscal analysis and presentation of the Medicaid expansion proposal. This involved coordination between various departments, interactions with various legislators and advocate groups and public dissemination of the information.

Employees:

26

Budget:

\$1,675,220*

(*includes PS & EE)

LINDA LUEBBERING



Division Director

CHALLENGES:

- 1. Continued Budget Challenges**– Despite a recovering economy, uncertainties at the federal and international level led to challenges at the state level. Budget and Planning continued to assist the Governor’s Office by ensuring the state budget remained balanced by analyzing and tracking spending and revenues and by providing analysis, options and recommendations for action.
- 2. Legislative Priorities** – To assist with the budget challenges and continue to move the state forward, it was essential to continue to make progress in new legislation, without negatively impacting the state’s budget situation.
- 3. Federal Budget Uncertainty** – The federal budget for the current fiscal year began late and operated under continuing resolutions. Plans for future years are becoming more firm, but several uncertainties remain.
- 4. Revenue and Economic Projections** – Changes to the tax code at the state and federal levels, as well as the recovering economy, continue to impact the variables used to forecast the state’s revenue projections. In addition, the

OVERVIEW

The Division of Budget and Planning analyzes budget policy issues and provides information to the Governor’s Office, Commissioner’s Office, General Assembly, Missouri’s Congressional delegation and state, local and federal agencies.

In addition, the Division reviews state agency fiscal operations, prepares annual budget instructions, analyzes budget requests and prepares the annual Executive Budget and appropriation bills. Division employees analyze the state economy and tax issues, estimate revenue collections, track agency performance measures and draft fiscal notes.

Budget and Planning also manages the automated state budget system.

The Division coordinates legislative reviews for the executive branch and analysis on the impact of federal issues on the State of Missouri.

The Division is the designated state demographic agency and has statutory duties for technical aid to the decennial redistricting of state House and Senate districts.

number of bills filed to cut state taxes and the complexity of those proposals both continue to increase.

5. Staff Turnover – The division experienced 16% turnover in 2014 and 32% turnover in staff assignments. The division will work to get our new staff up-to-speed on budget, legislative and policy issues during the next year.

“I have the best
Budget Director
in America.”
Governor Jay Nixon

Division of Facilities Management, Design and Construction

ACCOMPLISHMENTS:

- 1. Cost Savings** – The division continues to see significant costs-savings related to leasing operations as a result of renegotiation and termination of leases and janitorial contract savings. For the 2014 calendar year, FMDC reduced leased square footage by 15,772 square feet and associated janitorial costs by \$5,010.
- 2. State Capitol Building** – Currently, the replacement of the HVAC system is in the bidding stages. Also, the project to repair the window gaskets and hardware as needed is now complete. The project to replace the elevators throughout the building has bid and is under construction. The Senate mezzanine renovation project is complete. Lastly, negotiations are occurring with the selected designer for the exterior stonework and water infiltration project.
- 3. Energy** – The Division continues to realize energy consumption reductions. Through the first three quarters of the calendar year, energy consumption was down 4.59 percent compared to the base calendar year of 2008. This continues to exceed the Governor's Executive Order 09-18, which requires a two percent reduction per year. Since 2008, overall consumption is down by 18.81 percent.
- 4. Archibus and Energy Management Systems Cost Savings** – FMDC is working with ITSD and Talisen Technologies to improve these computer systems' performance to make them more reliable and operate more efficiently. The development and maintenance cost of these systems has decreased over \$1.4 million annually since calendar year 2008 (when \$1,823,000 was expended) to \$400,000 in 2014. Currently, these systems are being upgraded and integrated better within the state computer network. This will allow more efficient use of the systems by having improved software and more reliable hardware components.
- 5. Revenue Generated** – FMDC sold various properties through the normal conveyance process. Total income generated for 2014 was \$314,701.

Employees:

513.5

Budget:

\$53,128,193*

(*includes PS & EE)

CATHY BROWN



Division Director

OVERVIEW

The Division of Facilities Management, Design and Construction (FMDC) provides asset management services to assist state entities in meeting their facility needs for the benefit of the public. The division has five units including: real estate services, state-owned operations, institutional operations, project management/planning unit and the energy unit.

The mission is to provide a superior workplace environment for state occupants and their visitors and protect the state's investments in property assets. The goal of FMDC is to provide agencies with the information and resources that will support their development of high-performance workplaces – workplaces that will meet agencies' business needs and can be readily adapted to changing workplace practices and strategies.

6. Capital Improvement Projects

- Capitol: Senate Mezzanine Renovation
- Capitol: Window Gasket Replacement
- Senate Garage: Concrete Repairs
- House Garage: Waterproofing Application
- Tipton Correctional Center: Electrical Improvements and Fire Alarm Replacement
- MO State Fair: Storm Water Improvements
- DYS/Statewide: Security Improvements
- Fletcher Daniels State Office Building: Replace Chillers
- South County Habilitation Center: Replace Shingle Roofs—12 Buildings
- Broadway State Office Building: Replace Fire Alarm System
- Truman Building: Creation of New Health Clinic
- MSHP/GHQ: HVAC /Plumbing Renovations
- Mt. Vernon Vets Home: New Solarium & Therapeutic Space
- St. Louis Community Release Center: Replace Boilers

CHALLENGES:

1. **Leasing** – FMDC will continue to explore lease reductions and consolidation opportunities statewide for future leasing savings. Leases and rent payments have been significantly reduced over the last six years with a total reduction of 447,805 sq ft of leased space and \$6,553,345 savings in rent and janitorial expenses. Other departments are downsizing and/or consolidating, which may provide some additional lease reductions. As has occurred over the last six years, FMDC will continue to explore lease terminations and consolidations into state-owned space in an effort to save money.

2. **Talisen** – FMDC continues to review services provided by Talisen for major FMDC systems for future savings. The final migration from Talisen’s Data Center to the State Data Center late in 2010 has made the major FMDC systems more reliable, efficient and allows FMDC and ITSD the ability to maintain portions of the systems on their own reducing the monthly payment to Talisen for ongoing services. The Division continues to work closely with Talisen and ITSD in an effort to reduce payments as much as possible.

3. **P3 Delivery Model** - Working on developing and implementing the P3 delivery model for capital improvement projects in the public sector.

4. **Public/Private Partnerships** – Continuing to explore public/private partnerships utilizing upfront utility company funds to accomplish energy savings projects by:

- Continuing the exploration of the development of public/ private partnerships to reduce operational costs and improve efficiencies, while also pursuing collaboration with utilities to develop solutions that will provide mutual benefits in the areas of power, heat, water and wastewater at State facilities.
- Continuing implementation of efficiency improvements through upgrades of facilities systems and components utilizing operational funding, along with recent receipt of utility incentive rebate funds.

5. **Energy Savings** – Continue energy-savings projects by retrofitting lighting at various sites. The retrofitting entails

replacing existing inefficient lighting with much more efficient LED technology that far reduces the wattage required and offers a much greater bulb life. FMDC will continue to explore additional energy projects that offer a quick payback and significantly reduce energy consumption.

6. **Energy Education** – Have implemented energy education efforts to building occupants statewide regarding the importance of saving energy. This is in an effort to help meet the Executive Order requiring a two percent energy reduction. FMDC continues to work with the Department of Economic Development’s Division of Energy, through a grant that begins the education of building occupants in order to reduce consumption through direct education of employees.

7. **Capital Improvement Funding** – FMDC will continue to monitor capital improvement funding necessary to address deferred maintenance throughout the state. The Division continues to address maintenance and repair issues as they arise statewide.

8. **Staffing** – FMDC continues to face serious hiring challenges in various areas with the Division. Specifically, we have found it nearly impossible to find qualified and interested mechanical engineering applicants. In addition, degreed architects as well as structural engineers are difficult to attract to state government. Those applicants seem to be migrating to larger metropolitan areas once out of college and entering into the private sector. Their beginning salary structure in the private industry tends to be significantly greater than what FMDC has the ability to offer. Operationally, retention and career progressions of physical plant operators (refrigeration mechanics, HVAC techs, stationary engineers, boiler operators) and physical plant supervisors has become a critical, ongoing staffing issue.

“My administration has worked diligently to protect our perfect AAA rating and keep our state on a fiscally sustainable path. This sound fiscal management allows me to release these funds that can be put to use in several state programs and make long-term capital improvements.”

Governor Jay Nixon



Division of General Services

ACCOMPLISHMENTS:

- 1. Reduced Mileage Reimbursement Rates** - In an effort to assist agencies in cutting their costs of operation, the Office of Administration reduced mileage reimbursement rates by \$0.13 per mile during 2010 to the current rate of \$0.37 per mile. This action saved more than \$950,000 during FY10, more than \$2.5M in FY11, \$3.7M in FY12, \$3.75M in FY13 and \$3.62M in FY 14. Total five year savings is \$14.5 million.
- 2. Reduced Business Miles Driven** - State agencies reporting to the Governor reduced their FY14 business miles driven by 11 percent from FY09 levels, or 7.9 million miles. Five year savings as a result of the business mile reduction initiative total \$12.1 million (\$1.76M in FY10, \$3M in FY11, \$2.05M in FY12, \$2.44M in FY13 and \$2.8M in FY 14).
- 3. Continued Redirection of Business Travel to Lowest Cost Option** - For the ninth straight year, state agencies have redirected more of their business miles from mileage reimbursement to lower cost state vehicles and rentals. Since FY05, mileage reimbursement miles driven by state employees have dropped 56 percent from 43,698,576 to 19,301,303. While total business miles driven have dipped 13 percent over the period (194,368,350 to 169,822,110), the percentage of miles driven in state vehicles actually increased 10 percent (77 to 87 percent). Moving from the highest cost option of mileage reimbursement to the lower cost options saved an estimated \$772,000 in FY14 compared to FY05 levels.

Employees:
106
Budget:
\$4,756,692*
(*includes PS & EE)

MARK S. KAISER



Division Director

OVERVIEW

The Division has seven units that provide agencies with a variety of support services including: printing, fleet management, administration of the Legal Expense Fund, the state employee Workers' Compensation Program, vehicle maintenance, mail services and administration of the Missouri State Employees Charitable Campaign. The Division also provides staff to administer the Missouri Public Entity Risk Management Fund, a liability and property pool for Missouri public entities.

- 4. Reduced the State Vehicle Fleet** – In early 2010, most state agencies were asked to reduce the size of their fleets to achieve a reduction goal of 400 vehicles. To date, state agencies have reduced their fleets by 917 vehicles, returning more than \$2.4 million to the state.
- 5. Consolidated Agency Carpools** – Fleet Management consolidated Jefferson City-based pool vehicles in 12 agencies. To date, 128, or 44 percent, of these vehicles have been eliminated. Consolidating these smaller carpools reduced the number of required vehicles from 288 to 160, increased administrative efficiencies, maximized vehicle utilization and minimized the necessity to redirect business miles to more expensive options.
- 6. Increased State Vehicle Annual Utilization** - The average annual utilization of state pool vehicles increased to an all-time high. State pool vehicles averaged 19,030 miles in FY14, far exceeding the 15,000 mile minimum requirement set forth in the State Vehicle Policy – one of the highest standards in the nation for government fleets. Since the inception of the State Fleet Management Program, pool vehicle utilization has increased by nearly 45 percent from 13,140 miles in FY02 to 19,030 miles in FY14. Additionally, average annual utilization for employee transportation vehicles has increased over 47 percent from 13,314 miles in FY 03 to 19,615 miles in FY14.
- 7. Implementation of RESTORE** – The Risk Management unit, working closely with the Information Technology Services Division, implemented a new workers' compensation system that will improve accountability, functionality, productivity and efficiency. The Division of Workers' Compensation is developing a new reporting system of their own and RESTORE will provide electronic submission of data and an expanded interface with the new system.
- 8. Reduced Mail Services Costs to Agencies** – Central Mail Services decreased its annual service charges to state agencies by more than \$200,000 in FY15. Further efforts to reduce operating expenses along with greater postage savings generated through the use of mail sorting equipment enabled these savings to be passed on to agencies. OA now provides consolidated mailing services to state agencies for just over \$500,000 per year, nearly 64 percent lower than the total costs of just under \$1.4 million identified by state agencies as their costs before consolidation.



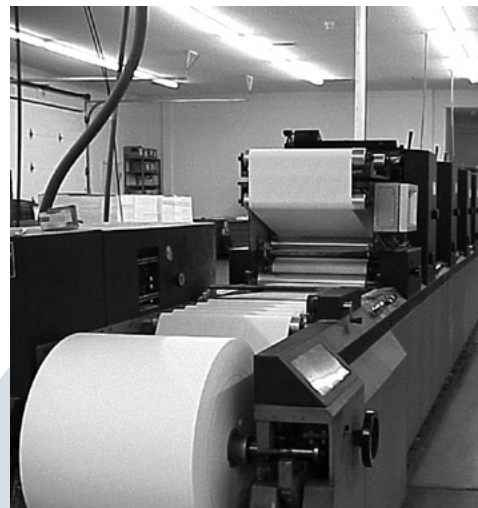
Governor Nixon, Commissioner Nelson and Director Kaiser join Missouri State Employee Charitable Campaign Coordinators at 2015 check presentation.

Reduced Mileage Reimbursement
Five year savings = \$14.5M

Reduced Business Miles Driven
Five year savings = \$12.1M

Redirected Business Travel Costs
Savings = \$772,000 in FY14

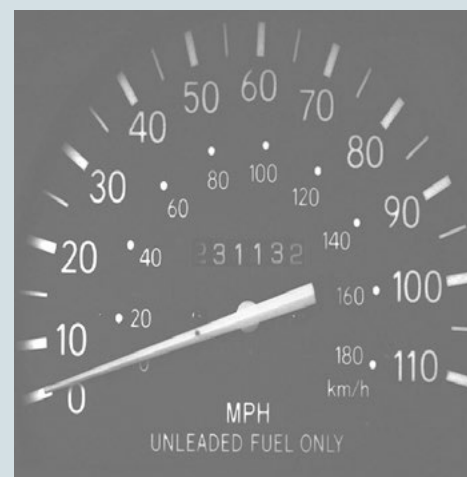
Reduced State Vehicle Fleet
Savings to date = \$2.4M



diminishing resources. The division prides itself in meeting these new challenges with innovative solutions that improve productivity, increase efficiency and lower costs.

To illustrate:

- State Printing has improved productivity by streamlining staff and responsibilities and utilizing emerging technologies. State Printing has not increased its labor rates for 15 years with charges remaining significantly below the prevailing market.
- Vehicle Maintenance continues to provide vehicle repair services at labor rates over 40 percent below the average local repair facility hourly rates.
- Central Mail Services provides mail processing services for state agencies in the Jefferson City area at a cost to the state nearly 40 percent less than was expended prior to consolidations.
- Risk Management processes workers' compensation claims at less than one-half the cost of other insurers doing business in the State of Missouri as reported by the National Council for Compensation Insurance and the Missouri Department of Insurance, Financial Institutions and Professional Registration.



CHALLENGES:

1. **Deteriorating Fleet Condition** – The condition of the general revenue passenger fleet continues to be a concern. Reliable and safe transportation is critical in providing essential state services to the people of Missouri. The annual general revenue investment in the passenger vehicle fleet alone should be at approximately \$2.7 million to maintain the fleet at its present condition. However, general revenue funding over the past several years for these vehicles has fallen significantly below the required levels. At the end of FY15, 48 percent of the GR passenger fleet will exceed the 120,000 mile minimum replacement criteria, and by the end of FY16, 59 percent will be eligible for replacement. Without sufficient annual funding to replace aging vehicles, the condition of the fleet will deteriorate to a point where agencies are forced to utilize more costly travel options.

2. **Rightsizing the Carpool Fleet** – With the successful consolidation of agency carpool fleets, Fleet Management will continue efforts to reassign vehicles to maximize efficiency while maintaining high service levels to its carpool customers. The age, condition and mix of vehicles will be evaluated to ensure a proper balance of vehicles is available to agency customers.

3. **Managing with Limited Resources** – As with most agencies, General Services continues to provide increasingly complex and expanded services to state agency customers with

For the ninth straight year, state agencies have redirected more of their business miles from mileage reimbursement to lower cost state vehicles and rentals.

Since FY05, mileage reimbursement miles driven by state employees have dropped 56 percent.

Division of Information Technology Services

TIM ROBYN



Chief Information Officer (CIO)

Employees:
1,035
Budget:
\$211,657,635*
(*includes PS & EE)

ACCOMPLISHMENTS:

Digital States Survey – Missouri was one of three states to receive an “A” grade in the Center for Digital Government’s (CDG) 2014 Digital States Survey. Grades are assigned by the CDG “based on quantifiable results in better serving citizens and streamlining operations” through the use of digital technology. According to the CDG, “The states that scored A grades did the best job of making their strategies consistent with their

state’s priorities and policies; proving a quantifiable return on investment through IT; demonstrating progress over the past two years; using creative and innovative solutions; collaborating between departments and jurisdictions; and using successful approaches to transparency, privacy and security.”

Best of the Web – The CDG named mo.gov a finalist in its 2014 Best of the Web awards, placing it in a tie for 6th best state portal in the U.S. According to the CDG, “the annual BOW awards, the original and most popular state and local government website competition, recognize and honors outstanding government portals and websites based on their innovation, functionality, productivity and performance.”

1. **Cybersecurity** - Protecting state assets, networks, systems and data is a challenge for all states and the threat to our cybersecurity from identity thieves, hackers and advanced persistent threats becomes more challenging to defend against every month. Hackers are not only using automated attacks against our state in an attempt to identify vulnerabilities that they can exploit, their use of social engineering and spear phishing is getting more and more sophisticated. This means that every state employee, not just IT, plays an important part in defending against these very real threats.

ITSD received additional funding for cybersecurity from the Governor and Legislature during the 2013 legislative session. These funds continue to be put to use by ITSD’s team of cybersecurity professionals as they enhance the state’s cybersecurity systems and train state employees in cybersecurity best practices.

OVERVIEW

ITSD is the information technology unit for nearly all state government agencies that are under the umbrella of Missouri’s 14 consolidated departments. ITSD also provides network services to all other Missouri state government agencies.

The Missouri State Data Center (SDC) is the state’s private cloud and provides a cost effective, uninterruptable hosting environment to support state IT needs.

The Networks and Telecommunications team is responsible for the communication infrastructure that provides essential support to state government agencies. Advancements by the team have enhanced business operations, making communications within state government and with Missouri citizens more efficient.

The Office of Cybersecurity works to ensure information and information systems maintained by the state are protected and appropriate safeguards are in place to reduce potential risks. Successful cybersecurity management allows networks to operate at maximum capacity while protecting citizens’ data.

The Project Management Oversight Office (PMO) provides guidance on development and maintenance of IT contracts and assists IT project managers on the performance of their duties when necessary. The PMO also assists and advises on various IT governance initiatives.

The End User Support (EUS) group provides a wide range of IT assistance to employees of consolidated agencies within state government and some public entities that are affiliated with these agencies. State employees can make an IT support request by utilizing the online “helpdesk” ticket system or calling the Tier I call center. Problems are resolved by Level I and Level II technicians.

The Office of Geospatial Information (OGI) coordinates and supports Geographic Information Technology (GIT) for the State of Missouri, governing all technologies and standards related to the development of the state’s geospatial infrastructure, data and metadata.

Application Development teams work closely with state agencies to develop and maintain the software used by state agencies to fulfill their core missions.

The Web team provides technical support and expertise to all agencies and maintains web portals that support the state as a whole.

2014 accomplishments include:

- Data Loss Prevention (DLP): To further protect against accidental and malicious data loss, OCS implemented controls throughout the network and on endpoints. These controls, managed by a Data Loss Prevention (DLP) system, block data from leaving the network and/or notify the appropriate agency employee when Personal Identifiable Information (PII) or other sensitive data is at risk of leaving the state's domain.
- Intrusion Prevention System (IPS) Replacement: Next-Generation IPS goes beyond traditional functionality and offers greater insight and correlation to activity on the network. ITSD installed a Next-Generation IPS in order to enhance security and make it more difficult for Advanced Persistent Threats (APTs) to cause a problem.
- Network Access Control (NAC) Expansion: ITSD expanded its existing NAC solution, formerly limited to several physical and wireless networks, to the remainder of the networks. NAC expansion ensures only authorized devices are on the network. Unauthorized devices will be quarantined until they meet ITSD's standards
- Security Information and Event Management (SIEM) Replacement: ITSD coupled its new IPS with a best in class SIEM solution. ITSD has improved security intelligence due to the information provided by the SIEM. An upgraded SIEM solution correlates more logs from servers, firewalls, workstations and other sources than ITSD's former implementation. In doing so, ITSD has greater insight into the threat landscape of the state network.
- Advanced Malware Analysis - Malware detection enables ITSD to detect the presence of malware on the state network by analyzing inbound and outbound network traffic. Malware analysis mitigates the risk of unknown malware (zero day malware that anti-virus would not detect) and enables the state to respond swiftly to security incidents.

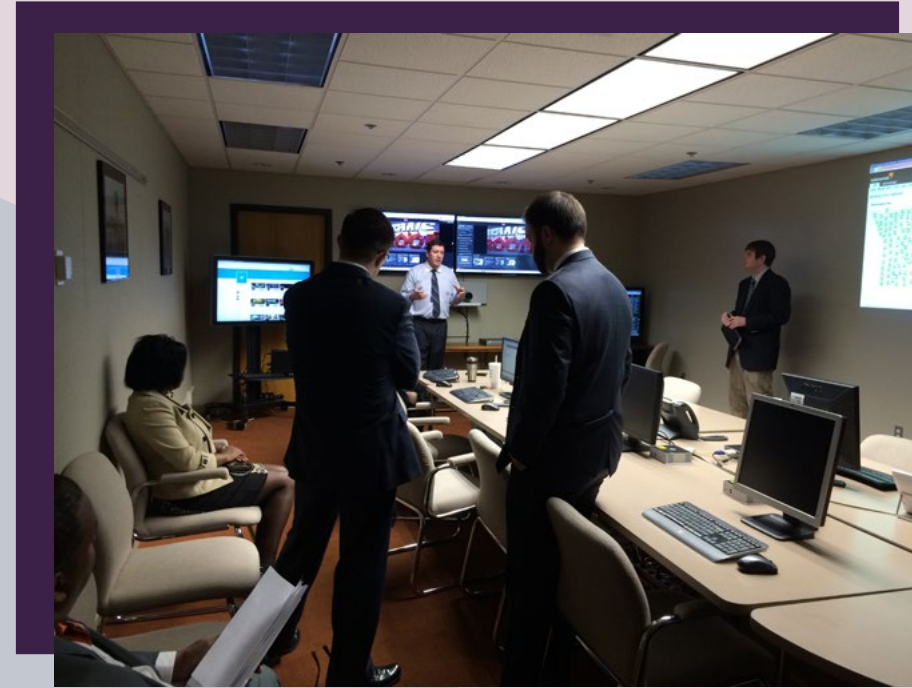
2. **Legacy System Modernization** - Several legacy system modernization projects are currently underway that serve to:

- Enhance program effectiveness
- Improve productivity and reduce long-term costs

- Increase citizen access to state services, information and data
- Reduce risk of system outages and failure

Below are updates on a few of the large legacy system modernization projects:

- Department of Social Services: Missouri Eligibility Determination and Enrollment System (MEDES): MEDES is a case management system that will eventually provide eligibility determinations and enrollment in Medicaid and Human Services programs. Development began in June 2013 with a contract awarded for systems integration services to design, implement and maintain the MEDES. The MEDES Citizen Portal was implemented on October 1, 2013. The portal provides an online application for family Medicaid that incorporates the Single, Streamlined Application. This provides convenience to the applicant by sharing the information from a single application for multiple programs. The MEDES Case Worker portal for DSS employees was deployed in January 2014. Subsequent releases and MEDES projects will continue in 2015.
- Department of Labor & Industrial Relations: Unemployment Insurance Modernization (UIM): The current Unemployment Insurance Benefits and Tax Systems have served the state for many years (parts of these systems are over 40 years old), however the risks associated with continuing to use the system have increased over time. These risks stem from its poor documentation, complexity, and use of legacy technologies that make it increasingly difficult to support and modify. The system also inhibits DOLIR from fully automating and modernizing its business processes. UIM began in February 2013 and will be completed in over a 3 year period.
- Department of Revenue: Integrated Revenue System: In order to take advantage of newer technology and better serve its constituency, DOR is replacing its current primary legacy systems with a new Missouri Integrated Revenue System that must support all of the essential functions of tax administration and collection. The system is a Commercial-Off-The-Shelf (COTS) system that is developed and supported by Revenue Solutions, Inc. (RSI). This multi-year project began in 2012. Release 1, which included all core system



Members of the General Assembly tour the Cybersecurity "War Room."

functionality and is specifically targeted to be used for registration and tire and battery fee processing, went live in February 2014.

Despite the progress noted above, the state maintains over 100 legacy systems. Many of these systems are neither effective nor efficient, are difficult to access and not sustainable in the long term. Investing in the modernization of those systems is a good opportunity for the state.

3. **E-Government** - E-Government is defined as the use of technology to improve the effectiveness and efficiency of the delivery of government services and information to citizens, businesses and government agencies. E-Government initiatives and projects leverage technology to improve program performance, stretch budget dollars, increase state employee productivity, and simplify citizen access to government services and much more.

Below are some notable accomplishments:

- OA: Workers' Compensation: The Risk Enterprise System to RESTORE Employees (RESTORE), which manages workers' compensation claims for employees of several state agencies and universities, was implemented on July 1, 2014. Created using the .Net platform, RESTORE replaced the Risk Management System that has

been in use since 1993 and was based on block mode, green-screen technology that is now outdated. RESTORE provides new and improved functionality in the areas of payments, claim subrogation and claim event documentation, streamlines federally required Medicare reporting, eliminates paper-based processing for claim forms and settlement negotiations, and enhances the ability to track trends and manage costs efficiently and effectively.

- MDA: Online Forms: 52 paper forms were converted to online forms with ePayment options for the convenience of constituents.
- MDA: Egg & Milk System: A new web-based system was deployed to manage the license, inspection and regulatory requirements of egg and milk producers regulated by the Weights, Measures, and Consumer Protection Division's Device and Commodity Inspection program. The system includes an online portal for licensee self-service. A mobile solution lets field staff work in remote settings and eliminates a paper form and US Mail process. This system has the capabilities of capturing more information that can be utilized for reporting and will reduce the office personnel's time during renewal as more licensees take advantage of paperless features of the system.
- DNR: Hazardous Substance Site Locator: DNR's

Hazardous Substance Site Locator allows the public to conduct web-based searches for hazardous substance investigations and cleanups within a specific community or area. Prior to development of this application, information was primarily available only through reviewing department paper files and county property records. Users now have a streamlined mapping interface with a single page view allowing them to click on a point or area to receive a site information summary, link to important departmental documents and have the option of downloading data layers to use in permitting, planning and development activities. This application provides a transparent, consistent information resource to help protect human health and safety. DNR was asked to present the application at a multi-state conference for Technology Innovation.

- DNR: Missouri Geosciences Technical Resource Assessment Tool (GeoStrat): GeoSTRAT is an interactive public mapping application developed to make geologic and hydrologic data readily available for public use. GeoSTRAT enables users to easily visualize and explore geospatial data using an interactive 3D map to view data such as water wells, sinkholes, historic mine locations, caves and springs. This data can be downloaded in formats compatible with a variety of free and commercial mapping software as a valuable tool in many areas including hazard identification, environmental engineering, emergency response, and insurance purposes. The application was featured as the lead article on Geology.com
- DNR: Underground Injection Control (UIC) Tracking Application: The UIC web based application allows the Missouri Geological Survey (MGS) division of DNR to manage and electronically exchange Underground Injection Control Class II and Class V well data to meet EPA reporting requirements. Prior to development, this data was managed in multiple legacy applications and data was submitted to the EPA via paper reports. New MGS business capabilities that have been expanded through development of the UIC application include auto generation of permit numbers which previously involved manual research and effort, the ability to issue multiple permits for an individual well and the ability to track changes in well types and well statuses in a single data store.

- DPS: Alcohol Sales Excise Tax e-Payments: The new system allows manufacturers and wholesalers to submit their monthly logs electronically to the state. In addition, manufacturers have the option to pay their monthly excise taxes electronically.
- DPS: Veteran's Benefits System: The new system allows for service officers to collect information on veterans in the State in a case management system. Service officers use the information to assist the veterans in filling out their VA claims forms. The information is routed to a review team who make sure it is completed successfully before submitting to the VA for processing.

CHALLENGES:

1. **Cybersecurity** – Protecting state assets, networks, systems and data is a huge challenge for all states. The threat to our cybersecurity from identity thieves, hackers and advanced persistent threats becomes more challenging to defend against every month. Hackers are not only using automated attacks against our state in an attempt to identify vulnerabilities that they can exploit, their use of social engineering and spear phishing is getting very sophisticated so security has really become a huge challenge for every state employee, not just IT. Additional funding that was provided in the current budget has been of great benefit, but vigilance must be maintained.

2. **Funding** – Funding is still a challenge for ITSD. ITSD took a big budget cut in FY2010 and the funding has not been fully restored. The reduction in budget has adversely affected our ability to refresh computers, network equipment and infrastructure. It has also impacted our ability to modernize over 100 legacy systems and our ability to use technology to increase effectiveness and efficiency. Examples of potential initiatives include:

- Enterprise Content Management
- Interoperability through Service Oriented Architecture and Master Data Management
- Small and Medium-Sized Legacy System Modernization
- Small and Medium Sized E-Government Projects
- Mobile Application Development



Members of the General Assembly tour the State's Data Center.

- Infrastructure Modernization and Refresh
3. **Recruiting and Retention** – Recruiting and retaining qualified staff is a challenge for ITSD because of many factors. These factors include:
- Nationwide talent shortage of IT professionals
 - High percentages of retirement-eligible staff across ITSD the last several years
 - Competition with private industry to attract IT staff
 - Missouri state employee pay rates

In an effort to overcome these challenges, ITSD continues to recruit, train and promote qualified employees as staff retire and/or resign for other opportunities.

4. **State Data Center** – A different location for the State Data Center is necessary in order to mitigate the risks associated with power, environmental control and potential flooding. This is a highly complex, multi-year project that will require additional funding regardless of whether outsourced cloud strategies are employed.

Protecting the state's assets, networks, systems and data from identity thieves, hackers and advanced persistent threats is a top priority.

Division of Personnel



Division Director

ACCOMPLISHMENTS:

1. **HR Transformation** - Efforts around HR Transformation continue. The transformation leverages current resources, reduces paper transactions and creates an effective and efficient system that is employee focused.

2. **Center for Management and Professional Development** – Over the last year, the Center for Management and Professional Development:

- Provided a variety of e-learning opportunities for learners via trainer-led webinars, the MyQuickCoach online coaching system containing brief 5-7 minute videos, and Insights on Demand, containing more than 60 self-paced courses that reinforce leadership skills, effectiveness and productivity.
- Implemented a new online Study Hall Series consisting of four separate leadership lessons, each containing a training video and a self-study manual. Learners have the option of contacting a Center staff member to discuss portions of the study guide and the developmental action steps they create based upon each lesson's content.
- Utilized various training professionals to create and present new classroom programs in the areas of leadership, emotional intelligence, managing generational differences, leading effective meetings, managing employee development and more.
- Offered Open Labs for Microsoft applications that allow learners to work with an instructor to receive answers to specific questions they have on software issues and receive "hands-on" help with their "real world" work projects.
- Provided frequent one-on-one technical support (via phone and on-site visits) to employees struggling with Microsoft Office and other agency-specific software challenges.
- Offered a week-long Training for Trainers program to provide new or potential agency trainers with the tools and skills needed to design and deliver agency-specific training programs in their respective organizations.
- Provided an Employment Issues Update training program for state managers, legal counsel and HR professionals focusing on critical legal updates and policies, attendance and fitness issues, pregnancy discrimination claims, handling difficult-to-manage employees and discharge and exit strategies.
- Developed and presented new SAM II HR programs to further support agency HR staff. The full curriculum now includes: SAM II HR Introduction, SAM II HR Position Control, SAM II HR Employee Maintenance, SAM II HR Deductions and Benefits, SAM II HR Time and Leave, and SAM II HR Pay for Agencies. Training on many of these topics has not been available since 2002.
- Upgraded computer training labs with either new or better computers to improve the learning environment and to offer more "high-end" customized/specific training programs for IT staff and other customers.
- Coordinated the In the Spotlight! Employee Recognition Website to promote the accomplishments of state employees. The site contains an employee "blog," videos of employees speaking on what motivates them to provide "great work" and state executives speaking about their employee's accomplishments. An In the

Employees:

55

Budget:

\$3,580,304*

(*includes PS & EE)

OVERVIEW

The Division of Personnel (DOP) assists all branches of state government by providing an effective and efficient statewide human resource management function, as well as guidance in several areas. Along with the Division of Personnel, the Personnel Advisory Board is responsible for the operation of the Missouri Merit System, the Uniform Classification and Pay (UCP) System and other HR management functions established by Chapter 36, RSMo. The director of the Division of Personnel and other division employees act as staff to the Board in its oversight and policy making responsibilities. The four major programs of the Division are as follows:

The Employee Services section develops and administers position classification for agencies covered by the UCP System; ensures employees are assigned to appropriate job classes and that new job classes are assigned to the appropriate pay range; reviews applications for employment within the Merit System; and develops, updates and administers Merit System examinations.

The Pay, Leave and Reporting section provides information on the UCP System pay plan; interprets policies on pay, leave and hours of work; provides assistance with the SAM II HR/ Payroll System; maintains registers of people from which agencies can select for Merit System jobs; ensures personnel transactions are in compliance with Chapter 36, RSMo; and administers the Productivity, Excellence and Results for Missouri (PERforM) State Employee Online Appraisal System.

The Center for Management and Professional Development (CMPD) develops and delivers interpersonal skills programs and management and supervisory skills training (comprised of workshops, webinars and other e-learning strategies) according to guidelines established by the State Management Training Rule (1 CSR 20-6). The CMPD also provides computer and technical skills training to help individuals increase their proficiency in Microsoft Office programs and other specialized software applications, and maintains computer training labs that allow agencies to bring their employees together in a pre-prepared training environment to increase staff proficiency in specialized or agency specific software programs. While primarily serving state agencies, the majority of CMPD programs and services are also available to city and county government employees and private sector businesses. In addition to training, the CMPD administers statewide recognition programs that include State Employee Recognition Week, State Employee of the Month, the Missouri Relies on Everyone (MoRE) State Employee Suggestion System, Missouri State Employees Award of Distinction, the Governor's Award for Quality and Productivity, and the employee recognition website, In the Spotlight. The CMPD also coordinates the WeSave Employee Discount Program.

The Human Resources Service Center (HRSC) provides administration of human resources by providing a single point of contact for Office of Administration management and employees to obtain consistent responses to human resources situations and issues. Within this section, the state operators provide responses to questions from the general public.

Spotlight Newspaper was also created and distributed to highlight specific employees and leaders and to promote the website.

- Marketed training programs to city and county government entities and the private sector to increase enrollments, control training costs and allow greater opportunities for learners to benefit from the experiences of their peers in other organizations.
- Enhanced marketing/social media outreach efforts by including links to “free” MyQuickCoach videos and articles addressing specific developmental topics in weekly advertisements for training programs.
- Championed the annual State Employee Recognition Day (SERD) event attended by nearly 6,000 state employees and approximately 100 vendors comprised of state agencies and local merchants.

3. **Working to Improve the Recruitment Process** - Various staff in the division worked with ITSD to launch the MO Careers website. This is a centralized location where career opportunities in all agencies of Missouri government can be advertised to job seekers. MO Careers accommodates postings for all types of jobs, and is not limited to merit positions or agencies. An added feature is that the career opportunities will also automatically post on www.jobs.mo.gov for applicants who are seeking assistance through the Division of Workforce Development’s Career Centers.

4. **UCP Class Specifications** – Staff responded to agency customers by completing a significant number of requests to revise or develop class specifications. One such request included assisting Children’s Division with employee retention efforts by providing support in the creation of their career ladder for Children’s Service Workers.



State Employee Recognition Day



Challenges:

1. Center for Management and Professional Development -

- Cultivating dynamic, high-quality, contract trainers to provide a cost-effective and diverse spectrum of experience and learning for customers.
- Obtaining and maintaining the hardware/software needed to offer the computer and technical skills training programs customers need to do their job; and that Center staff needs to develop the training and advertising needed to better serve our customers and promote the Center.
- Providing the right mix of training delivery options (i.e. classroom/online, content and cost) that will serve as a catalyst to increase participation in training programs.
- Exploring how viable it is to continue paying some staff salaries from the Training Revolving Fund (Fund 505).
- Promoting awareness of statewide recognition programs managed by the Center so that more agencies and employees can participate and be represented in each program.
- Obtaining resources to provide a robust Learning Management System (LMS) beyond Moodle that can be inclusive to other state agencies.
- Establishing a structure that will allow the Center to use the combined training expertise that exists in many state agencies in a way that can benefit all employees on a statewide level; and that enables the Division of Personnel to fulfill its Chapter 36 RSMO responsibilities related to overseeing statewide management development programs.

2. **Succession Planning** - These are challenges the state is beginning to experience as replacing skilled employees becomes more difficult. The Division continues to face challenges due to resignation or attrition. Steps are underway to improve the position of the Division in this area. Changes are

being pursued for the allocation of positions within the Certification Unit and the Transaction Audit Unit in order to allow members of the two units to be candidates for the supervisor positions in the event of vacancies. The Human Resources Information Systems (HRIS) Team is also working to learn to back each other up on a variety of specific technical skills.

3. **Recruitment and Retention** – Some Merit registers contain a limited number of candidates and skilled positions receive minimum interest when positions are advertised, which may be due to a variety of causes ranging from the required qualifications to annual pay. Regardless, because of the small selection pool, agencies constantly struggle to find skilled employees to fill vacancies created when tenured employees retire or resign from state employment.

4. **EASe and MAIRS** - The online application system, EASe, is very important to a number of our stakeholders, which range from applicants who are seeking employment with the State of Missouri to the Merit agencies that rely on the Division to certify quality candidates to fill their positions. There are a number of technical obstacles associated with the current system which continue to present challenges. The system is not programmed to validate an applicant’s self-assessed eligibility in comparison to the education and experience information provided within the application, which directly relates to the quality of candidates that are added to merit registers. In addition, the Management and Applicant Information Resource System (MAIRS), which supports EASe and is also a tool for other aspects of the work performed by the Division, are antiquated. Because of this, many desired enhancements for EASe are not currently possible. The DOP is aware of the problems associated with EASe and MAIRS, but has limited control for making and/or scheduling the implementation of necessary technical changes. Although this circumstance exists, staff works within the current constraints of the system to provide adequate service to applicants and merit agencies.

Division of Purchasing & Materials Management

ACCOMPLISHMENTS:

1. **Procurement Manual** - The Division faced an increasingly difficult task of keeping up with incoming procurements that were growing in complexity with its reduced staffing. Additionally, the absence of comprehensive, detailed written instructions to assist state agencies with handling their procurements further taxed DPMM staff's ability to conduct their core business function of handling procurement processes on behalf of state agencies. Instead, buyers were frequently pulled off task to help state agencies with developing their specifications and to take a significant role in helping manage awarded contracts. The Procurement Manual was developed to serve as a strategic guide for meeting the requirements of procurement statutes, rules and regulations, and executive orders in handling local authority procurements and preparing formal procurements for DPMM to handle. The Procurement Manual identifies standard procedures to ensure application of consistent and sound public procurement practices. Although still a relatively new document, the Procurement Manual is proving to be a valuable resource to help state agencies find the answers they need on their own and to serve as a resource DPMM staff can efficiently point to when assisting agencies so that staff can better remain focused on the Division's core business function of handling state agency procurements.

2. **Solicitation Document Templates** - To help agencies with putting together written bid documents that are similar to the ones used by DPMM including its most current contract boilerplate and terms, the Division developed solicitation document templates for agencies to use to simplify creating those bids for which they are delegated procurement authority to handle on their own.

3. **New Buyer Assignment Process** - To help state agencies with putting together their procurement documents for the larger bids that have to be handled by DPMM, a new buyer assignment process, including an interview-style solicitation checklist, was designed to ensure specifications and bid requirements are complete when they are submitted to the Division for formal bidding. This process should help both the agency and DPMM be able to each complete their portion of the procurement process in a more streamlined and consistent manner.

4. **Contract Management Guide** - While the development of contract specifications and requirements, the solicitation and evaluation of competitive bids, and the acceptance of the awarded bid are all key activities for the establishment of effective contracts, successful and deliberate contract administration during the term of the contract is equally important to any contracts success. However, in the past, very limited guidance was provided to state agencies at the time of contract award on how to successfully administer the awarded contract. In conjunction with the Office of Administration's establishment of the Contract Oversight Office, the Division released the Contract Management Guide in order to standardize processes for the management of contracts established by DPMM; to provide clarity as to roles and responsibilities

Employees:

33

Budget:

\$1,758,398*

(*includes PS & EE)

KAREN BOEGER



Division Director

OVERVIEW

The Division of Purchasing and Materials Management (DPMM) is responsible for the procurement of state-required supplies, materials and services and encourages competitive bidding and awards on all contracts that fall under Chapter 34. The division executes procurement functions in accordance with applicable statutes by maximizing competition in the procurement process, conducting evaluations and negotiations where appropriate and awarding contracts to the "lowest and best" bidder.

The Division also maintains responsibility for the statewide in-house recycling program, transfers and/or disposes of state agencies' surplus property to maximize state resources, and administers the Federal Surplus Program. The Federal Surplus Program is a program that distributes donated new and used federal surplus property to eligible entities which include all state agencies, political subdivisions, not-for-profit health and education entities and service agencies that meet federal program guidelines.

for individuals having role in contract management; and to utilize best practices of contract management.

5. **Web-Based Evaluator Training** - Integrity, accuracy and transparency in the Division's bid evaluations are critical to making correct bid awards and to ensuring the procurement process withstands the scrutiny of those outside the evaluation process. The first step toward any successful procurement is properly educating evaluation participants. In order to ensure the proper training of evaluation participants about the procurement process and the evaluation process as well as the expectations of the evaluation team before, during and after the evaluation process, the Division developed a web-based evaluator training module. The training is now a pre-requisite for serving as an evaluator, an observer, or a subject matter expert for any new IFB's/RFP's issued by DPMM. This training supplements the specific instructions the buyer will also provide to evaluation participants.

6. **E-procurement Administrative Fee and Contract Usage Reporting Requirements** - In August 2014, in order to establish the infrastructure with which to fund an e-procurement system, the Division began including in newly issued statewide bids (not the agency-specific bids) new language that requires a one percent administrative fee on all transactions under those contracts. Contractors are required to report transaction totals for the given quarter and submit a check/electronic payment to the State of Missouri. This practice is consistent with the other states which have implemented e-procurement systems. Additionally, the Division is now requiring its statewide contractors to identify details of contract usage so that DPMM can better leverage not only state agency usage but also local government usage in future procurements and in developing optimal bid strategies moving forward. Eventually, the e-procurement system should be able provide a great deal of usage information, but until then, statewide contractors are

also being asked to identify details of contract usage. The reporting will still serve as a good double check even when the e-procurement system does produce more comprehensive data. This reporting is on the same timeframes as the e-procurement Administrative Fee Reporting.

7. **Strategic Sourcing Initiative** - Since statewide contract transactions must generate adequate fees to support the e-procurement system, DPMM needs to not only make sure the administrative fee is included in the new statewide contracts as they are bid, but also to focus on opportunities where the Statewide Contract Portfolio can be improved. The Division worked with a contractor to pull contract usage data from as many avenues as were possible to analyze total contract spend. The data was then further analyzed, categorized and prioritized based on dollar spend, urgency/timing for bidding, and experience with certain products/services in order to identify priority areas

In FY14, State Agencies:

- Recycled 13,969,243 lbs of material
- Saved \$268,084 in waste disposal costs
- Saved \$230,000 from reuse of state property
- 66 percent of paper products procured by state agencies contained recycled material
- Purchased more than \$5.7M of products containing recycled materials

Copier/printer paper containing recycled material resulted in estimated savings of:

- 10,265 trees
- 2,994,022 gallons of water
- 25,663 lbs of air pollution
- 1,753,641 kw/hours of electricity
- 5.9 billion Btu

to pursue. The contractor trained Division staff on incorporating a focused strategic sourcing approach into the division's internal processes and on building business cases/opportunity assessments using the research. This new technique will help DPMM make informed and strategic decisions on statewide contracts that should better serve state and local government agencies by strengthening the Division's statewide contract portfolio.

8. **Surplus Property** - The Missouri State Agency for Surplus Property operates a federal property donation program for the state. Surplus Property is in the process of transferring items that were used following the catastrophic storm that hit Joplin. Some of this property is now being released and available to Missouri Surplus Property to transfer to their donees. In addition, Surplus Property has transferred several items from NASA. These artifacts are being displayed at a couple of museums in Missouri. Also, the program continues to receive letters of gratitude from the donees for the items made available to them for a fraction of the cost the donees would have paid in the retail market.

9. **State Recycling** - The Division operates the State Recycling Program. State Recycling continues to be a financially self-sustaining operation with a diverse set of revenue streams and strong working relationships with state agencies in the executive, judicial and elected branches of government.

CHALLENGES:

1. **Retirements/New Responsibilities** - As a result of the previous Director's retirement, there was a domino effect of staff moving up to new key management positions. The individuals had to not only learn their new responsibilities, but they also had to quickly take on significant additional responsibilities in order to accomplish many of the internal improvement projects that were already underway.

2. **Department of Revenue License Office Procurements** - The Division worked with DOR to complete another round of rebidding approximately 180 license offices through individual competitive procurement processes without additional staffing or budget resources. This effort required DPMM to pull two buyers from their other procurement responsibilities to process DOR license office procurements. Those buyers' procurements had to be shifted to other staff. This created delays in the timely processing of other state agency procurements. The significant workload created by the number of license office procurements that must be periodically rebid will continue for the foreseeable future.

3. **Surplus Property** - The program operates as a self-funded entity surviving on its service charges for transportation and distribution of federal surplus property. The program once had a budget line with an estimated appropriation that allowed Surplus Property to obtain any property that was determined financially prudent and requested and needed by the donees. The current budget is restricted to a maximum amount which forces Surplus Property to decline property it otherwise would accept if the agency had the expenditure authority to do so. Surplus Property is in need of more covered space for property. Material for a three-sided building has been purchased but is awaiting construction approval.

4. **State Recycling** - Managing the recycling contracts in St. Louis and Kansas City remotely from Jefferson City has been challenging.

Office of Equal Opportunity

ACCOMPLISHMENTS:

1. **Disparity Study** – With the support and assistance of OA and the General Assembly the 2014 Missouri State Disparity Study was completed. Holt & Associates, LLC performed the first statewide study since 1996, and Governor Nixon appointed a 15-member Disparity Study Oversight Review Committee to analyze the results of the study provide a report with recommendations for the Governor’s consideration. The results of this disparity study will assist the minority- and women-owned business enterprise (M/WBE) program in ensuring that this critical initiative remains legally defensible and administratively successful.

2. **Berkshire Affirmative Action Software** – The introduction of additional fields and categories to the Census 2010 and all future census data going forward made existing software currently in use by the state obsolete. With the support and assistance of ITSD, the state purchased and implemented cloud-based software from Berkshire. This software allows an unlimited number of agency users to enter, track and monitor workforce changes statewide and even worldwide, where applicable. At least two agencies, MODOT and Conservation, use this software on a monthly basis to monitor workforce diversity initiatives.

3. **Website** – The Division’s website is still gaining traction among users as OEO continues to offer more than just government-related opportunities to the minority and women-owned business community. With the assistance of a Lincoln University intern, the website is updated regularly with a variety of interesting information such as upcoming career fairs, professional development seminars, available low-interest loans and occasional out-of-state opportunities. Hits to the site continue to increase steadily.

4. **Certification Committee** – Every applicant seeking MWBE certification must go through a rigorous review involving a comparison between qualifications and consistency with Code of State Regulations (CSRs). Every year, applicants discover new and creative ways to present themselves, requiring OEO to also rise to the challenge of effectively determining which candidates actual qualify. This year, the addition of a new staff member and the re-engagement of two retirees enabled OEO to form a team of seasoned individuals with differing skill sets that can exchange ideas and compare opinions. OEO now has an actual “committee” in place to review and compare applicant details.

5. **Staff Presence in St. Louis** – The Division’s certification process requires that a site visit be conducted before an M/WBE certificate can be issued. It is critical that the actual existence and presence of every applicant be confirmed. However, physically visiting each and every business site throughout the entire state continues to present a challenge given limited staff. The largest proportion of applicants and site visits are from the St. Louis region, more than double the total of any other region. To address this disproportionate total of applications received and site visits required, the newest addition to the OEO staff agreed to relocate to St. Louis to eliminate any challenges or inconsistencies in obtaining site visits from St. Louis-based applicants.

Employees:

5.5

Budget:

\$298,841*

(*includes PS & EE)

CELESTE METCALF



Division Director

CHALLENGES:

1. **M/WBE Certification** – The ability to gain favor, in the form of additional points on a state bid or contract, has the potential to provide incentive or motivation for an entity to pursue and obtain M/WBE certification. The integrity and reputation of the state’s M/WBE program hinges on OEO’s ability to effectively grant, deny and/or revoke MWBE certification in the appropriate circumstances. OEO has the staff to award an M/WBE certification, but OEO has limited ability to monitor whether an entity continues to meet the CSR requirements once awarded. OEO relies heavily on outside information to assist us in identifying candidates that no longer meet the qualifications.

2. **Certification and Sunshine Laws** – There is a perception among the minority and women business community that, as a state-sponsored entity, OEO- certified vendors’ information filed with the Office of Equal Opportunity is subject to sunshine laws. This perception is one of the contributing factors that limit the number of candidates applying for OEO certification.

3. **Expanding the Role of OEO** – OEO monitors minority and women participation in two distinct categories: the workforce and state contracting opportunities. Workforce initiatives include oversight and communication with the state’s Workforce Diversity Council, adherence to EEO Federal reporting guidelines, and maintaining an awareness of changes in rules and regulations that affect the state’s workforce and affirmative action policies. Monitoring state contracting opportunities includes oversight and communication with the state’s Contract Compliance Council, constant review of state contracts awarded and administered, as well as being the main point of contact for minority and women-owned business enterprises. The duties and responsibilities involved in monitoring contract opportunities can be further separated into three components: certification, compliance and matchmaking minority and women-owned business enterprises with state contracting opportunities. The certification review and denial process is the foundation of the M/WBE program. This leaves limited resources to address compliance related issues, both from a contract-compliance and a certification-compliance perspective, and to address searching for and matching prime contractors with suitable MBE or WBE candidates. An effective M/WBE program must have an outreach component that involves constant communication with the public. This program should provide multiple opportunities, like annual conferences and informational seminars, to obtain feedback from the individuals and the community this office is intended to serve. More OEO staff is needed to distribute information about opportunities, match M/WBEs with appropriate contracts, monitor compliance related issues and provide an open communication channel for any and all parties involved in this process.

OVERVIEW

The Office of Equal Opportunity exists to promote a diversified workforce within state government and to assist women and minorities in developing opportunities to contract with the state, economically empowering traditionally underserved communities and improving the overall fiscal vitality of the State of Missouri.

Office of Community Engagement

Employees:
3

MAIDA COLEMAN



Director

ACCOMPLISHMENTS:

The Office of Community Engagement is spearheading several impactful projects in the region such as:

- 1. Summer Job League** - 3,500 youth will benefit from employment and internship opportunities in the summer of 2015 in the Kansas City and St. Louis areas. This workforce placement program will help emerging workers earn workplace skill certificates while gaining real-world experience in high-quality/high-tech industries. Participating businesses will connect with candidates that come with workforce skills for no cost and no workers' compensation responsibilities. The State Parks Youth Corps, a program that preserves and enhances Missouri's State Park system, will be boosted by about 1,000 jobs.
- 2. North County Opportunity Expo** - After several months of preparation partnering with several entities, OCE successfully presented a career opportunity expo for individuals interested in working in the trades industry and receiving training and apprenticeships with construction companies and contractors. 371 participants attended, along with more than 60 resource providers. The event was so successful that a second is being planned for the spring of 2015.
- 3. Intern Fellows Program** - OCE is designing a 7-week leadership training program for males with Harris Stowe State University, St. Louis Community College and Lincoln University.
- 4. Resilience Coalition** - Supporting the development of projects and events in the St. Louis area that meet the needs of citizens seeking mental health, educational and social services assistance.
- 5. Missouri Association for Community Action, United Way, Family and Community Trust Board, Missouri Food Bank Association, Various Non-Profit Agencies** - Numerous meetings have been held with non-profits to determine methods to enhance their outreach and find ways to collaborate on programs they wish to spread to Missouri's citizens. These agencies advocate for low-income Missourians to address poverty and lack of resources. OCE has presented at meetings and offered referrals to the general public for services provided by state agencies.
- 6. Recovery St. Louis Coalition (St. Louis Economic Development Partnership)** - OCE is working with Recovery St. Louis on the Better Together media program as well as other communication platforms to enhance the St. Louis region's image both nationally and internationally.
- 7. North County Inc.** - OCE is participating in various programs involving Ferguson business owners to discuss rebuilding needs in the community.

OVERVIEW

The Office of Community Engagement (OCE) is a new division of Missouri State Government created by Gov. Jay Nixon in 2014 to help facilitate meaningful communications between all divisions of state government and its citizens.

The office is responsible for encouraging meaningful communication between all Missouri citizens and state and local governments. OCE is also responsible for assisting the development of policy solutions and strategies that foster greater prosperity and opportunity for low-income individuals and minority communities.

In addition, the office is charged with engaging and assisting communities, public and private sector leaders, clergy and citizens across the state regarding critical social issues such as race, poverty and education.

Former State Senator Maida Coleman serves as the director of the Office of Community Engagement. Coleman most recently served as the executive director of the Missouri Workforce Investment Board at the Department of Economic Development, and was previously in a leadership role at the Missouri Department of Labor.



Gov. Nixon and OCE Director Maida Coleman meet with students during a round-table at Hazelwood West High School.

Human Resources

ACCOMPLISHMENTS:

1. **Office of Administration New Employee Orientation** -The implementation of a new employee orientation has provided consistency in information presented to new employees. This orientation is provided to employees online and provides them useful information about the Department and State Government in general.

2. **HRSC Intranet Site** - In the past, the HRSC had many employee forms on the OA intranet site but they were located on the main page. The creation of a link to a HRSC intranet site has made it easier for employees to find HR forms and information.

3. **Recruitment** - In the area of recruitment, the Office of Administration is still finding there are challenges in obtaining a highly-qualified workforce. To assist in building a pipeline of potential new full-time hires, a formal OA internship program was developed. The internships included paid positions across various OA divisions. This internship program received positive reviews from the interns as well as management in the Office of Administration. In addition to this, HRSC assisted with the MO Careers website project, which provides one website where agencies can post current job opportunities. Efforts continued this year in recruiting and retaining an increasingly sought after workforce. The recruitment program included continuous interaction with college and university administration, faculty, career services staff, student associations, and students regarding announcements, upcoming events, jobs and internship opportunities. Other strategic partnerships (many a collaborative effort between public and private businesses/ employers and educational institutions, as well as community and state-wide economic and workforce partners) continue to enhance OA's recruitment plan. This calendar year OA has participated in nearly 100 recruiting events and meetings

4. **Automation of Request to Fill Form for the Office of Administration** -Prior to 2014, this form was paper and was routed manually for supervisor and Division Director signatures. During 2014, in cooperation with

the Divisions of Accounting and Information Technology Services, this form was converted to an electronic format. This has saved significant time in the routing of this document.

5. **One Timekeeping System for OA** - During 2013, the majority of OA divisions were moved to the ETA (Enterprise Timekeeping Application). This has helped to create efficiencies in the auditing of timekeeping records. In 2014, the Division of Facilities Management Design and Construction employees were moved to ETA. In addition, Children's Trust Fund, Office of Child Advocate, MOPERM and Governor's Council on Disability were moved to ETA completing the project of having all OA divisions on one timekeeping system.

6. **State Operators** - Responded to 11,430 citizen phone calls during the year. They also set up 10,846 conference calls for state office holders and departments. In order to transfer callers to the correct person, the state operators use a database that contains more than 59,000 employee records and phone numbers. Updating this database is labor-intensive due to information changes as employees are hired or they separate from our organization. Last year, the State Operators were able to manually populate over 98 percent of this information ensuring high levels of accurate information.

CHALLENGES:

1. **Automation of HRSC Forms:** Currently, OA has a paper form that is routed from the divisions to the Commissioner's Office for the approval of any personnel change that involves pay. This form is filled out by the divisions, routed through HR to the Commissioner for

Employees:
18.5

AARON HART



Director

OVERVIEW

The Human Resources Service Center (HRSC) is responsible for human resources management and payroll for the Office of Administration. The Center is housed within the Office of Administration (OA) Division of Personnel and assists management and employees in many areas including, but not limited to; payroll questions, policies, classifications, hiring, dismissals, employee benefits, pay administration, grievances, SAM II data warehouse queries, discipline, investigations and timekeeping. In addition, HRSC houses three state operators who provide responses to questions from the general public regarding state government services.

approval and then back to HR to enter into the payroll system. Automation of this process will reduce staff time and eliminate inefficiencies in the transaction process. In addition, the need exists for many HR forms to be reformatted into fillable PDFs online.

2. **Recruitment:** In the area of recruitment, the Office of Administration is still finding there are challenges in obtaining a highly-qualified workforce. Some of the factors that are contributing to this challenge are a lack of supply of graduating students and/or pool of viable candidates in certain fields (i.e. CIS programming; trades such as carpenters, engineers etc.); the economy improving and thus increasing competition for candidates; State of Missouri government low salaries in comparison to private industry; the declining value of other state government benefits such as medical and health insurance; limitations on continuing education and professional development; and confusion about the state application process.

3. **Manager/Supervisor Training:** Although time was dedicated to training on ADA and FMLA in 2014, many new initiatives are currently underway within the HRSC. As a result of these initiatives, many HR processes are changing. It is imperative that supervisors continue to be trained and kept up-to-date in areas including interviewing, reference checks, disciplinary issues, performance appraisals, FMLA and ADA requests. HRSC has recently recruited for and filled a position in the unit to dedicate more time to training manager and supervisors on HR topics. HRSC staff is also working to provide credit to training attendees. This will further allow HRSC to proactively address trending items.

4. **FMLA:** HRSC continues to improve and update its FMLA procedures. These updates will streamline the process for management and employees.

5. **Class Specification:** In an effort to more easily attract candidates, we are working on creating new titles for physical plant operations. This will bring the class specifications in line with how the division wants to utilize the positions, allow for greater attraction in recruiting candidates by allowing simplified routes for eligibility and showcasing career progression possibilities, which will also assist in retention and morale. We are currently working on a Real Estate Services Manager classification to assist in attracting more candidates. Updates to the eligibility criteria and scoring are in progress for the Buyer series to assist in the ability to hire the applicants best suited for the position as well.

6. **ADA:** HRSC continues to improve and update its ADA procedures. These updates will streamline the process for management and employees. ADA is a growing area, both as the volume of requests increase and the law regarding it changes and becomes more complex.

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