



THE STATE  
of ALASKA  
GOVERNOR MIKE DUNLEAVY

Department of Administration

AMANDA HOLLAND, ACTING COMMISSIONER

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April 22, 2021

The Honorable Bert Stedman  
Senate Finance Co-Chair  
Alaska State Capitol  
Juneau, Alaska 99801

The Honorable Click Bishop  
Senate Finance Co-Chair  
Alaska State Capitol  
Juneau, Alaska 99801

Re: Senate Finance March 12, 2021 – Department of Administration Hearing

Dear Senator Stedman and Senator Bishop:

Thank you for allowing the Department of Administration (DOA) to present to the Senate Finance on Friday, March 12, 2021. Below please find a list of questions asked by the committee that we did not have the opportunity to respond to due to time constraints:

1. Where are the personnel going to be in these consolidations, which ones are being relocated from one location to another? Are the personnel from Anchorage to Fairbanks, Juneau and other locale throughout the state being relocated?
  - a. All DOA consolidations are transitioning positions in place. This means that there will be no movement of personnel of employees from their existing locations.
2. Regarding the IRIS system which has had some issues, is the allocation of the \$380 million going to be a problem with that system? How are we ensuring that accountability and service is not compromised?
  - a. The IRIS system is capable of handling the \$380 million of transactions to implement the chargeback rates and has been performing this function for the last several years.
  - b. Internal controls ensure accountability, and IRIS is audited by an outside auditor. The details of our internal controls can be found at <http://doa.alaska.gov/DOF/manuals/aam/resource/05.pdf>
3. Have you talked to your Commissioners and asked them how this is going to work? Have you received input from them?
  - a. We held meetings with Commissioners and their leadership teams for both the Procurement and Human Resources consolidations. We had over 300 formal meetings in the process of implementing these 2 consolidations. This did not include the multiple *ad hoc* phone calls and conversations between DOA leadership and other departments pertaining to these consolidations.
  - b. Part of the feedback we received from Commissioners and leadership teams was that it was essential to keep some HR staff and some procurement staff a) dedicated to the

home departments, and b) physically co-located with the home departments. To that end, we:

- i. Worked with the departments to identify which PCNs would consolidate into DOA and which PCNs would remain in the home departments for each consolidation. In the end, 45 PCNs were identified to consolidate into DOA's procurement (OPPM) and 43 PCNs were identified to consolidate into DOA's Human Resources (DOPLR).
  - ii. DOPLR also created the HR Business Partner position in each department to be a dedicated department PCN committed to HR duties. HR Business Partners (BP) work with department executives, leaders, and supervisors to develop and improve workforce management practices in the agency. Common workforce practices include but are not limited to recruitment; retention; workforce planning; learning and development; career progression; and organizational design. HR BP's are liaisons with DOPLR, where they connect department managers with DOPLR resources, have full access to DOPLR expertise, and ensure department priorities are addressed in DOPLR policy, procedures, activities, and business processes. They are trusted advisors for department leaders, providing confidential human resource guidance and offering a strategic view of the agency's workforce strengths, vulnerabilities, and development needs.
4. Why is this time going to be successful compared to other times? What happens if there is a change in the Administration? What will happen if the new Administration has a different idea?
  - a. DOA has implemented **Governance Structure** to preserve these transformations beyond this administration. This Governance Structure gives other departments a permanent, structured decision-making role in the DOA decisions that affect them, including decisions pertaining to the consolidations and the rates they pay DOA. To our knowledge, this is unprecedented. This means that if another administration wants to make unilateral changes, they will encounter resistance from all the departments' leadership teams. The other departments are making the decisions going forward this time.
    - i. The governance structure is led by the Alaska Administrative Governance Council (AAGC), five commissioners and OMB. It is codified in a charter.
    - ii. Four advisory committees report to the AAGC: HR, Procurement, IT, and Shared Services-Accounting. These committees are composed of representatives from the different departments.
    - iii. Working groups staffed from across the departments help the advisory committees.
  - b. DOA has established **Service Level Agreements (SLAs)** between each department and the Office of Procurement and Property Management (OPPM) and the Division of Personnel and Labor Relations (DOPLR). SLAs set forth the services departments can expect to receive and not receive, and the performance standards DOA are expected to achieve. This creates accountability for DOA's performance standards. SLAs have never been created before for DOA's customer service expectations.
  - c. PROCUREMENT: The procurement consolidation was **designed with the collaboration of the departments** giving input on which PCNs should be consolidated, and which ones made most sense to stay in the departments. Now that we are beginning to determine the standardized processes for doing procurement, we are working within the context

of the Procurement governance group, so the departments - together are deciding the best processes for Procurement rather than DOA unilaterally imposing new process decisions on all the departments.

- d. HUMAN RESOURCES STAFF DESIGN: **HR staff designed the new structure** with the goal of improving response time, accountability, performance, and connection to needs of departments. The HR consolidation was designed in large part through feedback from working teams comprised of HR staff from departments and DOA. Rather than DOA determining how HR would best be consolidated, we worked with HR staff, department leadership, and consultants to identify what a best-practice consolidated HR would look like. This consolidation is the product of their feedback.
  - i. Additionally, we have built performance metrics into the SLA for DOPLR functional areas so we can clearly assess if we are meeting the standards expected through the consolidation.
5. How many times has HR been centralized and decentralized over the years? Are we seeing the value?
  - a. Human Resources centralized in 2003 and again this year. Human Resources decentralized in 2012. We believe we have seen value each time, but have also learned lessons through this process. The current model takes into consideration the issues raised from the prior HR movements as well as cares for the concerns of the departments. Since we have implanted performance metrics in the SLAs, we will be able to more easily measure the value of the consolidation going forward.
6. What problem are we trying to solve with centralization?
  - a. Based on the Administrative Orders issued, the goal is to create consistency, reduce redundancies and the duplication of duties, improve enforcement of policies, achieve cost savings where applicable, and standardize and streamline processes in a way that improve efficiencies. For example, under a decentralized HR model, each department will require a Recruitment Tech. Under a consolidated model, one Tech can recruit for multiple departments thereby reducing the growth of staff and create consistency in processes.
7. Regarding centralization, what sort of measured outcomes and standards are they using right now so we can compare the two to know if it's working or not working?
  - a. PROCUREMENT has six standard metric and core service delivery promises as part of the Consolidation:
    - i. Procurement, Purchasing, and other non-exempt agreements Misc. agreements
    - ii. Strategic Sourcing
    - iii. Contract Administration
    - iv. Policy, Oversight, and Training
    - v. Property Control
    - vi. Surplus Property
  - b. HUMAN RESOURCES: SLAs for HR Consolidation list multiple performance metrics in all DOPLR and HRBP functional areas. Unfortunately, HR has not previously tracked these metrics, so we have no current comparators.

8. Was the contract with Collins Alliance an RFP? Can we get a copy of the RFP, contract, and past experience included?
  - a. The contract was an RFP and it was awarded to Collins Alliance. Documents are attached.
9. Are there written records from the commissioners stating that this is the right way to go?
  - a. The Director of DOPLR and Deputy Commissioner of DOA had multiple meetings with commissioners and staff to determine the correct course of action. Commissioners either signed the SLA or directed their staff to sign.

Please let us know if we can be of further assistance.

Respectfully,



Kelly Hanke  
Legislative Liaison  
Office of the Commissioner

Attachments:

- 1 Approved RAP 2020-0200-4353 SS DOA OMB Collins Alliance
- 2 Signed 2020-0200-4353 Collins Alliance Amendment ONE
- 3 Tandem Motion Workforce Consulting Experience