

Report on Department Contracts

Department: Public Safety

Secretary: Jami Cook

The purpose of this report is to prompt an analysis of contracts and contract expenditures within each Department and assist in the formulation of a report to the Governor on how to achieve greater efficiency (cost savings) and effectiveness as it relates to this topic. An analysis of *contract management* should consider all relevant factors including the number of vendors, staffing, contract management process, approach to negotiation, and other barriers/challenges associated with the contracting. This analysis should take a holistic approach to developing plans to deliver efficiency and effectiveness improvements. **The report template includes sections for three projects for your convenience. This number is not a goal or target. You may add or delete boxes for as many projects as you submit.**

ACTION PLAN FOR PROJECT 1:

1. Project Title: Reduction of IT Programming contracts.

1.1. Brief description of project, goal, and action plan.

The division of the Arkansas Crime Information Center has 3 contracts in place to assist in the following:

1. Criminal history;
2. Driver licenses data;
3. Retrieving detailed sex offender data and;
4. Main frame and maintenance support.

The contracts amount to \$393,835 annually. Contract amounts can be reduced by adding an additional IT Programmer position to ACIC. The new programmer could immediately begin training with contracted services personnel to move delivery of the above services in-house.

1.2. Identify any additional resources required for the implementation and success of this plan.

The Department will request a new pool position through TSS Office of Personnel Management and surrender 2 lower graded positions equivalent to the new position cost.

1.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

The Department anticipates an initial cost associated with the new position; however, the cost will be offset by the surrender of the existing budgeted positions.

1.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

The Department will continue to evaluate all savings achieved through hiring in-house personnel for programming-related needs.

1.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

A new position has been requested by the Department. Once approved, the Department anticipates filling the position by the end of the year. The new employee would immediately begin training. The Department anticipates measurable savings within a year of implementation.

1.6. Identify any obstacles to the implementation and success of this plan.

The Department does not anticipate any obstacles at this time.

1.7. How could Department of Transformation and Shared Services provide support to the Department?

All personnel requests require approval before action can be taken by the Department.

ACTION PLAN FOR PROJECT 2:

2. Project Title: Arkansas State Police Health Plan - Uniformed

2.1. Brief description of project, goal, and action plan.

The Division of the Arkansas State Police provides separate health plan benefits for uniformed employees. The benefit plan is administered by the Arkansas State Police through a partnership with a health plan consultant and third party administrator. The health plan has operated at a loss for the last five years. The Arkansas State Police Commission has approved the utilization of State of Arkansas employee benefits contracts to leverage better rates and reduce claims costs. The Department is committed to saving tax payer money while also providing quality health insurance benefits for its uniformed personnel. The health plan is essential in hiring highly qualified candidates and retaining existing personnel.

2.2. Identify any additional resources required for the implementation and success of this plan.

The Department anticipates increased savings in claim expenses and administrative fees through the utilization of state health and pharmacy contracts.

2.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

By utilizing state contracts, vendor contracts would be eliminated, resulting in anticipated savings of approximately \$900,000. Annual expenses include:

1. Cobra Coverage (\$9,460)
2. IRS Reporting (\$17,818)
3. Reinsurance (\$876,000)
4. Health Plan consultant (\$7,500)

The Department anticipates minimal transitional costs associated with this plan.

2.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

The Department will track administrative costs, provider discounts, and rebate savings for medical and pharmacy costs. Claims savings will be monitored throughout the year and plan and benefit changes will be implemented as needed to ensure continued success of the program.

2.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

The Arkansas State Police Commission has approved a transition date of January 1, 2020. Division personnel, the Director of Employee Benefits Division, and pharmacy/medical vendors are working closely to identify and implement all processes necessary to ensure a smooth transition between health plans.

2.6. Identify any obstacles to the implementation and success of this plan.

Effective education of and communication with employees, retirees, and family members is imperative to the success of the plan. The Department is committed to ensuring a successful open enrollment process in order to guarantee a successful transition to the new plan without interrupting health coverage.

2.7. How could Department of Transformation and Shared Services provide support to the Department?

The Department will rely on the considerable knowledge and guidance of the Director of Employee Benefit Division.

ACTION PLAN FOR PROJECT 3:

3. Project Title: Utilize Existing Contracts in Place for All DPS Auto Shops

3.1. Brief description of project, goal, and action plan.

The Department will rely on existing ASP contracts and volume discounts for all Department auto shops. The Department anticipates measurable cost savings for fleet maintenance and repairs as a result of existing contracts.

The Department will track cost savings through AASIS, Excel, the Fleet Maintenance database, and Pro Demand. These applications allow the Department to compare dealership cost against in-house Department maintenance and repair costs. The Department has realized an actual cost saving of approximately 75% when compared to current market costs.

3.2. Identify any additional resources required for the implementation and success of this plan.

The Department does not anticipate needing additional resources at this time.

3.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

The Department does not anticipate any costs associated with this plan and expects that current budget allocations will continue to cover any anticipated costs.

3.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

Success will be measured by the continued cost savings as a result of continuous contract review and negotiation.

3.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

Department shops in East Camden and Lowell will utilize existing contracts. The Department has negotiated with vendors in East Camden that have agreed to honor discounts, including the state contract price on tires. As a result of these negotiations, the Department will save approximately 50% per tire. Vendors in Lowell have also agreed to honor state contract pricing. Additionally, several local car dealerships have agreed to match current pricing on factory parts purchased from the dealership.

3.6. Identify any obstacles to the implementation and success of this plan.

The Department does not anticipate any obstacles at this time.

3.7. How could Department of Transformation and Shared Services provide support to the Department?

The Department will continue to explore contract opportunities to ensure the best pricing on auto parts and tools. The Department will rely on the guidance and support of the Department of Transformation and Shared Services to ensure continued success.

ACTION PLAN FOR PROJECT 4:

4. Project Title: Consolidation of Department Wide Contract and Licensing

4.1. Brief description of project, goal, and action plan.

The Department anticipates reducing costs by renegotiating current contracts in order to provide for the needs of all Department Divisions. Current contracts being evaluated for renegotiation include:

1. Human Resources software for HR Management/policy distribution;
2. Hardware contracts;
3. Bulk licensing agreements; and
4. Printer/copier contracts.

4.2. Identify any additional resources required for the implementation and success of this plan.

The Department anticipates minimal funding needs associated with the implementation of this plan.

4.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

The Department does not anticipate additional costs at this time; however, the Department anticipates that additional up-front costs could result in a significant return on investment over a 1-5 year period.

4.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

The Department will measure its success through increased efficiencies; improved organization and structure; and cost savings without negatively impacting services or products delivered by the Divisions.

4.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

The Department anticipates immediate and continued implementation as resources become available. The Department will continue to track its progress through feedback provided by Arkansas citizens, department employees, and department stakeholders.

4.6. Identify any obstacles to the implementation and success of this plan.

The Department has identified the following potential obstacles:

1. Annual increases in software licensing/agreements;
2. Employee education;
3. Identifying potential revenue opportunities;
4. Implementation timelines.

4.7. How could Department of Transformation and Shared Services provide support to the Department?

The Department will rely on the guidance and support of the Department of Transformation and Shared Services to ensure continued success.