



State Administration & Veterans' Affairs Committee

Department of Administration

Director Misty Ann Giles

May 4, 2026

DEPARTMENT OF ADMINISTRATION

WHAT WE DO

We provide essential enterprise services to MT state agencies and support initiatives that cultivate expertise and enhance cooperative partnerships across State government.

MISSION

Serving state government by providing effective, efficient, and customer driven solutions to benefit Montanans.

DIVISIONS

- Architecture and Engineering
- Banking and Financial Institutions
- General Services
- Health Care and Benefits
- Risk Management and Tort Defense
- State Financial Services
- State Human Resources
- State Information Technology Services
- State Procurement Services

EXTERNAL FACING SERVICES & FUNCTIONS

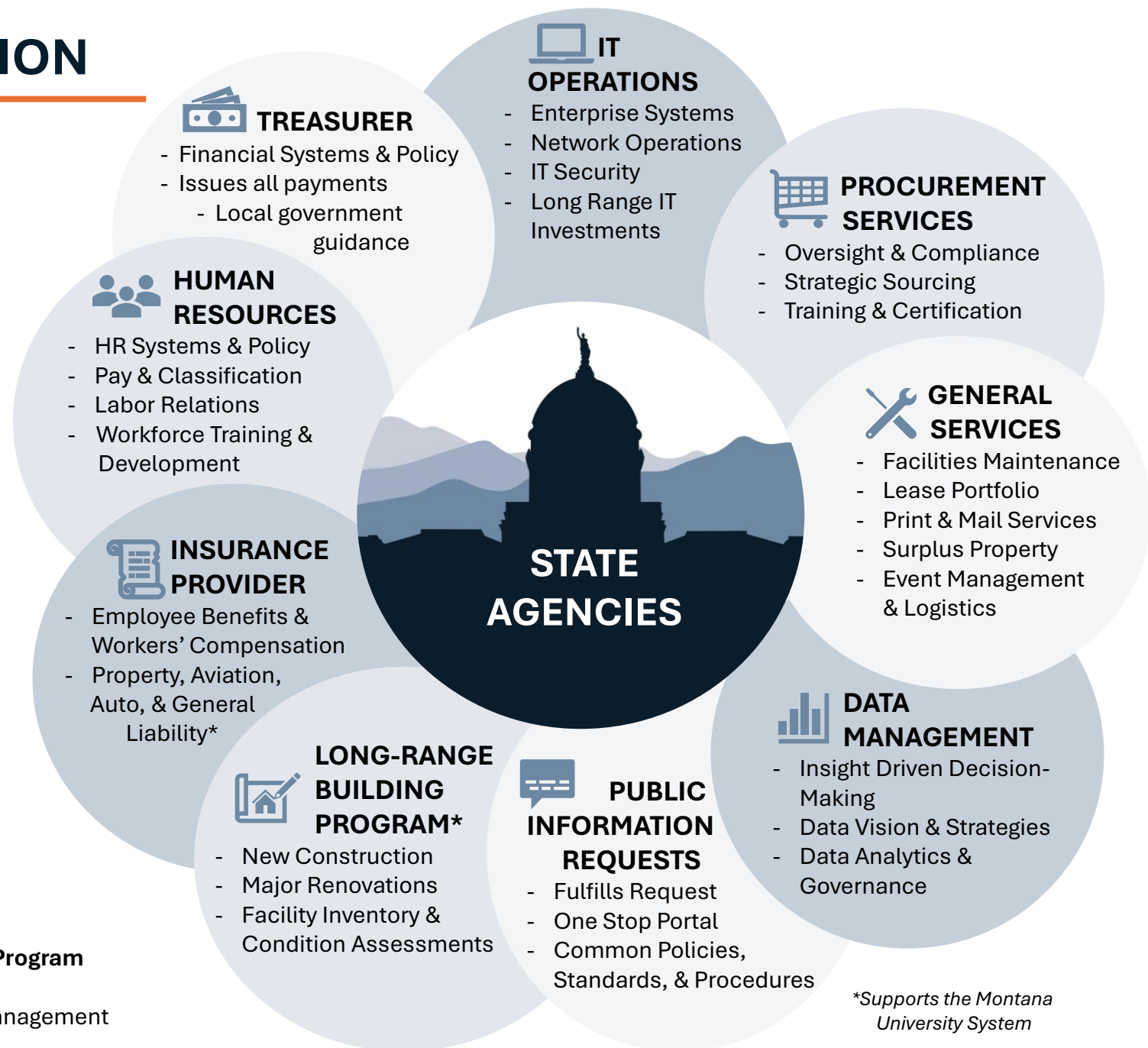


**Financial Services
Regulation & Licensing**



MT Broadband Program

- ConnectMT
- IIJA / Grant Management



**Supports the Montana University System*



Centralization Initiatives

CENTRALIZATION INITIATIVES / BENEFITS



PROCUREMENT



HUMAN
RESOURCES



INFORMATION
TECHNOLOGY

ELEVATED AGENCY SUPPORT: Enables responsive, flexible, and overall improved service quality for agencies.

COST EFFICIENCIES: Reduces duplication, increases cost efficiencies, and drives better resource utilization.

DATA-DRIVEN DECISION MAKING: Integrated systems and processes deliver reliable data and real-time insights to support better decision making.

UNIFIED COLLABORATION: Seamless cross-agency knowledge sharing and adoption of best practices. Allows for focus on agency-specific needs and solutions.

OPERATIONAL EFFICIENCIES: Centralized policies, procedures, and tools reduces the administrative burden in the agency and frees up capacity for high-impact strategic work.

CONSISTENT CUSTOMER EXPERIENCE: Standardized processes, practices, and messaging ensures the same customer/vendor/employee experience across all agencies.

PROFESSIONAL DEVELOPMENT: Enterprise-wide training and development opportunities strengthening employee capabilities in these critical function areas.

REDUCED RISK: Provides for a more proactive approach and reduces legal and compliance risk.

The centralization initiative **DOES NOT** include plans for reduction in force activities.

- Supporting employees is a top priority.
- Centralization as an opportunity to enable agencies to elevate the importance of these functions and providing more opportunities for career enhancement.



CENTRALIZATION INITIATIVES

This well-established solution-based best practice is used across all sectors of industry, including state governments. On our state level, centralization translates into greater government efficiency through responsible collaboration.



INFORMATION TECHNOLOGY

29 states report initiatives to consolidate or centralize IT services.



HUMAN RESOURCES

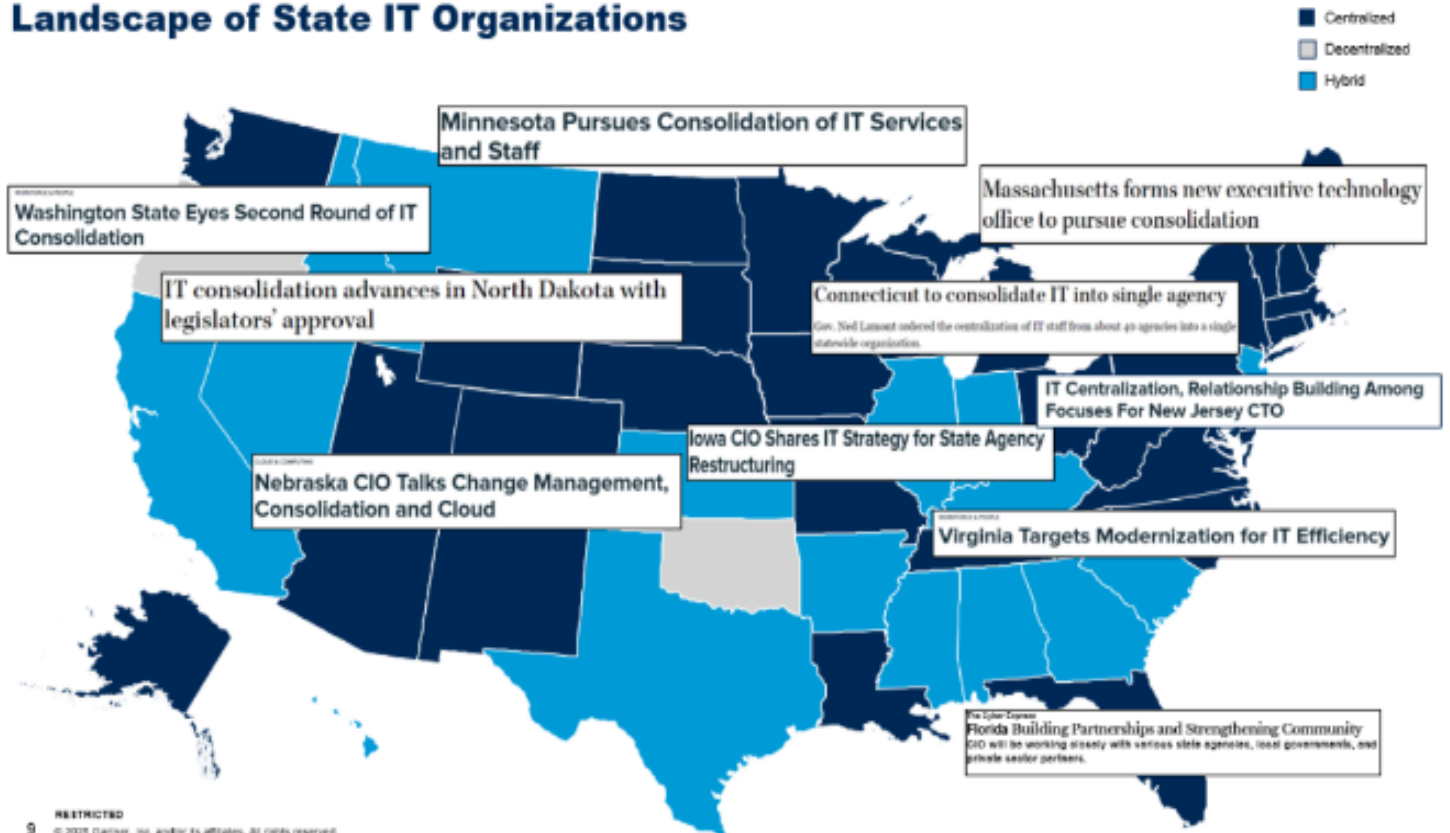
23 states report initiatives to consolidate or centralize services. 17 have implemented 'shared services' models as part of these initiatives.



PROCUREMENT

34 states report having a central procurement office with statutory purchasing authority—similar to MT. 12 states have or are in the process of further centralizing these services.

Landscape of State IT Organizations



Source: The Center for Digital Government



STATE OF MONTANA CENTRALIZATION INITIATIVE

FAQS & RESOURCES

PROCUREMENT

HUMAN RESOURCES

INFORMATION TECHNOLOGY

Centralization Information

The decision to centralize these three functional areas was made to achieve the following benefits:

- Improve service quality for agencies
- Increase support for agency-specific needs
- Create consistency in services and policy application
- Reduce legal and compliance risk
- Increase cost efficiency and create better resource utilization
- Improve workforce analytics for strategic decisions
- Create efficiency in talent acquisition and management
- Reduce agency administrative burden

As the centralization process proceeds, you can expect to receive regular communications specific to your area – IT, procurement, and human resources.

“

Centralization of Montana's functional areas within executive branch agencies underscores the need to truly function as one government, driven by dedicated civil servants working together to support one another, our specialized agencies, and, most of all, our citizens.

This well-established solution-based best practice is used across all sectors of industry, including state government. On our state level, centralization translates into greater government efficiency through responsible collaboration.

- Misty Ann Giles, Director
Department of Administration

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Centralization Resource Center

Please see the below areas for more information.

FAQS & RESOURCES

AGENCY DISCOVERY MEETINGS



PROCUREMENT



HUMAN
RESOURCES



INFORMATION
TECHNOLOGY



PROCUREMENT

MONTANA PROCUREMENT ACT

TITLE 18, CHAPTER 4

- Designates the Department of Administration as the sole contracting officer for the state of Montana for all branches, agencies, divisions and subparts unless an agency has a specific exception.
- All statewide contracts, except infrastructure, must follow the Procurement Act.
- DOA currently delegates contracting authority to entities, in good standing, up to \$200,000.
- All contracting above \$200,000 must come through DOA.



ROLES & RESPONSIBILITIES

DOA

- ✓ Ensure all entities comply with the Montana Procurement Act
- ✓ Issue policies and procedures for contracting
- ✓ Create statewide contract templates
- ✓ Conduct compliance reviews
- ✓ Lead all procurement actions above the current \$200K threshold
- ✓ Lead all sole source actions for the enterprise
- ✓ Issue and manage delegated agreements
- ✓ Provide technical assistance to agencies on all contracts and contracting actions
- ✓ Manage the statewide vendor system
- ✓ Oversee all evaluation committees, ensure fairness, transparency, and compliance with all laws
- ✓ Document retention
- ✓ Manage protests and litigation
- ✓ Statewide sourcing for enterprise contracts

AGENCIES

- ✓ Comply with the Montana Procurement Act and the DOA Delegation Agreement
- ✓ Comply with all policies and procedures as required by DOA
- ✓ Participate in compliance reviews
- ✓ Purchase goods and services under \$200K in accordance with the procurement act
- ✓ Maintain records of all procurement actions
- ✓ Submit any contracting actions above \$200K to DOA for review and management through the procurement process
- ✓ Payment of all invoices to vendors
- ✓ Management of contracts and vendors, report any contract issues to DOA
- ✓ Submit any sole source requests to DOA for consideration
- ✓ Manage contract renewals in compliance with the law and DOA policies



STATE PROCUREMENT STRUCTURE

DOA

State Procurement Division

Statewide Contracting

Procurement Support

Procurement Operations

**Complex
Procurements**

**Strategic
Sourcing**

**Special
Projects**

**Contract
Tracking &
Advising**

**Policy
Management**

**Training &
Certification**

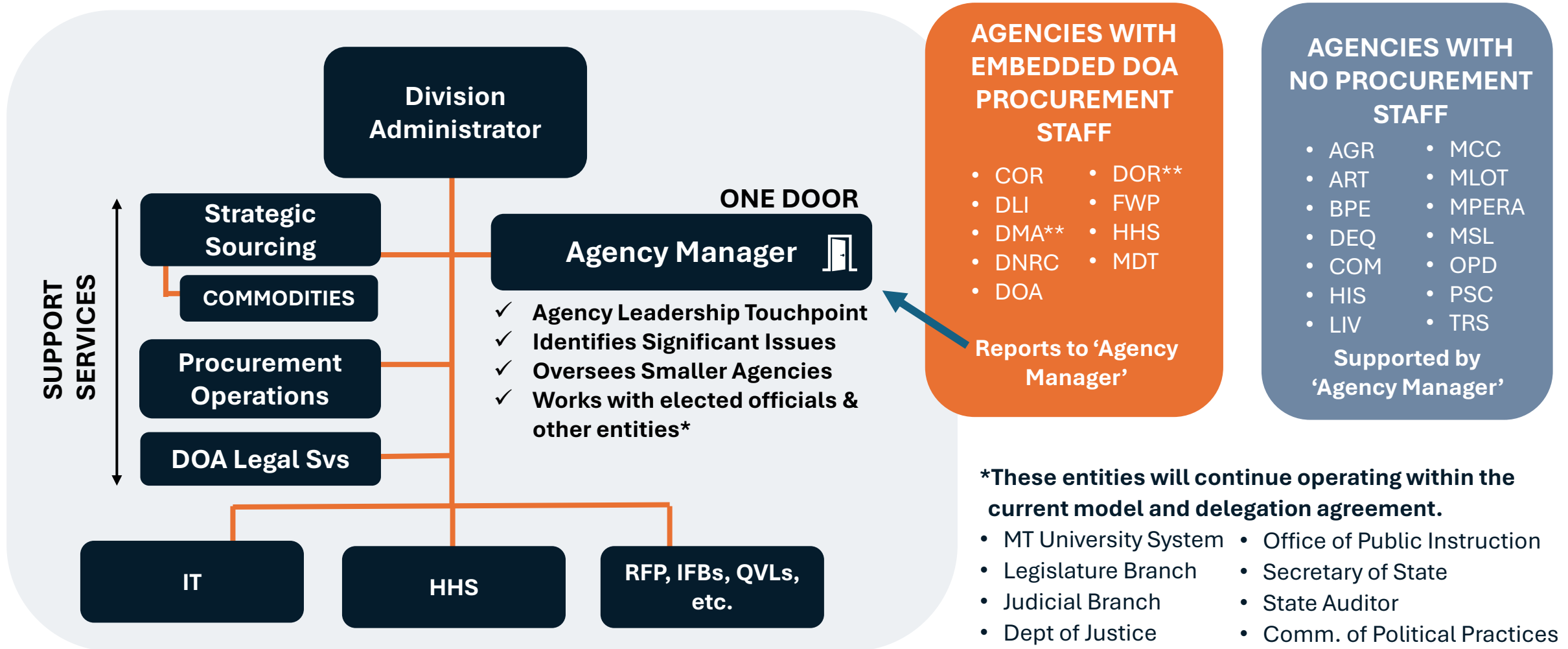
**Delegation
Management**

**Systems
Support**

**Agency
Compliance
Reviews**



PROCUREMENT – NEW ORGANIZATIONAL STRUCTURE





SPENDING OVER THRESHOLD LIMITS COME TO DOA

CURRENT SPENDING AUTHORITY MODEL:

\$100K DELEGATION

- All Sole Source to DOA
- All Contracts > \$100K to DOA

\$200K DELEGATION

- All Sole Source to DOA
- All Contracts > \$200K to DOA

PROPOSED BUYING POWER MODEL:

AGENCY RISK ASSESSMENT BUYING THRESHOLD BASED ON THESE FACTORS:



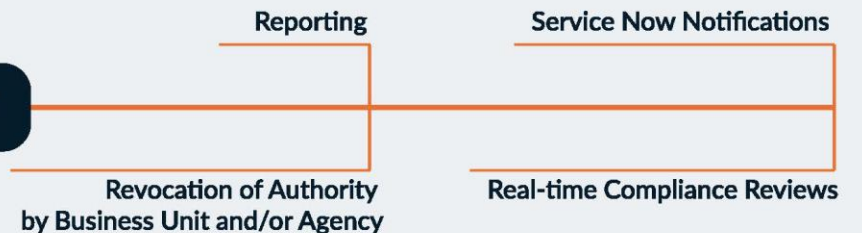
AGENCY RISK ASSESSMENT THROUGH REQUISITION FILTERS TO DOA:

- CONTRACTS OVER THE X THRESHOLD TO DOA
- RFPs
- ACTIONS ABOVE \$X DEPENDING ON RISK SCORE
- SOLE SOURCES

CONTRACTS FOR DOA REVIEW & APPROVAL

EXCEPT

DOA COMPLIANCE REVIEW OF AGENCIES



RISK ASSESSMENT / STAFF KNOWLEDGE & EXPERIENCE

As part of the ‘**Agency Risk Assessment**’ that would establish buying threshold limits, we need to better understand the knowledge and experience of current procurement staff. This information will also allow us to develop additional training in target areas, as needed.

SUGGESTED APPROACH

Use a self-evaluation process and allow individual procurement staff to speak to their current knowledge and experience.

Procurement topics/process areas would include:

- Knowledge of procurement laws, rules, and policies.
- Oversight of RFP process from beginning to award.
- Oversight of RFQ process from beginning to award.
- Oversight of an RFI process.
- Cooperative Purchasing Availability (process, contracts, and methods)
- IT Procurement Process, including ITPR requirements
- Sole Source and Exigency requirements and process for approval.
- and others. . .

SELF-EVALUATION CATEGORIES:

Overall # of years of MT or other government-based procurement experience.

- Less than one year
- 1-2 years
- 3-5 years
- 5 or more years

Procurement Process Knowledge/Experience

- 1 – No experience or knowledge of this topic.
- 2 – Trained in concepts and process but have not had the opportunity to apply my knowledge.
- 3 – Familiar with this process and have applied my knowledge and understanding often.
- 4 – Fully proficient in this topic and have provided training or successfully coached others to complete the process.



KNOWLEDGE & EXPERIENCE SURVEY



Received insightful inputs and feedback from procurement staff at the agencies and DOA's central team.

TOOLS AND RESOURCES

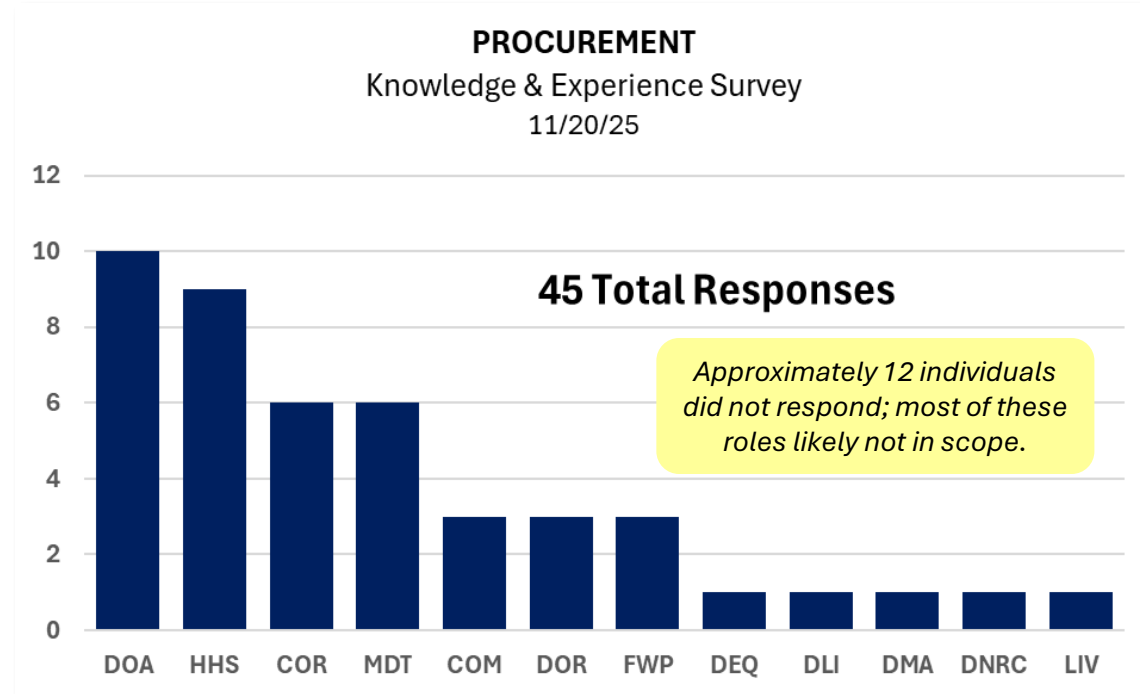
Majority of participants said they have the tools and resources needed, but a small number felt under-resourced, especially for IT-related procurement.

TRAINING NEEDS

Majority said they would benefit from additional training and see ongoing education as essential because procurement rules and practices change frequently. Desired topics included core procurement processes, changes to sole source and term contracts, IT procurement procedures, and step-by-step guidance on RFPs, RFIs, IFBs, and sole source work.

AREAS OF INTEREST TO GAIN MORE EXPERIENCE

Respondents want deeper experience in complex procurements and specialized areas such as RFPs, RFIs, IFBs, IT procurement, cooperative purchasing, statewide term contracts, limited solicitations, and task orders. Many also highlighted needs around information security, intellectual property, AI-related procurement, cooperative contracts, and understanding centralized processes.

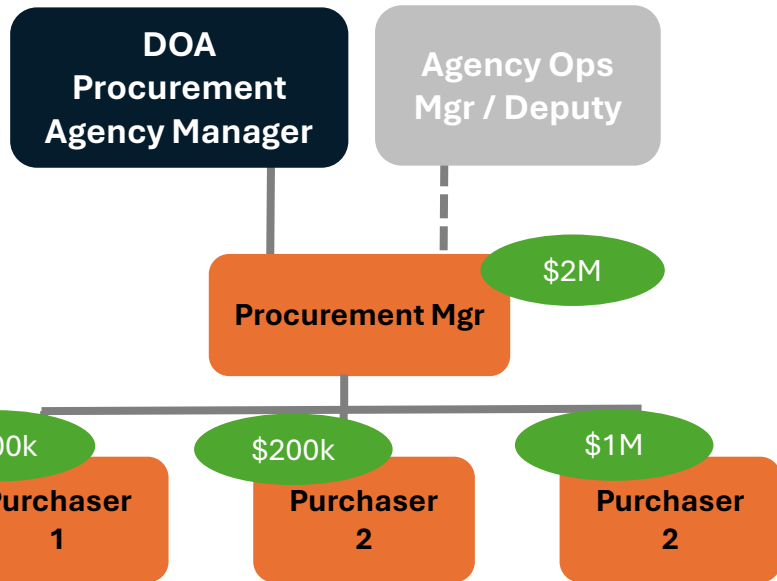




AGENCY SPENDING LEVEL / TIED TO STAFF

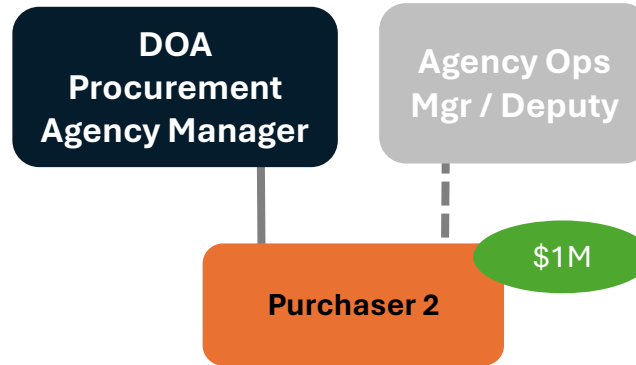
Established agency **SPENDING LEVELS** are directly tied to embedded DOA staff knowledge, training, and experience. If member of the team leaves, spending level could be re-evaluated.

LARGE AGENCY



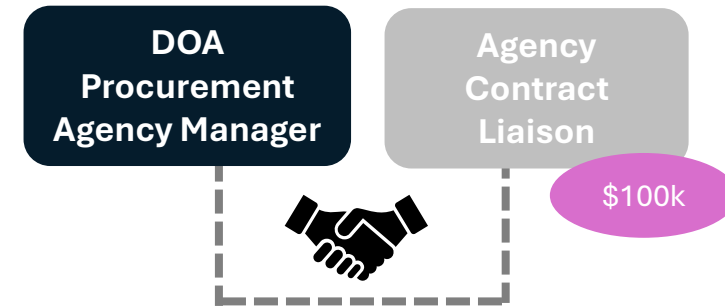
- Team model within larger agencies.
- In this example, if Procurement Manager resigns, spending level would be reviewed and likely reduced to \$1M. When position is filled knowledge/experience of new manager will be evaluated.
- If experienced staff members leaves, spending level remains at \$2M.

MEDIUM-SIZED AGENCY



- One-person support model.
- If individual resigns—potential scenarios:
 - Spending level reduced to \$100k (no staff); DOA central staff supports agency
 - DOA assigns new team member to support agency, spending level remains unchanged
- When position is permanently filled knowledge/experience of new individual will be evaluated and spending level re-established.

SMALL AGENCY



- No procurement staff at agency.
- Smaller agencies retain their delegated \$100k spending authority.
- For purchases above \$100k, Agency Contract Liaison works with DOA Procurement Agency Manager on procurement request.
- DOA Procurement Agency Manager assigns appropriate contracting staff and resources from central team to work with agency staff to complete procurement process.

NOTE: Spending thresholds are only for currently allowed unlimited commodities.

PROCUREMENT SERVICE AGREEMENTS / AUTHORITY

AGENCIES WITH EMBEDDED DOA PROCUREMENT STAFF

- COR
- DLI
- DMA
- DNRC
- DOA
- DOR
- FWP
- HHS
- MDT

Staff Report to
Agency Manager

- DOA employees sitting with agencies – selected and agreed upon.
- New **SERVICE LEVEL AGREEMENTS** executed
- New Spending Levels Identified by 'RISK' Score.
- All actions above spending limits and set thresholds go to DOA Central Procurement for approval.
- Statutory exemption procurement activities remain with the agency (e.g., grants, alcohol, human services, construction, etc.).

AGENCIES WITH NO PROCUREMENT STAFF

- AGR
- ART
- BPE
- DEQ
- COM
- HIS
- LIV
- MCC
- MLOT
- MPERA
- MSL
- OPD
- PSC
- TRS

Supported by
Agency Manager
& Central DOA
Team

- No dedicated procurement staff – DOA is the APO for these agencies.
- New **DELEGATION AGREEMENTS** executed.
- Remain at current delegated level (e.g., \$100k, \$200k).
- Statutory exemption procurement activities remain with the agency (e.g., grants, alcohol, human services, construction, etc.).
- May not hire procurement staff.

REQUIRES DOA CENTRAL OFFICE APPROVAL

- All Sole Sources
- All RFPs Above \$1M
- All Cooperative Purchases Above \$100k
- Any Action Above Agency Established Limit
- Vehicle Purchases

NEW PROCUREMENT INTAKE / APPROVAL WORKFLOW SYSTEM

In support of the Procurement Centralization initiative, a new intake and approval workflow will be implemented.

This system was built with internal resources and will be used by all agencies.

Covers all categories of procurement processes:

- *RFPs*
- *IT Review / Approval (ITPR)*
- *Cooperative Purchases*
- *Sole Source Approval*
- *and others.*

The screenshot displays the 'Request Workflow' interface. At the top, a progress bar shows six stages: Draft (active), Intake, Refinement, Legal Review, Submitted, and Approved. Below the progress bar is a 'Quick Entry' section with a text input field containing 'Enter the essential details for your procurement request.' and a 'Quick Entry' button. The breadcrumb trail reads 'Unknown User > Department of Administration > Draft Request'. The main content area is divided into two columns. The left column, 'Purchase Details', includes a 'Category*' dropdown menu, an 'Item Name*' text field with 'Draft Request' entered, a 'Department*' text field, and a 'Description*' text area with 'Draft request in progress' entered. The right column, 'Financials', is titled 'How will this be paid for?' and contains four options: 'One-time Purchase' (selected), 'Subscription / Contract', 'Hourly / Time-based', and 'I know the total'. At the bottom right, there are links for 'Privacy & Security' and 'Accessibility'.

PROCUREMENT KEY PERFORMANCE INDICATORS

STRATEGIC SOURCING

KPI: Identify and reduce duplicative contracts. Utilize current strategic contracts to optimize spending and develop new strategic contracts for services and commodities where strategic sourcing has not yet been applied within the first year of centralization.

Impact: Reduce costs, improve supplier performance, manage risk, and increase controlled spending.

REQUISITION TO PO CYCLE TIME FOR STRATEGIC SOURCING CONTRACTS

KPI: Identify current cycle times for executing POs under current strategic sourcing contracts. Reduce cycle times by 10% by implementing SPSD's new requisitioning system and strategic catalog.

Impact: Faster fulfillment, reduced administrative costs per purchase, improved supplier relationships, and higher internal satisfaction.

REQUEST FOR PROPOSAL (RFP) CYCLE TIME

KPI: Reduce average RFP Cycle Time for sourcing events over \$100k to 55 days, while maintaining quality and compliance.

Impact: Faster time-to-contract, Higher process efficiency, lower risk of non-compliant or rushed deals, and improved stakeholder satisfaction.

INVITATION FOR BID (IFB) CYCLE TIME

KPI: Reduce IFB Cycle Time for sourcing events over 100k to 40 days while maintaining quality and compliance.

Impact: Faster time-to-contract, Higher process efficiency, lower risk of non-compliant or rushed deals, and improved stakeholder satisfaction.

CONTRACT AWARD RATE

KPI: Identify current award rates and common delays.

Impact: Fewer project delays and bridge buys, better budget execution, higher stakeholder confidence, and improved supplier experience.

NUMBER OF CONTRACTS AWARDED THROUGH COMPETITIVE BIDDING

KPI: Identify contracts awarded through sole-source or non-competitive methods, excluding non-addressable items (exemptions).

Impact: Better pricing and terms, lower fairness and integrity risk, stronger audit and public defensibility, healthier supplier market, better data for category strategies.

REDUCE EXIGENCY SPEND

KPI: Identify purchases made utilizing the exigency process, identify common purchases, and attempt to redirect spending on strategic sourcing contracts or other available resources.

Impact: Lower prices and fees, better budget predictability, reduced policy and audit risk.

PROCUREMENT KPIs (continued)

REDUCED SOLE SOURCE SPEND

KPI: Identify spend with suppliers classified as sole source providers to better understand the state's reliance on these suppliers. Identify alternatives with agency stakeholders.

Impact: Better pricing and terms, demonstrable value for money, more innovative options.

CONTRACT COMPLIANCE

KPI: Identify the State's current compliance rate within the enterprise contracts by reviewing purchases that follow statute, rule, policy, and contract-negotiated terms .

Impact: Stronger policy and audit compliance, better control of obligations, and stronger supplier performance.

NUMBER OF CONTRACTS MANAGED PER EMPLOYEE

KPI: Identify current workload and productivity of centralized staff and identify potential workload rebalancing across categories while maintaining quality and compliance.

Impact: Workload visibility, productivity, employee engagement, and organizational design.

NUMBER OF TRAINING HOURS PER EMPLOYEE

KPI: Identify the average number of completed formal training hours per employee over a set period of time for targeted groups (contract officers, supervisors, or new managers).

Impact: Skills and role readiness, change adoption, regulatory and policy compliance, fewer errors and incidents, and identifying gaps.

COMPLIANCE RATE OF VENDORS

KPI: Identify current vendor compliance rates.

Impact: Less value leakage, lower rework and waste, stronger audit readiness, and more reliable operations.

PROTESTS AND DISPUTES

KPI: Identify the current bid/proposal protest and contract dispute rate. Identify common variables and develop clearer solicitations, assess evaluations, and better contract drafting/relationship management.

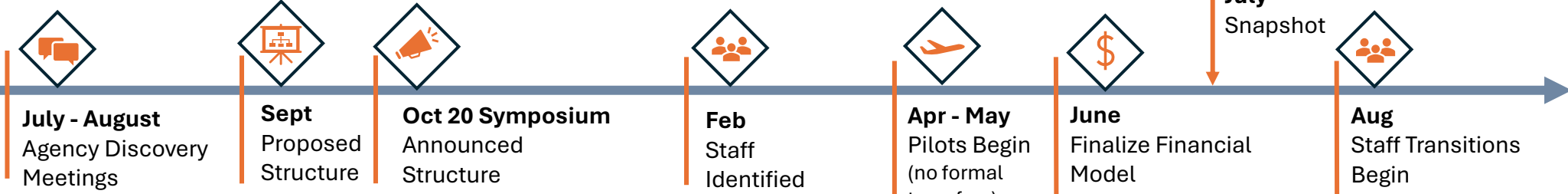
Impact: Fewer delays and administrative costs, less rework and corrective action, reduced legal and audit exposure, better public and market trust, better solicitation and contract quality, and healthier supplier relationships.

CENTRALIZATION INITIATIVES: UPDATED TIMELINE

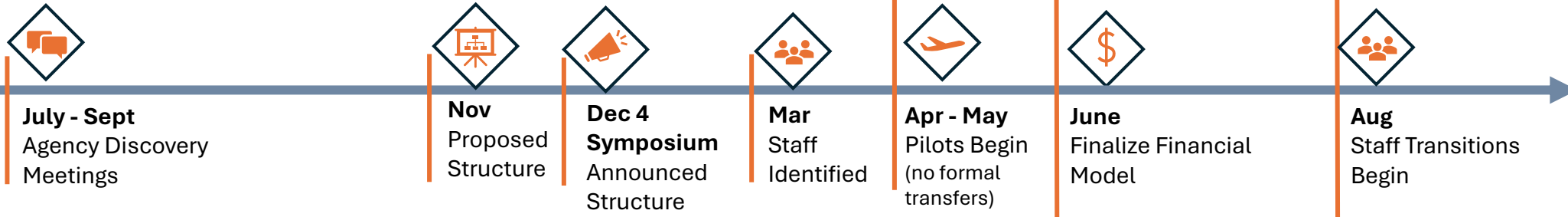
June 24, 2025
Centralization
Initiative Announced



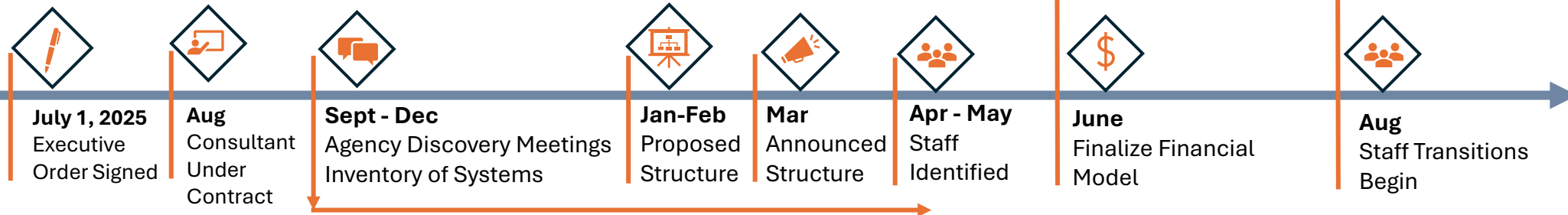
PROCUREMENT ~ 25 FTE*



HR ~ 100 FTE*



IT ~ TBD FTE*



*Staff to be transitioned identified during the discovery phase for each function.

HR-PROCUREMENT / PILOT DETAILS

Week of HUMAN RESOURCES

No formal staff transitions during this timeframe.

- May 4 Kickoff – All **Pilot** Directors & Other Agency Leadership
- May 18 Initial Pilots Begin – **MDT, DEQ, COM**
- June 8 Phase 2 Agencies – DNRC, HHS, DLI, OPD, MSL, HIS, DMA*
- July 6 Phase 3 Agencies – DOR, COR, FWP, AG, LIV, DOA

Week of PROCUREMENT

No formal staff transitions during this timeframe.

- May 4 Kickoff – All **Pilot** Directors & Other Agency Leadership
- May 18 Initial Pilots Begin – **HHS, COM, DNRC**
- June 8 Phase 2 Agencies – COR, DLI, FWP, DOR*, DMA*
- July 6 Phase 3 Agencies – DEQ**, LIV**, AGR**, DOA**, OPD**
- Continue deployment – MSL**, HIS**, and all other state agencies

*Operating in new model – no staff transitioning.

**No dedicated procurement staff – new delegation agreement will be deployed.

WHAT TO EXPECT

- Onboarding sessions planned with all agencies prior to transition of staff
- Plan to ‘road test’ the new SLAs and Procurement Delegation Agreement and adjust, as necessary
- Full engagement with new Agency Managers
- Use the new Procurement workflow system and adjust, as needed

PILOT MOUs

Establishes terms for the pilot program to evaluate operational processes, service delivery, communication, and related administrative functions before implementing a permanent arrangement.

**FIRST STAFF TRANSITIONS (HR & PROCUREMENT)
HHS, DNRC, COM, DEQ**

Effective August 8

Timing of other transitions will be determined by the success of this initial group’s transition.



HUMAN RESOURCES

STATE HR DIVISION / STATUTORY RESPONSIBILITIES

Mont. Code Ann. § 2-18-101 et seq.

These statutes assign the Department of Administration statewide leadership and authority over key HR functions for state government.

- Lead development of effective personnel administration practices for all state agencies and make HR expertise and resources available to them.
- Apply and carry out the personnel statutes under Mont. Code Ann. Title 2, ch. 18, pts. 1–3, including any actions needed to fulfill their purposes.
- Develop and issue statewide personnel policies.
- Develop and foster programs for recruitment, selection, training, safety, health, counseling, discipline, grievance handling, performance evaluation, and retention of employees.
- Develop model rules of conduct for all state employees based on the state ethics laws (Mont. Code Ann. Title 2, ch. 2).
- Investigate how personnel statutes and policies are working in practice and report findings and recommendations to the governor.



CENTRAL HR ROLES AND RESPONSIBILITIES

ENTERPRISE HR PROGRAMS, POLICIES, AND BUSINESS SERVICES

- Compensation and Classification
- ADA/EEO
- Enterprise Learning and Development
- Employee Assistance Program
- Policy and Process Development
- Advising Agency HR Leaders on state policy, rules, statutes, and practices.



HR INFORMATION SYSTEMS (HRIS)

Manage and maintain the following enterprise systems.

- Core HRIS System (SABHRS)
- Performance Management and Training (TALENT / LEARN)
- Recruitment System (SOMRS)



LABOR RELATIONS



- Negotiate the biennial pay package for state employees.
- Negotiate collective bargaining agreements for each of the state's bargaining units.
- Assist agencies administering collective bargaining agreements.
- Represent state government in administrative hearings and labor arbitrations.

CENTRAL PAYROLL PROCESSING

- State/federal payroll tax management.
- Deductions management.
- Manage biweekly processing of enterprise payroll.



AGENCY HR TEAMS - ROLES AND RESPONSIBILITIES

The support provided by agency assigned HR staff is not changing. Agency HR teams will continue to offer the same core support and services to their assigned agency while proactively engaging with the HR Business Services Bureau. **There will be an expectation that items will be elevated to the Agency HR Services Bureau for awareness.**

- Recruiting / New Hire Onboarding
- Employee Offboarding / Exit Interviews
- Agency Level Workforce Planning / Strategies
- Agency Level Pay / Compensation Strategies and Requests
- Position Classification
- Leave Management
- Advising on HR Policy & Labor Law
- Labor Relations / CBA Adherence & Support/LMCs
- Ensures Alignment with Enterprise HR Policy / Strategies
- Agency Specific Training & Development
- Employee Safety / Workers' Compensation
- Bi-Weekly Timesheets / Payroll Verification



DISCOVERY DETAILS



100 DATA POINTS



**15 AGENCY
DISCOVERY
SESSIONS**



**5 SHRD FOCUS
GROUPS**



3 STATES



HR CENTRALIZATION – DISCOVERY PHASE

CURRENT STATE SUMMARY

PEOPLE

- Current HR agency staff primarily operate in siloes, which has led to limited knowledge sharing and limited standardization in HR operations.
- HR Staff are developed through a mix of in-house training, peer support, and external resources, but agencies noted inconsistencies with access to professional development opportunities.
- Agencies described ongoing staffing challenges, including seasonal fluctuations and high turnover, which currently places additional pressure on HR teams – particularly those with smaller staffs.

PROCESS / POLICY

- Limited process standardization exists across the agencies – HR staff follow the precedence established in their individual agencies, and limited sharing of best practices occurs across the agencies.
- Many agencies follow more manual processes for key HR functions, which highlights the need for greater consistency and automation.
- Policies are not always standard from agency to agency, as policy governance is difficult to enforce with the current org structure and State HR team bandwidth.

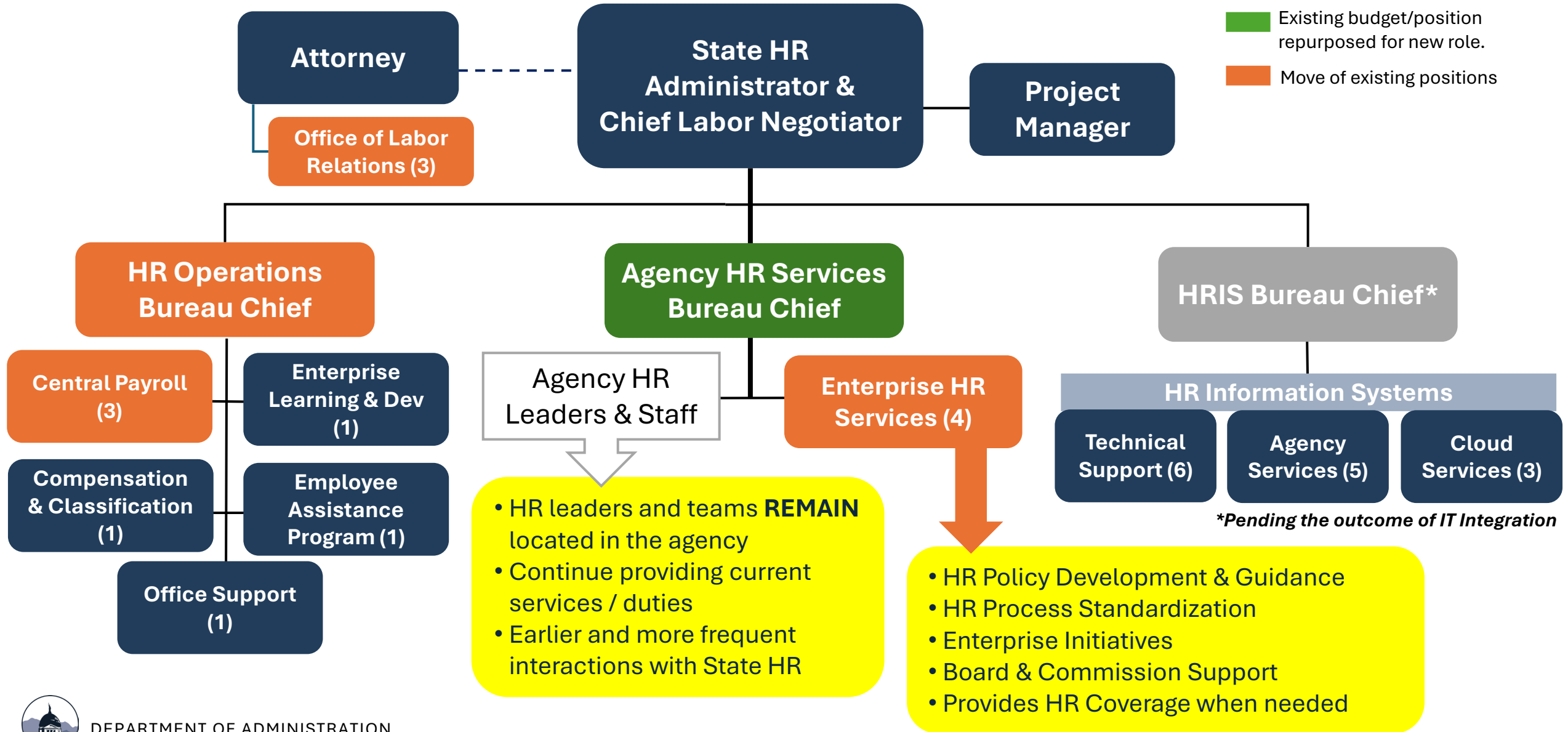
TECHNOLOGY

- Agencies use a variety of HR tools (including “homegrown” solutions), as to-date, they have been acting autonomously in their technology selection. Integration across tools and platforms remains a challenge.
- Agencies are in various states of migrating to digital record-keeping, but few use digital solutions that are more sophisticated than a centralized shared drive.
- Concerns exist about maintaining data integrity and consistency, particularly as agencies juggle multiple platforms and legacy systems.



STATE HR - NEW ORGANIZATIONAL STRUCTURE

■ Existing budget/position repurposed for new role.
■ Move of existing positions



HUMAN RESOURCE

Key Performance Indicators

HR Centralization Success Measures

As HR functions are centralized, we will establish baselines for each measure during the first year. These KPIs define how we will track success, manage risk, and improve service quality over time.

CUSTOMER SATISFACTION

KPI: Establish a statewide HR customer satisfaction survey to measure service quality and responsiveness among state employees and managers within the first year of centralization.

Definition: Develop, launch, and complete the first annual customer satisfaction survey for agency managers and employees who use HR services, assessing satisfaction with timeliness, communication, problem resolution, professionalism, and overall service quality.

Impact: Direct feedback from employees and managers shows how well centralized HR meets agency needs, supports continuous improvement of core HR services, and strengthens accountability for service standards across the enterprise.

HR SERVICE STANDARDS

KPI: Establish best-practice service targets for core HR services within the first year of centralization.

Definition: Develop and adopt clear service standards for recruitment, employee relations, investigations, and other core HR processes.

Impact: Agencies will have transparent expectations for what “good” HR service looks like statewide, which supports consistent expectations and accountability.

TRAINING AND CERTIFICATION FOR HIGH-RISK FUNCTIONS

KPI: Implement training and certification programs for high-risk HR functions (labor relations, corrective action, investigations, ADA).

Definition: Within the first year of centralization, design and implement standardized training and proficiency requirements for at least one high-risk HR function, with a plan and timeline to expand to the remaining areas.

Impact: Centralized, consistent training reduces legal and compliance risk and builds confidence that complex HR issues are handled by qualified professionals.

POLICY ALIGNMENT AND SIMPLIFICATION

KPI: Reduce the number of agency-specific HR policies that duplicate or conflict with statewide HR policy by 10% within the first full year of centralization.

Definition: SHRD will inventory all agency-specific HR policies, establish a baseline count, and then decrease policies that are redundant or inconsistent with statewide policy by 10% within the first year of centralization.

Impact: Fewer conflicting policies lead to clearer expectations for employees and managers, more consistent treatment across agencies, and lower risk of grievances and legal challenges.

HR KEY PERFORMANCE INDICATORS (continued)

HR-RELATED SETTLEMENT COSTS

KPI: Reduce the total number of HR-related settlements over \$10,000 by 5% over two years.

Definition: Track and compare the number of employment-related settlements exceeding \$10,000 before and after centralization, with a target of a 5% reduction within two years.

Impact: Fewer high-dollar settlements indicate better compliance, improved decision-making, more effective early resolution of issues, sound HR practices.

SUBSTANTIATED HRB/EEO CLAIMS

KPI: Reduce the total number of substantiated HRB/EEO claims by 10% over two years.

Definition: Measure the number of substantiated human rights and EEO claims each year and decrease that number by at least 10% within two years of centralization.

Impact: Fewer substantiated claims indicate better prevention, better support for supervisors, and stronger early resolution of workplace concerns before they become violations.

GRIEVANCE RESOLUTION TIME

KPI: Reduce the average time to resolve grievances (days from filing to resolution) by 10% over two years.

Definition: Calculate the average number of days from grievance filing to final resolution and improve this metric by 10% in two years.

Impact: Faster, fair resolution of grievances improves employee trust, reduces workplace disruption, and is a recognized best-practice indicator of HR effectiveness.

REPEAT DISCIPLINE RATE

KPI: Reduce the percentage of disciplined employees who receive a similar action within 12–18 months by 5% over two years.

Definition: Track the proportion of employees who experience another similar disciplinary action within 12–18 months of a prior action and reduce that percentage by 5%.

Impact: Lower repeat discipline suggests that corrective actions, coaching, and support are effective, helping employees improve performance and behavior instead of cycling through repeated discipline.

INVESTIGATION TIMELINESS AND BACKLOG

KPI: Reduce the number of HR investigations open more than 30 days by 10% within the first full year of centralization.

Definition: Establish a baseline count of investigations exceeding 30 days, then reduce that backlog by at least 10% in the first full year, while maintaining investigation quality standards.

Impact: Timely, thorough investigations are essential to safety, fairness, and compliance. Reducing the backlog shows the centralized HR model is more responsive and effective.

HUMAN RESOURCE SERVICE STANDARDS



HR SERVICE STANDARDS

Establish best-practice service targets for core HR services. Examples include:

REQUEST FOR RECRUITMENT

Service: Manager submits recruitment request to HR.
Standard: Within 2 workdays, HR schedules recruitment strategy meeting with manager. Strategy meeting includes discussion of position, candidate requirements, timeline, and posting announcement.

REQUEST TO HIRE — OFFER LETTER ISSUANCE

Service: Manager approves final candidate and completes hiring authority chain; HR prepares and sends offer letter.
Standard: Within 2 workdays of hiring approval, offer letter is sent to candidate.

SEPARATION NOTICE — OFFBOARDING INITIATION

Service: Manager notifies HR of employee resignation, termination, or layoff.
Standard: Within 3 workdays of separation notice, HR initiates exit checklist, coordinates IT/Payroll deprovisioning, and schedules exit interview.

GENERAL HR INQUIRY — INITIAL RESPONSE

Service: Employee or manager submits general HR question (leave, FMLA, policy interpretation, process question, employment verification request, etc.).
Standard: Within 2 workdays, HR provides initial response, even if full answer requires additional research.

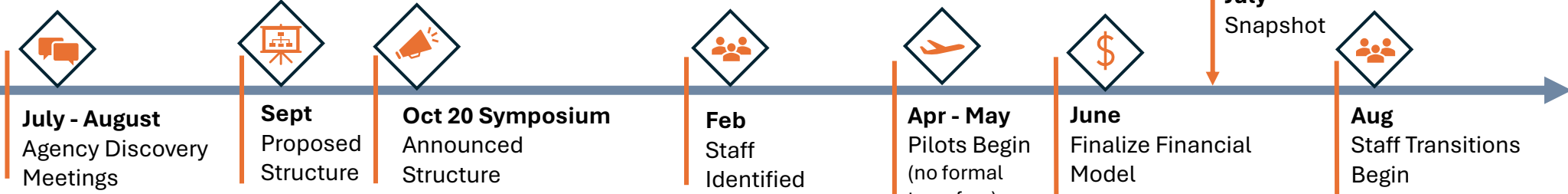
CENTRALIZATION INITIATIVES: UPDATED TIMELINE

June 24, 2025
Centralization
Initiative Announced



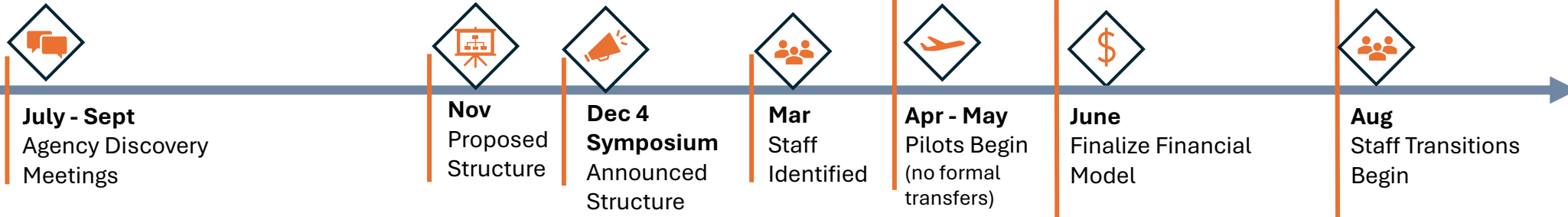
PROCUREMENT

~ 25 FTE*



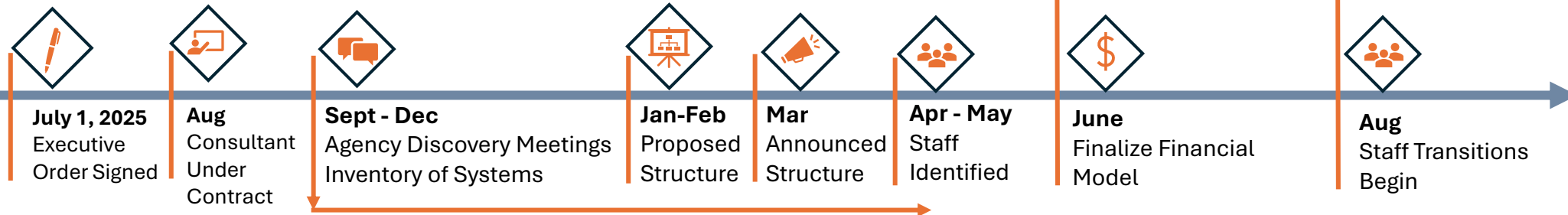
HR

~ 100 FTE*



IT

~ TBD FTE*



*Staff to be transitioned identified during the discovery phase for each function.



HR-PROCUREMENT / PILOT DETAILS

No formal staff transitions during this timeframe.

<u>Week of</u>	HUMAN RESOURCES
May 4	Kickoff – All Pilot Directors & Other Agency Leadership
May 18	Initial Pilots Begin – MDT, DEQ, COM
June 8	Phase 2 Agencies – DNRC, HHS, DLI, OPD, MSL, HIS, DMA*
July 6	Phase 3 Agencies – DOR, COR, FWP, AG, LIV, DOA

No formal staff transitions during this timeframe.

<u>Week of</u>	PROCUREMENT
May 4	Kickoff – All Pilot Directors & Other Agency Leadership
May 18	Initial Pilots Begin – HHS, COM, DNRC
June 8	Phase 2 Agencies – COR, DLI, FWP, DOR*, DMA*
July 6	Phase 3 Agencies – DEQ**, LIV**, AGR**, DOA**, OPD**
	Continue deployment – MSL**, HIS**, and all other state agencies

*Operating in new model – no staff transitioning.

**No dedicated procurement staff – new delegation agreement will be deployed.

WHAT TO EXPECT

- Onboarding sessions planned with all agencies prior to transition of staff
- Plan to ‘road test’ the new SLAs and Procurement Delegation Agreement and adjust, as necessary
- Full engagement with new Agency Managers
- Use the new Procurement workflow system and adjust, as needed

PILOT MOUs

Establishes terms for the pilot program to evaluate operational processes, service delivery, communication, and related administrative functions before implementing a permanent arrangement.

**FIRST STAFF TRANSITIONS (HR & PROCUREMENT)
HHS, DNRC, COM, DEQ**

Effective August 8

Timing of other transitions will be determined by the success of this initial group’s transition.



INFORMATION TECHNOLOGY

MONTANA EXECUTIVE ORDER - IT INTEGRATION

The executive order from Governor aims to transform how technology services are delivered to state agencies and citizens.



Central oversight of all executive branch IT personnel by the State CIO



Creation of the Integration Management Office (IMO) under the Department of Administration (DOA)



Empowerment of DOA to direct integration activities, restructure delivery models, and align budgets.



Bi-Weekly steering committee (Cabinet)

Core Project Objective: Transition from the current decentralized IT environment to an integrated model that enhances efficiency, strengthens cybersecurity, and improves the delivery of digital services

INITIAL SCOPE FOR IT INTEGRATION

Discovery discussions resulted in the following agencies and SITSD divisions being considered in-scope.

16 State Agencies

- Department of Administration (DOA)
- Department of Agriculture (AGR)
- Department of Commerce (COM)
- Department of Corrections (COR)
- Department of Environmental Quality (DEQ)
- Department of Fish, Wildlife and Parks (FWP)
- Department of Labor and Industry (DLI)
- Department of Livestock (LIV)
- Department of Military Affairs (DMA)
- Department of Natural Resources and Conservation (DNRC)
- Department of Public Health and Human Services (DPHHS)
- Department of Revenue (DOR)
- Department of Transportation (MDT)
- Montana Historical Society (HIS)
- Montana State Library (MSL)
- Office of Public Defender (OPD)

5 SITSD Bureaus

- Chief Digital Infrastructure Office (CDIO)
- Chief Information Security Office (CISO)
- Chief Innovation & Transformation Office (CITO)
- Chief Operating Office (COO)
- Chief Technology Office (CTO)



WHAT WE HEARD

Over the course of phase 1, Slalom partnered with the IT integration IMO to interview Montana state agency leadership and stakeholders to understand agency strategic objectives and IT service needs, compiled a system inventory, identified IT resources, and gained an understanding of current state IT service delivery capabilities.

16 Agency Interviews and Follow-ups

+60 Stakeholders Engaged

We engaged with over 60 Montana stakeholders through agency questionnaires and interviews across 16 Montana state agencies.

492 Agency Technology Cataloged

Systems and applications were identified across 16 agencies.

59 IT Capabilities Identified

Core business capabilities identified and defined.

678 Current IT Resources Identified

We partnered with HR to identify 678 IT resources across 16 state agencies that support IT services.

SAMPLE QUOTES *(lightly edited)*



Citizen + State Agency Experience

"Meet our business where they are ... IT should be an enabler not a dictator."



IT Capabilities, Technology + Data

"We've worked hard to change how we do things - and now want to learn from other agencies."

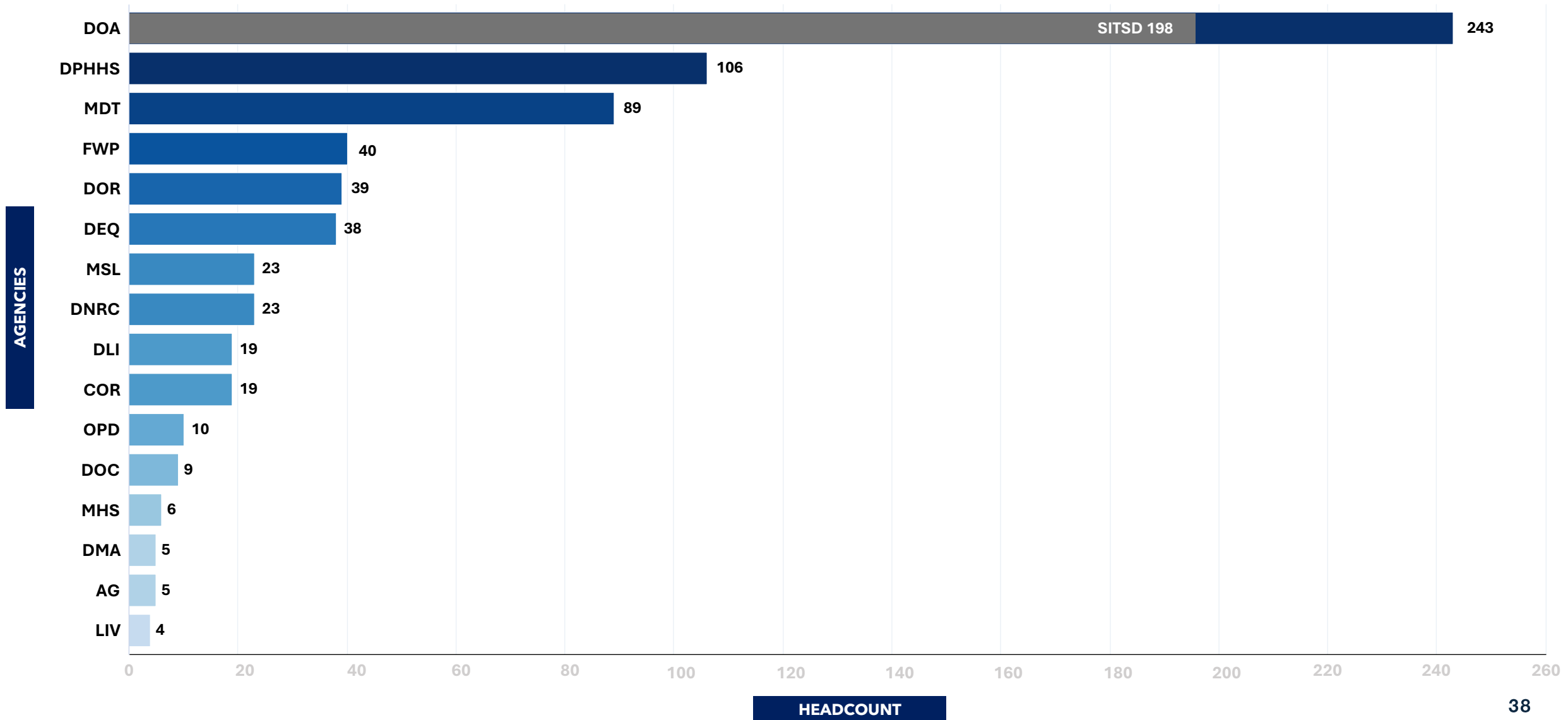


Culture & Change

"Culture has kept me here 22 years - not pay."

IT RESOURCE HEADCOUNT BY AGENCY

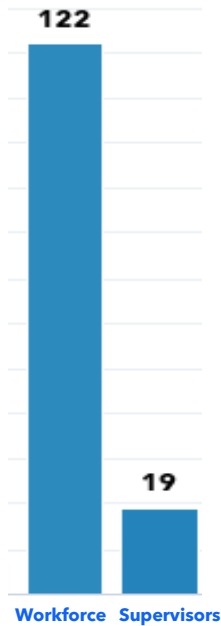
In partnership with DOA and State HR, we have identified **678 IT Resources** across 16 agencies.



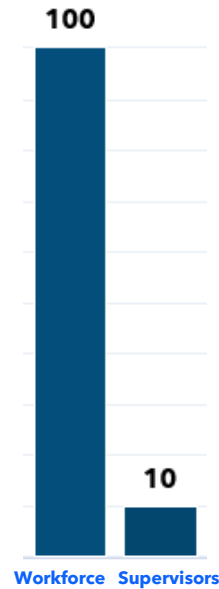
IT RESOURCE HEADCOUNT BY ROLE CATEGORY

The headcount data provided insights into the headcount by role categories across the state.

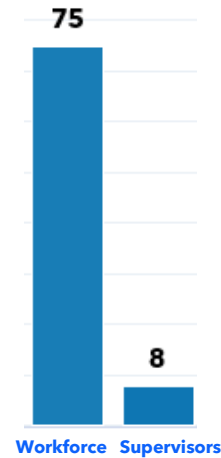
Systems Administrators
Headcount: **141**



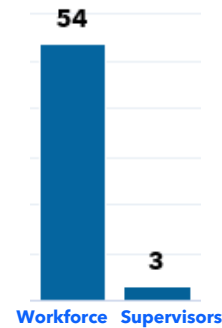
Software Developers
Headcount: **110**



Systems Analysts
Headcount: **83**



Systems Support
Headcount: **57**



GIS Specialists
Headcount: **44**



Security Specialists
Headcount: **44**



Database Administrators
Headcount: **34**



Systems Architects
Headcount: **19**



Computer and All: **9**



Research Analysts: **3**



Communications Technologist: **2**



Customer Service Assistant: **2**



Facilities Specialist: **2**



Project Supervisor, Training Supervisor, Trainer: **1 each**



Note: This does not include IT Executives, Managers and business classified roles within IT teams

PHASED APPROACH



Objective: Establish future state direction and conduct a thorough assessment of the current state IT landscape across in scope agencies.

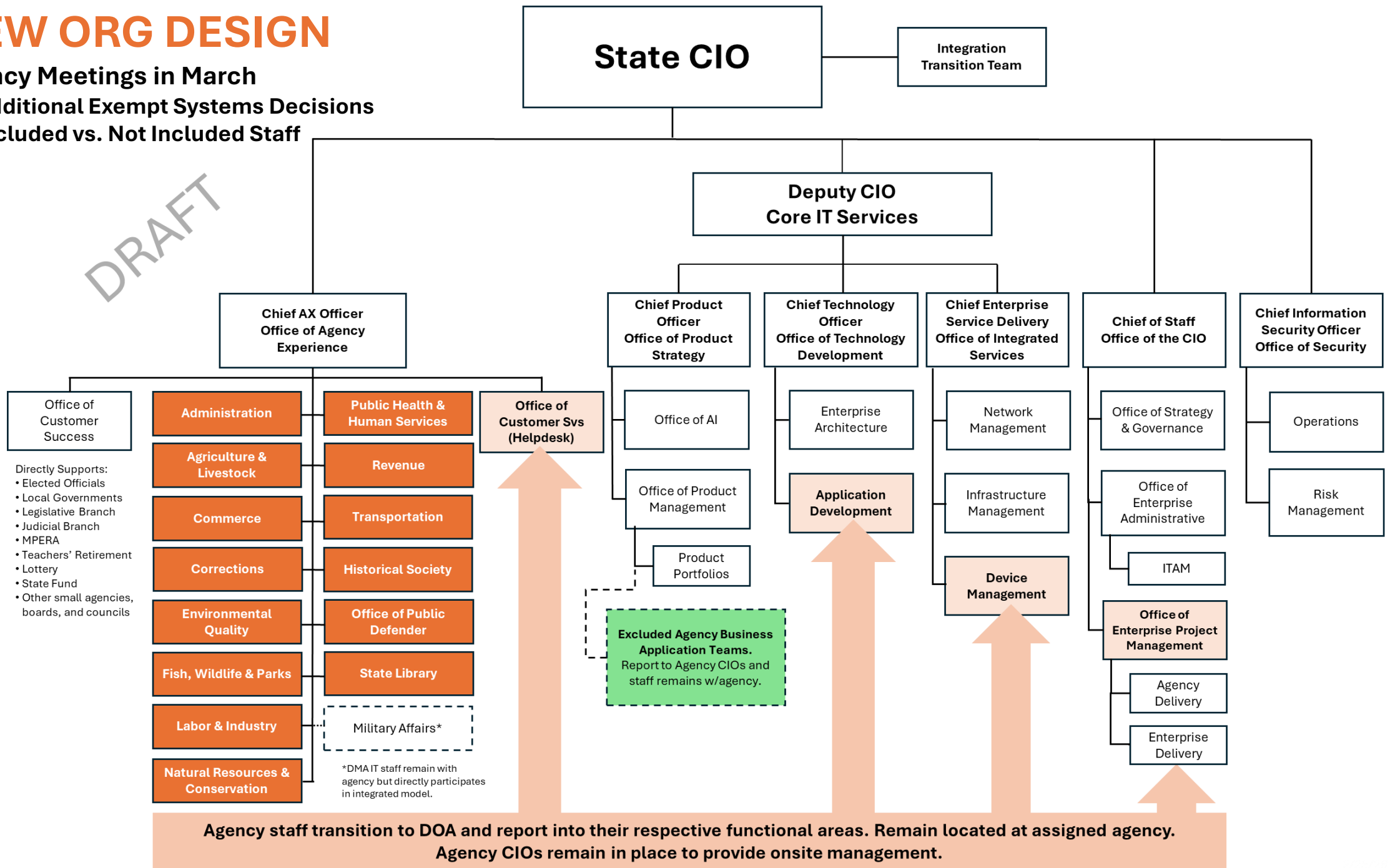
Objective: Design the future-state Montana IT Operating Model that will result in IT priorities supporting the States goals of being a digital-first government.

Objective: Support the state with change management, project management, and CIO advisory support to implement roadmaps and conceptual operating model design.

NEW ORG DESIGN

Agency Meetings in March

- Additional Exempt Systems Decisions
- Included vs. Not Included Staff



WHAT SYSTEMS STAY WITH THE AGENCIES?

EXCEPTION CRITERIA

- Is the system or data regulated?
- Is the system/product scalable to meet multiple agency missions and objectives?
- Is this technology a core agency service?
- How complex is the funding of technology and supporting staff?
- How large is the team supporting the technology?
- How much does this integrate with other state systems?
- How many similar systems exist across the state? (i.e. case management)
- How complex is the system and support model? Does it need enterprise level support.

CURRENT EXEMPTED SYSTEMS

- GenTax
- SEARCHS
- CHIMES
- ALS (FWP)
- Unemployment Insurance (UI)
- SABHRS (Peoplesoft)
- Offender Management
- MES (MPATH)
- PEAKS/CAPS (Child Welfare)
- EBT (SNAP/TANF/WIC)



IT KEY PERFORMANCE INDICATORS (KPIs)

TICKET BACKLOG (UNRESOLVED TICKETS)

Target: Number of Unresolved Tickets (Ticket Backlog)

Target: End-of-day backlog \leq 10% of average daily ticket volume (service desk)

This metric tracks the number of open, unresolved tickets in the queue at the end of the day, with emphasis on tickets that exceed normal resolution time. A healthy backlog shows that teams are keeping pace with demand and not allowing issues to age out and impact agency operations.

AVERAGE TIME TO RESOLVE HIGH PRIORITY TICKETS

Target: Average time to resolve 8 hours (80%), Not to exceed 24 hours (100%)

This metric tracks the average time from when a high-priority support ticket is opened until it's fully resolved. Faster resolution means agencies spend less time waiting and more time serving Montanans.

CUSTOMER SATISFACTION SCORE (CSAT)

Target: 4.0 or higher (5-point scale)

CSAT measures satisfaction on a 5-point scale through regular surveys. Scores above 4 are considered excellent. Centralization aims to deliver consistent, professional support across all agencies—proving that consolidated IT performs as well or better than the current fragmented model.

CUSTOMER EFFORT SCORE (CES)

Target: 2.0 or lower (7-point scale)

CES measures the effort required to resolve an issue, with higher scores indicating more friction. Currently, employees can face hand-offs between multiple IT teams, unclear escalation paths, and inconsistent service levels. A centralized service desk with end-to-end ownership reduces effort by eliminating these handoffs and creating a single point of contact that sees issues through resolution.

IT COST PER USER (IMPACTED AGENCIES)

Target: TBD (Need Enterprise Benchmark to Set)

This metric divides total IT expenditures by the number of users supported. Centralization should drive this number down through economies of scale—consolidated purchasing power, elimination of duplicate systems, shared infrastructure, and standardized service delivery models.

OUTDATED/DUPLICATE SYSTEMS RETIRED

Target: Retire 10 outdated, end-of-life, or duplicative systems annually
Centralized governance enables comprehensive portfolio management—identifying duplicate systems and systems that no longer deliver value, consolidating scattered applications, and migrating agencies to shared platforms. Retiring 10 outdated systems annually tracks the steady reduction of technical debt and unnecessary spending.

IT KPIs (continued)

PROJECTS DELIVERED ON TIME

Target: At least 90% of projects are delivered on or before their approved baseline end date.

This metric measures the percentage of completed projects that are finished on or before the approved baseline schedule. Higher on-time delivery indicates effective planning, realistic estimating, and disciplined schedule management across the project portfolio, helping agencies receive value when promised and reducing disruption to business operations.

PROJECTS DELIVERED ON BUDGET

Target: At least 90% of projects are completed within 10% of their approved budget.

This metric measures the percentage of completed projects whose actual total cost remains within a defined variance (for example $\pm 5\%$) of the approved baseline budget. Strong on-budget performance reflects mature cost estimation, scope discipline, and financial controls, demonstrating responsible stewardship of taxpayer funds and predictable financial performance across the IT portfolio.

SYSTEM AVAILABILITY (UPTIME)

Target: 99.9% availability for critical enterprise systems

This metric tracks the percentage of time that critical systems are available and functioning as expected. Reliable technology is essential for agencies to deliver services to Montanans without interruption. Centralized IT operations improve availability by standardizing infrastructure, proactively monitoring, coordinating incident response, and maintaining consistent practices across agencies.

SECURITY AWARENESS TRAINING COMPLETION RATE

Target: 100%

Percentage of state workforce that completed required cybersecurity awareness training within the defined cycle (for example annually or quarterly).

PATCHING COMPLIANCE RATE (CRITICAL UPDATES)

Target: At least 95% of in-scope systems meet the State's standards for applying critical security updates within the required timeframes.

This metric measures the percentage of eligible assets that are compliant with patching policies for critical vulnerabilities within defined time windows. Higher compliance reduces the window of exposure to known vulnerabilities and lowers the likelihood that attackers can exploit unpatched systems.

PHISHING SIMULATION CLICK-RATE TREND

Target: Reduce employee susceptibility to simulated phishing emails to below 10% in the near term, with a long-term goal of sustaining rates under 5%.

This metric tracks the percentage of users who click on or otherwise engage with simulated phishing messages during controlled security exercises, reported as a trend over time. Lower click rates demonstrate increased user vigilance and the effectiveness of ongoing security awareness efforts in reducing the risk of successful phishing attacks.

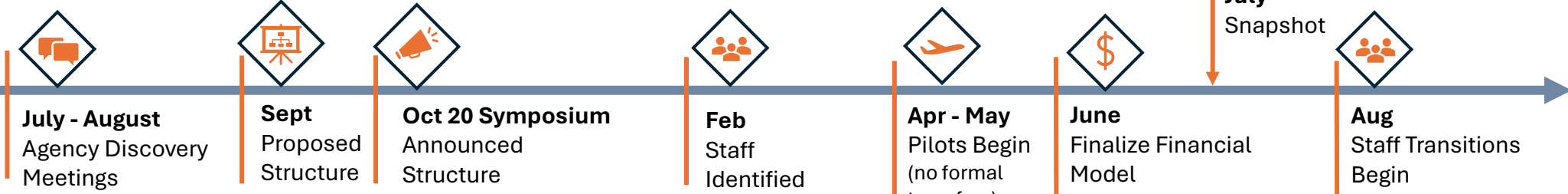
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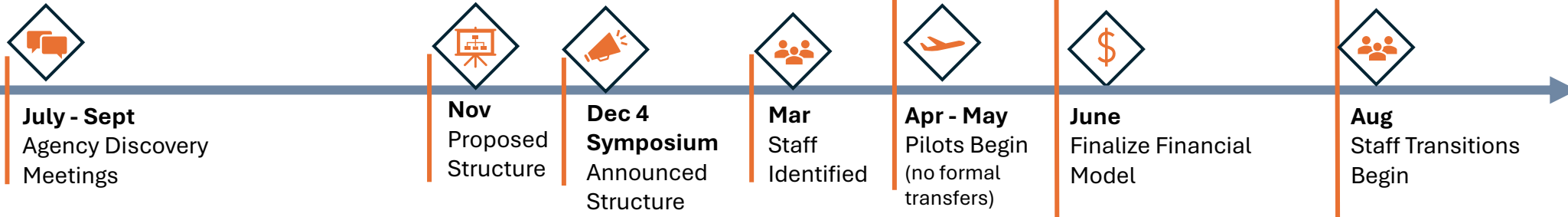
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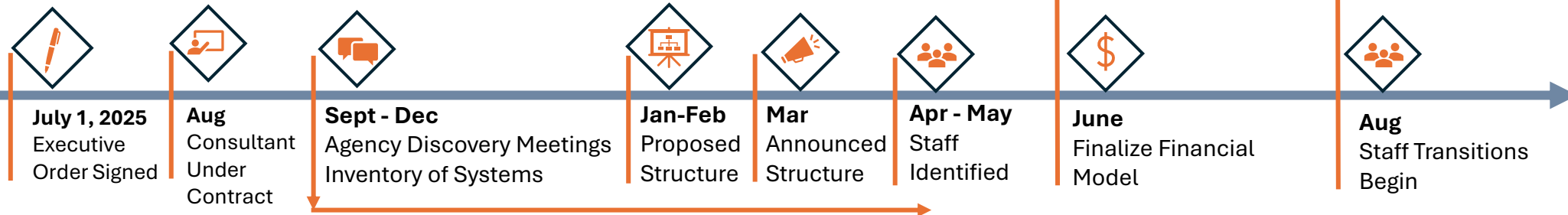
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~ 100 FTE*



IT

~ TBD FTE*



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QUESTIONS?