

Accelerating Effective Government

July 2023



Accelerating Effective Government:

What is it and what does it look like?

As Governor Youngkin has highlighted since Day One, **effective government** means making government work **for** Virginians in a **cost-effective** manner. Specifically, ensure we:

- Deliver **best-in-class** outcomes and experiences for all Virginians
- Make government operations more **responsive, service-oriented, and productive**
- Build a sustained culture of **transparency, accountability, and entrepreneurship**

This requires that we learn and apply **best management practices**, improve and accelerate **execution**, and embed **new ways of working**

To achieve this, we will provide a set of **tools to help agencies identify their own opportunities** to help our people increase their capability to more effectively serve our fellow Virginians

This presentation will highlight specific workstreams and actions that we will use to build a more effective government

Accelerating Effective Government Project and the Biennial Budget

Background:

- Governor Youngkin is challenging agencies to increase the effectiveness of all operations across the Commonwealth and incorporate these improvements into the FY24-26 biennial budget

Problem:

- Budgets historically have been only additive to prior years and established with limited transparency and challenges of their effective execution, need for program continuations, and associated costs
- Recurring spending supported by the General Fund increased by **7.5%-9.2% per year** over the past 2 fiscal years (FY21-FY23), **unsustainable** rates of growth
- The current biennial budget is a legacy budget from the prior administration and does not incorporate the Governor's focus on enhanced effectiveness and optimization of taxpayer resources
- The only time that organizations, priorities, and associated costs have been reviewed is at a moment of crisis. The last time the Commonwealth undertook such a critical review was in FY09-FY10 to address the impact of the Financial Crisis
- This should be an ongoing part of good management practice and effective stewardship of taxpayer resources

Solution:

- Begin a process to **rigorously review organization, priorities, and associated costs** prior to Budget submission
- Launch specific effectiveness workstreams in preparation for the FY24-26 biennial budget that will deliver superior outcomes
- Rather than a "boil the ocean" approach, we will complete a limited number of **key actions** to address targeted areas
- **Key actions** for each workstream have clear short- and long-term outcomes and objectives
- **Effective tracking and reporting** will ensure execution and inclusion in the FY24-26 biennial budget
- This project is centered on principles of good management for the people of the Commonwealth, an outcomes-oriented cultural change, and specific key actions to deliver results

Accelerating Effective Government - Project Expectations

- Accelerating Effective Government working group led by Chief of Staff, Secretary of Finance, Secretary of Administration, and Transformation Office will communicate a **short list** of clear and actionable data requests
 - Many of these **requests** have already been communicated as part of the MMR/QMR process including detailed organization charts, open positions information, top vendor/contracts, etc.
- Through rigorous organization reviews, we envision **effectiveness** to mean staffing of agencies with the appropriate level of customer service and support personnel – by way of **optimal spans of managerial controls** and **flatter** organizations to more **closely serve** Virginians.
 - We will challenge the use of **long-term consultants** and instead ask agencies to **recruit** for critical skillsets accordingly at significantly lower costs. Alternatively, we encourage **training** our existing workforce for these skillsets (vs. relying on consultants).
- On the procurement side, we expect to build upon the **year-end spend control** effort already in process (led by Finance).
 - As part of the MMR/QMR process, we will review **top vendor spend & expiring contracts** at agencies
 - We will **tighten delegation of authority** (related to outside spend) and include approval requirements of Secretaries and Chief of Staff
 - On significant spend requests, we will ask for **business cases** (cost vs. benefit analysis), and we will hold outside service providers **accountable** to negotiated scope of work, deliverables/milestones, and scope creep & cost overruns
- Other effective government efforts including Virginians' experience and fund optimization will be led **centrally** by VITA, Transformation Office, Finance, and Policy teams

Four Work Streams in Accelerating Effective Government Project

**Organization
Optimization**

**Procurement & Real
Estate Leases**

**Improving
Virginians'
Experience**

**Fund Optimization
& "ARPA"
Maximization**

17 key actions within each of these 4 workstreams follow on subsequent pages

Key Actions for: Organization Optimization

Key Actions	Owners	Short Term Outcomes	Long Term Outcomes
Complete detailed organization charts	Agency leaders	<ul style="list-style-type: none"> Consistent and detailed organization charts, reviewed with Secretary and Chief of Staff 	<ul style="list-style-type: none"> Ongoing leadership awareness of vacancies, consultants, gaps, and duplications in organization structure (e.g. managerial spans & layers, back-office, etc.)
Identify open positions (not being recruited)	DPB and Agency leaders	<ul style="list-style-type: none"> Complete list of open positions (not being actively recruited) Quantified potential opportunity for budget 	<ul style="list-style-type: none"> Increased awareness and minimization of unneeded vacancies Focused recruiting efforts on customer service
Identify long-term staff augmentation resources	DPB and Agency leaders	<ul style="list-style-type: none"> Complete list of long-term 3rd party staff augmentation in-use (>6 months) Quantified potential for conversion savings 	<ul style="list-style-type: none"> Enhanced organizational capabilities with in-house resources
Perform span of control analysis (at select agencies)	TO ⁽¹⁾	<ul style="list-style-type: none"> Quantified view of managerial spans of control Quantification of potential gaps and savings from optimization 	<ul style="list-style-type: none"> Steady progress towards optimal managerial spans of control and layers through enhanced training and/or redeployment of staff
Perform back-office benchmarking (at select agencies)	TO ⁽¹⁾	<ul style="list-style-type: none"> Quantified view of back-office personnel ratios across agencies Quantification of potential gaps and savings from optimization 	<ul style="list-style-type: none"> Steady progress toward optimal back-office staffing through enhanced training and/or redeployment of staff
Review non-operating functions (at select agencies)	TO ⁽¹⁾	<ul style="list-style-type: none"> Identification of non-core operating functions across agencies Quantified view of potential savings from optimization 	<ul style="list-style-type: none"> Clear goals and performance management of non-core operating functions as needed Redeployment of talent to customer facing roles and/or other resource gaps

(1) "TO" refers to Transformation Office. TO will perform analysis using agency data

Objective: Work with Secretaries and Agency leaders to optimize organizational structure while delivering more effective services



Key Actions for: Procurement and Real Estate Leases

Key Actions	Owners	Short Term Outcomes	Long Term Outcomes
Establish category management teams	CPO (& BCG)	<ul style="list-style-type: none"> Well-defined category management team and expertise in place under leadership of CPO O'Malley (for priority categories) 	<ul style="list-style-type: none"> Well-defined category management team and expertise in place under leadership of CPO O'Malley (for all major categories)
Populate eVA contract repository	Joe Damico (& BCG)	<ul style="list-style-type: none"> Population of significant ⁽¹⁾ contracts and related metadata into eVA 	<ul style="list-style-type: none"> Leverage pre-existing & pre-negotiated master service agreements across CoVA
RFP procure to pay solution	Bob Osmond	<ul style="list-style-type: none"> Complete procurement of system to integrate eVA and Cardinal to develop a best practice 3-way match 	<ul style="list-style-type: none"> Post-system launch, access to advanced spend analytics for additional savings opportunities, and enhanced controls
Review Delegation of Authority policies (spend focused)	SOA TO	<ul style="list-style-type: none"> Complete catalog of delegation of authority policies and controls (procurement focused) for 14 selected entities Identified best-practices 	<ul style="list-style-type: none"> Best practices in place to tighten delegation of authority policies (to include approvals from Secretary and Chief of Staff)
Review significant expiring real estate leases	Mike Nolan TO	<ul style="list-style-type: none"> Summary of mo-to-mo and expiring (w/in 24 months) real estate leases with significant annual occupancy amounts (>\$250k) to assess alternative and/or smaller spaces Quantified view of potential savings from alternative real estate solutions 	<ul style="list-style-type: none"> Harmonized real estate space utilization guidelines for agency personnel to drive more optimal space consumption over time
Review underutilized and excess property	Finance DGS	<ul style="list-style-type: none"> Conduct strategic review of underutilized office space and excess property 	<ul style="list-style-type: none"> Optimize surplus property and underutilized space to align with priorities such as housing and economic development and realize savings

Objective: Incorporate strategic sourcing & effective real estate disciplines

(1) Significant contracts refers to those with annual spend in excess of \$250K.



Key Actions for:

Improving Virginians' Experience

Key Actions	Owners	Short Term Outcomes	Long Term Outcomes
Catalog and evaluate "customer" touchpoints	TO Agency Leaders	<ul style="list-style-type: none"> • Prioritized list of key "customer" touchpoints between government and Virginians (utilizing metrics such as volume, importance, and customer experience ratings) • Utilization of Transformation toolkit on customer experience metrics (e.g. deploying surveys for assessments) 	<ul style="list-style-type: none"> • Prioritized opportunities for strategic initiatives to improve Virginians' experience (aligned with agency OKRs) • Adoption of a continuous improvement mindset for customer experience through utilization of metrics and voice-of-customer feedback
Streamline Virginians' experiences for prioritized touchpoints	TO Secretaries VITA ORM	<ul style="list-style-type: none"> • Leverage prioritized list of Virginian touchpoints to identify the key opportunities for streamlining • Utilization of framework of "people, processes, technology, and regulation" to identify specific focus area(s) • Validation of a consistent Virginians' Experience strategy across channels (e.g. call center, website, service centers) 	<ul style="list-style-type: none"> • Standardized approach to improving Virginians' experience that targets customer satisfaction, effectiveness, and efficiencies • Standardized and scalable approaches to streamlining Virginians' experience across agencies and applications • Consistently positive Virginians' experience across agencies and applications

Objective: Enhance Virginians' Experience through process improvement, streamlining, and selected integrated digital efforts where it matters most



Key Actions for:

Fund Optimization & ARPA Maximization

Key Actions	Owners	Short Term Outcomes	Long Term Outcomes
Review excess fund balances	DPB Finance	<ul style="list-style-type: none"> DPB and Finance partner with agencies to complete deep dive analysis on excess fund balances 	<ul style="list-style-type: none"> Future budgets and appropriation requests developed to mitigate excess fund balances and automatic reappropriations Systemic reforms in place to maintain appropriate balances
Maximize ARPA resources	Finance Policy	<ul style="list-style-type: none"> Maximization of ARPA monetary resources by expending appropriated ARPA funds on live programs and diversion of ARPA funds from cancelled programs to others 	<ul style="list-style-type: none"> Reduction of General Fund resources to ultimately lower cost of living in the Commonwealth
Maximize efficacy of state disbursed dollars	Agency Owners	<ul style="list-style-type: none"> Identify upcoming high-dollar competitive grant solicitations to build robust, measures-based applications around 	<ul style="list-style-type: none"> Develop solicitation frameworks for all grant disbursements to maximize impacts from all competitive grant distributions

Objective: Optimize taxpayer resources through optimization of fund balances and leverage ARPA resources to fund programs



Next Steps

- Complete detailed organization charts (requested by Finance, were **due June 26**) and submit them as part of MMR/QMR to Finance (will be forwarded to CTO and DPB)
- Provide lists of open positions: (i) actively being recruited and (ii) not actively being recruited to Finance and CTO **by July 21**
- List and identify “long-term” contractors (in place >6 months) and provide details on service contracts as per template to be provided (e.g. service provider firm, hourly rates, length of contract, exit provisions, conversion opportunity, etc.) to Finance and CTO **by July 28**
- If your agency is selected for a deep dive organization chart review, make yourself and agency leadership available for additional diligence efforts
- Provide top vendor spend and ‘contracts up for renewal’ information for each of your agencies as part of MMR/QMR to Finance and CTO
- If your agency has an expiring real estate lease, please make yourself and agency leadership available to DGS/TO as they review alternative real estate solutions & space utilization requirements