

January 1, 2023

The Honorable Glenn Youngkin  
Governor  
1111 E. Broad Street  
Richmond, Virginia 23219

The Honorable Janet D. Howell  
Chair, Senate Finance and Appropriations Committee  
Pocahontas Building, Room E509  
Richmond, Virginia 23219

The Honorable Barry D. Knight  
Chair, House Appropriations Committee  
Pocahontas Building, Room W1312  
Richmond, Virginia 23219

Dear Governor Youngkin, Senator Howell and Delegate Knight:

Please find attached the updated plan detailing intended uses for the funds made available for the Transformation Office from the current general fund. This report shall act as the January 1, 2023 update to our original plan that was shared with you on September 12, 2022.

As you know, \$10,000,000 from the general fund was made available for transfer to state agencies to help implement government transformation initiatives identified by the Chief Transformation Officer and approved by the Governor. Prior to the transfer of funds, the Chief Transformation Officer shall submit a plan detailing the intended use of the funds to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees.

The objectives for Transformation in Executive Order 5, are to help make Virginia's government more responsive, efficient and transparent and to start with the Virginia Employment Commission (VEC) and the Department of Motor Vehicles (DMV). We have done this.

We made significant progress during 2022 but have much more to do in 2023 and beyond.

- At **DMV** we focused on improving speed of service to Virginians and reduced average in-person waiting times by ~70%, from 40-45 minutes on average in 2019 to 12 minutes in November 2022 and less in December. We have teams working to further speed up service, improve customer experience, move more transactions online, and lower operating costs.
- At **VEC**, we significantly accelerated the processing of unemployment claims and completed nearly all backlogs from January 2022. The team has now processed over 900,000 UI claim separation reports, unresolved claims, and appeals. We have five

teams now working to improve call center performance, reduce backlogs and simplify the appeals process, redesign and simplify claims intake, improve talent & performance management, and implement new management accountability scorecards.

- We launched a cross-agency transformation to improve **procurement** efficiency. Working with the Secretaries of Administration, Transportation, and Finance, we completed a comprehensive diagnostic of Commonwealth procurement practices that identified the potential for significant savings of time, money (\$500-700mm / year), and opportunities to improve process controls. This work will continue in collaboration with the new Deputy of Administration and Chief Procurement Officer into 2023 and beyond.
- In **behavioral health** we collaborated with the Secretary of HHR to bring in both project management and third-party expertise to work with internal teams and numerous stakeholders to develop the overall 3-year transformation plan (“Right Help, Right Now”) to transform Virginia’s behavioral health system. Detailed planning continues into 2023.
- Our Office has collaborated year-long with the Secretary of Commerce & Trade and VEDP to assist in the design of the strategy and roadmap to a best-in-class **economic development** approach and organization to achieve the Governor’s 400,000 employment growth goal. This includes bringing in third-party expertise for a project that continues into early 2023.
- We provided experienced **project management** resources to put in place the necessary structure, metrics, and accountability for the Partnership for Petersburg and Operation Bold Blue Line initiatives to ensure they deliver concrete action and solutions for real people.
- Built a new **culture of transparency, accountability, and constructive challenge** across government by instituting key management tools, including comprehensive Objectives and Key Results (OKR) and Monthly Management Reviews.

Specific projects are listed on the attached schedule with information about their costs, partner agency, objectives and uses for the funds with updated amounts. All amounts are estimated.

### Next Steps

The Secretary of Finance, in consultation with the CTO, shall authorize the transfer of amounts from this list to the identified agencies in support of the transformation initiatives.

I look forward to providing continuing quarterly program updates to you and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees. As always, please share any questions or additional suggestions you may have as we continue to work together to make Virginia the best place to live, work, and raise a family.

Sincerely,



Eric J. Moeller  
Chief Transformation Officer  
Cc: Jeffrey Goettman

# Transformation Plan

*Fourth Quarter 2022 Update*

January 1, 2023



## Transformation – Third-Party Expertise

Transformation Initiatives Identified by the CTO	Amount (\$000)		Agency	Intended Uses and Objectives
	Original Plan 10/1/22	Revised Plan		
<b>Procurement</b> Phase 1: assessment and initial planning	495	495	DGS	Third party expertise to assess operating model and identify opportunities for process improvement, transparency, accountability, and savings
<b>Procurement</b> Phase 2: detailed planning & implementation	1,500	2,000	DGS	Third party expertise to help implement operating model improvements and capture opportunities for process improvement , transparency, accountability, and savings (revised +500)
<b>DMV</b> Phase 1: quick wins, focus on customer experience	0	0	n/a	CTO, Deputy, and Associates working directly with Agency personnel to reduce in-person wait times and improve customer experience
<b>DMV</b> Phase 2: digital/IT, operating model, costs, & performance mgmt	500	500	DMV	Third party expertise to help internal teams further reduce wait and service times, improve customer experience in person and online, improve dashboards, website & management tools, lower operating costs
<b>VEC</b> Phase 1: backlog reduction and best-in-class roadmap	370	360	VEC	Third party expertise to help reduce backlogs, improve customer service, & prioritize key improvement levers to reach best-in-class (b-i-c). (revised downward to reflect lower actual cost)
<b>VEC</b> Phase 2: streamline front-end intake process, redesign first level of appeals, best-in-class implementation, resiliency plan design	500	500	VEC	Third party expertise, legal and/or technical resources to help reduce appeals backlogs, eliminate manual processing, move towards b-i-c in all areas, develop resiliency plan, reduce costs
<b>Behavioral Health Transformation</b>	1,300	1,040	HHR	Third party expertise to work with Secretary of HHR and internal teams to develop the overall 3-year transformation plan (“Right Help, Right Now”) to transform Virginia’s behavioral health system (revised to reflect -260 moved to Project Management (PMO) pool for Behavioral Health Project Manager position)
<b>Economic Development</b> - strategy & roadmap	1,000	970	VEDP	Third party expertise to help design the strategy and roadmap to develop a best-in-class economic development approach and organization to help achieve the Governor’s 400,000 employment growth goal (revised downward to reflect lower actual cost)
<b>Employee Talent &amp; Performance Management</b>	300	500	DHRM	Third party expertise to help DHRM and Agency HR develop common tools, metrics and processes for improving and streamlining recruiting, training and employee performance improvement (revised +200)
(SOC - process improvement	250	250	SOC	Process improvement expertise and tools to help streamline, standardize and automate core processes
<b>Subtotal Third-Party Expertise</b>	<b>6,215</b>	<b>6,615</b>		



## Transformation – Manpower and Other Expenses

Transformation Initiatives Identified by the CTO	Amount (\$000)		Agency	Intended Uses and Objectives
	Original Plan 10/1/22	Revised Plan		
<b>Project Management (PMO) pool</b>	1,300	1,560	Office of the Governor	Provide project managers (PMs) to help lead and manage Transformation projects prioritized by the Governor and CTO (revised +260 for Behavioral Health Project Manager)
<b>Transformation Office Resources</b>	1,310	1,310	Office of the Governor	Provide internal team members to help CTO support priority transformation projects
<b>Executive Search</b>	220	220	Office of the Governor	Executive search firm services to find key leadership positions
<b>Subtotal Manpower</b>	<b>2,830</b>	<b>3,090</b>		
<b>Travel, software, and other</b>	190	190	Office of the Governor	Travel to learn from best-in-class states on key processes and purchase tools to increase productivity and track transformation initiatives
<b>Unallocated - project(s) TBD</b>	750	105	n/a	Additional resources for current project(s) or others yet to be named (revised balance to reflect all net changes from Original to Revised Plan, incl. 500 to Procurement)
<b>Subtotal Travel, Software, and Other Expenses</b>	<b>940</b>	<b>295</b>		
<b>Grand Total</b>	<b>9,985</b>	<b>10,000</b>		
<b>Balance Remaining</b>	<b>15</b>	<b>0</b>		

