

October 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 uses for the funds made available for the Transformation Office from the current general fund. This report shall act as the October 1, 2023 update to our original plan that was originally 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. Additionally, \$5,000,000 was made available through the 2023 Special Session I Acts of Assembly Chapter 1. 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, specified in Executive Order 5, are to help build a culture of transparency, accountability, and constructive challenge across government, ensure employees at all levels are reminded that our government works for the citizens of Virginia, and drive changes improving the effectiveness and efficiency of our government. In short, we work to help make Virginia's government more responsive, efficient, and transparent.

Our focus in the most recent quarter has been to continue working with and across a wide variety of Agencies to improve Virginian's experiences with government services and improve their effectiveness both rapidly and sustainably. Highlights from the most recent quarter include:

- Continued support for the ongoing DMV transformation and the DMV Commissioner. DMV team members executed 20 new initiatives for a total of 85 through September. The team reduced in-person waiting times at DMV service centers to historic

lows, reduced counter service times to under 10 minutes, identified process efficiencies, improved training, and assisted 38 individual DMV employees who each own an average of 3.5 transformation initiatives. With its new, modernized, and simplified website, the DMV is providing an even better experience for citizens.

- At the **VEC**, transformation teams reduced the Appeals backlog 30% by fostering an environment of innovation and collaboration, breaking down silos within the agency. In Adjudication teams have continued to refine their process to increase decision accuracy and speed to better serve UI claimants. Additionally, teams have strengthened the VEC's online security and identity verification measures to ensure deserving Virginians have safer and more efficient access to UI.
- Continued a cross-agency transformation effort to sustainably **improve re-entry success** for 44,000 supervisees (i.e., probationers/parolees). The effort has achieved initial successes by fine-tuning supervision levels and deploying key pilots for employment and health insurance enrollment. We are collaborating closely with the new PSHS Secretary and VADOC Director, VEC Commissioner, and DJJ Director to accelerate success.
- Collaborated with leadership at **Virginia's Alcoholic Beverage Commission (ABC)** to identify ways to more effectively serve ABC's customers and fulfill ABC's mission while generating additional funding for the Commonwealth. The transformation team worked with management to rigorously review the FY24 budget to identify and commit to greater value to the Commonwealth while investing in the business for long term growth.
- The Chief Transformation Officer worked closely with VEDP's President/CEO, leadership team and Cabinet Secretaries to provide expertise and project guidance to the Governor's priority effort to implement new approaches to **accelerate Economic Growth** across the Commonwealth through improved strategic focus and improved collaboration.
- Partnered with the Secretary of Labor, associated stakeholders, and third-party partners to stand-up the new **Workforce Development Agency (VDWDA)**. Initial stand-up activities included development of new organization chart, formulation of operating budget, inventory and analysis of operations, determination of facility requirements, and transition of technology systems.
- Collaborated with the Secretaries of Administration and Finance to identify opportunities to improve government effectiveness.
- Provided continued project management resources to the **Partnership for Petersburg** and "**Right Help Right Now**" behavioral health transformation.

Specific executed and planned and 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 estimated. At this time, we have not yet prioritized and allocated the specific projects into which the additional \$5,000,000 will be invested.

Next Steps

The Secretary of Finance, in consultation with the CTO, shall authorize the transfer of additional 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,

A handwritten signature in blue ink that reads "Eric J. Moeller". The signature is written in a cursive style with a large, stylized "E" and "M".

Eric J. Moeller
Chief Transformation Officer
Cc: Jeffrey Goettman

Transformation Plan

2023 Update

October 1, 2023



Current Status of 2023 Transformation Funds – Third-Party Expertise

Transformation Initiatives Identified by the CTO	Amount (\$000)		Agency	Intended Uses and Objectives
	Revised Plan	Transferred		
Procurement Reform 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
Procurement Reform Phase 2: detailed planning & implementation	2,700	2,700	DGS	Third party expertise to help implement operating model improvements and capture opportunities for process improvement , transparency, accountability, and savings (revised +1,200 from original plan)
DMV Phase 1: quick wins, focus on customer experience	0	0	n/a	CTO, Deputy CTO, and Associates working directly with Agency personnel to reduce in-person wait times and improve customer experience. No outside resources utilized.
DMV Phase 2: digital/IT, operating model, costs, & performance mgmt	0	0	DMV	Transformation leadership transitioned to new DMV Commissioner. CTO staff providing light support. No outside resources utilized. (revised -500 from original plan)
VEC Phase 1: backlog reduction and best-in-class roadmap	360	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 from original plan to reflect lower actual cost)
VEC Phase 2: streamline front-end intake process, redesign first level of appeals, best-in-class implementation, resiliency plan design	45	45	VEC	Third party legal expertise and technical resources to help reduce appeals backlogs, eliminate manual processing, move towards best-in-class. in all areas (revised downward to reflect lower actual costs)
Behavioral Health Transformation	1,040	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 downward -260 as same funds moved to Project Management (PMO) pool for Behavioral Health Project Manager)
Economic Development - strategy & roadmap	970	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 -30 from original plan to reflect lower actual cost)
Employee Talent Management	0	0	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 -700)
SOC - process improvement	0	0	SOC	Leverage process improvement expertise and software to consolidate data, streamline, and speed processes for appointments. No outside resources utilized. (revised downward -250 from original plan)
Subtotal Third-Party Expertise	5,610	5,610		



Transformation – Manpower and Other Expenses

Transformation Initiatives Identified by the CTO	Amount (\$000)		Agency	Intended Uses and Objectives
	Revised Plan	Transferred		
Project Management (PMO) pool	1,560	868	Office of the Governor	Provide project managers (PMs) to help lead and manage Transformation projects prioritized by the Governor and CTO (revised +260 from original plan for Behavioral Health Project Manager)
Transformation Office Resources	1,800	415	Office of the Governor	Provide internal team members to help CTO support priority transformation projects. Funds will be used to fund 3 Deputy CTO and other time-limited roles through 12/31/2025
Executive Search	255	254	Office of the Governor	Executive search firm services to find key leadership positions (revised +35 from original plan to reflect actual costs)
Subtotal Manpower	3,615	1,537		
Travel, software, and other	190	18	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
Unallocated - project(s) TBD	5,585	0	n/a	Additional resources for current project(s) or others yet to be prioritized and named (plan increased by 5,000 to reflect funding from 2023 Special Session)
Subtotal Travel, Software, and Other Expenses	5,775	18		
Grand Total	15,000	7,165		
Balance Remaining to Transfer	0	7,835		Balance to be used to fund current projects and transformation and project manager resources

