

October 1, 2024

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

The Honorable L. Louise Lucas
Chair, Senate Finance and Appropriations Committee
General Assembly Building
Richmond, Virginia 23219

The Honorable Luke E. Torian
Chair, House Appropriations Committee
General Assembly Building
Richmond, Virginia 23219

Dear Governor Youngkin, Senator Lucas and Delegate Torian:

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, 2024, update to our original plan that was originally shared with you on September 12, 2022.

The Chief Transformation Office was established by Governor Glenn Youngkin under Executive Order 5, on January 15th, 2022, to improve government efficacy and the customer experience for the Commonwealth's 8.7 million residents.

Highlights from the most recent quarter's work of the Transformation Office include:

- ***Stand Tall – Stay Strong – Succeed Together*** – Publicly rolled out innovative, cross-agency **Re-entry Optimization**¹ in August as ***Stand Tall – Stay Strong – Succeed Together***, to increase stakeholder engagement and scale best practices. In 18 months, probationer outcomes statistically linked to improved reentry success were increased significantly, including: 3,100 more probationers employed; 7,100 more probationers enrolled in health insurance; and 8,100 more probationers with mental health assessments. Eleven cross-agency partnerships were piloted and are being scaled and two permanent reentry leadership roles in VADOC and DSS created to sustain transformation. Long-term leadership of this state-wide effort is being transitioned to leads in VADOC and DSS. Transformation Office provided consistent support to the Secretary of Public Safety and VADOC leadership, including day-to-day management and leadership coaching.
- **Workforce Development Agency (VDWDA) Standup** – Continued partnership with the Secretary of Labor and Director of the **Workforce Development Agency**

¹ Focused on improving key outcomes for the 50,000 probationers served by VADOC

(VDWDA). Supported physical transition efforts associated with the new agency, including the planned relocation to a new facility in October 2024. Improvement efforts continued with Sprint 1 (Rapid Response, RESEA, and Monitors) and Sprint 2 (Registered Apprenticeships, EIA, and Workforce Services) in implementation. Sprint 3 (Jobs for Veterans State Grants, Trade Adjustment Assistance, Foreign Labor Certification, and Migrant and Seasonal Farmworker) kicked off as well as initial visioning for an agency-wide improvement sprint. The 3rd quarter of workforce metrics were collected on August 31st. Proposals for the Workforce Tech Hub solicitation were reviewed and evaluations are ongoing.

- The **DMV transformation** continued to deliver sustained improvements as DMV team members maintained low in-person waiting times at 13 minutes and serve times at 10 minutes. Wait times pre-pandemic were 37 minutes on average. DMV leadership continued its customer experience transformation through its website and call center modernization efforts.
- The **VEC transformation** maintained a steady pattern of improvement across critical Department of Labor metrics as the VEC team improved timeliness for non-monetary determinations made (83.5% vs. 4.8% baseline) and timeliness of first payment to (83.5% vs. 75%). For both metrics, VEC went from being in the bottom ten to being in the top 20 across all states and territories. The VEC team also enhanced its customer service offering to further improve the call center and online portal experience.
- **Partnership for Petersburg** – Continued to provide project management support to work through the nearly 50 in-progress initiatives. Key achievements, include: obligated \$3.5 million in Industrial Revitalization Funds for the Sycamore Grove development project that will include a grocery store, conducted a summer internship program for over 75 Petersburg high school and college students, launched the branding for the Pharma CAMPUS in Petersburg, committed \$435,000 to support the growth and development of Petersburg’s downtown assets, and submitted SMART Scale applications to ensure safe entrances and exits along I-95 and I-85.
- **Right Help Right Now** – Provided continued project management assistance to the “*Right Help Right Now*” behavioral health transformation. The transformation has improved access with the creation of 98 new mobile crisis teams and increased the hiring of CPRS and RPRS of 60% and 152%, respectively. Additionally, multiple CRCs and CSUs are under construction, including Mount Rogers, Richmond Behavioral Health Authority, Chesapeake Integrated Behavioral Health, and Prince William County. Prior to *Right Help, Right Now*, there were 197 crisis beds and chairs and through this initiative we have brought on 142 additional operational beds and chairs with 334 new ones in development.
- **IT Major Program Management Organization Center of Excellence** – Assisted the Secretary of Administration and VITA in building an **IT Major Program Management Organization Center of Excellence**. This initiative is focused on positioning the Commonwealth for success with multiple upcoming major IT programs to update and replace critical aging infrastructure.
- **Virginia’s Innovative Framework for Economic Growth** – Continued to work with VEDP’s President and CEO and several Cabinet Secretaries to provide expertise and

guidance to the Governor's priority effort to implement new approaches to accelerate **Virginia's Innovative Framework for Economic Growth**.

- Quarterly Management Review Support – Continued supporting secretariats and their agencies in defining objectives to achieve success and measuring and tracking key results.

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,



Robert Ward
Chief Transformation Officer
Cc: John Littel, Chief of Staff

Transformation Office

Progress and Priorities

October, 2024



The Transformation Office's objective is to improve government efficacy and the Virginian's experience

The transformation office achieves its objective supporting secretariats/agencies through:

- **Program management** and **support** of agency initiatives
- **Process analysis** and **improvements** for high-impact functions & services
- **Data analysis** and **insight generation** for identified opportunities
- **Change management framework** establishment
- **Best practices** dissemination across Secretariats
- Strategic support and management of **third-party staff augmentation**



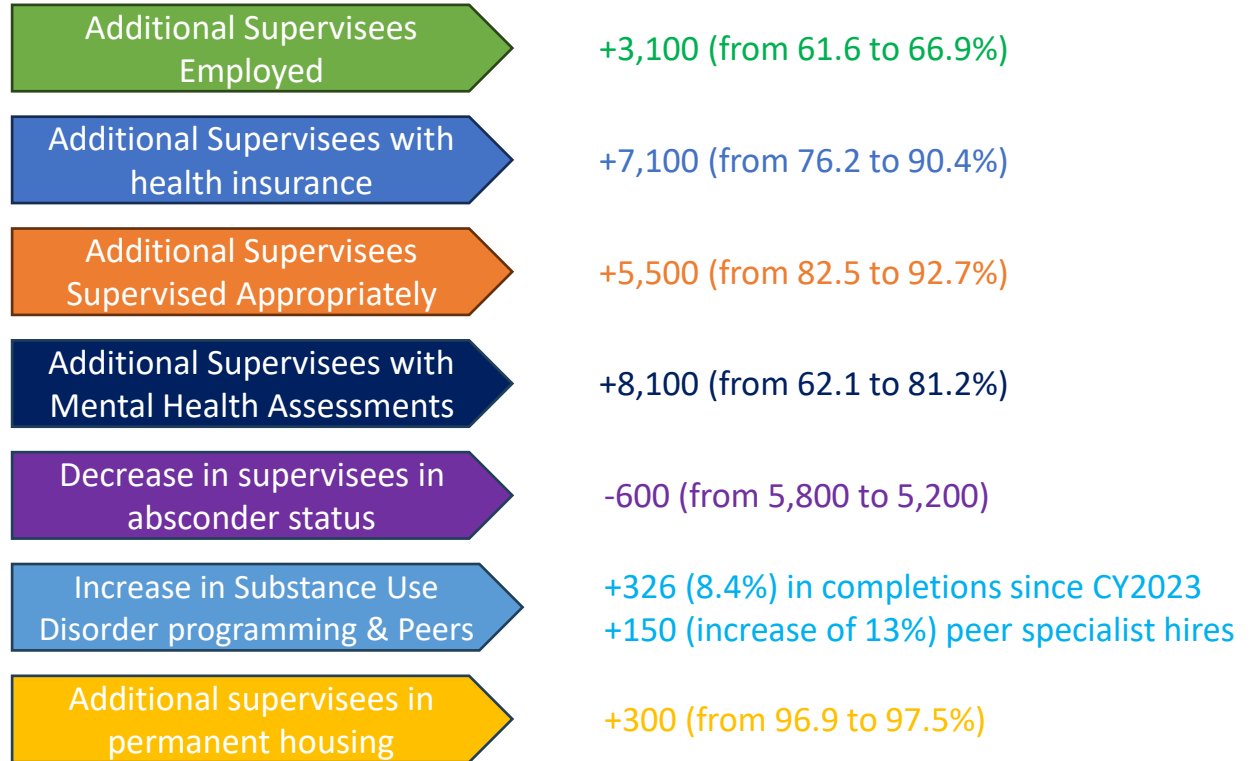
Senate Finance Committee Transformation Overview – Agenda

1. Review of recent Transformation Office case studies
 - a. Prisoner Reentry
 - b. Virginia Works Standup
2. Other Transformation Office initiatives
3. Projects ongoing and under review
4. Procurement initiative summary
5. Current funding status



Transformation Case Study – 2023-2024 Reentry Program (*Stand Tall*)

- Built and led cross-agency program since **April 2023**
- Created **scorecard** and **monthly review** to track factors linked to success with VADOC team
- Established **11** cross-agency partnerships to pilot and scale best practices
- Created permanent reentry leadership roles in **VADOC** and **DSS** to sustain transformation



Improving reentry success by increasing linked outcomes like employment



Transformation Case Study – Virginia Works (DWDA)

Supported Secretary of Labor with Stand-Up of Virginia Works

- Pursuant to SB1470/HB2195 (2023) Facilitated the change management, onboarding and transfer of applicable workforce programs and staff to the new agency
- Baselined current programs to include provided services outcomes.
- Completed agency stand-up 2 months ahead of schedule (January 2024)

Ensured Agency's Sustainable Success

- Established workforce metrics across 69+ programs to track performance
- Developed employee-led improvement "sprints" to develop and drive initiatives to improve agency services and processes
- Supported development of an improved workforce portal for job seekers and employers, Virginia Works Tech HUB

Virginia Works created to manage and improve all Commonwealth workforce development programs to provide Virginians with best-in-class offerings



Transformation examples across the Commonwealth



DMV

- Reduced customer wait times from 37 minutes to 10 minutes and serve times to 10 minutes through program management
- Leveraged DMV's data to build dashboards that enabled strategic day-to-day management across its service centers
- Built program management tracker utilized by DMV to complete over 90 initiatives that improved the Virginian's experience at DMV



VEC

- Eliminated inherited backlog of 700,000 unemployment work items and cleared additional 665,000 items.
- Achieved timeliness standard for non-monetary determinations made (87.1% vs. 4.8% baseline) and increased first payment timeliness to 83.5% (vs. 75%).
- Leveraged third-party staff augmentation and expertise, process review and optimization, and RPA implementation.
- Built dashboards to track key success metrics, and utilized program management tracker to complete dozens of initiatives



Transformation examples across the Commonwealth



Right Help Right Now

- Facilitated the creation of the multi-agency *Right Help Right Now* transformation to improve accessible, same-day behavioral healthcare
- Improved access with the creation of 70 new mobile crisis teams and increased licensed clinical social workers by 51.4%
- Reprocured Medicaid Managed Care Organization contracts prioritizing behavioral health as a key outcome



Veterans Network

- Provided program oversight to ensure DVS veterans' outreach effort remained on time and on budget
- Starting November 11, 2024, VVN will be a free online hub of resources and services for veterans, service members, and their families
- VVN provides direct access to resources from trusted veteran service organizations, nonprofits, and state agencies
- Resources and services offered will range from job training and employment to health care and wellness



Transformation examples across the Commonwealth



Early Childhood Care and Education

- Supervised the build-out of the blueprint to improve Early Childcare and Education (ECCE) – “Building Blocks for Virginia.” to address \$281 million federal funding cliff in the FY25 budget
- *Building Blocks* ensured no drop-off in ECCE coverage while maintaining the Commonwealth’s best-in-class parental choice model
- Managed a team of internal experts and external consultants to meet the FY25 budget submission timeline



IT Program Management COE

- Supporting the Virginia Information Technology Agency (VITA)’s effort to build a blueprint to improve the Commonwealth’s management of critical IT modernization programs
- Building centralized expertise in VITA to help less experienced agencies manage these projects in a cost-effective manner
- Providing funding and personnel support for this initiative



Transformation Office projects ongoing and under review

Assessing multiple requests from Secretaries as we evaluate the Transformation Office's next round of projects

Ongoing Projects:

Prison Reentry Improvements

Virginia Works Standup

Procurement Phase 2

Data analysis/analytical support for deferred maintenance

Supporting agencies/secretaries with QMRs/Objective and Key Results

Partnerships (Petersburg, SW, Newport News)

IT Major Program Delivery Improvement Strategy

Potential Projects Under Review:

DMV Facility Study

Behavioral Health Phase 2: TDO / ECO Strategy

Regulatory Expansion of VPT Program

State Park Enterprise Strategy

Emergency Stockpile Distribution



Identifying procurement savings across agencies

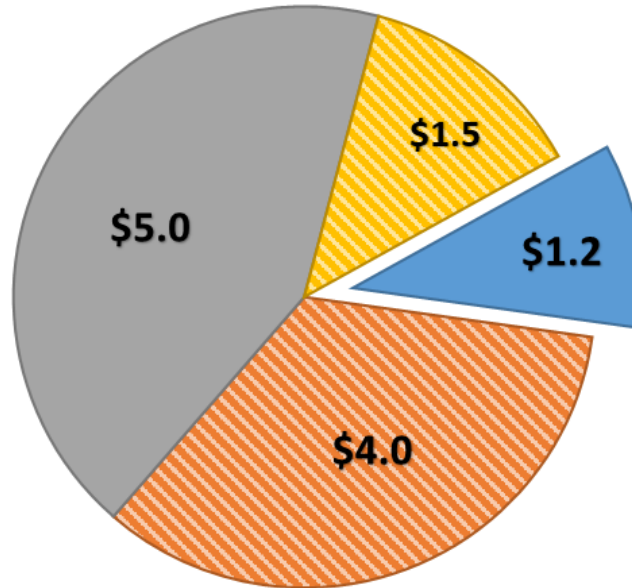
■ Executive Branch IT and non-Professional Services (Phase 1)

■ Healthcare Plan Administrators and VDOT Construction (out-of-scope)

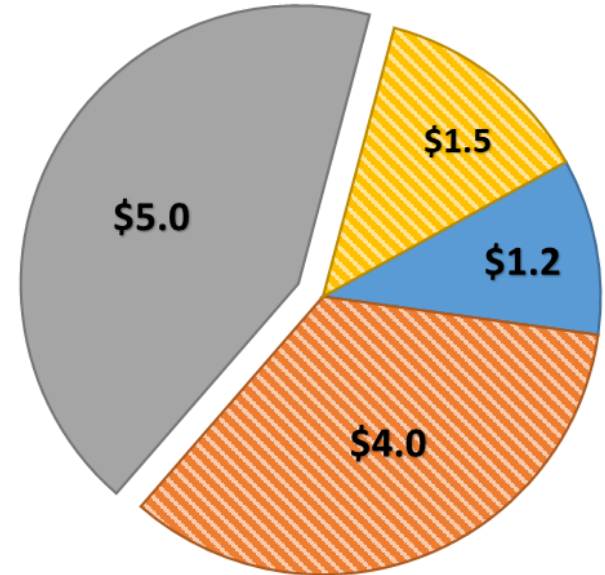
■ All Other Agency Contracts (~5,000 unique contracts)

■ Higher Ed and Independent Agency IT and non-Professional Services (out-of-scope)

FY24: Phase 1
Identified \$105m initial savings



FY25: Phase 2
Apply evaluation tools to 5,000 other agency contracts



Savings Identified and Secured in FY24

Category	Savings Over Contract Term
Non-Professional Services	\$ 46,988,000
Telecom	\$ 12,750,000
IT Hardware	\$ 26,266,666
IT Software	\$ 13,497,418
Pharmaceutical Contract	\$ 2,664,000
Credit Card Fees	\$ 3,800,000
Total	\$ 105,966,085



Current status of Transformation funds

Transformation Office Report	\$ (000s)	Lead	External	Status / Outcomes
Spent / Committed				
Procurement Transformation	\$3,740.0	DGS	BCG, Civic Initiatives	Established category management approach to improve performance and secure \$105M+ in savings
VEC Transformation	\$400.0	VEC	Accenture, BrownGreer, SLLOK	Cleared 1M+ work items, eliminated claims backlogs, and increased timeliness from 20% to >80%
Behavioral Health - transformation	\$1,040.0	HHR	McKinsey	Built transformation approach, vision, and infrastructure; provided staff aug and program oversight
Economic Development (VEDP)	\$970.0	VEDP	McKinsey	Partnered with VEDP and the Secretary of Commerce to build Virginia's workforce strategy
Executive search	\$550.0	Gov	Korn Ferry, Fahrenheit	Hired 9 transformational executive leaders for key posts in the Commonwealth
Project Management (PMO) pool	\$870.0	Gov	Impact Makers	Provided key managers for Transformation projects, from RHRN to Partnership for Petersburg
Early Child Care & Education	\$380.0	Gov	BCG	Led task force to ensure continued access to child care for 27,000 children amidst the expiration of federal dollars while delivering best-in-class model
DHRM Employee Survey	\$410.0	DHRM	Thundercat Technology	Consistent, standardized survey available for agency use, a cost saving measure for agencies as they will not solicit outside contracts
Richard Bland - Governance Evaluation	\$200.0	Gov	BCG	Conducted stakeholder engagement, assessed various governance options to inform potential governance model; report published 8/15/24
Department of Tax Support	\$130.0	Tax	Ernst & Young	Assisted DPB and Tax with budget planning
IT Modernization	\$300.0	Gov	Insight Global	Provided program support, including hiring 2 people, to improve IT modernization project delivery
Transformation Office Resources	\$930.0	Gov		Staffing costs through end of the Administration
Reentry (<i>Stand Tall</i>)	Staff	VADOC		Established cross-agency program to improve reentry success
DEB Deferred Maintenance Backlog	Staff	DEB		Provided data visualization and analytical support for deferred maintenance
Virginia Veteran's Network	Staff	DVS		Provided program oversight of Virginia Veterans' Network implementation
DMV Transformation	Staff	DMV		Established and transitioned program to reduce customer wait times by more than 70%
VDH Financial Transformation	Staff	VEC		Stabilized and standardized critical financial functions at VDH
Workforce Development Transformation	Staff	DWDA		Stood up workforce development agency
ABC Financial Support	Staff	ABC		Assisted ABC leadership with financial planning
Lab School Initiative	Staff	DOE		Provided managerial support to DOE
Virginian's Experience Improvements	Staff	VITA		Assessed Virginian's experience across 5 channels; helped HHR with call centers and budget report
Partnership for Petersburg	Staff	SOC		Provided technical and managerial support
Subtotal Spent / Committed	\$9,920.0			
Unallocated - project(s) TBD	\$5,080.0			

