

January 1, 2025

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 January 1, 2025, 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:

Ongoing Initiatives

- **The Office of Helene Rebuilding and Recovery** – The Office of Hurricane Helene Recovery and Rebuilding is working to efficiently leverage all state and federal resources to support impacted localities, focusing on transition from recovery to rebuilding. Key initiatives include collaborating with federal leaders, FEMA, HUD, SBA, USDA, and USFS to identify funding and address needs, while leveraging workstreams for economic development, housing, infrastructure, and natural resources. Efforts also focus on key projects like the Creeper Trail restoration, supported by FEMA, USDA/USFS, and expedited repairs to Route 58 by VDOT, ensuring a comprehensive approach to recovery and rebuilding.
- **Partnership for Petersburg** – The Transformation Office provided continued project management assistance to the **Partnership for Petersburg** to work through the nearly 50 in-progress initiatives. In the fourth quarter, the Partnership and associated partners broke ground on the site of the grocery store and 145 workforce housing units. Additionally, the reopening of Hotel Petersburg after a 54-year closure was made possible through a \$23m

investment, including \$4.4m from the Commonwealth, which will continue to develop downtown Petersburg.

- The **DMV transformation** has led to significant improvements in both customer experience and operational efficiency. Despite a 6.4% increase in customer volume, in-person wait times dropped by 67.1% (from 38 to 12.5 minutes) and serve times by 16.4% (from 11.6 to 9.7 minutes) between October 2019 and October 2024. As part of an ongoing effort to reduce transaction times, DMV has launched a number of “express renewal” transactions to speed up in-person license renewals. Additionally, they have worked closely with ELECT to put motor voter information in Spanish, which significantly reduces the time it takes non-voters to complete their DMV business.
- The **VEC transformation** continued to deliver sustained improvements for critical Department of Labor metrics as the VEC team improved timeliness for non-monetary determinations made (85.6% vs. 4.8% baseline) and timeliness of first payment to (80.1% vs. 75%). The VEC team also enhanced its customer service offering to further improve the call center and online portal experience.
- **Right Help Right Now** – The mental and behavioral health care transformation has improved access across the continuum of care through the increase in mobile crisis teams from 36 to 102 and the increase in build out of crisis receiving centers, crisis stabilization units, and crisis therapeutic homes from 216 to 663 beds and chairs. There was a successful launch of a pilot alternative custody program (Special Conservators of the Peace – SCOPs) in Southwest Virginia, and the Governor has included funding in his budget proposals to expand the program throughout Virginia. In October, there was a successful launch of APAL (the Adult Psychiatric Access Line), which expands access for adults struggling with substance use disorder.
- **IT Major Program Management Organization Center of Excellence** – Assisting the Secretary of Administration and VITA in building an **IT Major Program Management Organization Center of Excellence** and identifying gaps and opportunities in the **Project Management Division**. This initiative is focused on positioning the Commonwealth for success with multiple upcoming major IT programs to update and replace critical aging infrastructure.
- **Quarterly Management Review Support** – Continued supporting secretariats and their agencies in defining objectives to achieve success and measuring and tracking key results.

Transitioned (from Office of Transformation to other Secretariat / Agency leadership)

- **Workforce Development Agency (VDWDA) Standup** – Continued partnership with the Secretary of Labor and Director of the **Workforce Development Agency (VDWDA)**. Supported physical transition efforts associated with the new agency, including the successful relocation to new headquarters 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 an agency-wide improvement sprint. The 4th quarter of Commonwealth-wide workforce metrics were collected in early December, and the baselining process for all 70+ programs providing metrics is occurring now.

- ***Stand Tall – Stay Strong – Succeed Together*** – Transitioned to DOI / VADOC led (by Dec. 1, 2024) after public rollout in August. Transformation Office and DOI provided consistent support to the Secretary of Public Safety and VADOC leadership, driving consistent improvement across a variety of metrics. At the end of November 2024, 7,400 more probationers have health insurance, and 9,500 more probationers received mental health assessments, all compared to August 2023 baseline.

New and Potential Projects

- **Education K-12 Formula and Integration**
- **State Parks Revenue Optimization**
- **VITA IT Modernization**
- **Maternal Health**
- **Foster Care**

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 Report

January 1, 2025



Current status of Transformation funds

Transformation Office Report	\$ (000s)	Lead	Status / Outcomes
Spent / Committed			
Procurement Transformation	\$3,740.0	DGS	Secure \$105M+ in savings by establishing category management strategy
VEC Transformation	\$400.0	VEC	Cleared 1M+ work items, eliminated claims backlogs, and increased timeliness from 20% to >80%
Behavioral Health Transformation	\$1,040.0	HHR	Built transformation approach, vision, and infrastructure; provided staff aug and program oversight
Economic Development (VEDP)	\$970.0	VEDP	Partnered with VEDP and the Secretary of Commerce to build Virginia's workforce strategy
Executive search	\$550.0	Gov	Hired 9 transformational executive leaders for key posts in the Commonwealth
Project Management (PMO) pool	\$870.0	Gov	Provided key managers for Transformation projects, from RHRN to Partnership for Petersburg
Early Child Care & Education	\$380.0	Gov	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	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	Conducted stakeholder engagement, assessed various governance options to inform potential governance model; report published 8/15/24
Department of Tax Support	\$130.0	Tax	Assisted DPB and Tax with budget planning
IT Modernization	\$250.0	VITA	Provided program support, including hiring 2 people, to improve IT modernization project delivery
Transformation Office Resources	\$920.0	Gov	Staffing costs through end of the Administration
VITA PMD Assessment	\$330.0	VITA	Leveraging third party expertise to drive efficiency and capability with high-risk projects in VITA's PMD
Creeper Trail Project Management	\$100.0	VDEM	Providing key project management experience to VDEM for Creeper Trail rebuild
VPT Phase 3	\$95.0	Gov	Enhancing the Virginia Permit Transparency (VPT) Permitting Dashboard
Education K-12 Formula and Integration	\$1,500.0	SOE	Analysis of existing K-12 formula funding and creation of higher ed data dashboards
Foster Care Assessment	\$750.0	HHR	Addressing key challenges in VA's foster care system that require transformational change
State Parks Revenue Optimization	\$500.0	DCR	Third party support to identify opportunities to increase state park revenue
Maternal Health	\$500.0	HHR	Assist VDH with data dashboard and maternal health data taskforce
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	\$13,635.0		

Note: Staff denotes no additional third-party expense

Further uses for Transformation funds

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

Ongoing / Potential Future Projects:

Education K-12 Formula and Integration

State Parks Revenue Optimization

VITA IT Modernization

Foster Care Assessment

Maternal Health

Other projects

Remaining **\$1.4M** in Transformation funds to be allocated through ongoing and future projects



Consultant Report

Consultant Report	\$ (000s)	Consultant	Contract Code	Purpose/Notes
Spent / Committed				
Procurement: Phase 1 - assessment and initial planning	\$495.0	BCG	CTR005845 e194-101300	Third party expertise to assess operating model and identify opportunities for process improvement, transparency, accountability, and savings
Procurement: Phase 2a: detailed planning & implementation	\$2,000.0	BCG	CTR005845-2 e194-101300	Third party expertise to help implement operating model improvements and capture opportunities for process improvement, transparency, accountability, and savings
Procurement: Phase 2b: detailed planning & implementation	\$700.0	BCG	CTR005845-3 e194-101300	Continued third party expertise to help implement operating model improvements and capture opportunities for process improvement, transparency, accountability, and savings
Procurement - Civic Initiatives	\$545.0	Civic Initiatives	CTR005825-2	Support the development of centralized procurement category organization and analysis to identify Commonwealth-wide procurement opportunities
VEC - Phase 1: Backlog reduction and best-in-class roadmap	\$356.7	Accenture	A182-2333	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 2a	\$20.0	BrownGreer, LLP	Invoiced via OAG	Fix front-end intake process, redesign first level of appeals, best-in-class implementation, resiliency plan design
VEC - Phase 2b	\$25.3	SLLOK, LLC	Emergency	Appeals Mailing, Printing, Folding, etc. Notice of Appeals letters plus postage
Behavioral Health Transformation	\$1,040.0	McKinsey	CTR008424	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
Economic Development - strategy & roadmap	\$972.5	McKinsey	23-012	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 employment growth goals
Executive search	\$254.1	Korn Ferry	CTR005775-2	Executive search firm services to find key leadership positions across executive branch agencies
Executive Search - Fahrenheit	\$300.0	Fahrenheit Group	CTR000070	Estimated total recruiting costs for 5 identified leadership vacancies across executive branch agencies/authorities
Project Management (PMO) pool	\$868.0	Impact Makers	UCPJMU5759	Provide project managers for various priority initiatives (e.g. Partnership for Petersburg, Right Help Right Now, and others)
Early Child Care & Education	\$382.5	BCG	CTR019693	Developed the Building Blocks for Virginia's Families early learning and childcare initiative, ensuring continued access to quality care for 27,000 children
DHRM Employee Survey	\$413.5	Thundercat Technology	VA-180917-TCTL	Consistent, standardized survey available for agency use, a cost saving measure for agencies as they will not solicit outside contracts
VITA PMD Assessment	\$330.0	Accenture	N/A	Leveraging third party expertise to drive efficiency and capability with high-risk projects in VITA's PMD
Richard Bland - Governance Eval	\$200.0	BCG	CTR015828	Higher Education Six-Year Planning Process Consulting Services
Department of Tax Support	\$134.0	Ernst & Young	CTR018673-2	Tax policy support
IT Modernization	\$250.0	Insight Global	CTR017262	Provided program support, including hiring 2 people, to improve IT modernization project delivery
VPT Phase 3	\$95.0	CapTech Ventures	VA-210625-CAI	Enhancing the Virginia Permit Transparency (VPT) Permitting Dashboard
Creeper Trail Recovery Program Management	\$42.0	IEM	CTR011404-1-1	Third party support to program manage the Virginia Creeper Trail recovery with VDEM
Subtotal Spent / Committed	\$9,424.0			

