

January 16, 2026

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, Chair Lucas and Chair 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 January 16, 2026, 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 15<sup>th</sup>, 2022, to improve government efficacy and customer experience for the Commonwealth's 8.8 million residents. The Transformation Office's initial mandate was to collaborate with the Virginia Department of Motor Vehicles (DMV) and Virginia Employment Commission (VEC). These transformations resulted in cutting wait times at the DMV to 5.9 minutes as of October 2025 and clearing over one million backlogged work items at VEC. The office has delivered on its purpose of bringing business efficiency to government and delivering tools, expertise, staff support, and funding for the Governor's critical priorities by taking on projects that otherwise would be too urgent or demanding for one agency or secretariat to own. Over the course of the administration the Transformation Office has undertaken over two dozen initiatives spanning nine secretariats and their agencies by supporting projects through their inception and most critical phases, then transitioning them to an agency or secretariat permanently once the project is stable.

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

### **Ongoing Initiatives**

- **The Office of Recovery and Rebuilding** – The Office of Recovery and Rebuilding (ORR) worked with 39 localities and 16 agencies to address unmet needs and track over \$1.6 billion in funding for recovery from Hurricane Helene and Winter Storm Jett. So far, ORR has seen over \$189 million distributed to directly benefit the victims of these weather events and over \$450 million in resources secured or delivered. ORR, in

partnership with the United States Forest Service and the towns of Abingdon and Damascus, held a groundbreaking ceremony for the rebuilding of the Virginia Creeper Trail. ORR's two pilot programs, for bridge and home mitigation reconstruction, were both finalized this quarter and will break ground in the next two weeks. The Virginia Department of Health's Drinking Water State Revolving Funds (Hurricane Helene Appropriation) provided localities in southwest Virginia with over \$23 million to perform essential upgrades to water distribution infrastructure. The National Resources Conservation Service distributed over \$30 million from its Emergency Watershed Protection program, which primarily funds the removal of in-stream debris. The Virginia Department of Environmental Quality closed the first loan from its \$9 million Clean Water State Revolving Fund (Hurricane Helene Appropriation), which provides public service authorities with funds to improve water treatment facilities. The Virginia Department of Agriculture and Consumer Services is reviewing applications for the \$60 million Virginia Farm Recovery Block Grant program. On January 15, 2026, Governor Youngkin permanently extended the Office of Recovery and Rebuilding via Executive Order Fifty-Eight (EO-58) to ensure that recovery from future severe weather events is managed with cross-agency collaboration, local partnership, and executive-level oversight.

- **Partnership for Petersburg** – The Transformation Office provided continued staff support to the Partnership for Petersburg and its nearly 50 initiatives. In October, Governor Glenn Youngkin and First Lady Suzanne S. Youngkin donated \$21,875, half of their fourth quarter salary, to support Petersburg's new Animal Care and Control facility. The contribution will help fund operations for the planned 14,000 square foot, five-million-dollar shelter. Also in October, the Governor participated in the Independence Hydrogen ribbon cutting for the new hydrogen production facility in Petersburg. Since its inception, the Partnership for Petersburg has leveraged a private-public partnership model, resulting in more than \$447 million in state, federal, and private sector funds infused into Petersburg directly tied to initiatives. Taken together, over \$2 billion in capital and investment has now been unlocked across Petersburg. The Partnership for Petersburg will continue with local leadership and new federal partners, including announcements in January 2026 from U.S. Housing and Urban Development which will expand safe, affordable housing and remove health hazards will protect families and strengthen neighborhoods and U.S. Health and Human Services partnering on an initiative to address pediatric asthma.
- **State Parks Revenue Optimization** – The Transformation Office provided resources to an initiative that will support state parks in the commonwealth with viable and sustainable revenue sources to ensure longevity of park operations and accessibility across the state. This quarter, KPMG delivered its recommendations, which included opportunities to increase the visibility of parks and online store options, improve in-person shopping experiences, and quality-of-systems improvements.
- **Maternal Health Data** – The Transformation Office continue to provide support to the Secretariat of Health and Human Resources and the Maternal Health Data and Quality Measures Task Force, as outlined in Executive Order 32, ensuring alignment with Executive Directive Eleven (2024), which called for improved publication of actionable data on maternal health and the development of a comprehensive maternal health resource website. In the last quarter, the Task Force held a dedicated Maternity Care

Desert session in South Hill, which highlighted the significant barriers mothers and families face in accessing maternity care, particularly in underserved regions of the Commonwealth. Additionally, the VCU Center for Public Policy (CPP) facilitated breakout sessions that supported members in identifying critical gaps across maternal health care and synthesized prioritized recommendations. The meeting also included opportunities for public comment, and a member survey was distributed to gather additional input on the recommendations. The Task Force is now in the final stages of completing and submitting the report to the Governor and the General Assembly.

- **Virginia Department of Labor and Industry (DOLI) Apps Initiative** - The Transformation Office is supporting an initiative in collaboration with DOLI and VITA to support agency adoption of VITA-approved digital applications through a central Microsoft PowerApps marketplace. The goal of this initiative is to streamline agency-contracting for apps that are frequently used in the Commonwealth and to reduce the waste that is associated with numerous stand-alone contracts for the same services across agencies. VITA secured a dedicated program lead to focus on the effort to identify shared PowerApps opportunities, cultivate agency interest in leveraging shared Power Apps, and develop a strategy for deployment and proliferation. In addition, a developer has been added to the team for the buildout of selected apps. As of December 2025, 13 apps have been selected for inclusion on the COV App Store.
- **Agency Optimization** – The Transformation Office continued its support of the Governor's request to identify barriers encountered by state agencies that lengthen project timelines, reduce the reach of allocated state funding, and decrease the impact of high-importance projects for the Commonwealth. The Transformation Office, in collaboration with the Virginia Employment Commission, identified the Department of Accounts for the possibility of horizontal integration of ACH modernization across additional agencies and because of the time to completion. This quarter, the CTO contracted with Virginia Commonwealth University Office of Strategic Innovation and Design to provide research, facilitation, and oversight services.
- **Rural Health Transformation** – The Transformation Office is providing resources to the Secretariat of Health and Human Resources and the Department of Medical Assistance Services (DMAS) to support the Rural Health Transformation program implementation to align with the Governor's Executive Directive 12. The federal Rural Health Transformation has made a total of \$50 billion in funding available from FY2026-2030. Virginia's application focused on improving health, workforce, care delivery, and innovation in rural communities. The funding from the Transformation Office will allow for early planning, coordination, and development of draft agreements and build capacity to ensure that Virginia is prepared to act quickly when the funds are awarded.
- **Regulatory Analysis Using AI** – The Office of Transformation provided resources to the Office of Regulatory Management (ORM) to conduct an analysis using AI that will identify opportunities to streamline regulations to ensure better alignment between what is required in code and statute.
- **Quarterly Management Review Support** – The Transformation Office continued its support of Secretariats and agencies across the Commonwealth in close partnership with the Secretary of Finance. Together, the CTO and the Secretary of Finance ensured that all fourth-quarter QMR reports were current, comprehensive, and reflective of each agency's achievements, ongoing initiatives, and any emerging concerns to be transitioned to the

incoming administration. This effort encompassed all 12 Executive Branch Secretariats and their 100+ agencies and boards, providing a comprehensive and coordinated picture of statewide progress and facilitating a smooth transition to the incoming administration.

Sincerely,

A handwritten signature in black ink, appearing to read "Garrison R. Coward".

Garrison R. Coward  
Chief Transformation Officer

Cc: John Littel, Chief of Staff

# Transformation Office Report

January 16, 2026



# Status of Transformation funds

| Transformation Office Report          | \$                  | Lead  | Status / Outcomes                                                                                                                                         |
|---------------------------------------|---------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Spent/Committed</b>                |                     |       |                                                                                                                                                           |
| Procurement Transformation            | <b>\$3,750,000</b>  | DGS   | Secured \$105M+ in savings by establishing category management strategy                                                                                   |
| VEC Transformation                    | <b>\$402,053</b>    | VEC   | Cleared 1M+ work items, eliminated claims backlogs, and increased timeliness from 20% to >80%                                                             |
| Right Help Right Now                  | <b>\$1,040,000</b>  | HHR   | Built transformation approach, vision, and infrastructure; provided staff aug and program oversite                                                        |
| Economic Development (VEDP)           | <b>\$1,000,000</b>  | VEDP  | Partnered with VEDP and the Secretary of Commerce & Trade to build Virginia's workforce strategy                                                          |
| Executive search                      | <b>\$520,000</b>    | Gov   | Hired 9 transformational executive leaders for key posts in the Commonwealth                                                                              |
| Project Management (PMO) pool         | <b>\$868,000</b>    | Gov   | Provided key managers for Transformation projects, from RHRN to Partnership for Petersburg                                                                |
| Early Child Care & Education          | <b>\$382,500</b>    | 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                  | <b>\$413,505</b>    | 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 | <b>\$200,000</b>    | Gov   | Conducted stakeholder engagement, assessed various governance options to inform potential governance model; report published 8/15/24                      |
| Department of Tax Support             | <b>\$134,581</b>    | Tax   | Assisted DPB and Tax with budget planning                                                                                                                 |
| IT Modernization                      | <b>\$450,000</b>    | VITA  | Provided program support, including hiring 2 people, to improve IT modernization project delivery                                                         |
| Education/Gov Office resource         | <b>\$58,920</b>     | Gov   | Additional staffing support in the Secretary of Education's Office                                                                                        |
| Rural Health Transformation           | <b>\$414,500</b>    | DMAS  | Funds to support Rural Health Transformation Project                                                                                                      |
| Transformation Office Resources       | <b>\$415,000</b>    | Gov   | Staffing costs through end of the Administration                                                                                                          |
| DOLI Shared Apps Initiative           | <b>\$75,000</b>     | VITA  | Support for DOLI to create shared apps initiative                                                                                                         |
| DOLI VIVO Training                    | <b>\$100,000</b>    |       |                                                                                                                                                           |
| Agency Optimization                   | <b>\$27,000</b>     | VEC   | Supporting the evaluation and execution of agency-led initiatives to that enhance constituent-facing efficiencies                                         |
| VITA PMD Assessment                   | <b>\$330,000</b>    | VITA  | Leveraging third party expertise to drive efficiency and capability with high-risk projects in VITA's PMD                                                 |
| VPT Phase 3                           | <b>\$95,000</b>     | Gov   | Enhancing the Virginia Permit Transparency (VPT) Permitting Dashboard                                                                                     |
| Post-Secondary Pathways               | <b>\$496,000</b>    | SCHEV | Execution of a behavioral assessment to develop a post-secondary dashboard                                                                                |
| State Parks Revenue Optimization      | <b>\$476,022</b>    | DCR   | Third party support to identify opportunities to optimize state park revenue                                                                              |
| Office of Recovery and Rebuilding     | <b>\$42,161</b>     | VDEM  | Providing key project management experience to VDEM for Creeper Trail rebuild in conjunction with USFS                                                    |
| IEM County Grant Assistance Support   | <b>\$590,380</b>    | DHCD  | Office of Recovery and Rebuild county grant application and support for localities                                                                        |
| Maternal Health                       | <b>\$265,000</b>    | VCU   | Facilitation support to the Secretariat of Health and Human Resources and the Maternal Health Data and Quality Measures Task Force                        |
| DEQ Permitting Efficiency             | <b>\$100,000</b>    | DEQ   | Support to increase permitting efficiency for DEQ                                                                                                         |
| AI regulation analysis                | <b>\$262,500</b>    | ORM   | Pilot of tool to scan regulations and guidance documents, identifying opportunities for reduction                                                         |
| Travel                                | <b>\$10,000</b>     | GOV   |                                                                                                                                                           |
| Software Licensing                    | <b>\$5,000</b>      | GOV   |                                                                                                                                                           |
| Office Equipment                      | <b>\$3,000</b>      | GOV   |                                                                                                                                                           |
| HR Consultant                         | <b>\$48,300</b>     | DHRM  | Salary for employee at DHRM who revised process for performance management                                                                                |
| Hurricane Helene Recovery             | <b>\$25,585</b>     | VFHY  | Support for Virginia Foundation for Healthy Use to build a playground                                                                                     |
| DEB Deferred Maintenance Backlog      | <b>Staff</b>        | DEB   | Provided data visualization and analytical support for deferred maintenance                                                                               |
| Virginia Veteran's Network            | <b>Staff</b>        | DVS   | Provided program oversight of Virginia Veterans' Network implementation                                                                                   |
| DMV Transformation                    | <b>Staff</b>        | DMV   | Established and transitioned program to reduce customer wait times by more than 70%                                                                       |
| VDH Financial Transformation          | <b>Staff</b>        | VEC   | Stabilized and standardized critical financial functions at VDH                                                                                           |
| Workforce Development Transformation  | <b>Staff</b>        | DWDA  | Stood up workforce development agency                                                                                                                     |
| ABC Financial Support                 | <b>Staff</b>        | ABC   | Assisted ABC leadership with financial planning                                                                                                           |
| Lab School Initiative                 | <b>Staff</b>        | DOE   | Provided managerial support to DOE                                                                                                                        |
| Virginian's Experience Improvements   | <b>Staff</b>        | VITA  | Assessed Virginian's experience across 5 channels; helped HHR with call centers and budget report                                                         |
| Partnership for Petersburg            | <b>Staff</b>        | SOC   | Provided technical and managerial support                                                                                                                 |
| Call Centers                          | <b>Staff</b>        | HHR   | Working alongside HHR to maintain call center report compliance                                                                                           |
| <b>Subtotal Spent / Committed</b>     | <b>\$13,000,008</b> |       |                                                                                                                                                           |

Note: Staff denotes no additional third-party expense



# Consultant Report

| Transformation Office Report                           | \$                  | Consultant           | Contract Code              | Status / Outcomes                                                                                                                                                                    |
|--------------------------------------------------------|---------------------|----------------------|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Spent/Committed</b>                                 |                     |                      |                            |                                                                                                                                                                                      |
| Procurement: Phase 1 - assessment and initial planning | \$1,040,000         | BCG                  | CTR005845<br>e194-101300   | Third party expertise to assess operating model and identify opportunities for process improvement, transparency, accountability, and savings                                        |
| Procurement: Phase 2a: detailed planning &             | \$2,000,000         | BCG                  | CTR005845-2<br>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 &             | \$710,000           | BCG                  | CTR005845-3<br>e194-101300 | Continued third party expertise to help implement operating model improvements and capture opportunities for process improvement, transparency, accountability, and savings          |
| VEC Transformation                                     | \$400,000           | 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 |
| VEC - Phase 2a                                         | \$20,000            | 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                                         | \$25,000            | SLLOK, LLC           | Emergency Procurement      | Appeals Mailing, Printing, Folding, etc. Notice of Appeals letters plus postage                                                                                                      |
| Right Help Right Now                                   | \$1,040,000         | 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           |
| Economic Development (VEDP) Executive search           | \$1,000,000         | 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               |
| Executive search                                       | \$254,070           | Korn Ferry           | CTR005775-2                | Executive search firm services to find key leadership positions across executive branch                                                                                              |
| Executive Search - Fahrenheit                          | \$265,930           | Fahrenheit           | CTR000070                  | Estimated total recruiting costs for 5 identified leadership vacancies across executive branch agencies/authorities                                                                  |
| Project Management (PMO) poc                           | \$870,000           | 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                           | \$382,500           | 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                                   | \$413,505           | Thundercat Techno    | VA-180917-TCTL             | Consistent, standardized survey available for agency use, a cost saving measure for agencies as they will not solicit outside contracts                                              |
| Richard Bland - Governance Ev                          | \$200,000           | BCG                  | CTR015828                  | Higher Education Six-Year Planning Process Consulting Services                                                                                                                       |
| Maternal Health                                        | \$265,000           | VCU                  | CPP0054                    | Facilitation support provided by the                                                                                                                                                 |
| Department of Tax Support                              | \$134,581           | Ernst & Young        | CTR018673-2                | Tax policy support                                                                                                                                                                   |
| IT Modernization                                       | \$450,000           | Insight Global       | CTR017262                  | Provided program support, including hiring 2 people, to improve IT modernization project                                                                                             |
| Rural Health Transformation                            | \$415,000           | BCG                  | CTR043169                  | To support the Centers for Medicare and Medicaid Services (CMS) Rural Health Transformation (RHT) Program implementation                                                             |
| Agency Optimization                                    | \$27,000            | VCU                  | N/A                        | Supporting the evaluation and execution of agency-led initiatives to enhance constituent-facing efficiencies                                                                         |
| VITA PMD Assessment                                    | \$330,000           | Accenture            | VITA-241017-01-CA          | Leveraging third party expertise to drive efficiency and capability with high-risk projects in                                                                                       |
| VPT Phase 3                                            | \$95,000            | CapTech              | VA-210625-CAI              | Enhancing the Virginia Permit Transparency (VPT) Permitting Dashboard                                                                                                                |
| Post-Secondary Pathways                                | \$496,000           | CAI (Computer Aid In | C-069572                   | Execution of a behavioral assessment to develop a post-secondary dashboard                                                                                                           |
| State Parks Revenue Optimizati                         | \$476,023           | KPMG                 | GMU187-23-13               | Third party support to identify opportunities to optimize state park revenue                                                                                                         |
| Creeper Trail Recovery Program                         | \$42,161            | IEM                  | CTR011404-1-1              | Providing key project management experience to VDEM for Creeper Trail rebuild in                                                                                                     |
| IEM County Grant Assistance Se                         | \$590,380           | IEM                  | CTR011404                  | Office of Recovery and Rebuild county grant application and support for localities                                                                                                   |
| Regulation AI Tool                                     | \$262,500           | Vulcan               | ORM2025-2                  | Funds to AI Tool that streamline regulatory materials and provide support to ORM                                                                                                     |
| <b>Subtotal Spent / Committed</b>                      | <b>\$12,204,650</b> |                      |                            |                                                                                                                                                                                      |

