

April 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 April 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. 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. We have done and continue to do this.

Our focus in 2022 and 1Q 2023 was primarily on working with Agencies to improve Virginian's experiences with government services at the DMV, VEC, and other cross-disciplinary projects, while laying the groundwork for additional, broader, future improvements. Highlights include:

- Further reduced in-person waiting times at the **DMV** to an average of 10 minutes in March through metrics-driven management and onboarding the new DMV Commissioner with whom we are working to broaden and sustain the Transformation.
- Completed the processing of all unemployment claim backlogs from January 2022 at the **VEC** by improving productivity 300% to remove or complete nearly 1.5 million work items; drew down the appeals backlog through process redesign and targeted automation; reduced call center volumes by half while drawing down contractor staff; improved customer responsiveness; and increased benefit recoveries.
- Collaborating with Secretary of Labor to develop detailed plans to successfully transition, operationalize, and optimize the new **Workforce Development Agency VDWA**.
- Provided project management resources to the **Partnership for Petersburg** and “**Right Help Right Now**” behavioral health transformation initiatives.
- Providing both internal and third-party expertise and project leadership to the Governor’s priority effort to develop, plan, and implement new, strategic approaches to **accelerate Economic Growth**.
- Hired 3 Deputy CTOs to help us provide increased leadership and transformation expertise to more Agencies and projects.

During 2023-24 our priorities will be to sustain and expand on our initial progress in the areas above with an increased focus on identifying and capturing efficiencies while working together with Agencies to help improve and sustain organizational capabilities including recruiting, talent and performance management, and leadership training.

Specific planned 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.

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,



Eric J. Moeller
 Chief Transformation Officer
 Cc: Jeffrey Goettman

Transformation Plan

First Quarter 2023 Update

April 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	2,000	2,000	DGS	Third party expertise to help implement operating model improvements and capture opportunities for process improvement , transparency, accountability, and savings (revised +500 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	500	0	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
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	500	69	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
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	700	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 +400)
SOC - process improvement	50	0	SOC	Leverage process improvement expertise and software to consolidate data, streamline, and speed processes for appointments (revised downward -200 from original plan)
Subtotal Third-Party Expertise	6,615	4,934		



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	1,310	170	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
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	3,125	1,292		
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	70	0	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)
Subtotal Travel, Software, and Other Expenses	260	18		
Grand Total	10,000	6,244		
Balance Remaining	0	3,756		Balance to be used to fund current projects and transformation and project manager resources

