



Innovation and Productivity Agenda ~ An Opportunity for Agency Heads



The Honorable Aneesh P. Chopra
Secretary of Technology

May 23rd, 2007



Executive Summary

I. Round One Productivity Fund Recipients

II. The Innovation Imperative

III. Proceeding in Partnership

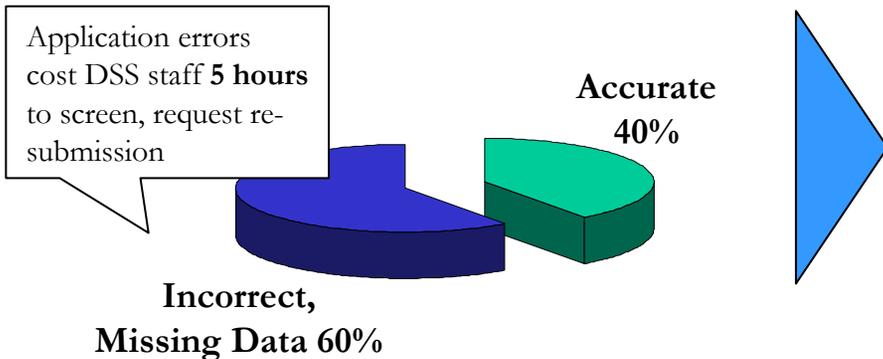


Round One Productivity Fund Recipients

Collaborating to Lower Costs, Improve Service for Disabled, Seniors

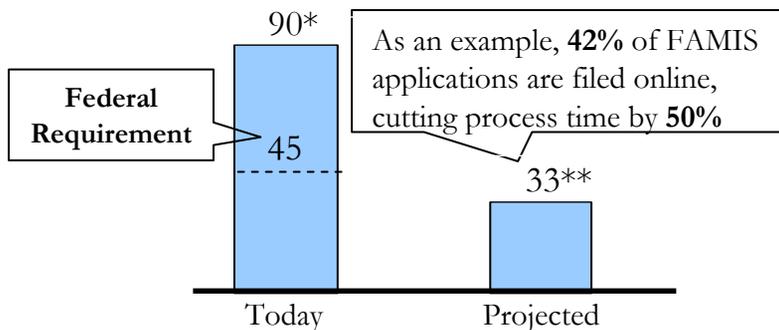
Medicaid Application

Small Sample Study on Submission Quality



Time To Enrollment

Small Sample Study on Days



*If application Incorrect

**Goal to complete 100% of online applications within 45 days, 50% by 20 days

Constituents at the Center



Productivity Grant - Streamlining the Medicaid Application Process for Low Income Seniors and Persons with Disabilities – VDA, DMAS, DSS

A New, Streamlined Form

Current **18-page** form cumbersome for **235,000** low income seniors and disabled Virginians; goal to make it easier to understand

E- “Application Submission”

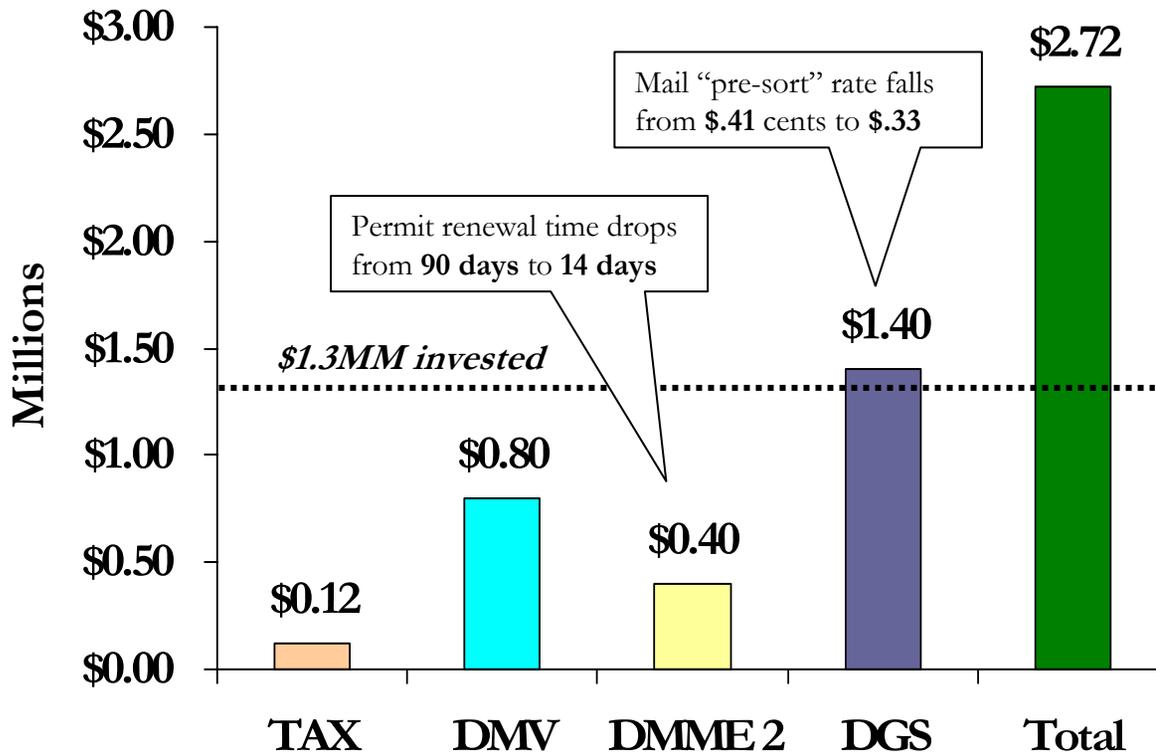
Leveraging Virginia’s *No Wrong Door* program, the new application will be available for online submission with protections against inaccurate data submission



ROI

Initial Portfolio Expected to Deliver (Real) Savings, Service Gains

Annualized Savings – Base Case



Fund in Brief

Capital: Governor Kaine established **\$3M** fund in **January** to simplify government operations; encouraged all agencies to apply by **March, 2007**

Goals: In addition to **operating cost savings**, PIF encourages agencies to **lower constituent transaction time** and advance the Governor's **key performance measures**

Portfolio: In **May**, we funded:

- DGS: Mail Consolidation
- DMV: Workforce Mgmt System
- DMME: e-Multi Year Renewal
- Dept of Tax: Image Cash Letter
- VDA: Medicaid App Redesign
- DMME: Field GIS

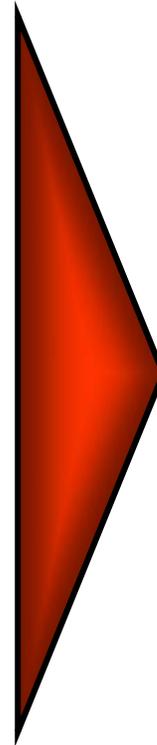
Using the base case, the 3-year return per dollar invested is approximately \$8



The Innovation Imperative

Despite Promising (Early) Returns, Fund Insufficient to Address Gap

- A **\$3MM** investment fund, even with compelling ROI's, is nominal relative to a **\$35B+** annual state budget
- Without growth from our revenue sources, additional investments in the Governor's strategic priorities must come from productivity improvements within Virginia's ongoing operations
- Successful innovation can not be a one-time activity; it must be a core component of what we do each and every day



We must weave innovation and productivity improvement into the fabric of our management activities; beginning with the upcoming Performance Based Budgeting process



Office of the Secretary of Technology

Are We Poised to Deliver \$1BN in Value?

Myriad Agency Investments to “Transform” Operations (Through IT)

Secretariat	Recommended for Continued Funding		Recommended for Funding		Total Recommended Projects	
	No.	Project Cost	No.	Project Cost	No.	Project Cost
Administration	1	\$12,000,000	3	\$2,300,000	4	\$14,300,000
Agriculture & Forestry	1	\$1,075,532	0	\$0	1	\$1,075,532
Commerce and Trade	2	\$5,999,000	1	\$45,000,000	3	\$50,999,000
Education	6	\$47,313,709	4	\$18,180,124	10	\$65,493,833
Finance	0	\$0	1	\$11,000,000	1	\$11,000,000
Health & Human Resources	1	\$5,200,000	5	\$152,260,787	6	\$157,460,787
Natural Resources	0	\$0	1	\$2,200,000	1	\$2,200,000
Public Safety	2	\$382,900,000	9	\$28,850,000	11	\$411,750,000
Technology	3	\$7,220,599	3	\$15,800,000	6	\$23,020,599
Transportation	4	\$29,427,201	2	\$36,600,000	6	\$66,027,201
Totals	20	\$491,136,041	29	\$312,190,911	49	\$803,326,952

80% of projects self-reported to VITA as capable of transforming agency operations





Proceeding in Partnership

Three Stages for Us to Deliver Effective, Efficient Government

I

Surface Opportunities

#Expenditure

Diagnostic: In partnership with DPB, ESG team will segment operations based on ability to benchmark; goal to identify savings opportunities

II

Target Productivity Investments

#Second-Round

Productivity Investments: By **September**, agencies interested in seed capital for transformational initiatives are strongly encouraged to apply for remaining **\$1.7M** grants

III

Elevate Workforce Skills

#“High-Potential”

Employee Training: Recruit top **20** future leaders actively participating in a transformational initiative for **Genworth** “**Workout**” program

Innovation and Productivity Timeline

June-August

September-November

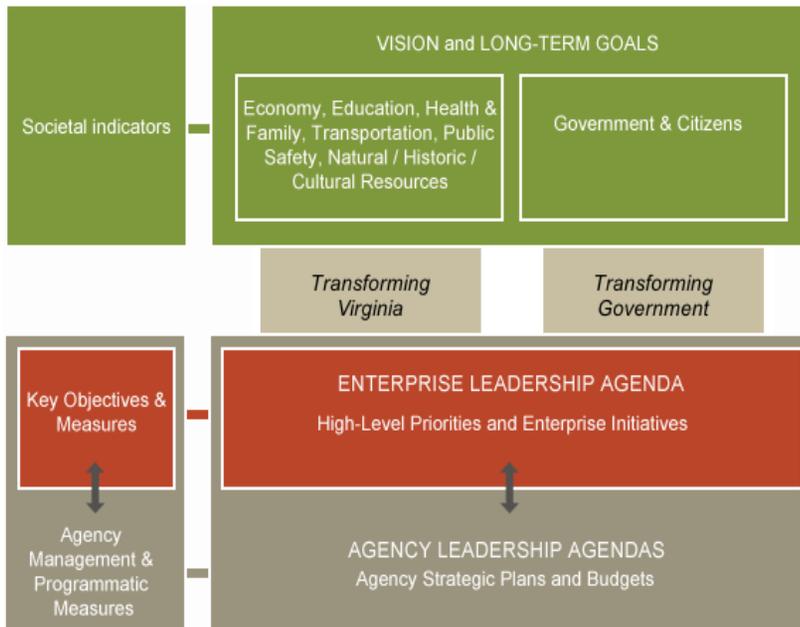
Every Six Months



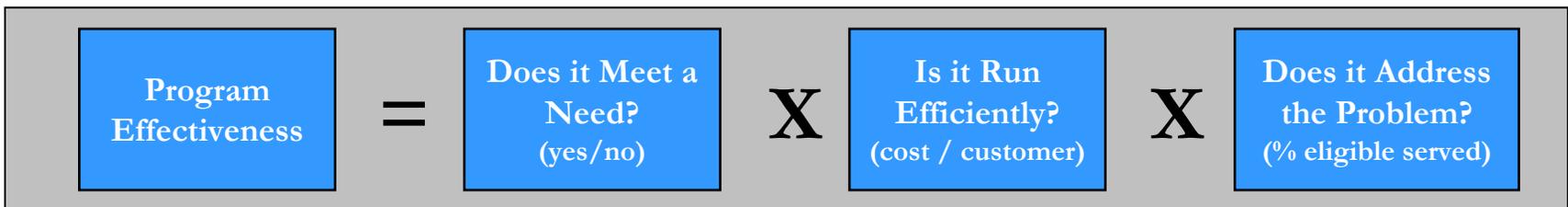
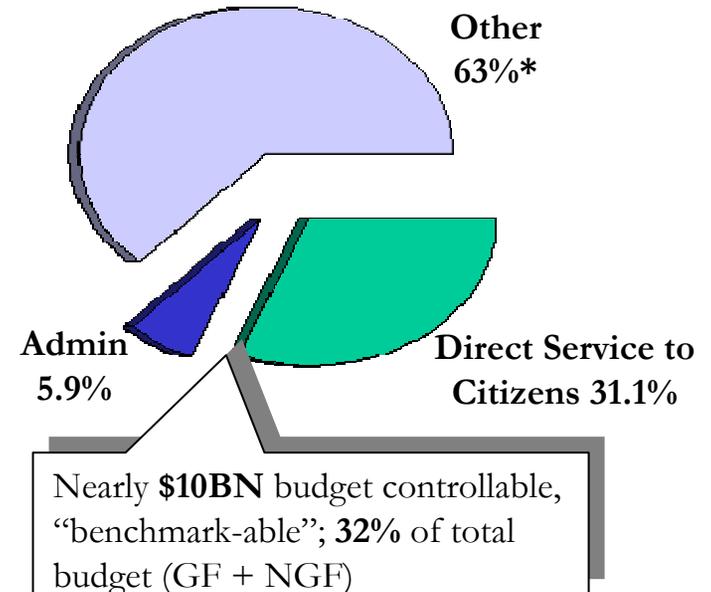
Surfacing Opportunities

Linking Outcomes to Key Measures Enables Expenditure Diagnostic

Council on Virginia's Future Mapping Need to Outcomes



CoVA Operating Budget GF Appropriations, Controllable Spend



*Includes, payments to individuals, locally run programs, and the Car Tax program



Target Productivity Investments

Seed Capital Available to Spur Innovative Ideas from Within

Our Purpose

Elevating Agency Performance



- Seek agency input on creative ideas for driving productivity improvements



- Seek implementation guidance on what resources are required to deliver these improvements and how best to obtain these resources



- Encourage flexibility to explore alternative approaches based on insights provided by other agencies

Our Approach

Productivity Investment Fund

Mission

- Catalyze innovation within state government

Process

- Invest (modest) innovation funding
- Facilitate gainsharing program to reward high performing agencies
- Develop training program

Goals

- Lower government operating costs
 - Reduce constituent transaction time
 - Advance Governor's key agency performance objectives
- www.vaperforms.virginia.gov



A Framework for Ideas

Innovative Ideas Often Found Within Four Strategic Levers

Lever	Description
<i>Personalized Government</i>	Agencies build processes from the perspective of key customer segments ; goal to streamline transaction time , especially across related agencies
<i>Shared Operating Services</i>	Agencies consolidate a set of “non-core” activities which are common across the enterprise; goal to free resources to focus on core mission
<i>Digital Government</i>	Agencies drive more online transaction volume , digitize additional transaction processes, and design online experiences based on the needs of specific customer segments; goal to leverage low-cost service channel
<i>Business Intelligence</i>	Agencies leverage multiple data sets to allocate (limited) resources where needed; goal to advance key objectives through elevated staff productivity



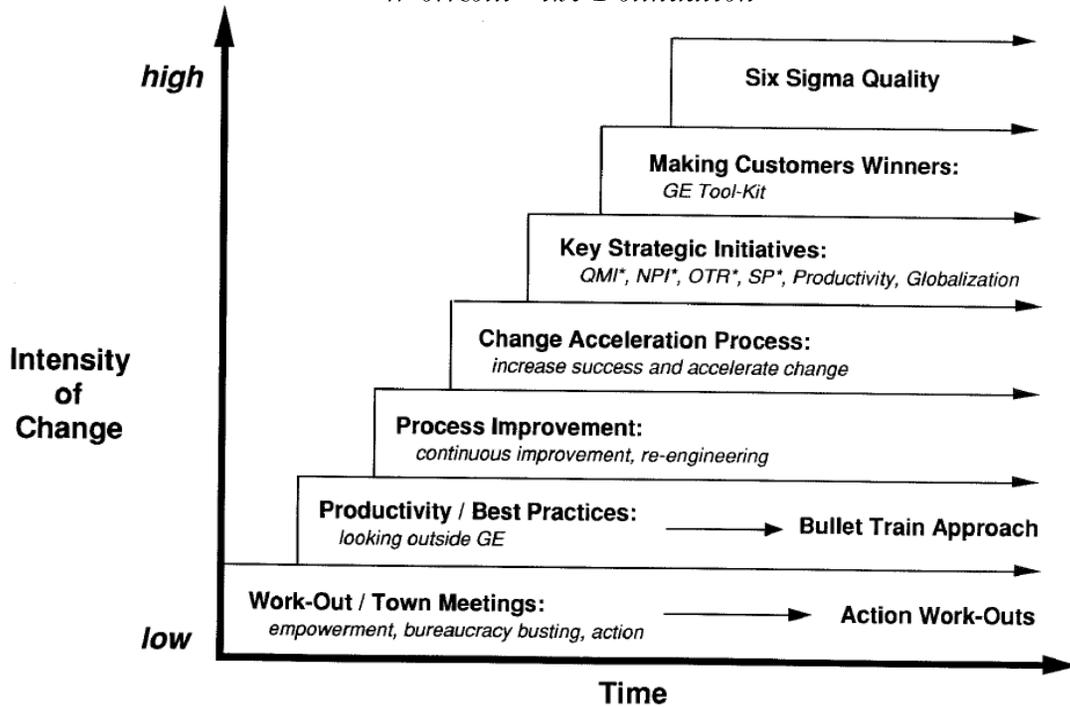
Office of the Secretary of Technology

Elevate Workforce Skills

Genworth Extends Training Offer to Drive Commonwealth Reform

GE Approach to Change Management

"Workout" the Foundation



Initial Cohort



Debbie Burcham, *Virginia Department for the Aging, Project Mgr for Medicaid App Process Redesign*

Aida Pacheco, *Office of Dev. & Workforce Council*

Vickie Tyson, *Dept. of General Services*

Wayne Waldrop, *Dept. of Business Assistance, Project Manager for Business One Stop*

Tully Welborn, *Dept. of Motor Vehicles, Project Manager for Workforce Mgmt System*

Public-Private Partnership

Highly acclaimed process for driving change developed by General Electric; delivers results quickly through **two-day** work team sessions and active follow up; **Genworth** provided **5** slots for its **May** and **September** training classes, and is willing to provide the Commonwealth with additional slots in the future



Case Study

Virginia Delivers 60+% Lower-Cost Permits Through Productivity

A History of Innovation



Budget Constraints: DMME maintains service growth despite **21%** cut in FTEs since 1985

Executive Commitment to Reform: Agency leadership engage **40%** of FTEs in strategic planning process and invest **38.6** training hours per FTE

A National Model: DMME has earned the prestigious **US Senate Productivity & Quality Award** (1997, 2002) – akin to the Baldrige Award for quality

Innovation Grant: Develop an electronic permitting, reporting and government system for mineral mine operators leveraging **\$87,200 grant**

Alignment with Strategic Plan

- Plan: encourage economic development through customer’s management of Virginia’s resources; goal to support efficient operations

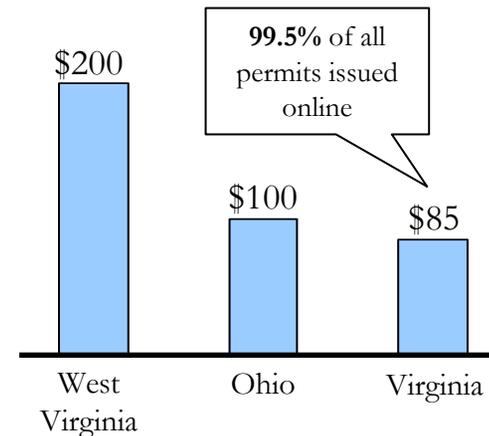
Customer-Driven Innovation

- DMME staff apply for productivity grant; immediately seek input from the mineral mining industry as a way to improve services and reduce the costs of regulatory compliance

Results

Coal Surface Mining

Cost per 500-Acre Permit, \$000s





Coda ~ The Innovation Opportunity

Virginia Professor Removes Arsenic for 99% Less Than Market Rate

An Inspired Dream



Public Sector Innovation

Goal: Develop low-cost method to remove arsenic from water; 10+ million people suffer without treatment

Solution: A simple, maintenance-free system that uses sand, charcoal, bits of brick and shards of a type of cast iron; each filter has 20 pounds of porous iron, which forms a chemical bond with arsenic

Results: GMU Professor Abul Hussam wins **\$1M** Grainger Prize for \$40 solution; donates **70%** to buy filters for Third World

