OUTLINE

PROJECT OVERVIEW

➢ This report contains observations and recommendations for the Wyoming Governmental Spending and Efficiency Commission ("Commission") to review the efficiency of State government per Senate File 156, 2017 Session Laws Ch. 183.

➢ The objective of the task was to conduct a rapid assessment to identify, quantify, and prioritize new approaches for the Commission that would pinpoint opportunities to reduce costs and operate more efficiently. The scope of the Statewide Efficiency Review focused on the following key agencies:
  – Department of Administration & Information
  – Department of Education
  – Department of Health
  – Department of Revenue

➢ A&M also conducted a cross agency benchmark analysis, reviewed the plans submitted by agencies with more than $20 million in biennial budget, and identified ways to incentivize the identification of efficiencies by state employees.

➢ As a result of these reviews, A&M found:
  – The need for a broad scale organizational review to include: a programmatic review of the lines of service provided by the state agencies, an assessment of the span of control and reporting structure of the supervisors, and a review of opportunities to make changes to both the employee benefits and school district benefit programs to drive savings.
  – There is a need to modernize systems and coordinate investment across state agencies to allow for better integration of technology solutions, particularly in the areas of Human Resources and Finance.
  – There are opportunities to increase revenues through the creation of a Governor's Grants Office (to improve pursuit of federal funds), the creation of an interagency Discovery Unit for tax audit and collections, and a need to hire audit and collections staff.
  – There are a high number of administrative functions performed at the agency level, where use of shared services across state agencies, and regional shared services across school districts would increase the level of service and help drive efficiency.
  – There is an opportunity to enhance employee benefits through the creation of school district benefit plans, additional wellness options and programs, and opportunities to incentivize employees to identify efficiency initiatives.

EFFICIENCY OBSERVATIONS

	Current State
Organizational	• **Span of Control Challenges:** The agency supervisory span of control (i.e., the number of staff that report to each supervisor) is low with an average staff to manager ratio of 4:1, below standard benchmarks of 6-8 and significantly below best in class levels of 12-13. • **Staffing Levels:** Staff reductions have left key functions understaffed, including Auditors and Collection staff. • **Organizational Structure:** The State has a high number of agencies, boards, and commissions per capita. Within these agencies there are a significant number of small agencies that each maintain separate administrative functions. As a result, there are opportunities to consolidate functions and reporting structures, and to create new programs that cut across agencies to break down silos.
Incentives	• **Structural Inefficiencies in Budget Savings:** The State's annual budget process incentivizes agencies to hold back savings until after the first wave of cuts are delivered. Alternatives include target reductions and share in savings. • **School District Spending:** The current funding model encourages districts to spend inefficiently as there are limited reporting or compliance requirements to receive state funding.
Innovation	• **Dashboard and Analytic Capabilities**: Wyoming Department of Health Director's Unit for Policy, Research and Evaluation (DUPRE) developed best in class analytic and dashboarding capabilities that could provide lessons learned for other departments as well as other states in the analysis and management of data to affect agency decision-making. • **Indian Health Services:** Wyoming should be commended for their innovative approach to establishing the necessary protocols and infrastructure to realize Medicaid savings, and for promoting coordination of care through collaboration with tribal governments and with IHS. • **Property Tax Function:** The state developed a business case for conducting statewide Aerial Imagery scanning and spatial comparison to identify new properties or structures that should be added to the tax rolls without site visits. The automated identification is estimated to help identify new properties in unincorporated areas up to two years sooner.

EFFICIENCY OBSERVATIONS

	Current State
Federal Funds	• **Gaps in Federal Funds Pursuit**: The State does not strategically pursue federal grants, and there are numerous examples of agencies bypassing federal funds. Wyoming is the only state that does not seek reimbursement for Medicaid funds for school districts. Participation in federal child nutrition programs is well below benchmarks and numerous schools have dropped out of the programs. • **Over Reliance on State Funds:** There is cultural bias away from federal funds, where small amounts of resistance discourage full evaluation of opportunities to gain additional funds. • **Administrative Burden:** Agencies and school districts are reluctant to pursue federal funds due to administrative tracking, reporting, and compliance requirements.
Technology	• **Enterprise Technology Services:** The State has taken the right steps towards coordination of technology solutions through the establishment of a centralized Enterprise Technology Services (ETS) to coordinate information technology structure across the state agencies. • **Technology Pivotal to Efficiency:** The modernization of systems is a foundational step necessary before the State can realize efficiency from solutions generated through shared services, improved process, or improved tracking and reporting of funds. • **Disparate Use of Technology**: Agencies often independently purchase their own technology solutions instead of pursuing technology purchases across state agencies or following statewide technology policies, which would allow the state to take full advantage of the systems and programs, particularly given the state government's size. • **Limited System Integration:** There is significant manual data entry between systems that should be more integrated. This causes agencies to extract/upload data across multiple systems and/or manually manipulate data extractions to get the desired reporting. • **Collaborative Funding:** Because of lack of collaboration, the State is unable to fully take advantage of the administrative benefits associated with allowable recovery of federal funds when investing in centralized technology solutions or recovering central administrative costs.

EFFICIENCY OBSERVATIONS

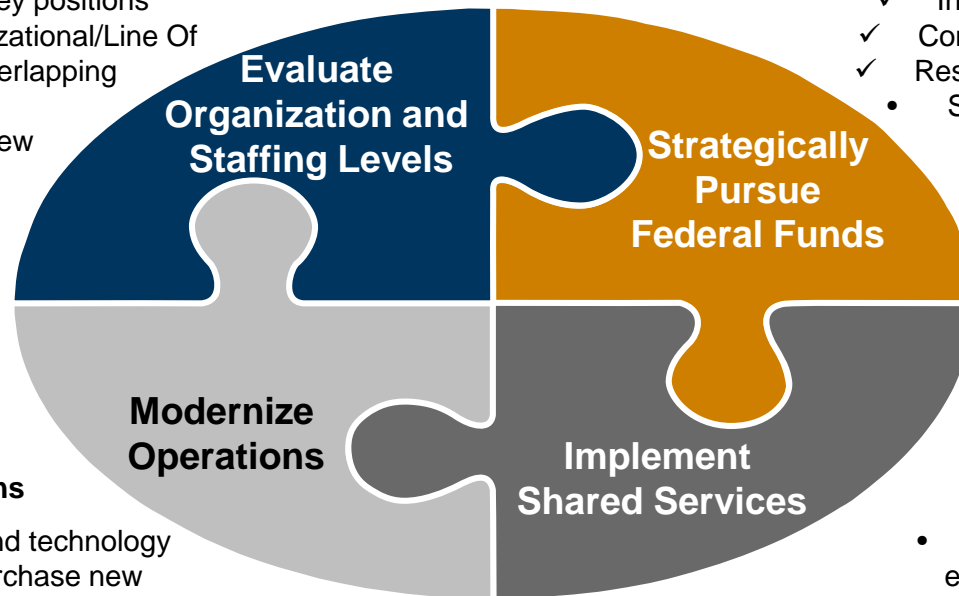|	Current State
Shared Services	• **Decentralized Staffing/Processes**: Each agency continues to maintain administrative functions that overlap with centralized services including, human resources, finance, IT, and procurement. • **Customer Service:** The administrative functions, including shared services functions, need to be resourced with staff that can provide the right level of support to front line agencies. Without enough input from agencies, products or services are designed where the final product often doesn't meet the needs of the agencies as intended. For example, core accounting system issues result in lack of access or manual processes to generate needed reporting.
Procurement	• **Decentralized Procurement:** Each agency has a procurement function that interacts with the central procurement division. Most of the interaction with the central procurement division is for compliance rather than process support, indicating a lack of economies of scale across statewide procurement. • **Data Limitations:** The State does not provide ready access to data for the procurement staff to conduct meaningful analysis of expenditures or procurement practices. System integrity issues create the arms length access to data. • **Collaboration:** The State would benefit from greater collaboration across departments to increase buying power.
Education Funding	• **Remote Student Expenditures:** The State spends a disproportionate share of funds on remote location students, in some cases providing personalized learning solutions. In the most extreme examples, staff outnumber students, and financial resources dedicated to educating small groups far exceed the State's average per pupil cost. • **Perspective:** School districts are able to spend state resources with minimal requirements for tracking performance metrics or compliance reporting resulting in reduced recovery of federal funds.
Rural Nature of Wyoming	• **Spending Perspective:** The State points to the rural geography to justify higher spending in areas such as education for remote students, the cost of transportation, or the lack of industry to provide services in health, technology, etc. • **Minimal Regional Collaboration:** While some government-to-government collaboration occurs in the state and through school district BOCES, the State could benefit from increased regional collaboration between the state, local, and school districts to drive services or increase savings.

EFFICIENCY RECOMMENDATIONS

State of Wyoming Efficiency Study
Recommendations

Organization and Staffing

- Evaluate opportunities to streamline administrative functions
- Increase staffing levels for key positions
- Conduct a statewide Organizational/Line Of Service review to resolve overlapping responsibilities
- Conduct span of control review

Strategically Pursue Federal Funds

- Establish a Governor's Grants Office
- Increase federal reimbursement requests
  - ✓ Initiate school-based services request
  - ✓ Consider additional Medicaid programs
  - ✓ Restructure the Child Nutrition Program
- Strengthen reporting and compliance capabilities

Evaluate Organization and Staffing Levels

Strategically Pursue Federal Funds

Modernize Operations

Implement Shared Services

Modernize Statewide Operations

- Invest in people, process, and technology
  - ✓ Expand on existing or purchase new technologies to minimize "paper-pushing"
  - ✓ Drive data quality improvements across the state financial and personnel systems
- Integrate technology solutions across agencies
- Sponsor efficiency-increasing technology for local governments and school districts

Implement Shared Services

- Study the potential opportunities for expanded shared services in the state
  - ✓ Make necessary infrastructure enhancements
    - ✓ Build on successes in construction
  - ✓ Build on technology shared services successes
    - ✓ Consider expansion in Procurement
  - ✓ Consider Expansion in Human Resources
- Establish Regional Service Centers for school districts

ORGANIZATION AND STAFFING

The State should engage in a statewide organizational assessment that would provide clarity into service levels, right-size staffing levels, and streamline government structure.

ORGANIZATIONAL REVIEW RECOMMENDATIONS

ADMINISTRATIVE FUNCTION REVIEW	LINE OF SERVICE REVIEW	SPAN OF CONTROL REVIEW	STAFFING LEVEL ASSESSMENT
• The Administrative Function Review would study the breadth of administrative services that are provided by both the State and state agencies. • Having better insight into the structure of the administrative services would help the State to ensure that the structure through which these services are provided is effectively and efficiently meeting the agencies' needs.	• The Line of Service Review would evaluate the programs and services provided by the State to assess overlapping responsibilities, obsolete programs, or areas for enhancement. • By creating a catalog of services provided, the State will be able to evaluate the impact and outcomes of the associated programs. • The Line of Service Review would give the State the information needed to consolidate or eliminate programs (that are under-utilized or ineffective), or expand services as needed.	• A Span of Control Review will evaluate the supervisor to front line staff ratio across the state agencies to identify areas to shift resources and improve services. • The State should identify opportunities to increase span of control targets from 4:1 to better align with industry benchmarks. • The goal is to affect long term workforce planning to shift staffing levels toward front line staff to increase the level of service both internally and to Wyoming citizens.	• The State has reduced the number of state employees resulting in the loss of staffing of key revenue generating roles. A concerted effort to replace these staff should be prioritized in the coming year. • The State should create a Discovery Unit that bridges the Audit and Revenue departments. • The State should establish a Governor's Grants Office to improve fiscal management of federal funds.

GOVERNOR'S GRANTS OFFICE / FEDERAL FUNDS OFFICE

STRATEGICALLY PURSUE FEDERAL FUNDS BY ESTABLISHING A GOVERNOR'S GRANTS OFFICE

Strategy
- Drive strategic identification, analysis and prioritization of federal funding opportunities.

Risk and Compliance
- Conduct risk assessments and compliance reviews of federal funds programs.

Execution
- Monitor federal funds/grants programs for execution and timely reimbursement requests.

Cost Recovery
- Review the Statewide Cost Allocation Plan (SWCAP) allocations procedures for revision and improved capture.

Technical Assistance
- Provide technical assistance and tactical support to the school districts.

Technology
- Provide oversight of systems implementation to facilitate better funds management.

IMPLEMENT SHARED SERVICES

Organizational effectiveness and cost savings opportunities can increase through formal collaboration efforts between agencies.
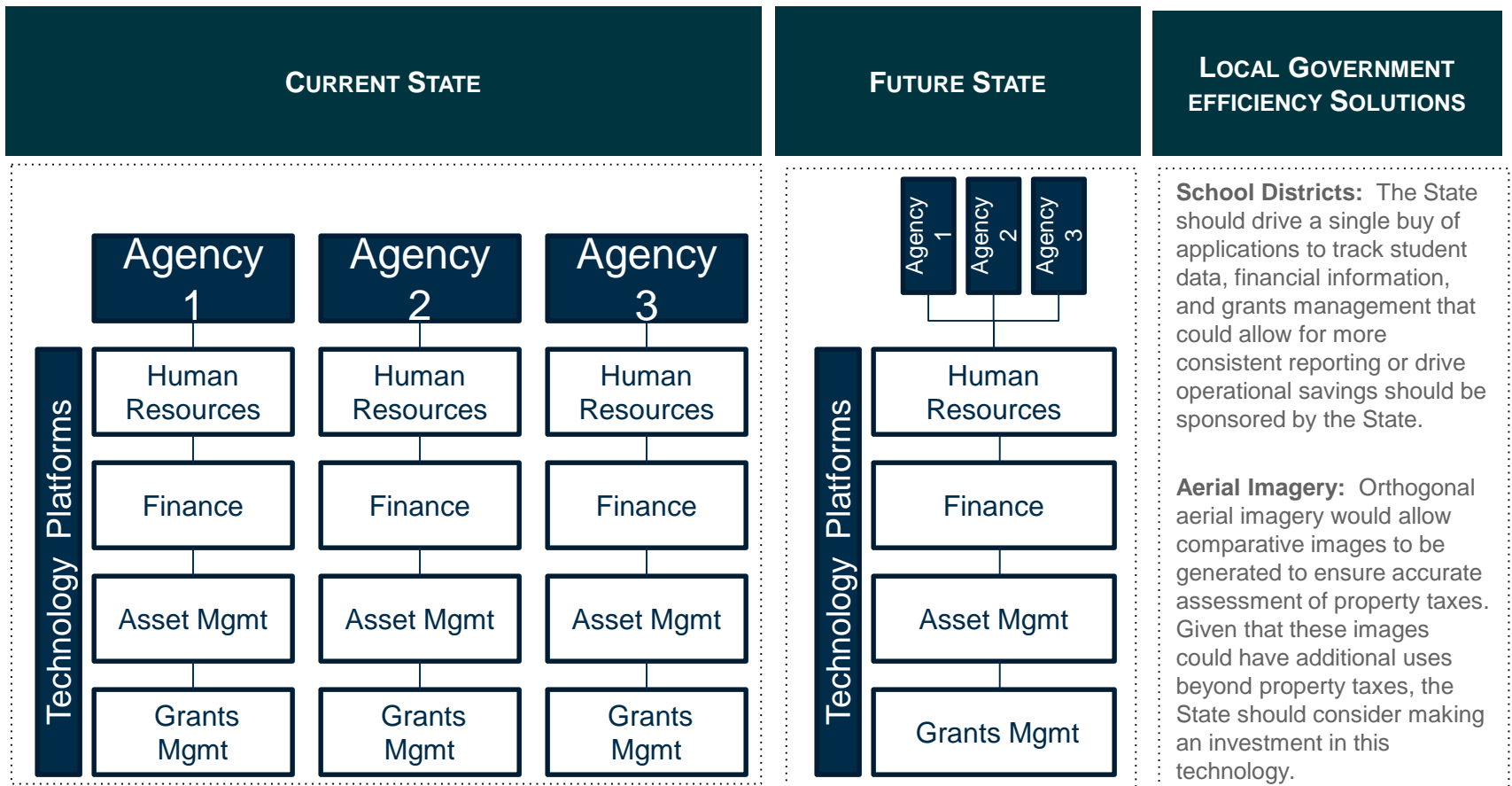
SHARED SERVICES OPPORTUNITIES			COLLABORATION
FINANCE	**HUMAN RESOURCES**	**INFORMATION TECHNOLOGY**	**PROCUREMENT**
Accounts Payable and Payroll: Shared Processing; Standardized and automated workflow on approvals. **Potential to add in**: • Accounting Entries • Financial Reporting • General Oversight • ERP Systems • Grant Compliance and Claiming	**Human Resources:** Shared HR functionality across agencies with a cross-agency Human Resources Information System (HRIS). **Benefits Coordination**: Shared processing and support including school districts.	**Technology:** Shared oversight and support functions. **Integrated Solutions:** Alignment to technology solutions across agencies. **System Interfacing:** Strategic technology interfacing that allows for communication across related systems.	**Purchasing Coordination:** Collaborate on market intelligence, pricing opportunities, RFP management, contract negotiations, contract management and minimum buying commitments. Capitalize on volume discounts and rebates. Shared analysis of spending, monitoring and optimization of pricing.

Governance structures, service level agreements, and implementation plans will vary based upon the range of services included and the agencies participating in a collaborative model.

MODERNIZE STATEWIDE OPERATIONS

The State will benefit from investment in technology applications across agencies and should consider investing in technology solutions for local governments.

MODERNIZATION RECOMMENDATIONS

CURRENT STATE	FUTURE STATE	LOCAL GOVERNMENT EFFICIENCY SOLUTIONS

Current State — Technology Platforms:

- Agency 1: Human Resources, Finance, Asset Mgmt, Grants Mgmt
- Agency 2: Human Resources, Finance, Asset Mgmt, Grants Mgmt
- Agency 3: Human Resources, Finance, Asset Mgmt, Grants Mgmt

Future State — Technology Platforms:

- Agency 1, Agency 2, Agency 3: Human Resources, Finance, Asset Mgmt, Grants Mgmt

School Districts: The State should drive a single buy of applications to track student data, financial information, and grants management that could allow for more consistent reporting or drive operational savings should be sponsored by the State.

Aerial Imagery: Orthogonal aerial imagery would allow comparative images to be generated to ensure accurate assessment of property taxes. Given that these images could have additional uses beyond property taxes, the State should consider making an investment in this technology.

STATE EMPLOYEE EFFICIENCY IDENTIFICATION PROGRAM

ANNUAL IDEAS FESTIVAL

Key Findings

- **At least 11 states have employee suggestion incentive programs where the employee gets a bonus as a percentage of the savings achieved by the suggestion. The award suggestions vary by state:**

  - Wisconsin had an employee suggestion program since 1954 that identified $12 million in savings over the life of the program.

  - Kansas has an employee suggestion program in which an employee can receive 10 percent of the savings for a suggestion up to $5,000.

  - California, Tennessee, and North Dakota have employee suggestion programs with limits of up to $50,000, $10,000, and $4,000 respectively.

- **Award programs tend to trail off without program maintenance and awareness.**

Recommendations

- **Wyoming should implement a Governor's Annual Ideas Festival.**

  - Administering the Ideas Festival and annual program can be developed and instituted with minimal administrative burden.

  - The Governor's Annual Ideas Festival would award teams of individuals up to $25,000 as a team, and $5,000 per person to identify and help implement savings opportunities.

  - The payout would be split upon award and after savings have been implemented.

  - Actual realized savings realized would help fund future program awards.

- **The critical steps include:**

  - Creation of statutes that allow for funding of the Governor's Annual Ideas Festival.

  - Design and rollout the Ideas Festival.

  - Host the program and awards ceremony.

CONCLUSION: ESTIMATED ONE-TIME INVESTMENT AND BIENNIAL SAVINGS

Investment and savings ranges shown below reflect estimates of the impacts of A&M recommendations for process, technology and policy changes. These amounts are subject to change based upon the implementation strategies selected. In addition, potential costs associated with additional planning activities are not reflected in these estimates.

	Est. One-Time Investment (State Funds)		Est. Net Biennium Savings (State Funds)	
	Low	High	Low	High
Cross Agency	$1,850,000	$2,750,000	$20,985,395	$41,950,791
Administration & Info	500,000	700,000	5,350,000	8,800,000
Education	2,400,000	3,750,000	42,593,411	83,626,961
Health	1,876,882	3,753,765	19,920,282	43,120,396
Revenue and Audit	2,000,000	2,500,000	19,300,000	38,600,000
Other $20M+ Agencies	2,272,015	2,272,015	3,510,449	9,387,085
State Total	**$10,898,897**	**$15,725,780**	**$111,659,537**	**$225,485,232**
Local Impacts	1,992,000	1,992,000	852,305	2,142,679
Total	**$12,890,897**	**$17,717,780**	**$112,511,842**	**$227,627,911**

PHASE 2 PROJECT PLAN

Work Step	Yr / Mo	2017 12	1	2	3	4	5	6	7	8	9	10	11	12	2019 1	2	3	4	5	6
1. Establish PMO Function																					
2. Organizational Study																					
3. Strategic Sourcing Review																					
4. Technology Integration Study																					
5. Employee Benefits / K-12 Benefits Study																					
6. Statewide Real Estate Study																					
7. Governor's Grants Office																					
8. WDR/Audit Discovery Unit																					
9. Indian Health Services																					
10. Electronic Visit Verification																					
11. Home and Community Based Services																					
12. BOCES for Shared Services and Procurement																					
13. Other Agency Reviews																					

Project Overview

1. **The PMO function would ensure coordination and timing throughout the Phase 2 effort.**
2. **Areas that were identified for potential efficiency initiatives are included for further study and development of a transition plan.**
3. **There are efficiency opportunities with near-term impacts including reducing surplus assets and hiring additional audit and collections staff, that should be considered for immediate implementation.**
4. **There are a agencies that were out-of-scope for Phase 1 that should be reviewed in Phase 2 including:**
   1. **Department of Transportation**
   2. **Department of Corrections**
   3. **University of Wyoming**
   4. **Wyoming Community Colleges**
   5. **Department of Health – Behavior Health**
   6. **Office of State Lands and Investments**
   7. **Department of Environmental Quality**

Project Risks/Issues

ID	Description	Mitigation	Status	Owner
1	Legislative approval is required for implementation for a number of the efficiency initiatives.	Efficiency initiatives have been vetted by the agencies and the SAGE Commission.	🟡	
2	Technology integration, restructuring procurement and shared services would require significant coordination across agencies.	Agencies were provided an opportunity to review the recommendations and provided comment. Additionally, the PMO function will help to facility cross-agency coordination.	🟡	
3	Implementation of recommendations or further study will require financial investment from the State.	While there is an upfront, or even ongoing investment required, the initiatives should yield savings to more than offset the cost.	🟡	

Risk Level   🟢 Low   🟡 Moderate   🔴 High   ✔ Mitigated/Avoided

OUTLINE

I.   Executive Summary

II.   Background and Purpose

III.   Cross Agency Benchmarking and Analysis

IV.   Department of Administration & Information

V.   Department of Education

VI.   Department of Health

VII.   Department of Revenue/Department of Audit

VIII. Other $20M Agency SAGE Reports

This report contains observations and recommendations completed for the Wyoming Governmental Spending and Efficiency Commission ("the Commission") to review the efficiency of State government per Senate File 156, 2017 Session Laws Ch. 183, including:

i. A review of the current configuration of the Wyoming State ("the State") government and the duties and responsibilities of state agencies including identifying any potential areas of overlap and any programs that have accomplished their original objective or have otherwise become obsolete.

   ➢ The objective of the task was to help reduce the budget deficit, the State requested a rapid assessment to identify, quantify, and prioritize new approaches for the Commission that would pinpoint opportunities to reduce costs and operate more efficiently or to reduce overlapping or obsolete programs. The scope of the Statewide Efficiency Review is focused on the following key agencies:

      – **Department of Administration & Information**
      – **Department of Education**
      – **Department of Health**
      – **Department of Revenue**

ii. Identification of opportunities for increasing efficiency and reducing costs through executive action or legislation.

   ➢ A&M's review focused on identifying opportunities across the operational areas noted above that would yield:

      1. **Increases in Sources of Revenue Across All Levels of Government (Federal, State, and Local)**
         – Improved strategy and execution would enable increased levels of funding from federal sources, would improve collection of State funds, and would improve compliance reviews at the local level.

      2. **Improvements to the Increased Effectiveness and Efficiency**
         – Improved processes that would enable increased levels of service to the citizens and enhance financial controls and financial stewardship of the state's funds and assets.

      3. **Cost Avoidance and/or Cost Savings**
         – Enhanced processes and structures that would enable the state to realize savings and/or avoid potential costs in the future, including consideration of potential investments required to mitigate ongoing cost exposure.

This report contains observations and recommendations completed in for the Wyoming Governmental Spending and Efficiency Commission ("the Commission") to review the efficiency of State government per Senate File 156, 2017 Session Laws Ch. 183, including:

iii. Identification areas for further study, including a recommendation of specific areas with a high likelihood for potential savings.

> - Through the course of this study, observations and recommendations were made that will require further areas of study both through new executive branch agency reviews (such as the Department of Corrections or the Department of Transportation) and through areas within the existing agencies that will require further study to identify and quantify efficiency opportunities (such as a more detailed review of Behavioral Health, an analysis of the statewide span of control, or a review of the school district cooperative purchasing program).

iv. Consideration for the development and implementation of a program to incentivize the identification of potential efficiencies by state employees.

> - Recommendations were made for the establishment of an Annual Governor's Ideas Festival program to provide an incentive based program for state employees to identify and help realize potential efficiency savings.

PROJECT OVERVIEW

This report contains observations and recommendations completed in for the Wyoming Governmental Spending and Efficiency Commission ("the Commission") to review the efficiency of State government per Senate File 156, 2017 Session Laws Ch. 183, including:

v. A review of the plans provided under W.S. 28-1-115(a)(ii) for any state agency expending more than twenty million dollars ($20,000,000.00) in a biennium.

- ➤ A cross agency benchmark analysis was conducted to help identify potential savings from the agencies with more than $20 million in budget to include a review of cross agency procurement opportunities and human capital opportunities.

- ➤ Detailed agency reviews for the agencies with greater than $20 million in biennia funding were outside the scope of this efficiency review. However, in addition to the more detailed analysis of the key agencies, A&M assessed the plans submitted by each of the following agencies to the Spending And Government Efficiency (SAGE) Commission for potential efficiency recommendations.
  - ✓ Attorney General's Office
  - ✓ Department of Agriculture
  - ✓ Department of Corrections
  - ✓ Department of Enterprise Services
  - ✓ Department of Environmental Quality (DEQ)
  - ✓ Department of Transportation
  - ✓ Office of State Lands and Investments
  - ✓ State Engineers Office
  - ✓ State Parks and Cultural Resources
  - ✓ University of Wyoming
  - ✓ Wyoming Community College Commission

OUTLINE

I.   Executive Summary

II.   Background and Purpose

III.   Cross Agency Benchmarking and Analysis

IV.   Department of Administration & Information

V.   Department of Education

VI.   Department of Health

VII.   Department of Revenue/Department of Audit

VIII. Other $20M Agency SAGE Reports

CROSS AGENCY BENCHMARKING AND ANALYSIS

Overview

- There are a number of areas where potential opportunities have impacts that extend beyond one particular agency, including Human Resources, Retirement, Employee Insurance Group, Technology, and Procurement.
- The A&M team conducted a review of the aforementioned areas to understand key processes and functions to identify opportunities for improved efficiency.
- A&M conducted analysis of expenditure and staffing data to further characterize the environment.

Observations

- The State experienced a significant decline in revenues in the past five years resulting in one time steps to close budget deficits.
- The State has over 8,900 Full Time Equivalent (FTE) staff.
- Span of Control levels in the State average 4.0 across state agencies.
- The state agencies coordinate some procurement activities, but could do more to increase purchasing collaboration.
- The State requires the retirement function to utilize statewide systems to conduct business, where improved custodial services could improve investment returns and reduce processing fees.
- The State discontinued a wellness program in 2011 to pursue opportunities to revamp the employee benefits program to utilize newer health benefit models.

Recommendations

- Conduct a strategic sourcing exercise to drive cross agency savings through collaborative purchasing.
- Provide an exemption for using the central accounting system to the Wyoming Department of Retirement Services to allow for improved processing of benefit payments and immediate deposit into the custodial account.
- Conduct an organizational study to identify improvements to the statewide Span of Control.
- Conduct a review of the employee benefits program to search for opportunities to implement refined benefits models such as health savings accounts (HSA) and wellness programs.

Based on the January 2017 CREG revenue forecasts and projected expenditures, $204.5 million in one-time funding was used to balance the FY2017-2018 General Fund budget. After statutory funding of the Reserve Account, there is still a $25 million deficit.[1],[2]

FY2017-18 Projected Revenues

Source	General Fund
Budget Reserve Account Carryover	($2,410,231)
Increase in GF Reversions transferred to BRA	40,914,675
General Fund Revenues	2,041,529,426
Budget Reserve Account Revenue	628,600,000
Total Traditional Funds Available	$2,708,633,870

FY2017-18 Projected Expenditures

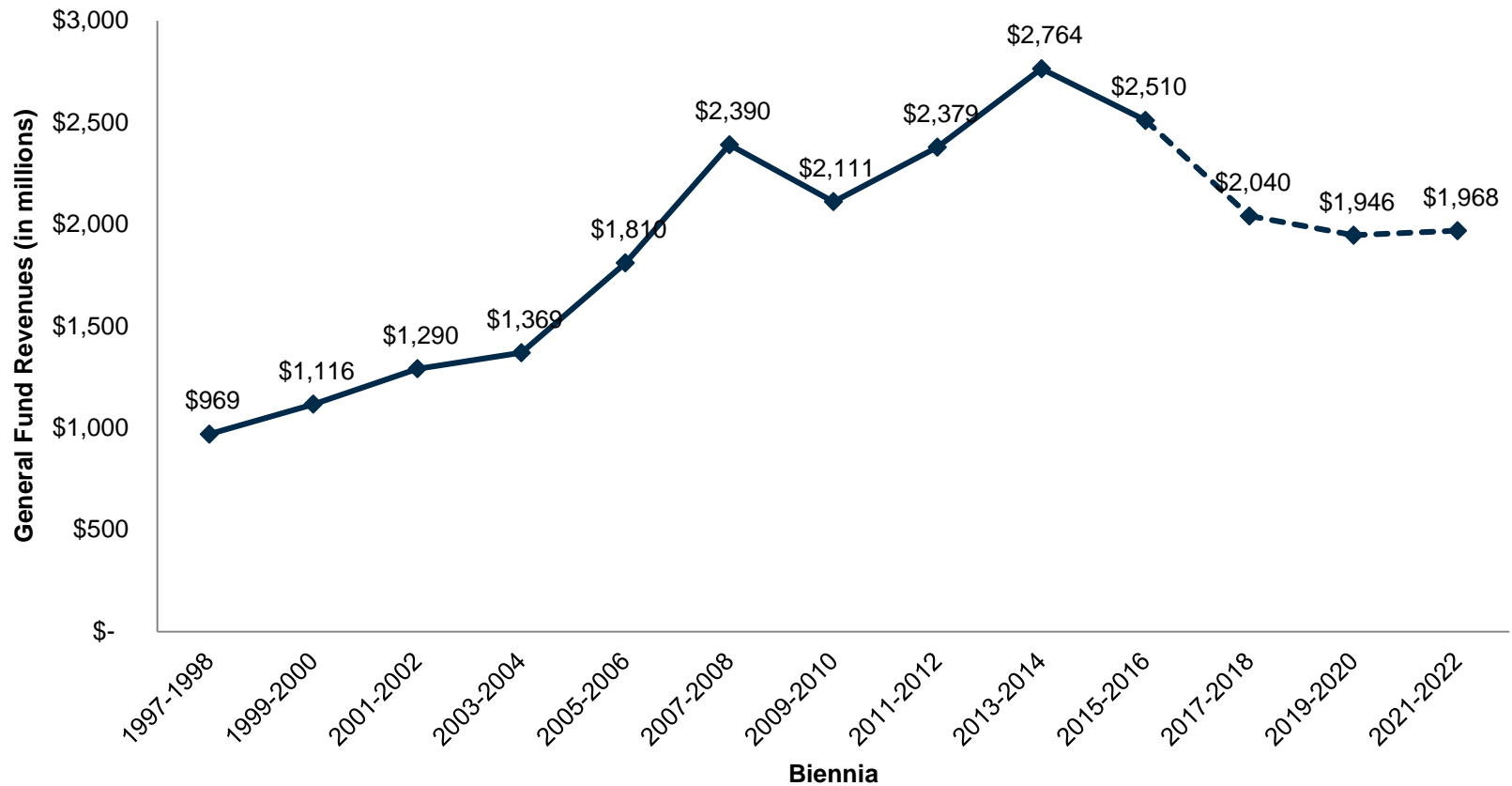| Source	General Fund
2016 Budget Bill GF Appropriations	($2,981,180,894)
2017 Budget Bill GF Appropriations	279,433,294
2017 Budget Bill GF Appropriations - Governor's vetoes	(3,222,038)
Other 2016 Bills with GF Appropriations - Budget Session	(187,071,613)
Other 2017 Bills with GF Appropriations - General Session	1,904,609
ONE TIME 2016 Budget Bill - Interfund Loan from 1% severance tax	168,500,000
ONE TIME 2016 Budget Bill - BRA Transfers from LSRA	36,000,000
2017 Budget Bill - Net Statutory Reserve Transfer from LSRA	56,552,772
Total Funds Appropriated / Tranferred	($2,629,083,870)
General Fund / BRA Balance	**$79,550,000**
Less: Statutory Reserve (5% of GF revenues)	(104,550,000)
Total Traditional Funds Available for Appropriation	**($25,000,000)**

> $204.5 million in one-time funding was used to supplement the FY2017-2018 General Fund budget.

> After statutory funding of the Reserve Account of $104.6 million, there is still a $25 million deficit

REVENUE FORECAST

CREG projections for General Fund revenues for FY2017-2018 are $723 million below the peak of $2.76 billion in FY2013-2014. Declines in General Fund revenues are expected to persist through FY2019-2020, continuing to stress the State's ongoing financial health[3].
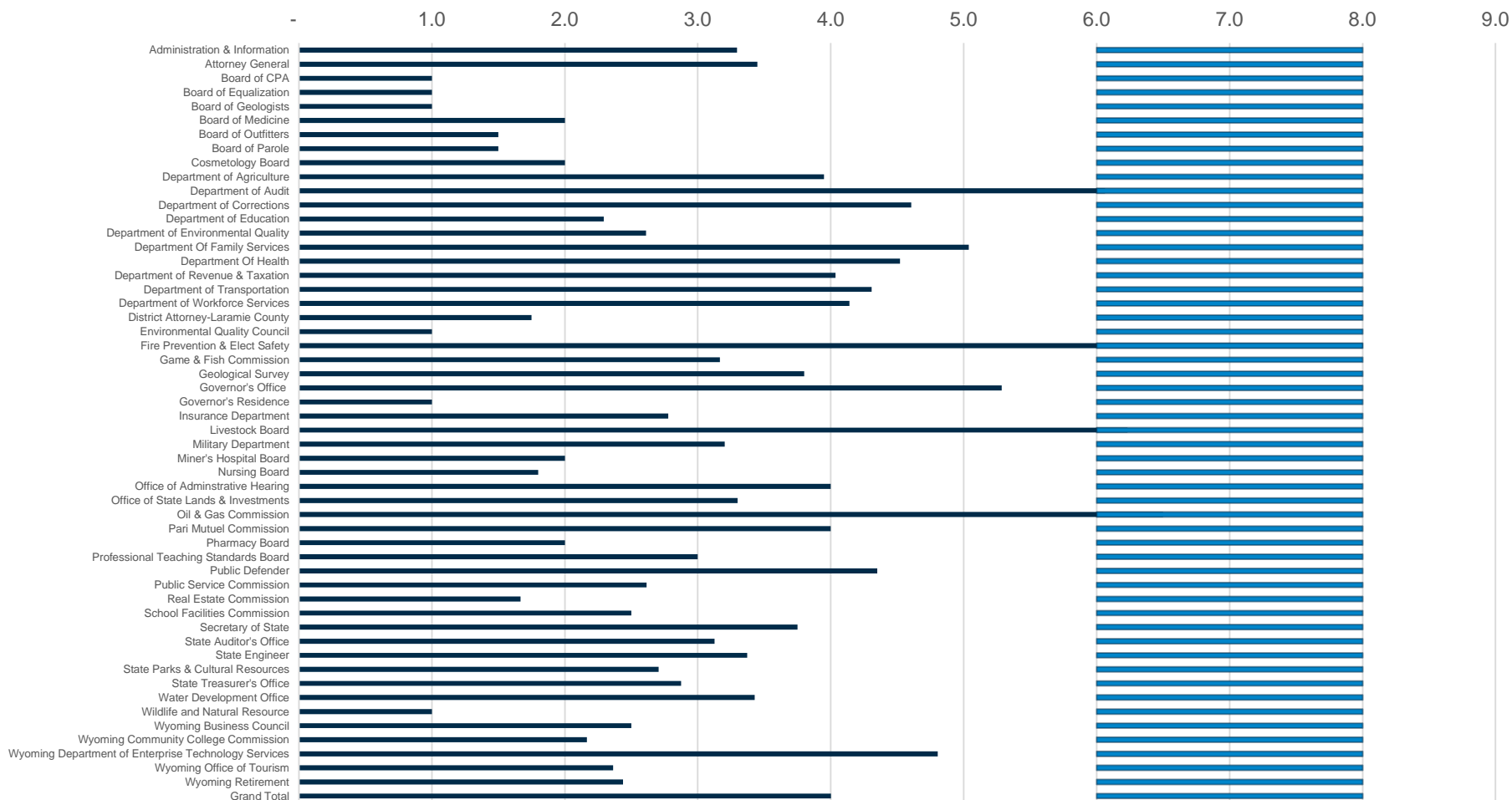

Trends in General Fund Revenues

Wyoming State Budget With Key Assessment Areas[4]

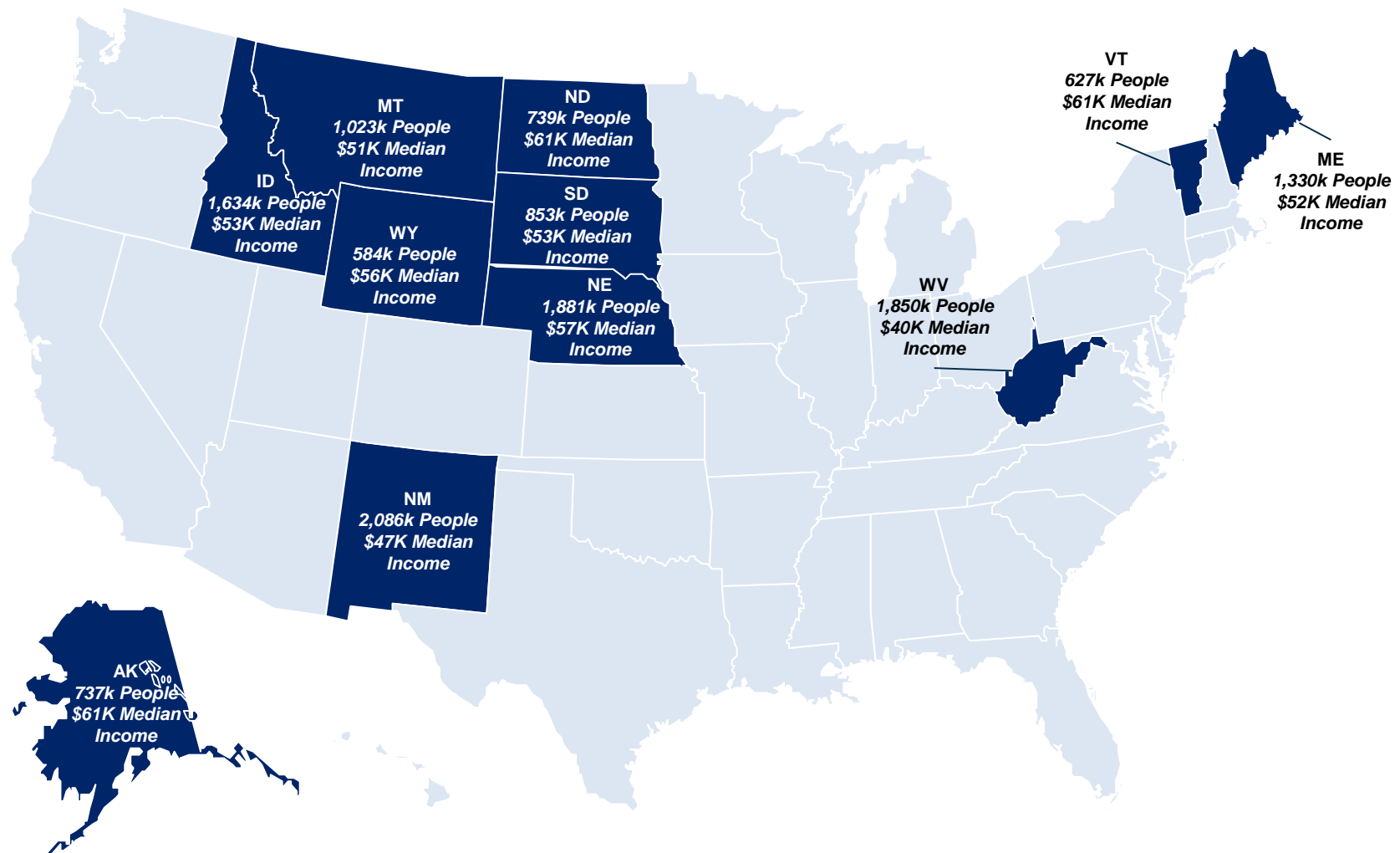| Agency Group	Home Department Name	Sum of Authorized FTE	Sum of Filled FTE
Key Assessment Areas	Administration & Information	216	201
	Department of Audit	103	98
	Department of Education	113	108
	Department Of Health	1,385	1,221
	Department of Revenue & Taxation	114	113
Key Assessment Areas Total		1,931	1,741
Agencies with over $20MM	Attorney General	243	232
	Department of Agriculture	81	76
	Department of Corrections	1,230	1,031
	Department of Environmental Quality	263	246
	Department Of Family Services	709	680
	Department of Transportation	2,056	1,873
	Department of Workforce Services	580	532
	Governor's Office	39	37
	Insurance Department	26	25
	Military Department	256	238
	Office of State Lands & Investments	95	94
	Public Defender	92	88
	School Facilities Commission	28	25
	State Engineer	124	119
	State Parks & Cultural Resources	176	162
	State Treasurer's Office	34	22
	Wyoming Business Council	48	43
	Wyoming Community College Commission	14	13
	Wyoming Department of Enterprise Technology Services	241	221
	Wyoming Office of Tourism	36	34
Agencies with over $20MM Total		6,371	5,791
Remaining Agencies		1,135	1,020
Grand Total		9,437	8,552

AVERAGE AGENCY SPAN OF CONTROL

Agency Span of Control Levels average 4.0 across the State, which is below target benchmarks of 6-8 staff per supervisor[4].
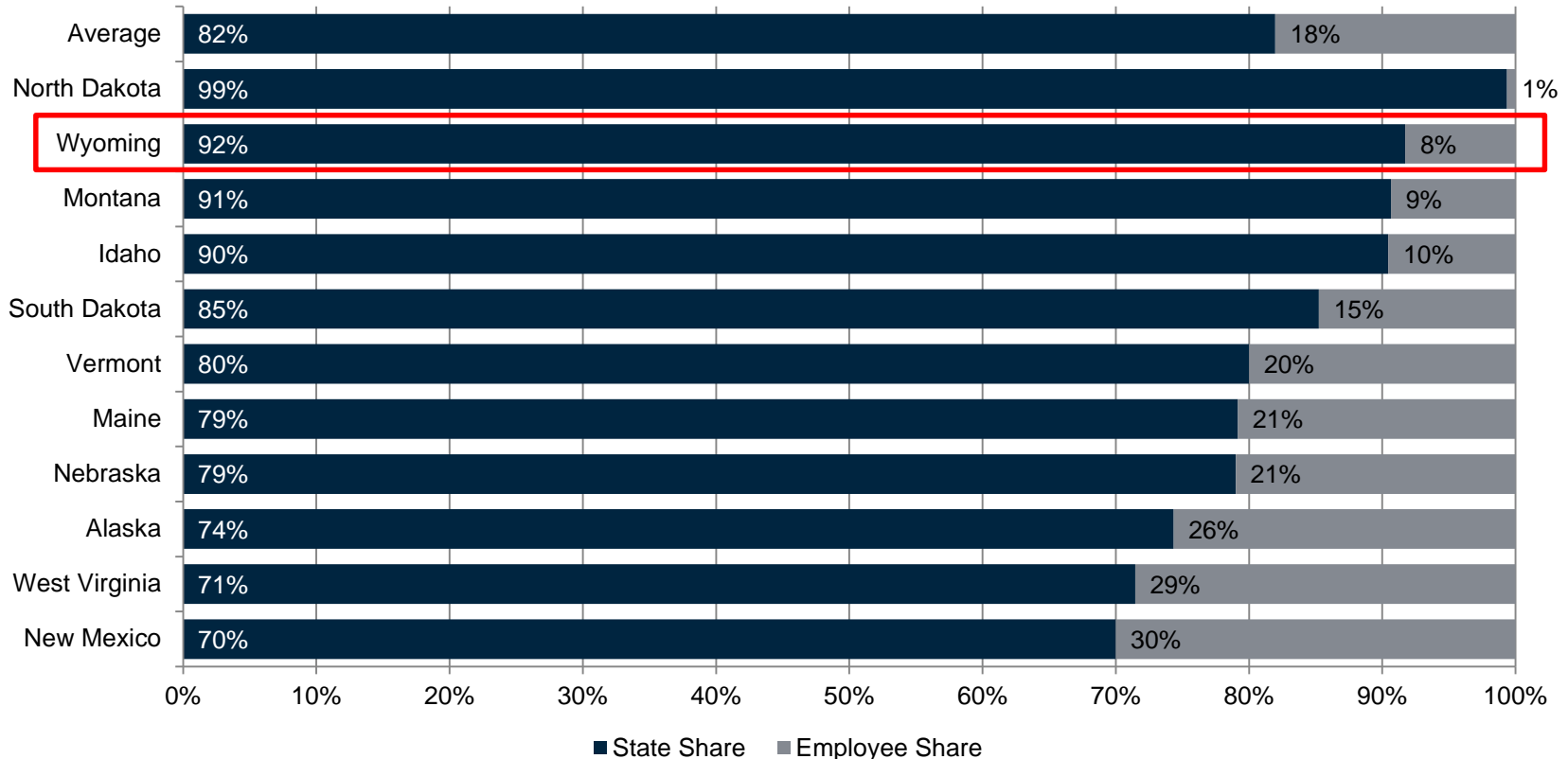
Statewide Span of Control Review

Agency	Value
Administration & Information	3.3
Attorney General	3.4
Board of CPA	1.0
Board of Equalization	1.0
Board of Geologists	1.0
Board of Medicine	2.0
Board of Outfitters	1.5
Board of Parole	1.5
Cosmetology Board	2.0
Department of Agriculture	3.9
Department of Audit	6.0
Department of Corrections	4.6
Department of Education	2.3
Department of Environmental Quality	2.6
Department Of Family Services	5.0
Department Of Health	4.5
Department of Revenue & Taxation	4.0
Department of Transportation	4.3
Department of Workforce Services	4.1
District Attorney-Laramie County	1.8
Environmental Quality Council	1.0
Fire Prevention & Elect Safety	6.0
Game & Fish Commission	3.2
Geological Survey	3.8
Governor's Office	5.3
Governor's Residence	1.0
Insurance Department	2.8
Livestock Board	6.0
Military Department	3.2
Miner's Hospital Board	2.0
Nursing Board	1.8
Office of Administrative Hearing	4.0
Office of State Lands & Investments	3.3
Oil & Gas Commission	6.0
Pari Mutuel Commission	4.0
Pharmacy Board	2.0
Professional Teaching Standards Board	3.0
Public Defender	4.3
Public Service Commission	2.6
Real Estate Commission	1.7
School Facilities Commission	2.5
Secretary of State	3.7
State Auditor's Office	3.1
State Engineer	3.4
State Parks & Cultural Resources	2.7
State Treasurer's Office	2.9
Water Development Office	3.4
Wildlife and Natural Resource	1.0
Wyoming Business Council	2.5
Wyoming Community College Commission	2.1
Wyoming Department of Enterprise Technology Services	4.8
Wyoming Office of Tourism	2.3
Wyoming Retirement	2.4
Grand Total	4.0

Ten state benchmarks were selected based on geography, population and income[5]

MT
1,023k People
$51K Median Income

ID
1,634k People
$53K Median Income

WY
584k People
$56K Median Income

ND
739k People
$61K Median Income

SD
853k People
$53K Median Income

NE
1,881k People
$57K Median Income

NM
2,086k People
$47K Median Income

AK
737k People
$61K Median Income

WV
1,850k People
$40K Median Income

VT
627k People
$61K Median Income

ME
1,330k People
$52K Median Income

Employee Health Benefit Benchmarks

Employee Health Benefit Spending Comparison[6]

State	State Share	Employee Share
Average	82%	18%
North Dakota	99%	1%
Wyoming	92%	8%
Montana	91%	9%
Idaho	90%	10%
South Dakota	85%	15%
Vermont	80%	20%
Maine	79%	21%
Nebraska	79%	21%
Alaska	74%	26%
West Virginia	71%	29%
New Mexico	70%	30%

■ State Share ■ Employee Share

The cost of providing healthcare in Wyoming is significantly higher than the national average, reflected in marketplace premiums for the State being 44% above average. The State covers a significant portion of healthcare to help offset cost incurred by state employees.

ALVAREZ & MARSAL

Pension Spending Benchmarks for Annual Required Contribution (ARC)

Annual Pension Spending as a % of ARC[7]

State	%
North Dakota	84%
Idaho	81%
Maine	68%
West Virginia	59%
Alaska	56%
Wyoming	47%
South Dakota	47%
New Mexico	38%
Vermont	23%

ARC as a % of Local Source Spending[8]

■ 2013 ■ 2014 ■ 2015

Summary of Observations and Recommendations

	Observations	Recommendations
Human Resources	• **Departmental Responsibilities:** The Human Resources Division (HRD) provides centralized Human Resources support to a number of state agencies. The Agency HR function within the Department of Administration & Information (A&I) provides support to smaller agencies including the Governor's Office, the Governor's Residence, the Wyoming Office of Homeland Security, the Office of the State Public Defender, the Wyoming Livestock Board, the School Facilities Department, the Professional Teaching Standards Board, the Wildlife and Natural Resources Trust, and the Miner's Hospital Board. • **Compensation:** HRD seeks to ensure fair and equitable pay across employees by agency and job category. Compensation does not allow for non-discretionary bonuses. The State can now fix salary inequities without reclassification. Pay tables are tied to market data and are coupled with performance metrics to determine employee compensation. Employees get an additional $40/month for longevity after they have been with the State for 5 years. • **Reporting Capabilities:** Given increased internal controls at the State Auditor's Office (SAO), HRD has had to change their reporting practices. Because of system interface issues, there are a number of reporting processes where HRD is required to pull data from a variety of sources and manually integrate the information to develop the desired reports.	• HRD should work with the State Auditor to ensure that their requirements are being incorporated into the new Consultants to Governments and Industries (CGI) upgrade/implementation. As part of this, HRD should explore opportunities to better utilize the system being implemented to improve reporting on HR metrics and further drive down remaining manual processes (e.g., check issuance, purchase orders for P-card usage, etc.) through additional customization efforts. • During the ERP implementation, HRD should prioritize transitioning the manual position control processes into the upgraded CGI system to eliminate manual process.

Summary of Observations and Recommendations

	Observations	Recommendations
Human Resources (continued)	• **Agency-level Human Resources:** The majority of agencies in the State have an independent HR function. Agencies initiate the payroll transactions, HRD approves all payroll transactions, and SAO executes on the payments. Agency HR departments also partner with HRD for personnel investigations. Variations across agencies have led to inconsistent application of HR policies and procedures. To avoid current system challenges, agencies are purchasing individual Human Resources Information Systems (HRIS) solutions. • **Performance Management:** The State conducted a classification and pay study for all state employees and created new job classification and pay tables that tied the data to market salary information. The State has also developed a new performance management system which allows them to connect employee pay to both performance and market rates. • **Succession Planning:** The State is starting to evaluate succession planning and talent pools as result of employee feedback on professional development in the most recent employee survey.	• The State should identify opportunities to improve coordination between agency-level HR functions and HRD. This could include training on statewide HR policies and procedures, improving system interfacing, and increasing overall communications between the functions. • The State should consider implementing a fully integrated HRIS, that would allow for system interfacing across, HRD, the SAO, and the agencies. An integrated system could mitigate challenges created from individual agency purchasing of HRIS solutions. • The State should use data from the new performance management system to identify top talent and support the development of employee succession plans.
Benefit Management	• **Family Medical Leave Act (FMLA):** The handling of FMLA leave is managed by the agencies with exception based support by the A&I Human Resources function. There is no central tracking of FMLA leave and the State does not use a Third Party Administrator for leave management or to adjudicate claims.	• The State should begin to track leave types for the purposes of centrally managing leave and assess whether the State could benefit from outsourcing FMLA and other leave management decisions.

Summary of Observations and Recommendations

	Observations	Recommendations
Retirement and Pension	• **Retirement System Overview:** The Retirement System administers retirement benefits for public employees throughout the State through eight separate defined benefits plans and one deferred compensation plan. • **Workforce Trends:** It is estimated that 45% of the State's employees are eligible to retire in the next five years. There are currently about 29,000 active retirees. • **Payment Processes:** The Retirement System currently pays a majority of regular benefit payments through electronic deposit. One-time benefits are paid by issuing paper checks due to the limitations in the vendor setup in the financial system. This results in manual checks being issued often to individuals in a state of transition, which often leads to misrouting and substantive rework. WRS pays out retirement benefits through an arrangement with the SAO. • **Retiree Liability:** The State Retirement Board decided to be more conservative, raising discount rates to calculate the long-term liability from 7.75% to 7.0%, which increased the estimated liability. The recent valuation of net Other Post Employment Benefit (OPEB) liability increased by 48% to $120.4 million as of the 2016 CAFR. The State self-insures for current retirees. • **Deposits:** The Retirement System takes in about $1.4 million per day in deposits, which sits in a treasury account until the payroll is made at the end of the month.	• The State should seek to adjust business processes or change associated statutes to exempt WRS from the required use of the SAO to process benefit payments. The goal of the changes would be to identify alternative means for processing payments and/or to allow WRS to evaluate the benefits payment options provided by the current custodian—Northern Trust. While the Integrated Disbursement product is similar to the service provided by the SAO, the Benefit Payment Services product may allow for consolidation of other services currently provided by multiple vendors under a single contract. • The State should establish processes for immediate transfer deposits made to the Retirement System to their account with Northern Trust to maximize investment returns.

Summary of Observations and Recommendations

	Observations	Recommendations
Retirement and Pension (continued)	• **Employee Share :** The State sets the employer contribution rate. Some school districts pay both the employer share and up to 100% of the employee retirement contribution as a part of the benefits package. • **Retiree Payouts:** Upon retirement, retirees get payouts for up to 960 hours of annual leave and half of their sick leave balance. Agencies must fund payouts from their budgets. • **Electronic Environment:** The Retirement System utilizes mostly electronic processing, but retains approximately 1.2% of the monthly distributions that go out in check format.	• The state should create accrued liability accounts by agency to avoid budgetary shortfalls created when the agency has a staff member retire, triggering retirement payouts.
Employee Group Insurance	• **Program Overview:** The Employee Group Insurance, a program within HRD, provides various benefit plan administration services for the Executive Branch, the University of Wyoming, community colleges, and the Natrona County School District. • **Employee Share:** Due to above average premium costs, the State pays about 92% of health benefit contributions, compared with an average of 83% for peer states. • **Policy:** EGI requires employees to work 20 hours for coverage. School districts have the ability to opt into the plan, but a majority of districts require 30 hours for eligibility and provide stop-loss coverage, which makes the state plan more expensive for school districts. • **Wellness Programming:** The State had a wellness program that was defunded by the Joint Appropriations Committee in 2011 due to cost.	• The State should conduct a study of comparable employee benefit programs from both public and private sectors to look for newer health care management offerings such as the implementation of a Wellness Program to support member wellbeing and engagement, increased use of Health Service Account (HSA) plans, and other administrative efficiencies. • Given the eligibility and coverage requirements of school districts, the State should create a separate health insurance plan for school districts to reduce cost, particularly for stop-loss, increase administrative efficiencies, and standardize offerings to attract and retain Wyoming teachers. Requiring all school districts to purchase insurance through the collective plan could yield significant savings in health care spend through reduction in administrative costs and by spreading the health risk across the entire K-12 staff population.

Summary of Observations and Recommendations

	Observations	Recommendations
Purchasing/ Procurement	• **Procurement Overview:** The Procurement function within the A&I General Services division (GSD) develops formal competitive bids and requests for proposals to acquire goods and services for the State. The procurement team provides services to the majority of state agencies except the University of Wyoming, WYDOT, and community colleges. • **Procurement Methods:** The State uses three methods to procure goods and services: competitive sealed bidding, competitive negotiation, and noncompetitive negotiation. • **Policy:** State agencies are required to purchase copiers through the statewide contract. The State participates in NASPO-Value Point contracts when they cannot achieve better pricing on their own. • **Staffing:** The State has a procurement function with 6 FTEs and 1 part time role dedicated to purchasing that work with procurement staff in other departments and agencies. • **Spending:** The majority of procurement spend is from professional services. Of contracts awarded in FY2016, 63% of the total contract value was for the Department of Health (68 opened bids, 53 contracts). • **Local Government Participation:** School districts and some local governments can participate in a number of the statewide purchasing contracts. The indemnifications in the statewide contract do not bind local governments, so they establish their own contract for loss protection.	• Conduct a statewide strategic sourcing exercise of a select group of high spend categories. This sourcing event will involve taking each category through a complete strategic sourcing exercise which will include the followings steps: spend analysis, category assessment, category strategy, sourcing event, negotiation and selection, contracting and supplier transition. Examples of metrics that could inform analysis include: (a) vendor concentration (# of vendors comprising 80% of spend); (b) % of vendor spending negotiated through formal RFP process; (c) average POs per vendor. • The State should standardize requirements, specifications, and time frames for commonly purchased goods in order to streamline the number of vendors used, aggregate buying power across the State and enable volume pricing discounts. Contract options may take the form of: (a) state contracts; (b) stand-alone negotiated contracts; (c) negotiated contracts done in collaboration with surrounding districts.

Summary of Observations and Recommendations

	Observations	Recommendations

Purchasing/ Procurement (continued from previous page)	• **Agency Procurement Process:** RFPs are initiated by the agencies. Agencies are responsible for managing their own contracts. The Attorney General's (AG) office maintains contract templates and reviews vendor contracts before they are executed. A&I will enter into a contract on behalf of the agency.
	
	• **Purchasing Card Program:** The State's purchasing card (p-card) program is under the direction of the SAO, including all rebates, activities, issuance, and monitoring. An RFP was recently issued for a new p-card vendor.
		• Consider use of commitments of minimum buying levels to facilitate negotiations of discounts and rebates over specified buying thresholds. Add provisions that include tiering and volume discounts/rebates in all new contracts.
		
		• Establish a standardized, unified, center-led strategic sourcing and category management capability within A&I Procurement. The purpose of this function should be to:
		  - Develop deep expertise in the highest spend categories that state agencies consume.
		  - Track and report spend across the State.
		  - Maintain a list of key local/agency requirements for each category.
		  - Have deep market place knowledge and be responsible for offering creative, viable solutions for satisfying needs for goods and services.

Technology	• **Enterprise Technology Services:** The State moved the Information Technology function toward a Shared Services environment with the creation of the Enterprise Technology Services (ETS) Department. • **Systems Integrations:** While ETS is charged with managing the technology infrastructure, there are a significant number of agencies that independently purchase technology solutions. Decisions made by individual agencies regarding roll-out of agency infrastructure vary greatly in cost per device and total cost of ownership.	• The greatest savings potential in technology can be realized through rollout of low cost/high quality technology options that are standardized across the agencies. Standardize recommended technology options across the agencies in order to leverage benefits of coordinated purchasing and volume discounts. This should minimize individual agency purchases of technology solutions. • The State should pay for systems and equipment that will drive efficiencies at the local levels that would ultimately reduce the amount of state funding required.

Savings Methodology

On a statewide basis, Wyoming's Span of Control ratio of front line staff to supervisors is 4:1, lower than target benchmarks of 6:1 and significantly lower than best practice levels of 12:1. To estimate the savings associated with increasing span of control, the average supervisor salary was compared to the average salary of front line staff. Increasing the Span of Control can generate significant savings without a change in total staffing levels based on the average difference between supervisor salary and front line salary of approximately $21,000.

	Current Staffing	5% Shift from Supervisors to Line Staff	10% Shift from Supervisors to Line Staff
Supervisors	2,333	2,216	2,100
Front Line Staff	7,581	7,698	7,814
Total	9,914	9,914	9,914

The goal of increasing Span of Control is not to reduce the number of state employees or to reduce current employee salaries, but rather to shift roles from supervisors to front line staff through attrition. As supervisors leave employment with the State, efforts should be made to backfill their vacancies with front line staff level positions. Increasing the number of front line staff not only generates savings associated with reduced salaries, but also streamlines the organizational structure and increases the level of service to citizens.

Savings Methodology

Retiree benefit payments are currently processed through the State Auditor's Office (SAO). The cost associated with providing this service is calculated through the statewide cost allocation formula. The Retirement System received quotes from Northern Trust for two products to offer benefits payment services to the State. [9]

- **Integrated Disbursement Product:** This product would be most similar to the service that is currently provided by the SAO, where Northern Trust will issue direct deposits or paper checks to retirees. It does not include ancillary services like tax reporting, tax payments and 1099 issuance.

- **Benefit Payment Services Product:** Services associated with this product exceed payment of benefits and include 1099R issuance and tax reporting, as well as benefits management for retirees. It also includes services that the State currently contracts for with other vendors.

Payment Mechanism	Cost Estimate
State Auditor's Office *(Current)*	$490,000
Northern Trust Option #1 (*Integrated Disbursement Product*)	$100,000
Northern Trust Option #2 (*Benefit Payment Services Product*)	$406,000

The State should explore the options to transition payment of retiree benefits from the State Auditor's Office to Northern Trust. While the Integrated Disbursement Product appears to be the most cost effective alternative, the State should evaluate whether the expanded benefits provided through the Benefit Payment Services Product would provide opportunities to drive efficiencies in other areas.

Savings Methodology

Each agency has separate procurement staff that partners with A&I's Procurement team mostly for compliance purposes during the procurement process. There is limited coordination of purchasing across agencies. The State maintains a copier contract that agencies must use to purchase copying machines. The majority of contracting is done on an individual agency basis.

Improving coordination of purchasing across agencies would allow the State to take advantage of volume to drive more favorable pricing. A strategic sourcing exercise would give the State more insight into how procurement efficiencies could be achieved across purchasing categories. The potential savings estimate was generated by evaluating the state contracts that were awarded in FY2016[10] against a low and high percentage savings of 4% and 8%, respectively, developed from prior experience conducting shared services assignments in commercial and government procurement.

Agency	Amount of Contracts	Opened Bids	Awarded Contracts
Department of Health	$79,915,454	68	54
DEQ	19,645,092	32	30
A&I	7,092,780	52	33
Military Department	3,363,986	48	36
State Parks and Cultural Resources	2,594,296	65	40
Department of Family Services	2,358,481	16	15
Oil & Gas Commission	2,140,587	8	7
Department of Corrections	1,926,308	91	54
Education	1,864,828	21	19
ETS	1,500,000	4	1
Retirement System	1,123,550	5	3
Attorney General	797,280	16	11
Treasurer	610,836	3	1
Workforce Services	433,240	20	10
Game and Fish	339,890	6	3
State Lands	337,815	12	8
Department of Agriculture	291,391	13	8
State Auditor	283,200	2	1
Professional Teaching Board	50,000	1	1
State Engineer	21,696	1	1
Secretary of State	14,082	3	1
Water Development Commission	12,294	2	2
Livestock Board	12,161	1	1
Governor	7,000	1	1
TOTAL	**$126,736,247**	**499**	**345**

CROSS AGENCY SAVINGS ESTIMATES

ESTIMATED ONE-TIME INVESTMENT AND BIENNIAL SAVINGS

Investment and savings ranges shown below reflect estimates of the impacts of A&M recommendations for federal funds, process, technology and shared services changes. These amounts are subject to change based upon the implementation strategies selected. In addition, potential costs associated with additional planning activities are not reflected in these estimates.

	Est. One-Time Investment (State Funds)		Est. Net Biennium Savings (State Funds)	
	Low	High	Low	High
Statewide Strategic Sourcing Exercise	$1,000,000	$1,250,000	$5,000,000	$10,000,000
Electronic Payment of Pension Benefits	0	0	220,000	420,000
Direct Deposit of Employee Contributions	0	0	861,000	1,722,000
Implement Span of Control Changes	350,000	750,000	4,904,395	9,808,791
Employee Benefits Revisions	500,000	750,000	10,000,000	20,000,000
State Total	$1,850,000	$2,750,000	$20,985,395	$41,950,791

OUTLINE

DEPARTMENT OF ADMINISTRATION AND INFORMATION

Overview

- The Department of Administration and Information (A&I) provides services to all branches of Wyoming's state government through the divisions of Human Resources, General Services, Economic Analysis, Budget, and the State Library.
- The A&M team reviewed key processes and functions within A&I, including budgeting, insurance and risk management, motor pool, and facilities operation and trades management.

Observations

- Considerable savings have been generated through the motor pool's implementation of system-wide GPS tracking, however there is a heavy reliance on permanently assigned vehicles as opposed to shared vehicles.
- The State does not have metrics or reporting to clearly track and monitor space utilization.
- The State manages an intensive budget process that engages the agencies, but budget adjustments are made on a largely incremental basis.
- A significant portion of the workers compensation debt reflects penalties and interests, and is largely uncollectable.

Recommendations

- Conduct a study to identify surplus real estate and land that could be sold to generate revenue for the State.
- Review space utilization of state agencies to ensure optimized usage of state-owned real estate.
- Expand shared services in the motor pool and use of technology for vehicle sharing.
- Enable a debt write-off for outstanding workers compensation debt.
- Establish a performance based budgeting approach.

DEPARTMENT OF ADMINISTRATION AND INFORMATION
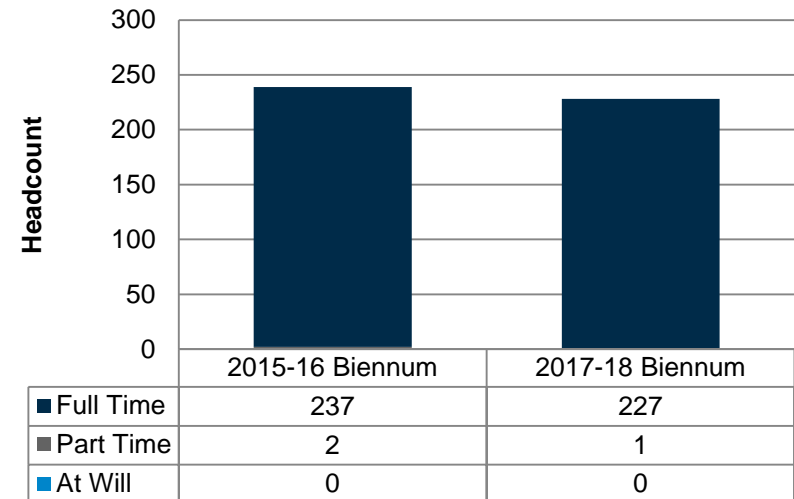## AGENCY PROFILE

Biennium Budget

	2015-16 Biennum	2017-18 Biennum
■ General Funds	$193,959,004	$133,004,970
■ Federal Funds	$1,171,034	$1,171,034
■ Other Funds	$1,039,594,076	$707,584,002

Biennium Budget Headcount

	2015-16 Biennum	2017-18 Biennum
■ Full Time	237	227
■ Part Time	2	1
■ At Will	0	0

Key Performance Indicators

% Budget dedicated to Employee Benefits[13]	87%
Number of Square Feet of Leased Space Managed	869,498
Amount of Contracts Let Across Agencies	$126,736,247
Number of Vehicles Managed[2]	1,200

Administrative Costs

Departmental FTE[11]	228
FTE Per Million Residents[11],[12]	389
Department Budget[11]	$ 841,760,006
Budget Per Capita[11],[12]	$ 1,438

Department of Administration and Information (A&I) Budget

Key Findings[13]

- **The majority of funding (87%) that is allocated to the Department of Administration and Information (A&I) is to fund the Employee's Group Insurance program.**

- **Special Purpose Funds (e.g. vehicle depreciation, federal library funds) represent 4% of the budget.**

- **Fixed Costs (e.g. leases, GF appropriations to Risk Fund, etc.) represent 5% of the budget.**

- **Only 5% is dedicated to the operations of the five A&I divisions:**
  - General Services
  - Human Resources
  - Budget
  - Economic Analysis
  - State Library

Pie chart:
- Fixed Costs, 5%
- Operations of 5 A&I Divisions, 4%
- Special Purpose Funds, 4%
- Employee's Group Insurance, 87%

Summary of Observations and Recommendations

	Observations	Recommendations
Staffing/ Organization	• **Organization Responsibilities:** The Department of Administration and Information (A&I) responsibilities include: budget and accounting, human resources, motor pool, surplus assets, and procurement. • **Organizational Structure:** With some exceptions and other than the Information Technology unit, which was consolidated two years ago, the central departments including Human Resources, General Services, Finance, and Program Management provide policy oversight, but do not provide dedicated shared services for the partner agencies. • **KPI Budget per Capita:** The Administration and Information department maintains a budget of $1,438 per resident in the State, which is above peer benchmarks due to the high degree of manual processes in the State.	• The State should conduct a Statewide Organizational and Human Capital study to assess the value of shared services, including a line of service (LOS) category analysis. The LOS analysis systematically defines the agency programs to create a comprehensive catalog of services that align with the agency's mission, values, and goals. The review should help in identifying overlapping responsibilities across agencies, identify opportunities to reduce lines of service, supplemental lines of service that should be added, or operating model efficiencies that could be implemented across agencies. Based on the findings of the review, the State should consider implementing a shared services model for a number of functions across the State, including Human Resources, procurement, and finance.
Workforce Trends	• **State Employee Count:** There were 8,227 state employees as of July 2017, down 4.2% from the ten-year peak at 8,595 in 2010. The span of control of front line employees to state supervisors is approximately 4:1. • **Turnover:** State employee turnover was 14.8% in FY2016, slightly below the five year average of 15%, but well above public sector benchmarks of 9%. • **Hiring Freeze:** The State instituted a hiring freeze on any positions left vacant as of April 30, 2017. In anticipation of this freeze, agencies made efforts to fill all open positions, with the number of vacancies decreasing from 96 in March 2017 to 3 in April 2017.	• The State should conduct a statewide staffing analysis to evaluate staffing levels and span of control to ensure organization personnel structures are in line with best practices.

DEPARTMENT OF ADMINISTRATION AND INFORMATION

Summary of Observations and Recommendations

	Observations	Recommendations
Budget	• **Budget Division Overview:** The Budget Division provides budgetary assistance to the Governor, other elected officials, executive branch agencies and the judicial and legislative branches with respect to biennial and supplemental budget preparation, submission and administration. • **Budget Process:** There is an intensive annual process where agencies submit their budget requests and the Budget Division works with the Governor to review the budget and make final recommendations. • **Financial Monitoring:** There are two main financial systems that the State uses—WOLFS and IBARS, which are aligned at the object code level. Agencies are able to access these systems for reporting and financial monitoring purposes throughout the fiscal year. • **Federal Grants Budget:** Budgeting and reporting for federal grants happens primarily at the individual agency level. The State owns the CGI Grants Management System, but the State does not use the system for centralized processing or tracking of federal grants information. A&I directly receives limited federal funding for the state library. • **Incentives:** The State created disincentives for agencies to independently find savings by following a standard spread reduction in costs after agencies came forward with proposed savings.	• The State should establish a Governor's Grants Office (GGO) to ensure that grants and other federal funds are strategically pursued, that proper tracking and reporting is being conducted, and that all programs stay in compliance with their federal mandates. The GGO should work with partner agencies to improve surveillance and pursuit of potential grants to maximize federal funding to the State. • The State should transition from the incremental budgeting process to a Performance-Based Budgeting (PBB) approach driven by the relationship between program funding and the expected results. The PBB approach should define the government programs by agency, create KPIs and workload drivers by program, estimate impacts of changes to the performance measures based on budgetary changes, and align with the strategic plans of the agencies. • The Department should work with the SAO to determine the needs for an upgraded Grants Management System to both meet the current needs of the State Agencies and create additional functionality to enable the State to accept fiscal agent responsibilities for School District grant oversight and requests.

DEPARTMENT OF ADMINISTRATION AND INFORMATION

Summary of Observations and Recommendations

	Observations	Recommendations
Economic Analysis	• **Departmental Responsibilities:** The Economic Analysis Division (EAD) is responsible for managing the State Data Center and Decennial Census databases. EAD also develops demographic and economic forecasts and projects and monitors State revenues. EAD generates the Wyoming Cost of Living Index and provides policy and economic analysis to government agencies through published reports and presentations.	• The EAD should continue to maintain conservative revenue estimates, especially with regard to mineral taxes, which are particularly crucial in the current revenue environment.
Insurance and Risk Management	• **Departmental Responsibilities:** Risk Management occurs through the State Self-Insurance Program and operates within the General Services Division. The staff procure insurance and manage claims for liability, property, vehicle and aircraft insurance coverage, police liability, loss prevention, 1982 suits, and only excess loss is adjusted by insurers. • **Policy:** Insurance and risk management services are provided across a number of functions throughout the State, including property & casualty claims from the public, coverage of all peace officers throughout the State, and auto liability through the self-insurance fund. The State conducts actuarial studies for insurance every three years with the exception of the University of Wyoming's medical coverage and school districts, which are also covered separately.	• The State should evaluate the opportunity to develop insurance programs/contracts for the school districts to collectively purchase risk management services to yield more favorable pricing.

Summary of Observations and Recommendations

	Observations	Recommendations
Facilities Operation and Trades Management	• **Facilities Operation and Trades Management Overview:** Facilities Operations provides janitorial services and grounds maintenance for the Capitol Complex and state-owned building in Cheyenne, while Trades Management provides the maintenance services, including heating and air conditioning, electrical, building access control, and plumbing. • **State Office Space:** The Capitol Complex is undergoing major renovation. As the project advances into 2019, General Services Division has a goal of moving as many employees out of leased space and into state-owned property as possible. • **Leasing Policies:** The Division Leasing Program is responsible for statewide rental of real property, including negotiating leases, maintaining property records, and providing the required accounting documentation to A&I. Lease payments for FY2017 totaled $11.5 million for 869,498 square feet; 86% of leases are paid annually, 13% semi-annually, and the balance quarterly. • **Centralized Assets:** There is no required reporting for centralized assets.	• The State should develop a Long-Term Facilities plan that seeks to better utilize facilities over time, reduce excess lease capacity, and sell off excess inventory. • The State should revise the statutes to move from a concurrent authorization process to one where the Long Term Facilities Utilization Plan is presented to the State Building Commission for approval and final decision. When the agency being moved does not agree with the transition, alternative plans and justifications may be presented to the agency's board for consideration and adjudication by the State Building Commission as the independent arbitrator. • The current legislation governing office space parameters leaves significant discretion to the agency and should be adjusted to increase enforceability to ensure the State is optimizing office space. • The State should evaluate options to develop a centralized reporting function for asset management throughout the State that would give better insight into utilization metrics, in addition to square footage and valuation.
State Inventory and Surplus Property	• **Inventory and Surplus Property Overview:** Surplus Property operates as a unit of Procurement to receive and redistribute usable surplus items from federal and state agencies to other state agencies, governmental entities and private nonprofit organizations.	• The State should Implement standard policies and procedures around managing physical inventory to reduce the overall size of the inventory and move toward Just In Time (JIT) delivery of goods and supplies where feasible, driving efficiency into the supply organization.

Summary of Observations and Recommendations

	Observations	Recommendations
Motor Pool	• **Departmental Responsibilities:** Motor Pool provides vehicle services to the executive branch and 63 other agencies, maintains a mechanic shop in Cheyenne to serve local vehicles and approves contracted services for vehicles located throughout the State. The University of Wyoming, the Department of Transportation (including the State Patrol), and the Game and Fish Commission each operate their own motor pool. • **Policy:** There are approximately 1,200 vehicles currently under motor pool management, of which 100 are available for daily rental; all other vehicles are permanently assigned. • **Centralized Contracts:** The Motor Pool has been moving toward centralized contracts. The division has established a statewide contract for tires and are in the process of putting together an additional statewide contract for vehicle purchases. • **GPS System:** The State instituted a GPS system for the tracking of state vehicles. During the first year of operations, the Motor Pool repurposed cars or 2.75% of the total. • **Vehicle Types:** A&I has started requiring agencies to provide justification for usage of SUVs instead of sedans, as costs are higher for larger vehicles.	• The State should continue to drive efficiencies into the motor pool program by establishing an automated (application driven) checkout system to enable increased sharing of state vehicles in collocated areas such as Cheyenne, Laramie, Riverton, and Casper, or as determined through telematics data to maximize fleet use. • The State should look to consolidate oversight and management for vehicles under the A&I motor pool division to improve cost management and provide better insights

GOVERNOR'S GRANTS OFFICE / FEDERAL FUNDS OFFICE

STRATEGICALLY PURSUE FEDERAL FUNDS

Key Findings

- **The State of federal funds management:**
  - State agencies and local governments are responsible for grant management, including identifying new grant opportunities, fiscal and program management, and audit compliance
  - Audits and compliance efforts are conducted by the agencies and the Department of Audit.

- **A&M reviewed Maryland's Governor's Grants Office and Nevada's Office of Grant Procurement, Coordination and Management Budget. Both offices provide:**
  - Special Point of Contact (SPOC) for state and local governments, as well as non-profit and non-governmental agencies and foundations
  - Information resources, grants training, and technical assistance
  - Reports on federal grant expenditures and produce grant manuals

Recommendations

- **Wyoming should create a Governor's Grants Office (GGO) to enable:**
  - Strategic identification, analysis and prioritization of federal funding opportunities.
  - Risk assessment and compliance reviews of federal funds execution.
  - Review the SWCAP allocations procedures for revision and improved capture.
  - Technical assistance and tactical support to the school districts.
  - Oversight of systems implementation to facilitate better funds management.

- **The critical steps include:**
  - Issuance of an executive order creating the Governor's Grants Office.
  - Create cost allocation plan.
  - Hire federal fund director and key staff.
  - Appoint agency liaisons to the office

A&I AGENCY SAVINGS ESTIMATES

ESTIMATED ONE-TIME INVESTMENT AND BIENNIAL SAVINGS

Investment and savings ranges shown below reflect estimates of the impacts of A&M recommendations for federal funds, process, technology and shared services changes. These amounts are subject to change based upon the implementation strategies selected. In addition, potential costs associated with additional planning activities are not reflected in these estimates.

	Est. One-Time Investment (State Funds)		Est. Net Biennium Savings (State Funds)	
	Low	High	Low	High
Establish a Governor's Grants Office	$375,000	$750,000	$1,500,000	$3,000,000
Surplus Asset Sales	250,000	350,000	3,800,000	5,700,000
Expand Motor Pool Shared Services	0	0	50,000	100,000
Establish a Performance Based Budgeting Approach	0	0	0	0
State Total	**$625,000**	**$1,100,000**	**$5,350,000**	**$8,800,000**

OUTLINE

DEPARTMENT OF EDUCATION

Overview

- The Wyoming Department of Education (WDE) supports 94,000 students across 48 school districts, with about 80% of districts having less than 2,500 students. Approximately 1% of schools operate as charter schools.
- Wyoming school enrollments have been relatively flat over the past three years.
- WDE enables equitable funding across school districts through the funding formula and budget allocation process.
- A recalibration exercise is in process to ensure all school districts are receiving the appropriate level of funding.
- Federal funds were compared to peer states and national averages to better understand the WDH funding structure.

Observations

- The State receives significantly less in federal funds on a relative basis when compared to peer states and the national average.
- Wyoming is the only state that does not seek Medicaid reimbursement for school-based services
- Spending on special education (SPED) maintenance of fiscal support (MFS) is outpacing growth in SPED student population and total instruction expenditures.
- School districts are allowed to purchase benefits from the State plan, but only one district does so currently.
- The majority of school districts are small, thus more impacted by the cost of overhead, procurement, and other administrative services.
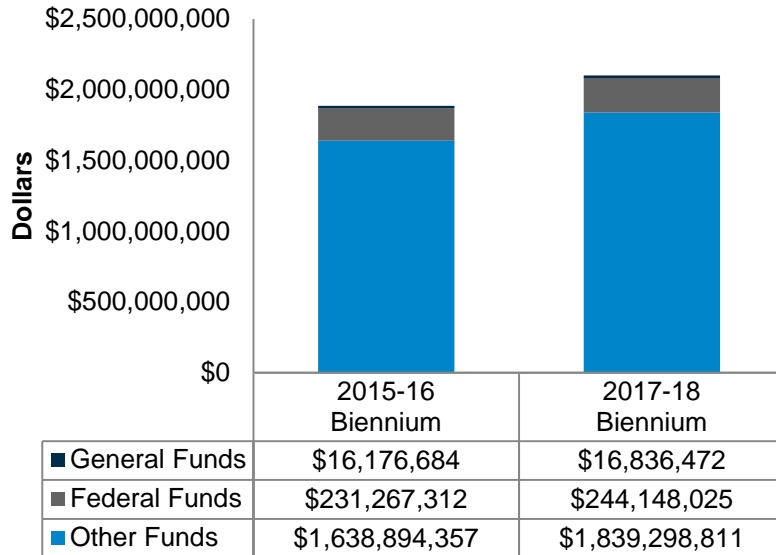
Recommendations

- Review reimbursement practices for SPED spending to identify options to reduce the growth in SPED expenditures.
- Study school nutrition across school districts and identify mechanisms to increase participation in federal programs.
- Evaluate options to include school-based services in the Medicaid State Plan.
- Develop a consolidated plan that all school districts could use to purchase employee benefits.
- Develop cooperative purchasing plans to use collective buying power to drive more favorable procurement pricing.
- Establish regional shared services centers to allow for more efficient delivery of administrative services.

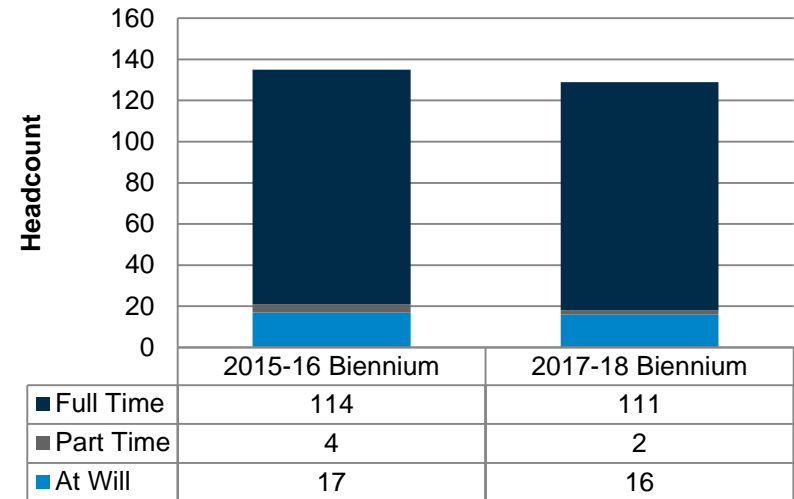# DEPARTMENT OF EDUCATION
AGENCY PROFILE

Budget Trend[14]

Biennium Budget

	2015-16 Biennium	2017-18 Biennium
General Funds	$16,176,684	$16,836,472
Federal Funds	$231,267,312	$244,148,025
Other Funds	$1,638,894,357	$1,839,298,811

Headcount Trend[14]

Biennium Budget Headcount

	2015-16 Biennium	2017-18 Biennium
Full Time	114	111
Part Time	4	2
At Will	17	16

Key Performance Indicators

Number of Students (SY2016-2017)[17]	93,261
Number of School Districts	48
Average Students per District	1,943
$ Per Student (Less Debt and Capital)[18]	$18,218

Administrative Costs

Departmental FTE[14]	129
FTE Per Million Residents [14],[15]	220
Department Budget[14]	$ 2,100,283
Budget Per Capita[14],[15]	$3,587.16

SCHOOL DISTRICT CHARACTERISTICS[16]

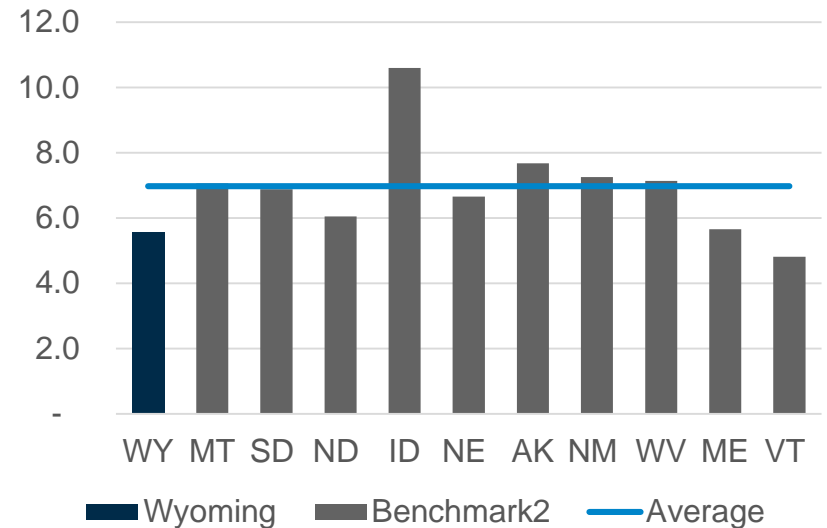**Percentage of Free and Reduced Lunch Students**

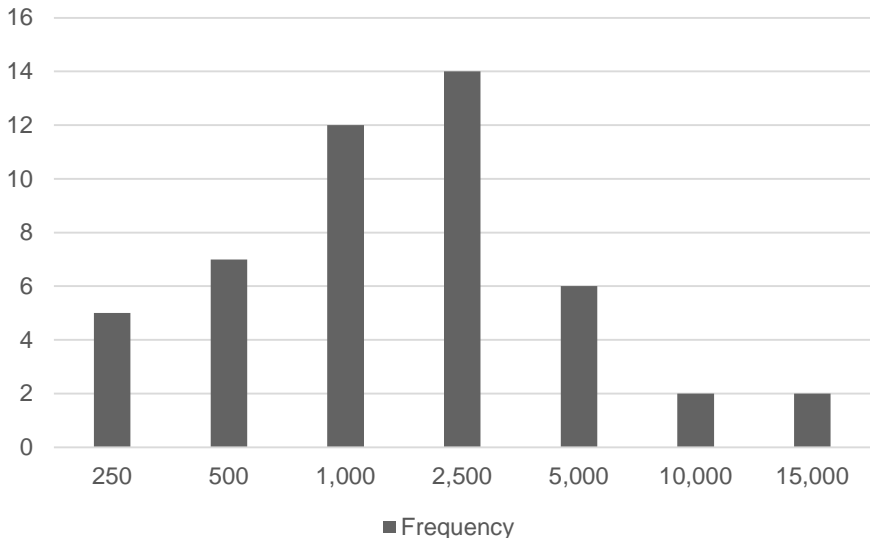**Percentage of English Language Learners (ELL)**
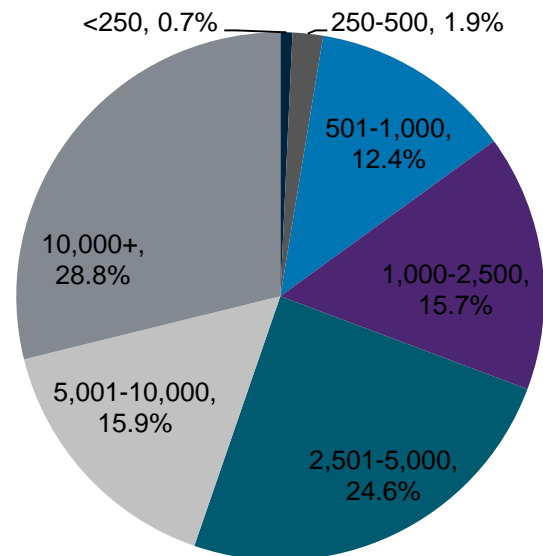
Student to Teacher Ratio

Student to FTE Ratio

Wyoming Benchmark2 Average

SCHOOL DISTRICT CHARACTERISTICS[17],[18]

Number of School Districts by Enrollment Band

Bar chart (Frequency) by enrollment band:
- 250: 5
- 500: 7
- 1,000: 12
- 2,500: 14
- 5,000: 6
- 10,000: 2
- 15,000: 2

Frequency

Percent of Student Population by Enrollment Band

Pie chart:
- <250, 0.7%
- 250-500, 1.9%
- 501-1,000, 12.4%
- 1,000-2,500, 15.7%
- 2,501-5,000, 24.6%
- 5,001-10,000, 15.9%
- 10,000+, 28.8%

District Size vs. Per Pupil FY2016 Cost per Student

2015-16 Cost Per Student

Scatter plot: Cost per Student vs. School District Enrollment

Distribution of Schools by SY2017 Enrollment

Bar chart (Number of Schools) by Number of Students:
- 0-10: 25
- 11-50: 46
- 51-200: 94
- 201-400: 117
- 401-800: 48
- 801-1,600: 15
- 1,600+: 2

Federal Funding Profile for Schools

Legend:
- Title I
- Special Education
- Child nutrition
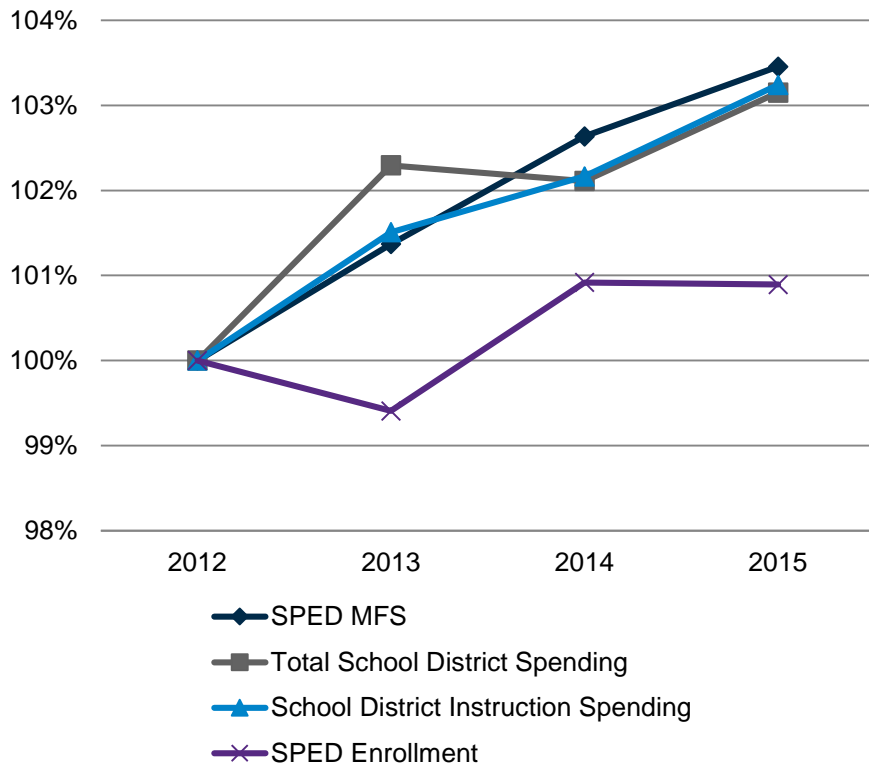- Vocational
- Other
- Direct Federal

Key Findings

- **The State receives 6.1% of total school district funding from federal sources versus 8.3% for the United States on average.**

- **The largest shortfalls occur in three areas:**
  - Special Education: 1.2% versus 1.7%
  - Child Nutrition: 2.3% versus 1.0%
  - Other Non Specific: 1.2% versus 0.9%

- **The total of these shortfall areas represent a 2.3% overall shortfall in federal funding for the State.**

- **The federal funding gap estimates in key areas are approximated by the following differences in funding based on Wyoming's Education budget:**
  - Special Education: $8.6 million
  - Child Nutrition: $26.4 million
  - Other Non Specific: $10.5 million

Note (1): The estimates are based on the relative funding difference between WY and national / benchmark averages.
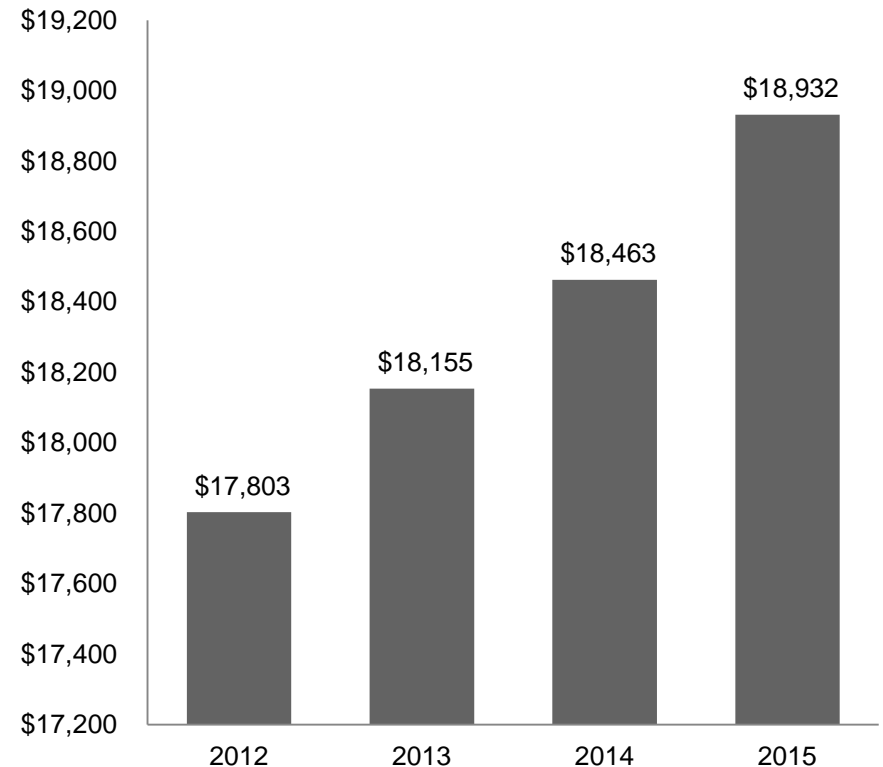
ALVAREZ & MARSAL

SPECIAL EDUCATION MAINTENANCE OF FISCAL SUPPORT[20]

The Special Education Maintenance of Fiscal Support (MFS) funding is growing at a rate that outpaces the growth in other metrics. The MFS per special education student increased over 6% between FY2012 and FY2015.

MFS Spending Growth Comparison

- SPED MFS
- Total School District Spending
- School District Instruction Spending
- SPED Enrollment

MFS per Special Education Student

Year	Amount
2012	$17,803
2013	$18,155
2014	$18,463
2015	$18,932

Summary of Observations and Recommendations

	Observations	Recommendations
Enrollment Trends	• **3-year Enrollment Trend:** The enrollment has remained flat since FY2015 with enrollment falling by 42 students or 0.05% over the past 3 years. • **School Size:** The average school district has 1,943 students. The majority of school districts are considered small or very small, with 38 of the 48 school districts, or 80%, having less than 2,500 students, and 5 school districts having less than 250 students. • **Student Demographics:** The State's Special Education population of 13.9% is in line with national average. The percentage of English Language Learners (2.7%) and Low Income Students (38.6%) is lower compared to peer state averages of 4.2% and 41.6%, respectively. • **Competition:** The State allows for Charter schools to be established in the State with 1.1% of the total number of schools operating as charter schools. • **Long-term Planning:** The State uses historical enrollment trends to project funding model allocations. The School Facilities Division uses enrollment projections to estimate future capacity and facility needs.	• While enrollment has been flat in recent years given the current economic challenges and the shifting demographics of the State, the State should develop a long-term enrollment forecast to anticipate and better plan for enrollment changes across school districts (i.e., the shift from rural to urban areas), ensuring long term financial stability across school districts.
School District Benchmark Comparisons	• **Per Pupil Expenses:** The State has higher per pupil expenses of $18,218 relative to the peer average. • **Student to FTE:** The Student to Total FTEs ratio of 5.6 for the State is lower than peer group average of 7.0. The higher per pupil amount is the result of the State making investments in FTEs to provide student services and operate the schools.	• WDE should evaluate opportunities to incentivize more efficient use of school district resources while maintaining or increasing the levels of service through the creation of regional and collaborative spending models, particularly in smaller schools. School districts could help to improve economies of scale and further drive efficiencies.

Summary of Observations and Recommendations

	Observations	Recommendations
School District Benchmark Comparisons (continued)	• **Student to Teacher:** The Student to Teacher ratio of 12.4 is lower than peer group average of 14.0 due to a strategic decision to invest in lower class sizes at the state level.	
School District Resource Allocation	• **Recalibration:** The State is undertaking a school funding recalibration study to determine the appropriate level of guaranteed funding levels by district moving forward. The study is expected to be completed by the end of 2017. The recalibration effort will also explore "non-funding model" areas like master teachers and instructional facilitators. • **Guaranteed Funding:** The State provides guaranteed funding for all districts creating an allocation function that adjusts the funding levels for districts that are below the local funding level up to the calculated local funding level. • **Entitlement Funding:** School districts get funding directly from the counties, and the State contributes the balance based on the funding model projection for district funding levels. If county funding is in excess of what the model projects, the State recaptures the funding, which goes into the school foundation budget. • **Funding Model:** The existing state funding model does not incentivize school districts to spend efficiently. Examples of this include allowing schools to defer routine maintenance until the school qualifies for state funded maintenance programs or paying for federal funding gaps rather than requiring the school districts to track and submit for federal reimbursement.	• The State should transition several key funding areas, including child nutrition, special education, transportation, and technology at a minimum, to a cost reimbursement basis to enable better control of policy throughout the schools. Through this policy change, the school district spending would better align with WDE spending priorities and would improve the approach to the pursuit of federal funds.

Summary of Observations and Recommendations

	Observations	Recommendations
Federal Funding	• **Federal Funding:** Wyoming receives 6.1% of funding from federal sources, which is less than the US average of 8.3% and comparable state benchmarks of 10.1%. • **Title I/Elementary and Secondary Education Act (ESEA) Funding:** The State receives 1.9% of its funding from Title I which is in line with the US average of 2.0%. • **IDEA/Special Education Funding:** The State receives 1.2% of its funding from Special Education Funds, which is well below the US Average of 1.9% from IDEA grants. Currently, the State reimburses 100% of special education costs in accordance with state statutes. These funds have grown faster than overall district spend. Complicating efforts to reduce spend, the State risks losing funds if the state levels are not maintained at the same level as prior years. • **Medicaid:** Wyoming is the only state that does not seek reimbursement from Medicaid for School Based Services. • **Child Nutrition Funding:** The State receives 1.0% of its funding from Child Nutrition Funds, which is well below the US Average of 2.3% from Child Nutrition Programs. In Wyoming, there has been a movement away from the USDA lunch program, with more districts self-funding school lunch due to challenges meeting nutrition requirements. • **State Supplemental Funding:** The State compensates for the lack of federal funding and limited local funds by providing a higher percentage of funding to the districts.	• The State should institute a statutory change to add Medicaid services to the Medicaid State Plan and to allow for other sources of federal funding to be pursued (i.e., Child Nutrition, Housing, ROTC, Transportation, Department of Justice, and Homeland Security grants). These grants should be pursued at the state level, with the State acting as financial monitor and pass-through agent for the school districts. WDE should explore opportunities to partner with WDH for the tracking and billing of these services once the provision allowing them has been added to the State Plan. • The State should revise statute W.S. 21-13-320 and Chapters 7 and 8 of Wyoming Rules and Regulations to adjust the special education funding formula to cover 100% of special education funds "when combined with federal reimbursements." Following the adjustment to statutes, the State should apply for the waivers required to adjust their expectations for meeting the MFS requirement based on the decline in the State's financial resources. The funding requirements would be relaxed for a single year, and would revert to the level prior to the waiver. To support this initiative, WDE will need a transition plan at both the state and district levels. • The State should evaluate the current structure of the school nutrition program to ensure that the federal nutrition benefit is maximized while providing quality nutrition to the student population. WDE will need to support school districts in creating transition plans that outline how they should request funding, define policies for what will be required for reimbursement, and train staff to ensure compliance with state and federal policies.

DEPARTMENT OF EDUCATION

Summary of Observations and Recommendations

	Observations	Recommendations
Federal Funding (continued from previous page)	• **Universal Access:** The Federal E-Rate program that provides discounts of up to 90% to help eligible schools and libraries obtain affordable telecommunications and internet, based on poverty levels as estimated by the Free and Reduced Lunch (FRL) population, is not fully utilized in the State. The State has been recognized nationally for the work to expand the telecommunications infrastructure to schools having implemented 34 of 48 school districts to date.	• The State should continue to work with the school districts to promote the E-Rate program and ensure they are accurately tracking E-Rate eligible spending to maximize the federal telecommunications benefit. WDE is currently working with school districts to identify gaps in E-rate utilization to better leverage resources available through the program.
Human Resources	• **Recruiting:** Recruiting efforts for hard to fill positions such as Special Education, Math, or Science create challenges especially for the smaller rural school districts. A particularly acute example of the challenges the State faces is that there are only three child psychiatrists in the State. In August 2017, the State launched a project to provide tuition reimbursement for Special Education teachers and related service providers.	• The State should consider revising and/or enhancing the existing incentive programs to recruit and retain teachers that could include: (a) increasing signing bonuses; (b) expanding housing incentives; (c) expanding tuition reimbursement; and (d) providing innovative professional development programs.
School District Employee Benefits	• **Group Benefits Insurance:** School districts are allowed to purchase off of the state contract for employee benefits, but currently only one school district does so. • **Insurance Trusts:** Two professional organizations offer health benefit programs for school districts: The Wyoming School Boards Association (WSBA) and the Wyoming Employee Benefit Trust (WEBT).	• Given the eligibility and coverage requirements of school districts, the State should create a separate insurance plan for school districts that meet their criteria. Requiring all school districts to purchase insurance through the collective plan would yield favorable pricing and spread health risks across the entire K-12 population.

Summary of Observations and Recommendations

	Observations	Recommendations
Technology	• **Staffing:** The larger districts have technology directors but many of the smaller districts must hire consultants or have leadership perform multiple roles, which may be outside their area of expertise. • **Student Information System:** The school districts use a variety of tools for enrollment counts including Infinite Campus and Power School, but there is no statewide Student Information System (SIS) to enter and calculate Average Daily Membership (ADM) across all school districts. The lack of a statewide system prevents "real time" access to data to ensure that student counts are up to date throughout the year, that funding is properly allocated, and that key demographic data (FRL, SPED, etc.) are accurately tracked. The State is working through the procurement for a statewide SIS contract. • **Special Education:** SPED Advantage, a special education tracking tool, is used by most schools in conjunction with Infinite Campus to manage special education services. WDE is in the process of purchasing a statewide system. • **Enterprise Resource Planning (ERP):** The school districts use several different ERP tools for Finance and Human Resources such as Software Unlimited for finance or Business Plus, but there is no statewide procurement vehicle for schools to purchase an ERP system. • **Grants Management:** The State has an existing grants management system for the schools where districts can upload required data and draw down federal funds.	• The greatest saving potential can be realized through rollout of low cost/high quality technology options that are standardized across a geographic region or the State as a whole. WDE should work to standardize recommended technology options across nearby districts in order to leverage benefits of coordinated purchasing and volume discounts. • The State should move to a cost reimbursement basis for technology spend and invest in a statewide ERP implementation to accelerate the process and to help enhance and automate recruiting, on-boarding, substitute teacher management and time tracking processes that are currently manual.

Summary of Observations and Recommendations

	Observations	Recommendations
Technology (continued)	• **Learning Management:** The State is working on a procurement for learning management systems for the school districts.	
School District Procurement Practices	• **Collaboration:** School districts establish roles to conduct limited purchasing coordination, but do not have a statewide purchasing cooperative established to purchase food, insurance, or other sourcing categories. There are BOCES that were established to coordinate food service purchasing, but there is no statewide effort. • **Categorization of Savings:** The level of non-facilities purchased services is much lower to Wyoming than peer states due to the lack of food service outsourcing in the State. • **Insurance:** School districts do not procure insurance in a collaborative manner through the State Board of Education or other cooperative programs. • **Bus Purchases:** The State leads centralized purchasing of buses through a state run multi-award contract with selection by the school district. • **Insurance:** The Wyoming School Boards Association (WSBA), a professional organization, offers Property and Casualty insurance to member districts. • **Facilities Spend:** Wyoming spends significantly more in facilities and acquisition costs than other states, leading to opportunities to drive procurement savings in this area.	• The State should work with the school districts to create a statewide cooperative purchasing organization and advisory board that facilitates school district purchasing within the State with representation from the State, districts, and potentially higher education institutions to identify and pursue specific sourcing categories. The cooperative purchasing organization and advisory board would identify categories to pursue collectively, name specific districts as lead on a particular sourcing effort, and consolidate the spend across districts. The procurements would be made available to all districts, but advisory board members would be rotated on a periodic basis with some regular sitting advisory board members from the State, regional cooperatives, and largest districts. • For the statewide and/or regional cooperative procurements, WDE should include Most Favored Nation (MFN) clauses in contracts that require the vendor to provide the District pricing that is no higher than the price it provides to any other buyer, now or during the term of the agreement.

Summary of Observations and Recommendations

	Observations	Recommendations
School Facilities Commission	• **Organizational Structure:** The School Facilities Commission was established over 10 years ago to oversee school construction requirements. In the past year, the organization has been integrated with the Construction Management Division to form the State Construction Department (SCD). • **Funding Model:** The school districts are responsible for routine maintenance on the school facilities, while the State is responsible for major maintenance and renovation. • **Technology:** SCD is moving the State to an asset management database to manage work orders and maintenance. Currently, eighteen of the school districts use SchoolDude for maintenance and forecasting planning. • **Policies for Spending:** State statute allows school districts to expend up to 10% on enhancements or surplus buildings (10% major maintenance). Districts are allowed to save and accumulate 10% of major maintenance for future expenditures. • **Surplus Properties**: School districts have 84 properties totaling 880,590 SF, that are either closed, surplus, mothballed or will be closed within the next school year. Facilities include school buildings, aquatic centers, modular (i.e., portable classrooms) and other ancillary structures. School districts must seek approval before mothballing a property.	• The State should periodically work with the school districts to identify and value the surplus assets that could be sold, and to assist with the disposal of those assets in a timely manner to provide funding, reduce ongoing maintenance costs, and return the properties to the tax rolls. • The State should evaluate the potential impact of changing the statute to reduce the amount of funding that may go to enhancements rather than building maintenance to ensure that the State is employing the optimal mix of ongoing maintenance to extend the life of the existing facilities. • The State should use information from maintenance and facilities planning systems to develop an integrated long-term capital forecast to better plan for and prioritize major maintenance and renovation projects.

Summary of Observations and Recommendations

	Observations	Recommendations
School Facilities Commission (continued from previous page)	• **Contracts:** The State Construction Department leads a workgroup that includes the Wyoming Contractors Association (WCA) and the Wyoming Contract Coalition Association (WCCA), as well as architects and engineers to determine the major issues in the contracting process and how they can be resolved. They are collaborating with the AG's Office, the Department of Workforce Services, and others to work through contract changes. • **Bonding:** Facility enhancements, like pools and ground improvement, are funded through local bonding capabilities.	• The school districts should coordinate procurement activities with regard to school facilities maintenance that leverage contracts and capabilities that have been put in place by the State for new construction and state run maintenance.
Condition of School Facilities	• **Condition:** On average, the school facilities have a rating of 0.16 on the Facilities Condition Index (FCI) scale, indicating that the overall condition of the school buildings in Wyoming is good (i.e., an FCI rating of 0=new and 1=needs replacement). • **Benchmark Comparisons:** The State does not maintain a record of comparable school district facility benchmarks. • **Incentives:** The school districts are responsible for routine maintenance through block grant funding, while the State is responsible for major maintenance through the school. This distinction creates a disincentive to properly fund routine maintenance. • **Energy Efficiency:** The State has engaged in preliminary discussions on ways to increase energy efficiency, including motion detectors for lighting and HVAC and the use of energy efficient lightbulbs.	• The school foundation/construction function should conduct a study looking at comparable school district benchmarks to determine the optimal balance of routine maintenance versus major maintenance. The study should result in a revision to the state policies for facilities maintenance and adjustments to school reimbursement program to realign school district incentives. • Given the very high level of facility conditions scores across the school district buildings, the State should explore the optimal FCI score that would trigger a major school renovation. The optimal score should consider average FCI scores of comparable states and best practices associated with the balance between new construction and ongoing maintenance in the effort to maximize useful life of school facilities. • The State should explore best practices for energy efficient buildings and schools and implement strategies to reduce energy costs.

Summary of Observations and Recommendations

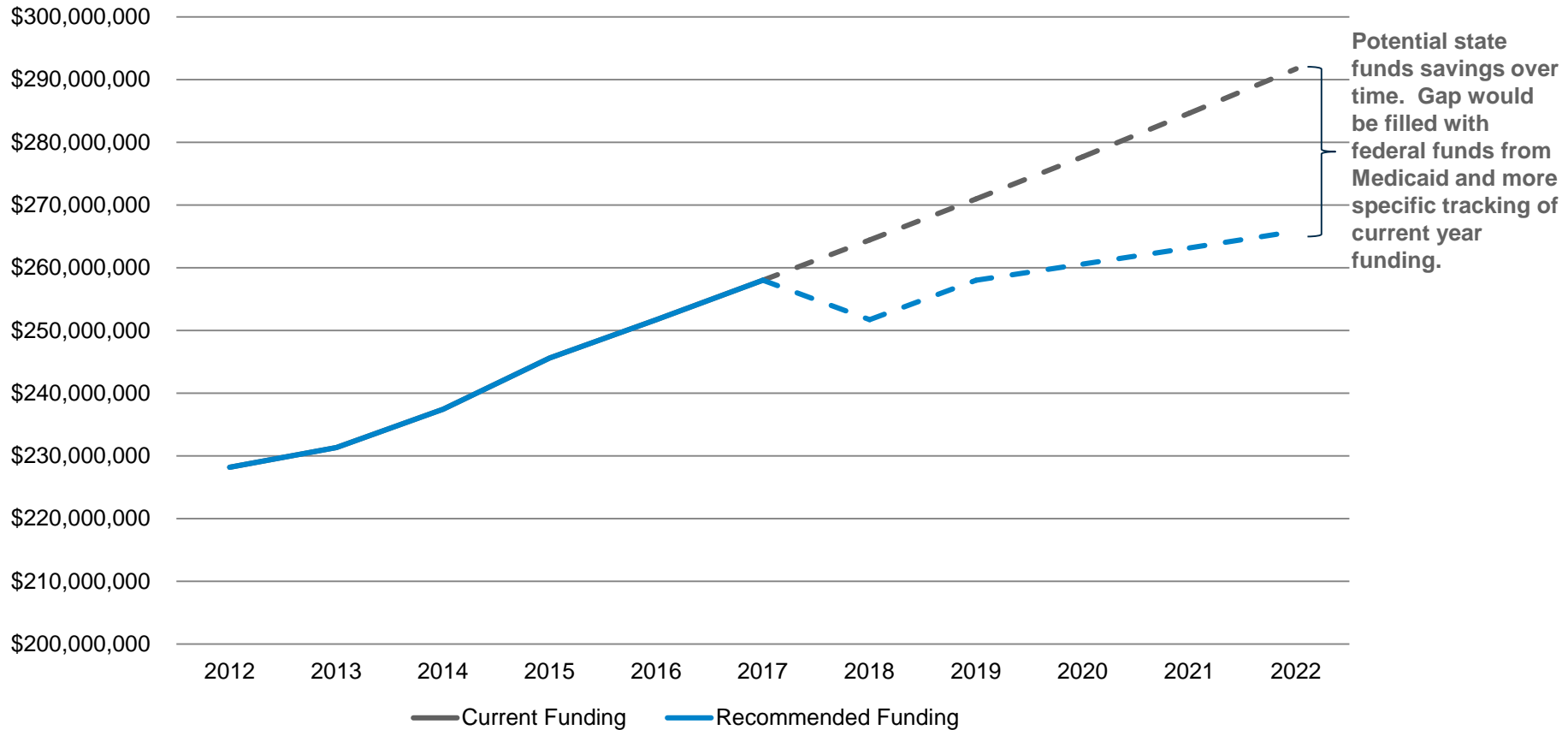|	Observations	Recommendations
Transportation	• **Reimbursement:** The school districts used to follow an incremental budgeting approach for transportation in which prior year spend became current year budget. In the latest biennium, the State transitioned to a fixed budget based on the prior three year budgets (FY15, FY16, and FY17). This budget will be capped in statute at that level. • **Bus Replacement:** The State instituted a bus moratorium in 2017, halting the purchase of new buses unless an emergency replacement is necessary. Previously, state policy was to replace buses every 12 years or 200,000 miles, with an average age of the fleet between 8 and 11 years. • **Fleet Surplus:** Fleet size was frozen in 1999 with exceptions approved by WDE. The buses are the property of the school districts and disposal or sale of those buses will revert funds to the State. • **Route Management:** Many school districts use routing software, which was previously reimbursed by the State in full. The buses are outfitted with Zonar Fleet Management Systems allowing school districts access to bus tracking, maintenance information, and route information if the modules were purchased. • Two school districts have purchased alternative fuel buses (propane and compressed natural gas).	• The State should implement policies to extend the life of the bus fleet, drive efficiencies into the transportation operations, and restructure the incentives available to the districts through a cost reimbursement program. The policies should define the appropriate level of bus utilization, define route reimbursement parameters, incentivize more efficient use of technology, and promote the use of staggered bell times. • The State should conduct a study of the fleet operation and maintenance costs in the districts to determine the optimal bus replacement lifecycle. • The State should conduct a sourcing exercise to establish a contract vehicle to enable purchasing of alternative fuel buses as new vehicles are added to the fleet.

Summary of Observations and Recommendations

	Observations	Recommendations
Regional Collaboration	• **BOCES Functions:** Currently, there are 16 overall Boards of Cooperative Education Services (BOCES) formed throughout the State with various responsibilities including collaboration with community colleges, providing medical services, and coordinating delivery of programs and services. • **BOCES Creation:** Local boards of trustees may enter into agreements to form a board of cooperative educational services among districts under statute W.S. 21-20-104. • **BOCHES:** There are four Boards of Cooperative Higher Education Services (BOCHES) in the State that provide Adult Education, Career and Technical Education, and Professional Development for teachers. • **Cooperative Purchasing:** Some BOCES also provide support cooperative purchasing across districts for Food and Nutrition, Technology, and Vehicles. • **Medical Services**: There are three BOCES that provide special education services where WDE pays for court ordered placement of students. When placed through the court system, additional federal funding is available when the BOCES choose to apply, however, the additional funding options are not always known by the school district or the Multi-Disciplinary Team (MDT) supporting these youth. As a result, the education reimbursement is covering a larger share of these costs than is otherwise warranted.	• The State should work with the districts to establish a series of regional shared services models providing finance, human resources, information technology, and other general services to the school districts. • The State should establish a collaborative purchasing BOCES that includes the State and all school districts to conduct statewide procurement activities to maximize the potential for volume discounts for the benefit of the school districts. • In consultation with the school districts, the parents should be made aware of the opportunity to invite WDE to participate in the Multi-Disciplinary Team (MDT) to help with awareness of federal funding alternatives and coordination across parties and with the BOCES.

WDE should apply for an exception and evaluate opportunities to reduce the average annual MFS growth from 2.5% to 1% going forward.

MFS Growth Reduction Projected Savings[20]

WDE should ensure that districts fully participate in school-based Medicaid services and federal school nutrition programs to maximize opportunities for additional federal funds.

School-Based Medicaid Services

Wyoming must add school-based Medicaid-eligible services to their Medicaid State Plan in order to be reimbursed. School-based services must be included in the Medicaid statute or the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) screening services. In FY2016, Wyoming schools spent $28 million providing SPED services, some of which could qualify for Medicaid reimbursement.

School-based services eligible for Medicaid

EPSDT screening services
IDEA-related health services including:
- Health/mental health services outlined in an IEP
- Speech, occupation, physical, and other therapies
- Developmental assessments
- Direct clinical/treatment services
- Routine or mandated health screens

Federal School Nutrition Program[21]

State	Participation	FY2016 Enrollment	Participation Rate
Wyoming	**51,854**	**94,067**	**55.1%**
Montana	81,872	144,532	56.6%
South Dakota	107,332	133,040	80.7%
North Dakota	90,355	106,586	84.8%
Idaho	156,992	290,885	54.0%
Nebraska	241,037	312,635	77.1%
Alaska	53,617	131,176	40.9%
New Mexico	216,778	340,365	63.7%
West Virginia	194,289	280,310	69.3%
Maine	100,272	182,470	55.0%
Vermont	49,159	87,311	56.3%
		Average	**63.8%**

Wyoming's School Nutrition Participation is below average when compared to peer states. Developing strategies to increase the participation funding to the average of its peer states would provide significant additional revenue to the State, especially in areas where districts have elected not to participate in the federal school lunch program.
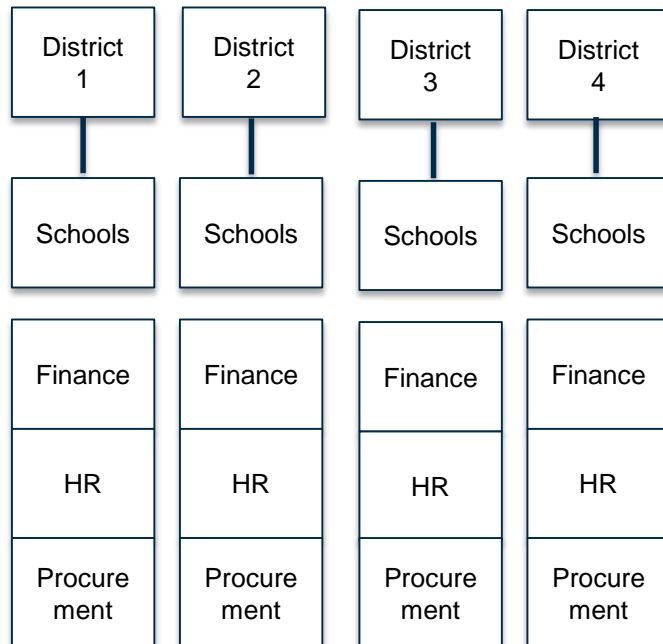
COLLABORATION: SHARED SERVICE MODELS

Given the limited spending across districts, especially those that are smaller in size, and the fixed cost requirements of these functions, WDE should consider collaboration alternatives when looking for ways to optimize efficiency.
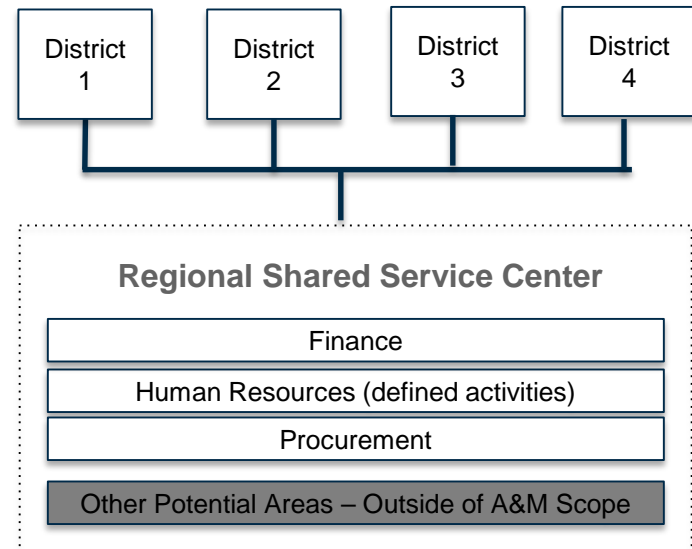

Collaboration provides a pathway to optimizing effectiveness and efficiencies across processes, capturing economies of scale, increasing standardization, and addressing common challenges faced by all districts.

PURCHASING COORDINATION AND AGGREGATION: SAVINGS APPROACH

In order to develop a range of savings that a purchasing consortium would yield, A&M estimated savings based on current district spend and applied savings ranges based on the experience that our clients have achieved by partnering with A&M on strategic sourcing.

To determine actual savings amounts by district, A&M applied the savings ranges to FY16 expenditure data, approximating the state share at 51%. The expenditure data from the State is summarized by function and major object codes.

The scope of the total procurement spend was reduced by 25% of procurement spend based on experience with prior statewide school district efficiency procurement reviews and to ensure conservative savings estimates.

Given the approach to estimate savings was a tops-down approach rather than a bottoms-up approach of savings by vendor, the estimates of savings achieved through purchasing coordination are high-level estimates.

	Range of Savings Based on A&M Strategic Sourcing Experience	
	Low	High
Benefits	1.5%	4.5%
Equipment	5.0%	10.0%
Facilities	4.0%	6.0%
Food	2.5%	5.0%
Fuel	1.0%	2.0%
Hardware	2.0%	7.0%
Health Care	1.5%	4.5%
Insurance	5.0%	7.5%
Professional Services	4.0%	6.0%
Software	3.0%	9.0%
Supplies	2.5%	7.5%
Telecom	2.0%	7.0%
Temporary Services	6.0%	10.0%
Transportation	5.0%	7.5%
Travel	5.0%	7.5%
Utilities	3.0%	5.0%
Vehicle Fleet	2.0%	5.0%

WDE SAVINGS ESTIMATES

ESTIMATED ONE-TIME INVESTMENT AND BIENNIAL SAVINGS

Investment and savings ranges shown below reflect estimates of the impacts of A&M recommendations for federal funds, process, technology and shared services changes. These amounts are subject to change based upon the implementation strategies selected. In addition, potential costs associated with additional planning activities are not reflected in these estimates.

	Est. One-Time Investment (State Funds)		Est. Net Biennium Savings (State Funds)	
	Low	High	Low	High
Special Education	$0	$0	$0	$0
School Nutrition	500,000	750,000	9,147,406	18,690,669
School Based Medicaid Services	350,000	500,000	6,000,000	12,000,000
Consolidated Benefit Plan	300,000	500,000	11,296,981	22,593,963
Cooperative Purchasing Plans	250,000	500,000	11,881,999	21,808,279
Regional Shared Services Model	1,000,000	1,500,000	4,267,025	8,534,050
State Total	**$2,400,000**	**$3,750,000**	**$42,593,411**	**$83,626,961**

OUTLINE

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DEPARTMENT OF HEALTH

Overview

- The Wyoming Department of Health (WDH) promotes, protects and enhances the health of the State's citizens.
- WDH manages the State's Medicaid programs and recently assumed responsibility for the Department of Family Services (DFS).
- There is significant interaction with Indian Health Services (IHS) to provide healthcare to the Native American population.
- The State faces relatively high costs to provide healthcare to a geographically disperse population.
- The State participated in Cycle 1 of the CMS Payment Error Rate Measurement (PERM) review in 2015. WDH has been working through pilot PERM reviews to make necessary enhancements in advance of the 2018 PERM review.
- The A&M team analyzed WDH data associated with nursing facilities and home and community based services (HCBS) to understand Wyoming's long-term care programs.

Observations

- WDH maintains best-in-class reporting and dashboard capabilities for data analytics.
- The State has made considerable headway in maximizing IHS funding for physical health services and has developed an innovative shared savings model to share the enhanced match with the tribe.
- While the State has made efforts to enroll new participants in HCBS, there have been limited efforts to shift current participants from nursing facilities to community based care.
- The State does not employ electronic visit verification (EVV) to monitor home based services. WDH is in the process of procuring EVV functionality as a part of their Medicaid Management Information System (MMIS) procurement.

Recommendations

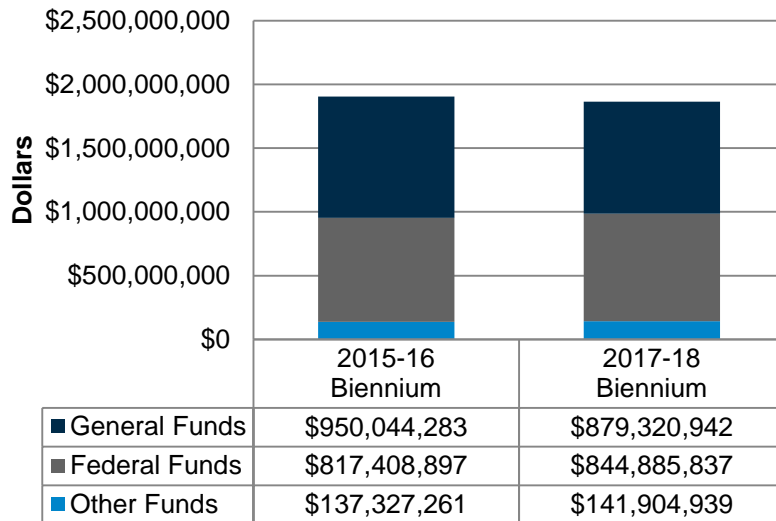- Establish processes to expand the amount of services that are provided via telehealth.
- Continue to explore opportunities to secure enhanced federal match for IHS-related services.
- Expand home and community based services (HCBS) and develop processes to safely transition participants from institutional settings to community based care.
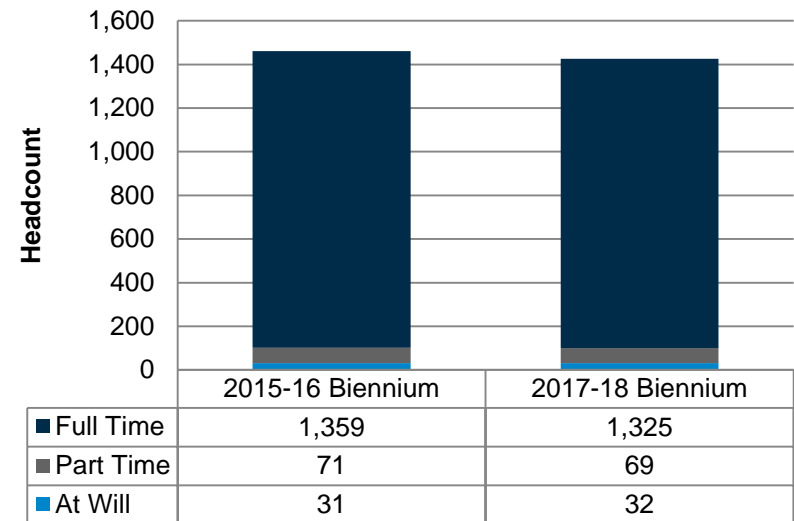- Expedite procurement and implementation of electronic visit verification (EVV).

Budget Trend[22]

Biennium Budget

	2015-16 Biennium	2017-18 Biennium
General Funds	$950,044,283	$879,320,942
Federal Funds	$817,408,897	$844,885,837
Other Funds	$137,327,261	$141,904,939

Headcount Trend[22]

Biennium Budget Headcount

	2015-16 Biennium	2017-18 Biennium
Full Time	1,359	1,325
Part Time	71	69
At Will	31	32

Key Performance Indicators[23]

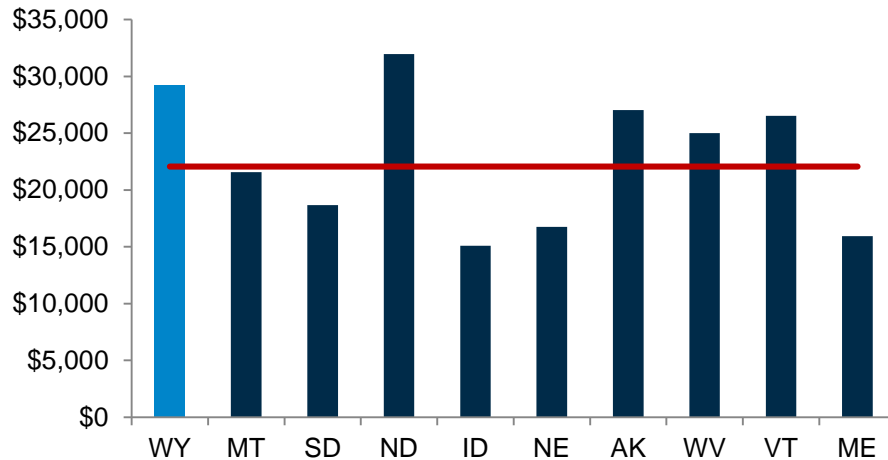|	
% of State population enrolled in Medicaid (SFY2015)	15.5%
Average Monthly Enrollment (SFY2016)	66,696
Medicaid Overall Cost per Member per Month (SFY2016)	$669
Average Cost of Senior participants	$29,268
Average Cost of Individuals with Disabilities	$25,242

Administrative Costs

Departmental FTE[22]	1,460
FTE Per Million Residents [22],[24]	2,439.6
Department Budget[22]	$ 1,866,111
Budget Per Capita[22],[24]	$3,187.21

OVERALL STATE MEDICAID SPENDING PER ENROLLEE

Wyoming is ranked in the top five states in spending for Seniors and the top ten states in spending for Individuals with Disabilities[25]

	Total	Seniors	Individuals w/Disabilities	Adults	Children
North Dakota	1	3	1	4	5
Alaska	2	7	6	2	2
Vermont	7	10	12	13	3
Maine	16	36	29	37	13
Montana	20	21	47	1	15
Wyoming	24	5	10	27	38
Nebraska	27	33	28	17	41
New Mexico	32	N/A	23	42	1
South Dakota	33	28	22	32	37
West Virginia	34	15	45	44	31
Idaho	41	39	27	35	40

Medicaid Spending per Enrollee - Seniors

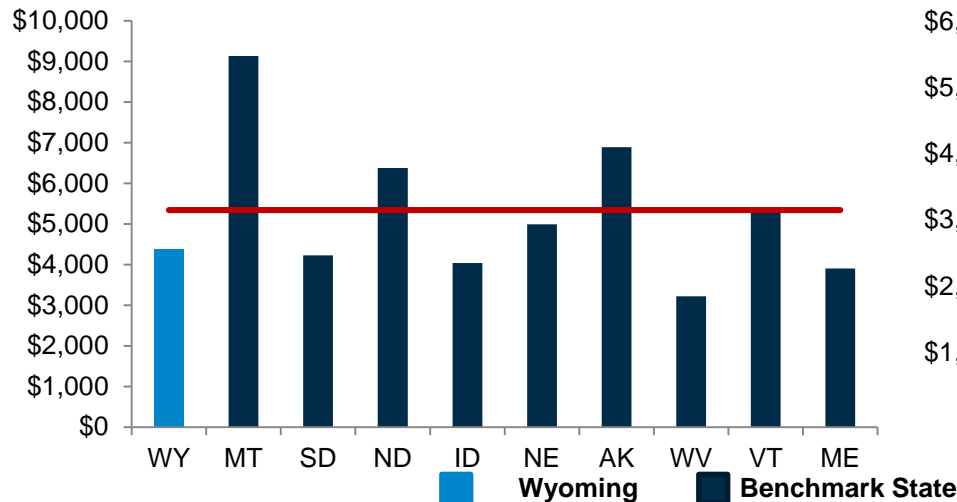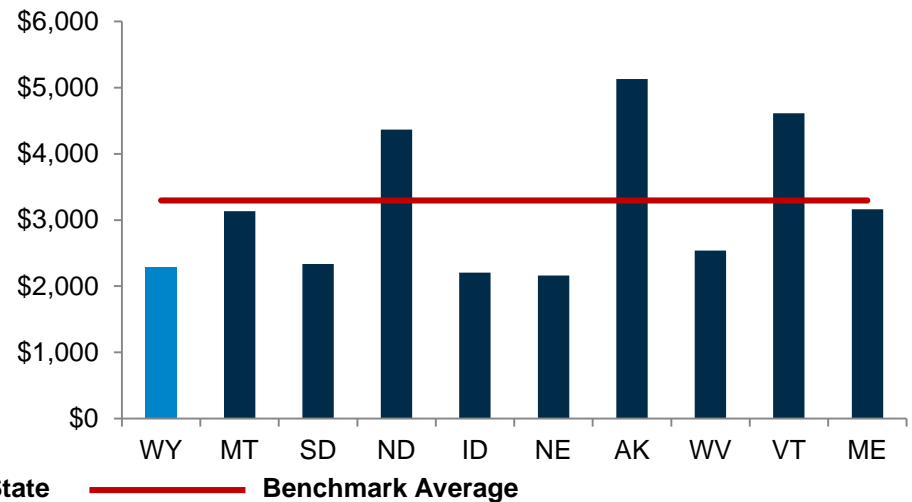**Medicaid Spending per Enrollee - Disabilities**

Medicaid Spending per Enrollee - Adults

Medicaid Spending per Enrollee - Children

Legend: Wyoming | Benchmark State | Benchmark Average

Source: Kaiser Family Foundation, Data Note: Variation in Per Enrollee Medicaid Spending, June 2017 (Data reflects FY2014 expenditures)

COSTS BY MEMBER TYPE

When compared to national averages, Wyoming's high costs for Aged and Disabled are offset by the low levels of spending for Children and Adult populations.[26]

Costs by Member Type in Wyoming and US Averages

Key Findings

- **The State's Aged and Disabled Populations contribute a disproportionate share of the costs.**
  - WY A&D are 19% of Pop with 71% of spend
  - US A&D are 26% of Pop with 65% of spend

- **Wyoming's low adult population in Medicaid offsets the high spend in other areas.**

- **Wyoming's high number of low cost children in Medicaid offsets the spend in other areas:**
  - WY Children are 70% of Pop with 20% of spend
  - US Children are 53% of Pop with 19% of spend

Wyoming's percentage spend on Skilled Nursing Facilities ranks third behind North and South Dakota in comparison to peer state benchmarks. There are efficiencies that can be derived by moving more aggressively to community based settings.

Senior & Disabilities Medicaid Spending by Service Type[27]

State	Nursing facilities	Personal care	1915(c) waivers - AD	Home health	Community first choice	HCBS - unspecified - AD	PACE	Private duty nursing
Wyoming	77%		13%	9%				2%
Montana	62%	4%	12%	6%	15%			2%
South Dakota	81%	1%	10%	8%				
North Dakota	84%	8%	2%	3%		2%		
Idaho	69%	6%	23%					2%
Nebraska	73%	4%	18%	3%				1%
Alaska	51%	24%	25%					
New Mexico	26%	2%				71%		1%
West Virginia	72%	9%	12%	6%				1%
Maine	70%	19%	5%	2%				5%
Vermont	54%	14%		3%		29%		

■ Nursing facilities ■ Personal care ■ 1915(c) waivers - AD ■ Home health
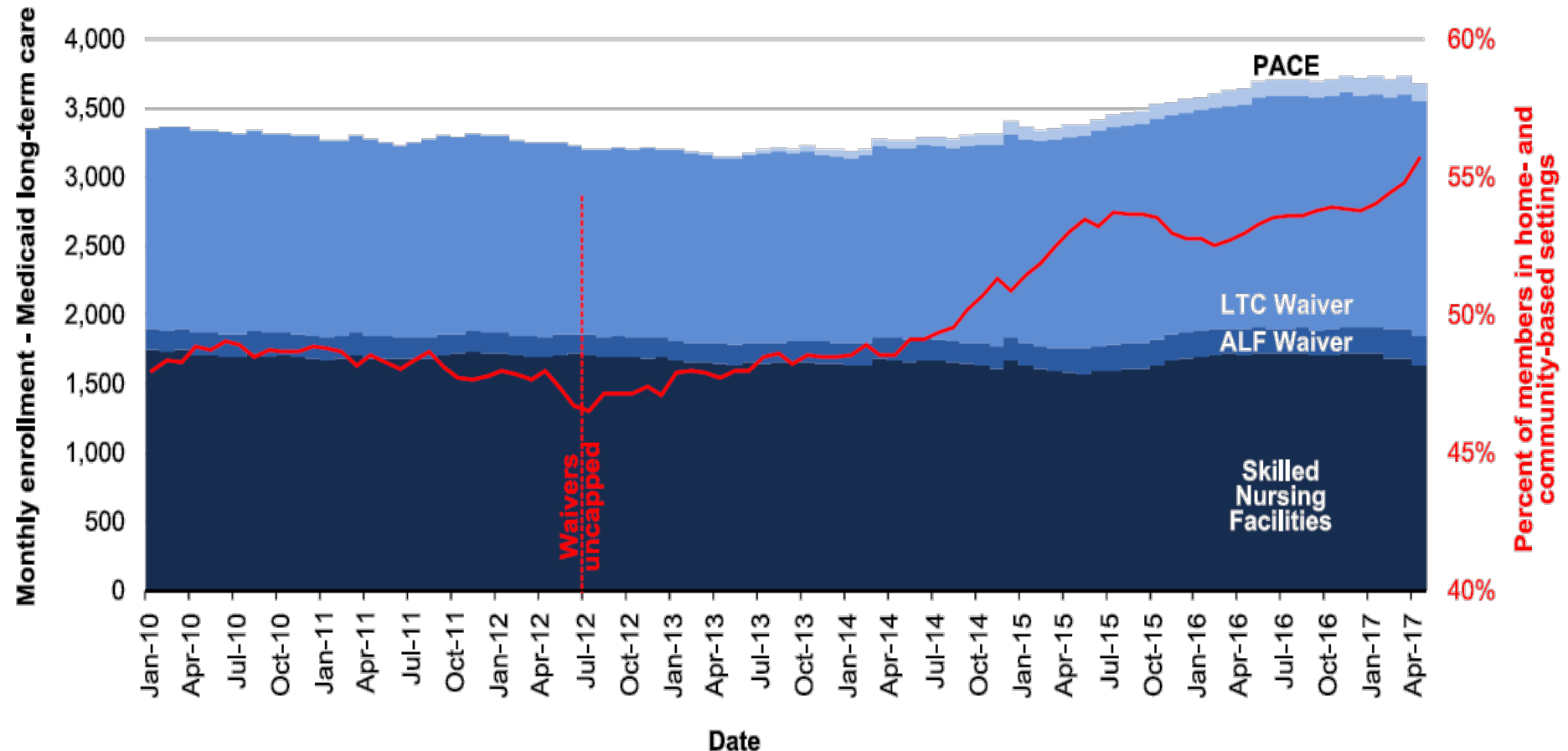■ Community first choice ■ HCBS - unspecified - AD ■ PACE ■ Private duty nursing

NOTE: 1915(c) waivers are Medicaid waivers authorized by Section 1915 of the Social Security Act that allow states to provide certain services to specific populations. PACE is the Program for All-Inclusive Care for the Elderly.

Given the growth trends in the senior population, WDH has made efforts to enroll new participants in community based services instead of nursing homes. However, more could be done to transition participants from nursing facilities to community-based care.

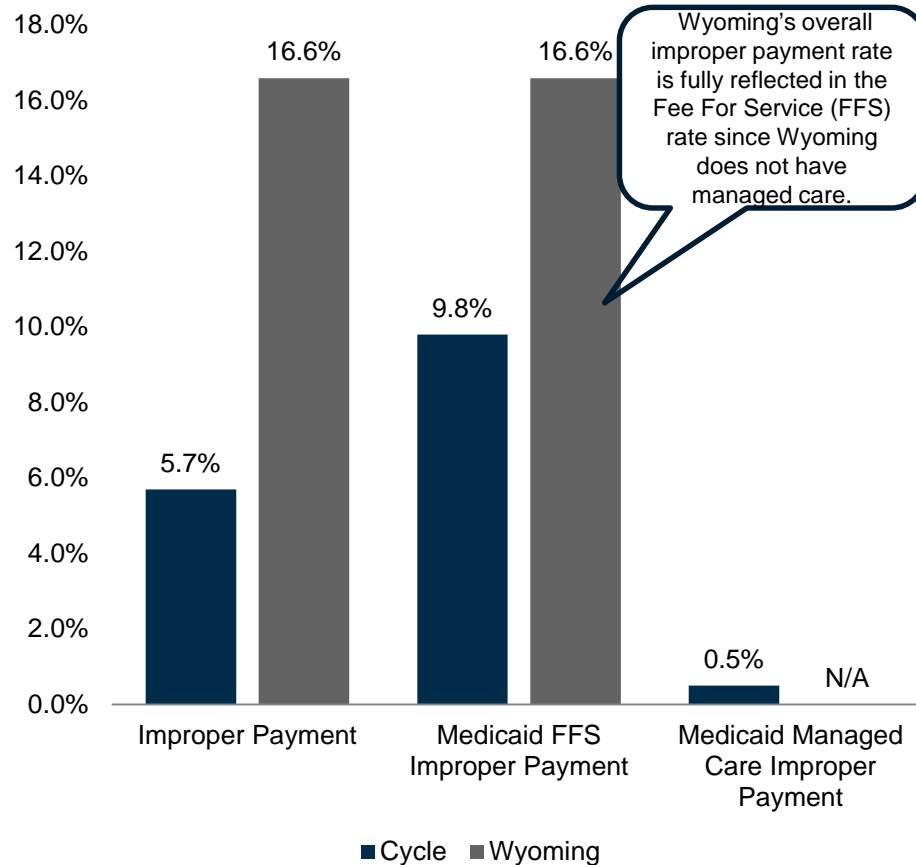## Long-Term Care Settings of Medicaid Members[28]

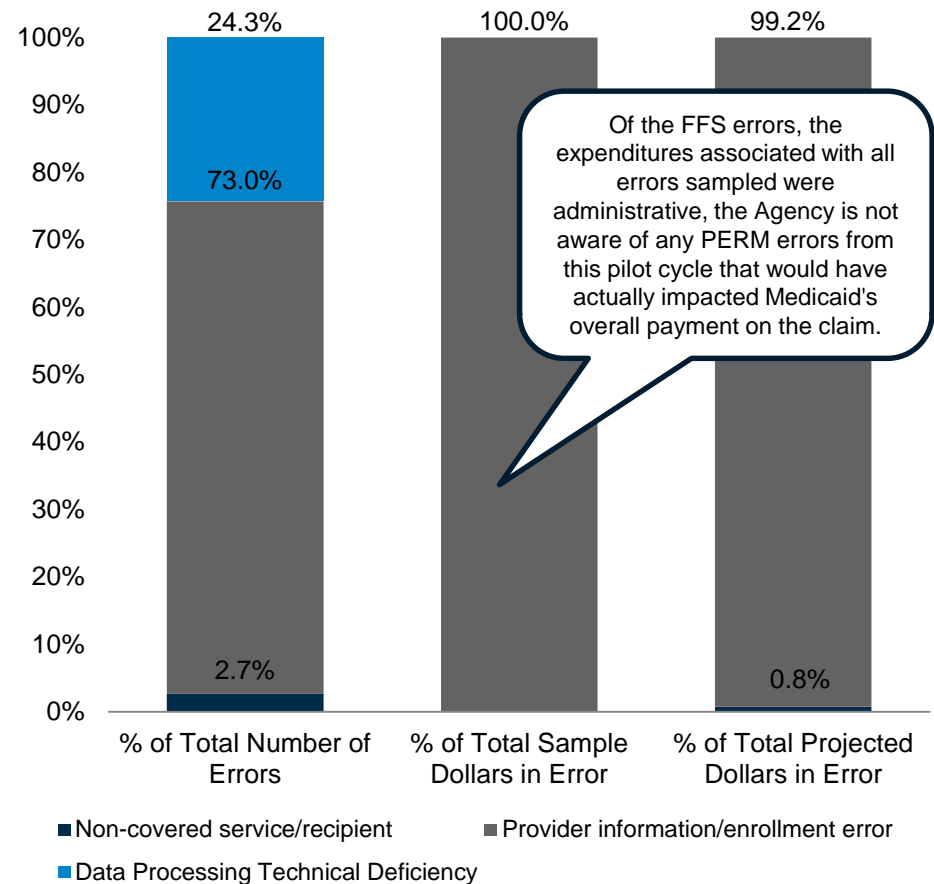NOTE: The LTC and ALF Waivers refer to Wyoming's Long-Term Care and Assisted Living Facility Waivers, respectively.

PERM* Pilot Cycles were conducted for Medical Review and Data processing errors only, and did not include a review of Medicaid eligibility decisions. Wyoming's error rate was significantly above the Cycle average, primarily due to administrative errors.

Cycle & State Combined and Component Improper Payment Rates[8]

Wyoming's overall improper payment rate is fully reflected in the Fee For Service (FFS) rate since Wyoming does not have managed care.

- 18.0%
- 16.6% (Improper Payment, Wyoming)
- 16.6% (Medicaid FFS Improper Payment, Wyoming)
- 9.8% (Medicaid FFS Improper Payment, Cycle)
- 5.7% (Improper Payment, Cycle)
- 0.5% (Medicaid Managed Care Improper Payment, Cycle)
- N/A (Medicaid Managed Care Improper Payment, Wyoming)

Legend: ■ Cycle ■ Wyoming

Medicaid FFS Data Processing Review Error Types[8]

Of the FFS errors, the expenditures associated with all errors sampled were administrative, the Agency is not aware of any PERM errors from this pilot cycle that would have actually impacted Medicaid's overall payment on the claim.

- % of Total Number of Errors: 24.3% (Data Processing Technical Deficiency), 73.0% (Provider information/enrollment error), 2.7% (Non-covered service/recipient)
- % of Total Sample Dollars in Error: 100.0%
- % of Total Projected Dollars in Error: 99.2%, 0.8%

Legend: ■ Non-covered service/recipient ■ Provider information/enrollment error ■ Data Processing Technical Deficiency

NOTE: PERM stands for Payment Error Rate Measurement and is used by CMS to measure improper payments in Medicaid.
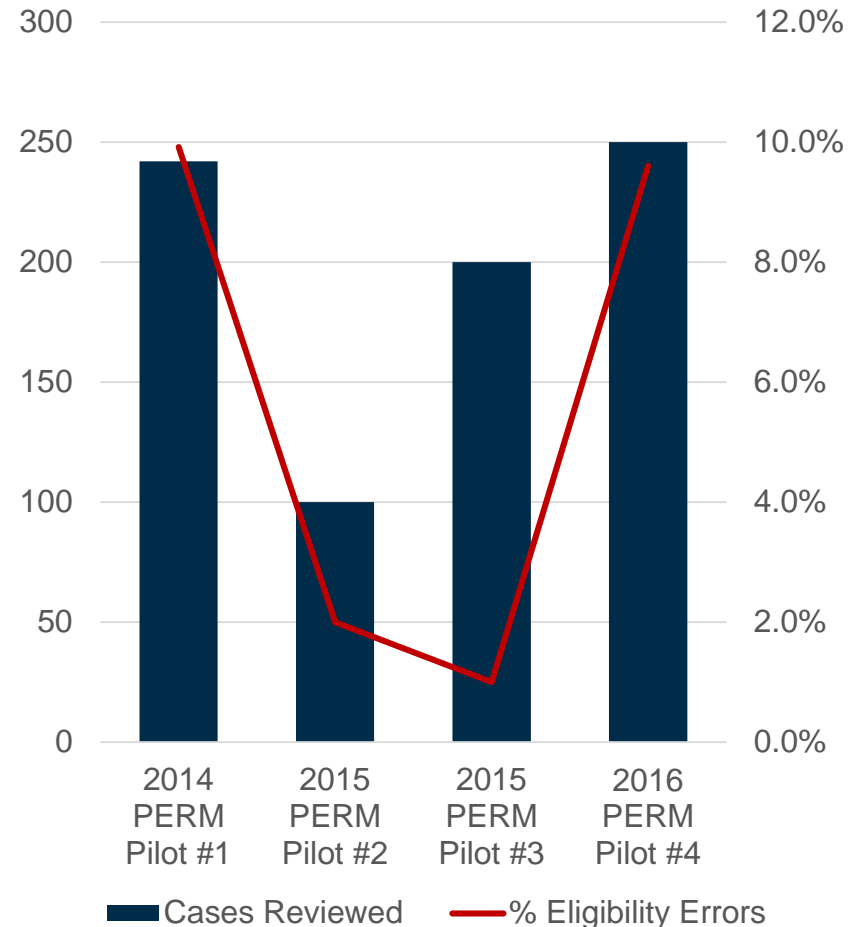
PERM PILOT ELIGIBILITY REVIEW

WDH conducted 4 PERM pilot eligibility reviews ahead of the 2018 CMS review cycle, which revealed issues that could impact payment accuracy. Corrective actions have been taken to mitigate potential error in the future.

Key Findings

- **PERM Pilot States were required to conduct Eligibility reviews using draft PERM protocols that will be implemented in the 2018 PERM Cycle.**
  - Other Cycle 1 states include Arkansas, Connecticut, Delaware, Idaho, Illinois, Kansas, Michigan, Minnesota, Missouri, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Virginia, Wisconsin

- **Internal reviews focused on testing review protocols; findings should be considered anecdotal – not based on statistically valid sample. No national comparisons or benchmarking.**

- **The findings from these reviews indicated recurring issues:**
  - Missing/inadequate income verification
  - Late re-determinations/delayed case closures
  - Missing/incorrect notice to beneficiary
  - Inadequate IT and Customer Service Center Vendor response to recurring issues
  - Note: The data reviewed for the PERM pilots was reflective of particular groups of the population and was not a statistically significant data set.

PERM Pilot Reviews[30]

Legend: Cases Reviewed, % Eligibility Errors

	2014 PERM Pilot #1	2015 PERM Pilot #2	2015 PERM Pilot #3	2016 PERM Pilot #4

Summary of Observations and Recommendations

Observations	Recommendations
Agency Overview	• **Operational Divisions:** WDH has four operation divisions – public health, mental health & substance abuse (behavioral health), health care financing (Medicaid), and aging. • **Department Budget:** The department's budget was reduced by $93 million in General Funds ahead of the current biennium resulting in a budget of $1.87 billion for the FY2017-2018 biennium. The department's expenditures per capita are budgeted at $3,187 for the FY2017-2018 biennium, split $1,502 in GF, $1,443 FF, and $242 in OF. • **State Facilities:** There are three Aging Division Community Facilities run by the State for the senior population. The WDH Behavioral Health Division operates the Wyoming State Hospital (WSH) and Wyoming Life Resource Center (WLRC). The State Hospital provides psychiatric and criminal justice-related treatment, and houses the State's Intermediate Care Facility (ICF). The WLRC operates three programs for the Intellectual and Developmentally Disabled (I/DD), Acquired Brain Injury (ABI), and the Horizons Health Care Center. The WDH Aging Division operates Wyoming Retirement Center, Veterans Home, and Pioneer Home. • **Department of Family Services:** Between 2013 and 2015, operational control for eligibility determinations was transferred from DFS to WDH. The process underwent significant changes from a distributed manual process to a centralized, automated, and rules driven process. This resulted in the ability to meet the increased demand from mandatory ACA expansion. In 2017, Director of the Department of Health was placed as the interim head of the Department of Family Services.	• The State should examine the existing organizational structure to determine if a merger of the WDH and DFS agencies is warranted, particularly in light of the significant overlap in responsibilities including eligibility determinations, fraud detection, and the type of citizens served. The study should assess whether there are opportunities for shared services, to better utilize technology, or for skill building across agencies.

Summary of Observations and Recommendations

	Observations	Recommendations
Medicaid Enrollment Trends	• **5-year Medicaid Enrollment Trend:** The enrollment increased by 2.7% during meet minimum income levels (between SFY 2014 and 2015), and has since decreased by 2,287 or 2.5% (between SFY 2015 and 2016) as the state automated the enrollment process and conducted eligibility cleanup.[23] • **Other Demographic:** Wyoming's population is characterized by a high number of children in the system with a low overall per member cost. • **Long-term Planning:** The State prepares long term enrollment projections to help inform long-term planning.	
Federal Funds	• **Federal Funds:** There are a number of federal funding programs where Wyoming is below comparable state benchmarks including: Children's Health Insurance Program (CHIP), Foster Care Title IV-E, Child Care and Development Block Grant, Adoption Assistance, and Head Start. • **School Based Medicaid Funding:** Currently, the State of Wyoming is the only state in the country that does not make requests for School Based Services (SBS) or the associated Medicaid Administrative Claiming (MAC) funding resulting in the loss of between $3 – $6 million in funding annually.[31] SBS have been discussed in recent legislative sessions and legislation was drafted, but implementation was not authorized, nor were funds appropriated for the change.	• WDH should establish procedures to strategically pursue federal funds that align with the goals and objectives of the agency and state. The agency should work with the legislature to create a reserve fund that can be accessed to offset maintenance of effort requirements should the federal funding be reduced in the future. The reserve fund would provide necessary buffer to adverse future federal funding environments. • WDH should work with the WDE to adjust the Medicaid State Plan to incorporate SBS and MAC funding requests for the schools. Additionally, both agencies should partner with the legislature as needed to get the authorization and funding required for implementation.

Summary of Observations and Recommendations

	Observations	Recommendations

Medicaid: State Plan Services	• **Medicaid Expansion**: Wyoming did not participate in Medicaid expansion, however, income eligibility levels were adjusted as required by the ACA.
	
	• **Telehealth:** The State is currently managing telemedicine through WDH's Public Health Division and has supported initial efforts with funding and resources. Zoom licenses to conduct virtual sessions will be provided to every provider. The department has identified rural and frontier areas as main areas for potential telehealth growth. A new, expanded telehealth policy went into effect October 1, 2017, however, funding for telehealth was coming from tobacco settlement monies, which were cut in the latest budget.
	
	• **Managed Care:** The department engaged Health Management Associates to study options for better Medicaid care coordination. The study concluded that WDH should pursue for its Medicaid enrollees:
	  1. A targeted enhanced care program built on the Patient Centered Medical Home (PCMH) infrastructure that is being developed in Wyoming.
	  2. A Super-utilizer Program (SUP) that provides intensive care management (e.g. face-to-face visits to ensure medications are taken, etc.) to a small subset of the targeted PCMH clients.
	
	• **Super-utilizer Program:** WDH established a multi-year program to evaluate the ability of an external managed care company to better manage this high intensity population. The program is in its second year and the State has taken corrective actions to improve performance by the vendor.
		• Given the low population density of the state, Wyoming needs to become the practice leader in telehealth for evaluation and management services, psychiatric visits, and remote patient monitoring. The state should follow the lead of the Veterans Administration (VA) in expanding use of telehealth as a low-cost, easy-to-access means of providing high quality care. Examples of areas for exploration include: mental health services, primary care, rehabilitation, speech and audio services, eye care, dermatology services, specialty care, and care for chronic conditions such as diabetes, hypertension, and depression.
		
		• WDH should continue to explore care coordination for super-utilizer population and refine the program structure based on findings of the current study after evaluating the key successes and challenges of the study. The State has taken steps to course correct the program by gaining access to the systems and creating corrective measures with the contractor, which should improve performance against the contract. The state should continue to explore the following process improvement mechanisms:
		  • Review the program to determine if the structure is impairing realization of savings
		  • Ensuring contractor clarity of program objectives
		  • Reviewing data to closely monitor performance
		  • Holding contractor accountable for performance
		  • Tying contractor payment to outcome-related metrics
		  • Developing internal procedures and restructuring contractor interactions to help drive performance

Summary of Observations and Recommendations

	Observations	Recommendations
Medicaid: State Plan Services (continued)	• **Emergency Department (ED) Visits:** In 2016, the total number of emergency department visits were 51,787—down 10% from FY2015—representing 27,080 participants and $11.4 million in expenditures.[10] Overall, ED usage in Wyoming is below the national average. • **Copays:** The State charges nominal copays for emergency department visits. Expanding copays for unnecessary Medicaid ED visits may prove more problematic than beneficial, particularly in light of the recent decline in visits and associated expenditures. The main challenge with instituting copays is the determination around what qualifies as an "unnecessary" ED visit. Collecting the copay also creates an additional administrative burden for the facility. • **Readmission:** The state has one of the lowest readmission rates in the country at slightly over 6%.	• Overall, ED usage in Wyoming is below the national average. Instituting copays for unnecessary Medicaid ED visits may prove more problematic than beneficial, particularly in light of the recent decline in visits and associated expenditures. In at least one state, an attempt to institute ED copays has been blocked by lawsuits filed on behalf of hospitals. Initial research points toward a recommendation not to institute copays, but further research would be warranted to rule it out (see Appendix for more detail).
Medicaid: Oversight & Quality Management	• **Quality Improvement Organization (QIO) Vendor:** The State contracts with Optum for quality improvement services, including post-pay reviews, mortality reviews, and prior-authorization reviews for Psychiatric Residential Treatment Facilities (PRTF). WDH also tracks activities in Kronos for all staff that can claim time at higher federal match rates (WINGS, WES, MMIS, Eligibility Functions). • **Internal Oversight:** For certain classes of professionals (such as physicians, nurses and behavioral health professionals), WDH currently tracks time in Kronos to ensure enhanced match (75% FFP) for utilization review and quality assurance and improvement activities.	

Summary of Observations and Recommendations

	Observations	Recommendations
Medicaid: Long Term Services and Supports	• **Facility Based Care versus Home & Community Based Care:** As of SFY2016, average monthly enrollment in nursing facilities was 1,688, an increase of 3.0% of SFY2015, while Long-term Care and Assisted Living Facility Waiver enrollment increased 9.5% in SFY2016 to 1,804. • **Per Member Per Month Costs:** The per member per month (PMPM) expense for the Long-term Care and Assisted Living Facility Waiver programs for SFY2016 was $4,355 and $1,715, respectively. The Intellectual and Developmental Disabilities (I/DD) and Acquired Brain Injury (ABI) Waivers had an average enrollment of 2,389 in SFY2016, an increase of 5.0% from SFY2015, and an average PMPM of $4,487.[7] • **Rate Rebasing:** Developmental Disabilities provider service rates were rebased two years ago. WDH is in the process of completing a second, expedited rebasing analysis by January 2018. If approved by the State Legislature, this would be implemented in July 2018. • **Electronic Visit Verification**: The State does not use EVV for home and community based services. The 21st Century Cures Act mandates that states implement an EVV system to manage personal care services by January 2019 and all home health care by 2023. Failure to comply could result in loss of up to 1% of federal medical assistance.[32] The State is in the process of procuring EVV functionality that will integrate with the new MMIS (also currently in procurement).	• WDH should accelerate the implementation of Electronic Visit Verification (EVV)—an electronic time sheet used to accurately record the length of home health visits and to reduce Medicaid fraud. EVV has resulted in savings ranging from 5% to 25% of home health expenditures in TX, IL, FL and other states. The state currently spends about $175 million in home health services (including state and federal funds).

Summary of Observations and Recommendations

	Observations	Recommendations
Medicaid: LTSS (continued)	• **Provider Tax**: The State does not charge a provider tax for the state run Intermediate Care Facility (ICF) at the Wyoming Life Resource Center (WLRC).	
Coordination of Care	• **Pilot:** The Department is in the second year of a two year pilot project to determine if care coordination support will help reduce the cost of super-utilizers. After implementation of some corrective action plans, the pilot is entering its second phase in the hopes of delivering meaningful insight for the State as it determines if managed care is right for Wyoming. • **Service Delivery:** The responsibility for service delivery varies by program with many aspects of service delivery divided across agencies for some programs. As an example, in the court-ordered placement programs, DFS provides Room and Board, Health provides medical services, and WDE provides educational services.	• As the WDH completes its super-utilizer study, the enhanced federal match for health home options should be pursued for regions that have the appropriate infrastructure. For regions that do not, focus should be put on making them ready to maximize the health home benefit. • WDH should evaluate opportunities to better align with agencies who they partner with to provide care.
Technology	• **Medicaid Management Information Systems (MMIS):** The state is halfway through the transition from a traditional system to an MMIS using a modular implementation concept. The State will fully stand up the new system by 2020. The system will consist of seven modules including but not limited to: Data Warehousing, Pharmacy Benefit Management System (PBMS), Common Eligibility, and the Health Information Exchange (HIE). The Wyoming Eligibility System (WES) is a rules based eligibility system that was implemented in 2014. WDH is pursuing opportunities to leverage the system for Electronic Document Management System (EDMS) functions for DFS and Child Welfare.	• WDH should transition the DFS onto the common eligibility system given the shared enrollees.

Summary of Observations and Recommendations

	Observations	Recommendations
Medicaid: Long Term Services and Supports (continued)	• **Service Authorization and Utilization Review:** The State contracts with external vendors for utilization management services rather than managing the process internally. • **Worker Shortages:** The State experiences worker shortages in a number of professions, including nursing, with the largest portion of shortages occurring in the Community Choice Waiver program.	

Medicaid: Waivers	• **Home and Community Based Services (HCBS):** WDH has shifted focus to try to enroll as many new participants as possible in HBCS as opposed to facility-based care. The Developmental Disabilities Waiver was redesigned, where everyone in the waiver was grandfathered into the Comprehensive Waiver, and new participants are initially enrolled in the Supports Waiver, where spending is capped at $17,000. Should a new participant require more support, they undergo a review process to see if transferring to the Comprehensive Waiver is justified, where the average cost per participant was $45,910 in FY2016.
	
	• **Wait List:** There is an 18-month waiting list for the Developmental Disabilities Waiver. There is no waitlist for the Aging and Disabilities Waivers (uncapped in 2013).
	
	• **Service Authorization:** The current service authorization is tied to a standardized assessment of need, though guidance on granting services could be clearer.
	
	• **Annual LOC Redetermination:** The State requires participants to complete the LT101 tool assessment annually for Level Of Care (LOC) redetermination.
		• WDH should focus on shifting people currently in nursing homes to community based services with a focus on the population between the ages of 22 and 65. To help accelerate this process, the state should develop a transition plan that includes the following:
		  • Targets for rebalancing the population (those between the ages of 22 and 65 transitioned at a rate of 2%, which is twice the rate for those over 65).
		  • Use of the Section Q of the Minimum Data Set (Nursing Facility Resident Assessment Instrument) to identify and prioritize nursing residents for transition to the community. (Research indicates that the Q+Index, applied to MDS 3.0 assessments can identify a population closely resembling persons who have transitioned in the past.)
		  • Tracking and monitoring of outcomes for participants who have transitioned to community-based care.

Summary of Observations and Recommendations

	Observations	Recommendations
Medicaid: Indian Health Services (IHS)	• **Indian Health Services Facility:** The State has one IHS hospital in the Wind River Reservation. • **Shared Savings:** The State has created an innovative shared savings approach in which IHS and tribal health programs share in the enhanced match to encourage their participation and cooperation. • **Uncompensated Care Waiver:** The state has been waiting for two years for approval of an uncompensated care waiver for IHS. Should CMS approve this waiver, it could yield additional savings for the state. • **LTSS funding for IHS:** Wyoming was the first state to develop and implement an Office of Management and Budget (OMB) encounter-rate based methodology. In 2016 numerous rate and coverage changes were approved to increase Medicaid funding. Both tribes are certified and enrolled as LTC waiver providers, and Medicaid contracted with the Northern Arapaho tribal health program for an out-stationed Tribal Medicaid edibility worker. • **Tribal Leadership:** In 2015, WDH worked collaboratively with the Tribal health representatives to establish the Tribal Leadership Advisory Council to work with all WDH divisions, both Tribes, and IHS to prioritize policy and coverage needs, support design and implementation of policy changes, and serve as conduit for Tribal Consultation. WDH has recently contracted with the Tribes for an out stationed eligibility worker as part of a pilot project.	• The State has made considerable headway on maximizing IHS funding for physical health. If the out stationed eligibility worker pilot is successful, WDH should enter into additional contracts for co-located Tribal Eligibility workers. The state should also work to accelerate the negotiations with the tribal leadership to maximize enhanced match opportunities for LTSS as well. The State should also establish a transition plan with outcome based objectives. Accelerated implementation offers significant return on investment for the cost of vendor services. • The State should evaluate anticipated timelines for implementation of systems that must be in place to claim 100% Federal Financial Participation (FFP) for IHS/Tribal referral to non-IHS/Tribal providers, in consideration of procuring a vendor to accelerate the process and ensure enhanced claim of eligible services. The FFP represents the federal government's share of expenditures in a Medicaid program. • The State should explore opportunities within home and community based services to serve Native Americans via existing and new waivers. Drawing 100% FFP on these services provides a cost effective means to providing services with potential to improve health outcomes.

DEPARTMENT OF HEALTH

Summary of Observations and Recommendations

	Observations	Recommendations
Medicaid: Indian Health Services (IHS) (continued)	• **IHS Best Practices:** Wyoming should be commended for their innovative approach to establishing the necessary protocols and infrastructure to realize Medicaid savings, and for promoting coordination of care through collaboration with tribal governments and IHS. This is a model that other states have recognized as a best practice and are working to replicate. • **Tribal Negotiations:** The State is waiting on care coordination with the tribes. There has been leadership turnover within the tribes, which has delayed the negotiations and realization of significant savings in the transition to allow for the draw of 100% match.	
Behavioral Health	• **Federal Funds:** As a result of the opioid crisis and other federal priorities, there are federal grants available to assist with behavioral health issues. The State is pursuing the Prescription Drug/Opioid (PDO) overdose grant from the Substance Abuse and Mental Health Services Administration (SAMHSA) to assist with implementing preventative measures. The State has been hesitant to pursue the enhanced match for the Community First grant due to the uncertainty with regard to the long term viability of the grant and the associated Maintenance of Effort (MOE). • **State Hospital:** The State hospital is an involuntary facility driven by Title 25 involuntary commitment program and has high levels of recidivism at 20%-27%. The State is in the process of executing an MOU with private hospitals to collaborate with gate keepers regarding crisis stabilization and coordination of care.	• The State should analyze the potential federal funds available for Behavioral Health to determine if the funds align with the goals and objectives of the department. For example, funds are available with a two year 90% match to develop health home options for behavioral health. The State is currently assessing opportunities to maximize the use of health home funds as a part of the Super-Utilizer study. • The State should explore options to provide Behavioral Health services to uninsured and Medicaid-ineligible citizens to keep them stable in the community and avoid more costly institutional care services in the future.

Summary of Observations and Recommendations

	Observations	Recommendations
Payment Error Rate Measurement (PERM)	• **CMS PERM Review:** With the start of the new federal fiscal year, a new 3-year cycle of PERM is just kicking off – 17 states are done each year of the cycle. Wyoming is in the first group of 17 states. The PERM review has started, but the first data draw will not take place until October 2017. In contrast to the previous PERM cycle when eligibility reviews were suspended, the upcoming cycle will complete these reviews. • **Eligibility Determinations:** Prior to 2014, DFS was responsible for handling eligibility determinations, which were conducted manually at regional field offices. Upon transfer of the eligibility function to WDH, the process was centralized and automated using a rules based system. • **PERM Pilots:** WDH has results from four rounds of PERM pilot reviews to assess system functionality and certain types of cases. The Eligibility unit used the results of the pilot reviews to determine any needs the agency received with regard to system and policy changes, as well as any additional training required. • **Internal Review System:** WDH's internal eligibility error review processes have tested 100-175 cases per month since 2014 including 800+ PERM reviews. These eligibility errors are documented in worksheets to provide an audit of the errors, but the error rates, error codes, cost of the error, and other data that will be tracked for the 2018 PERM review were not tracked in a database prior to FY2018.	• WDH began tracking the additional data in FY2017 and recently began using a database in the Federal FY2018. As PERM tracking and error resolution evolves, WDH should develop standard definitions and error codes that: 　-Are consistent with CMS's guidance and error checking. 　-Define and follow a methodology to ensure that sample sizes selected for review are statistically significant and representative. 　-Follow the standard for estimating the dollar impact of the error. 　-Begin to document the error codes in a database for improved decision making on a more timely basis. • The State should begin to integrate the error rate tracking with the performance dashboarding capability to transition the continuous monitoring of vendor performance and establishment of Corrective Action Plans (CAPs) to a more real time basis so that recurring, systemic issues are resolved quickly and to reduce overall error rates.

WDH should target residents under the age of 65 for potential transition to Home and Community Based Care.

Key Findings

- **Money Follows the Person (MFP) demonstrations indicate that residents under the age of 65 appear to transition to the community at a higher rate than older residents:**

  - In 2014, 19% of residents in a Nursing Facility for more than 90 days were between the ages of 22 to 65 years old.

  - The percentage of pre-retirees has seen an upward trend increasing from 17% in 2006 to 18% in 2010 and 19% in 2014.

  - Of residents between the ages of 22 to 65 in a Nursing Facility for more than 90 days, 2% transitioned to the community or twice the rate of transitions for adults over 65.

- **MFP also found that participants that transition to Home Based Care reported a higher quality of life.[13]**

- **States rely on Section Q of the Minimum Data Set (Nursing Facility Resident Assessment Instrument) to identify and prioritize nursing residents for transition to the community.**

MFP 2015 Annual Evaluation Report estimates per beneficiary total Medicaid and Medicare expenditure savings, post transition.[33]

	Older Adults	Younger Adults with Physical Disabilities	Individuals with I/DD
Monthly	$1,840	$1,783	$4,013
Annually	$22,080	$21,396	$48,156

TELEHEALTH PRACTICES

WDH should take steps to become a practice leader in telehealth for evaluation and management services, psychiatric visits, and remote patient monitoring.

The GAO report on telehealth monitoring found that low proportions of beneficiaries receive care through telehealth in Medicare, Medicaid, VA and DOD. Less than 1% of patients receive care in Medicare and DOD, while 12% in the VA receive telehealth care.[34]

0.2% of Medicare Claims

Percent of Medicare Part B fee for-service beneficiaries that accessed services using telehealth[14]

12% of VA Claims

Percent of Veterans Receiving telehealth Services[14]

Primary Uses

Evaluation & Management Services	66%
Psychiatric Visits	19%

Key Metrics

Veterans Living in Rural Areas	45%
Using Remote Patient Monitoring	3%

Note: Every VA facility is in the same "healthcare network" under the same ownership using a single technology platform, facilitating top down policy and operational changes.

WDH SAVINGS ESTIMATES

ESTIMATED ONE-TIME INVESTMENT AND BIENNIAL SAVINGS

Investment and savings ranges shown below reflect estimates of the impacts of A&M recommendations for federal funds, process, technology and shared services changes. These amounts are subject to change based upon the implementation strategies selected. In addition, potential costs associated with additional planning activities are not reflected in these estimates.

	Est. One-Time Investment (State Funds)		Est. Net Biennium Savings (State Funds)	
	Low	High	Low	High
Telemedicine Expansion	$0	$0	$119,958	$399,861
Indian Health Services	500,000	1,000,000	10,720,112	24,560,112
Home and Community Based Services Expansion	500,000	1,000,000	4,695,799	9,391,598
Electronic Visit Verification	876,882	1,753,765	4,384,412	8,768,824
State Total	**$1,876,882**	**$3,753,765**	**$19,920,282**	**$43,120,396**

OUTLINE

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DEPARTMENTS OF REVENUE & AUDIT

Overview

- The Wyoming Department of Revenue (WDR) is responsible for the administration and collection of mineral and excise taxes, as well as the valuation of property and the wholesale distribution of alcoholic beverages.
- The Wyoming Department of Audit (Audit) is responsible for conducting audits for the collection of federal and state mineral royalties, state mineral and excise taxes, regulation of financial institutions, and auditing of public agencies and local governments.
- WDR and Audit partner in the auditing and collection of taxes through a memorandum of understanding.
- A&M conducted analysis of the various tax sources to better understand revenue trends.
- A&M reviewed trends in the staffing levels for audit and collections positions, and their revenue generating capacity.

Observations

- The State's decision to reduce audit and collections staff to manage budgetary pressures may be contributing to the decline in tax collections.
- While WDR and Audit do collaborate throughout the tax collection process, there is not a function dedicated to consistently identifying key audit targets.
- WDR invests in technology and supplies for the county assessor's offices to help facilitate the assessment process. Property taxes are generally reassessed on a six-year cycle.
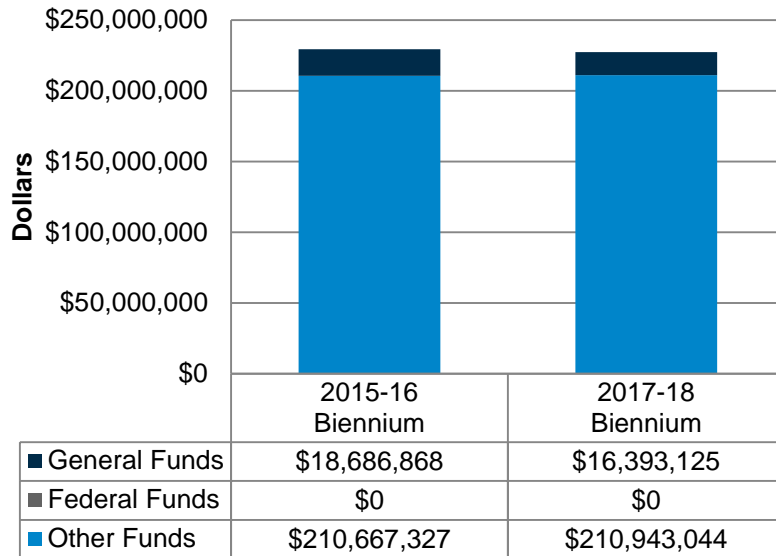
Recommendations

- Hire back 8 audit staff and 10 collections staff to maximize tax collections.
- Establish a Discovery Unit co-led by both agencies to determine the overall audit plan for the State.
- Invest in aerial imagery to facilitate more frequent and accurate property tax assessments.
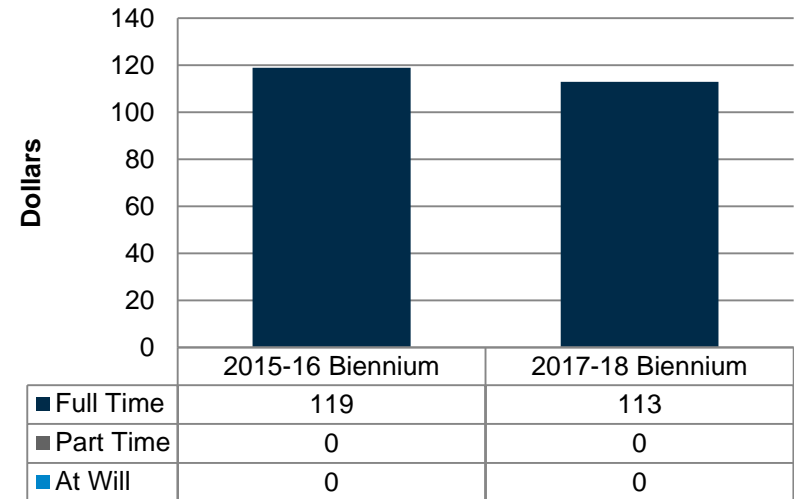
DEPARTMENT OF REVENUE
AGENCY PROFILE

Budget Trend[35]

Biennium Budget

	2015-16 Biennium	2017-18 Biennium
■ General Funds	$18,686,868	$16,393,125
■ Federal Funds	$0	$0
■ Other Funds	$210,667,327	$210,943,044

Headcount Trend[35]

Biennium Budget Headcount

	2015-16 Biennium	2017-18 Biennium
■ Full Time	119	113
■ Part Time	0	0
■ At Will	0	0

Key Performance Indicators

Local & State Assessed Value Per Capita	$35,752
Liquor Division Contract Staff	6

Administrative Costs

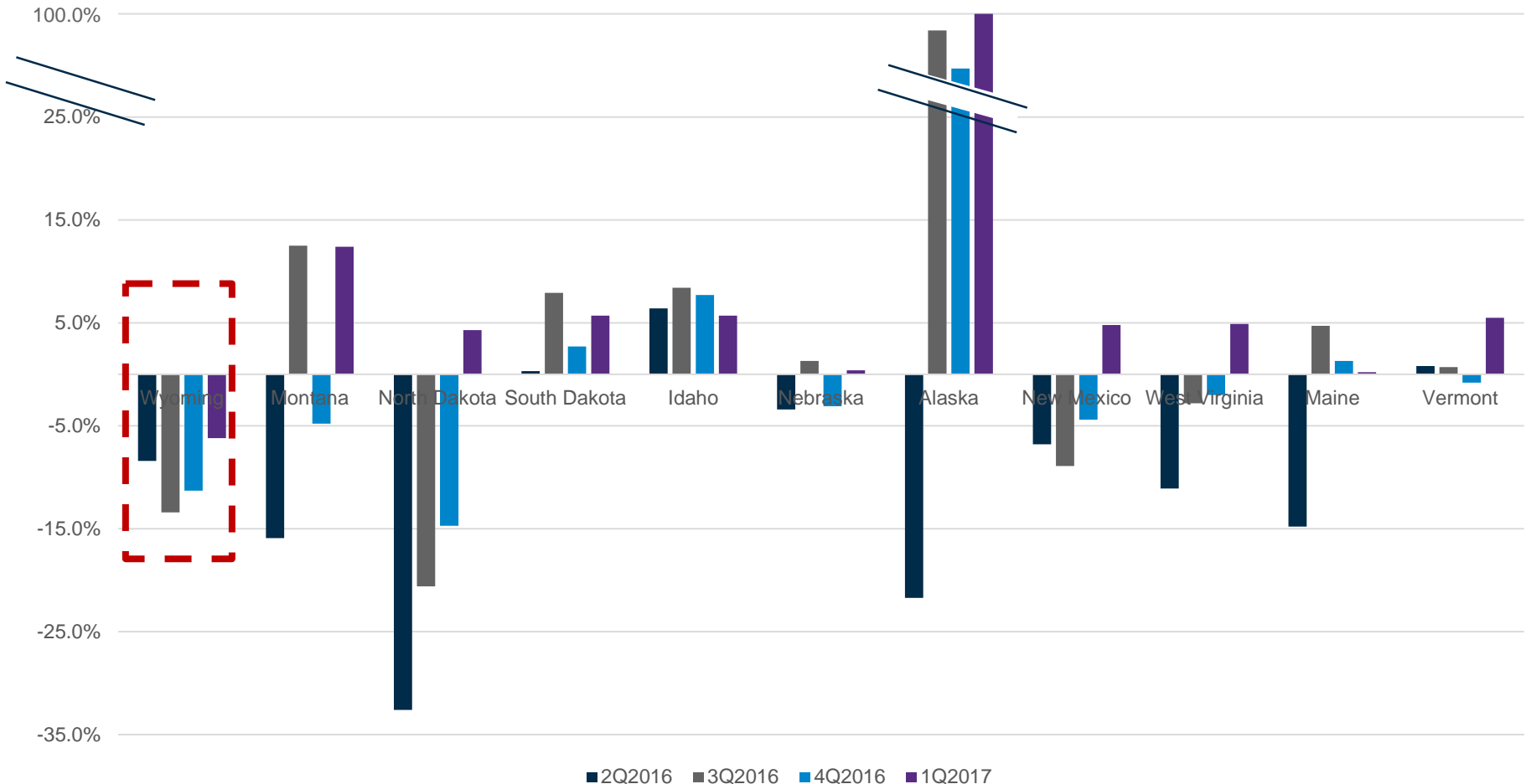|	
Departmental FTE[35]	113
FTE Per Million Residents[35],[36]	193.0
Department Budget[35]	$ 227,336,169
Budget Per Capita[35],[36]	$388.28

STATE TAX REVENUE GROWTH
2Q2016 TO 1Q2017[38]

State governments with oil heavy economies such as North Dakota and Wyoming have been hardest hit in the latest downturn.

Tax Growth by Quarter 2Q 2016 through 1Q 2017

Legend: 2Q2016, 3Q2016, 4Q2016, 1Q2017

States: Wyoming, Montana, North Dakota, South Dakota, Idaho, Nebraska, Alaska, New Mexico, West Virginia, Maine, Vermont

TAX COLLECTION SOURCES[39]

Wyoming does not collect personal or corporate income tax, requiring a more significant portion of revenues to come from sales and other taxes.

Tax collections by source as a percentage of total tax collections, 2013						
State	**Property tax**	**Sales tax**	**Select sales (excise) taxes**	**Personal income tax**	**Corporate income tax**	**Other taxes**
Wyoming	**15.20%**	**32.10%**	**5.70%**	**0%**	**0%**	**47%**
Montana	9.90%	0.00%	21.10%	39.50%	6.50%	22.90%
North Dakota	0.10%	23.90%	9.30%	12.10%	4.30%	50.30%
South Dakota	0.00%	55.70%	24.40%	0.00%	2.40%	17.50%
Idaho	0.00%	37.00%	12.50%	36.10%	5.60%	8.70%
Nebraska	0.00%	35.40%	11.20%	44.50%	5.80%	3.00%
Alaska	1.90%	0.00%	4.90%	0.00%	12.30%	80.90%
New Mexico	1.40%	37.80%	13.10%	23.90%	5.10%	18.60%
West Virginia	0.10%	23.30%	24.60%	33.40%	4.50%	14.00%
Maine	1.00%	27.60%	18.20%	39.40%	4.40%	9.30%
Vermont	33.80%	12.10%	22.10%	23.00%	3.70%	5.40%
Average	**4.82%**	**25.28%**	**16.14%**	**25.19%**	**5.46%**	**23.06%**

COMBINED SALES TAX RATES[40]

Wyoming sales tax rates are in line with other benchmark states.

Combined sales tax rates, 2015				
State	**State sales tax**	**Average local sales tax (a)**	**Combined**	**Ranking**
Wyoming	4.00%	1.47%	5.47%	43
Montana	None	None	None	47
North Dakota	5.00%	1.56%	6.56%	30
South Dakota	4.00%	1.83%	5.83%	40
Idaho	6.00%	0.01%	6.01%	36
Nebraska	5.50%	1.30%	6.80%	26
Alaska	None	1.76%	1.76%	46
New Mexico	5.13%	2.22%	7.35%	16
West Virginia	6.00%	0.07%	6.07%	35
Maine	5.50%	None	5.50%	42
Vermont	6.00%	0.14%	6.14%	34
Average	**5.39%**	**1.11%**	**5.78%**	

PROPERTY TAX ASSESSMENT

Wyoming's local property tax assessors are challenged to cover the large and mountainous terrain to conduct property tax assessments in a timely manner.

Summary of Observations and Recommendations

	Observations	Recommendations
Department of Revenue Overview	• **Department of Revenue Divisions:** WDR has four operating divisions – excise taxes, property taxes, mineral taxes, and the liquor division. • **WDR Budget:** The department's budget is $227.3 million for the FY2017-2018 biennium. The department's expenditures per capita are budgeted at $388 for the FY2017-2018 biennium, split $28 in GF, $0 FF, and $360 in OF. • **Litigation Backlog:** WDR's tax litigation backlog is approximately $690,000. The department does not use outside counsel to pursue litigation, electing to use the Attorney General's Office for all matters.	• The department has a backlog of 51 cases for collection. The department should work with the Attorney General's Office to determine if outsourcing of high priority cases would accelerate and/or improve collection amounts. • The department should consider adding performance metrics to better measure job performance.
Department of Audit Overview	• **Department of Audit Divisions:** DOA has three operating divisions – Revenue, Accounting, and Financial. These divisions are responsible for verification of excise and mineral taxes, the State's Single Audit, and bank supervision, respectively. • **DOA Budget:** The department's budget is $23.4 million for the FY2017-2018 biennium. The department's expenditures per capita are budgeted at $37 for the FY2017-2018 biennium, split $21 in GF, $8 FF, and $8 in OF.	• The department should consider adding performance metrics to better measure job performance.
Separation of Duties	• **Departments of Revenue – Audit Relationship:** Based on the findings of the Ferrari Study, the State decided to separate the Department of Audit from the State Auditor's Office to avoid potential conflicts of interest. The Audit function was also removed from the Department Revenue. The two agencies now collaborate through a Memorandum Of Understanding (MOU).	• The departments should establish a cross-functional Discovery Team to conduct audit targeting, to invest in technologies that enable advanced analytics, and periodically revise audit and collection procedures according to the Discovery Team's recommendations (See the following page for more detail).

Summary of Observations and Recommendations

	Observations	Recommendations
Cross Agency Collaboration	• **Discovery Process:** WDR uploads tax data for review by the Department of Audit, who handles the majority of data mining required. The process for identifying outliers is more exception based. • **Auditing Power:** WDR is responsible for assessing taxes, but can't dictate who is actually audited, but if something irregular is identified in the assessment and collections process, they will notify Audit. • **Taxability:** The department of Audit will contact WDR if a question about taxability arises during an audit. • **Audit Process:** After an audit is finalized with the Department of Audit, it is electronically downloaded to WDR's system. The WDR transferred from a manual transfer process to an electronic system in 2011, with a common user interface across divisions. The WDR system also interfaces with the Department of Audit's system. The system change reduced the need for staff validation. • **ETS & WDR Systems:** ETS has consolidated IT under one umbrella, but there is a small contingent of staff that supports the mineral, excise, and liquor divisions. WDR anticipates there may be succession planning issues as a number of these staff members are nearing retirement. • **ETS & Audit Systems**: The Audit Department looked at acquiring a new monitoring system, but found estimates to be cost-prohibitive. Instead, ETS is rewriting the enterprise application system. The department has also looked at the CaseWare IDEA system for risk assessment.	• The departments should establish a formal Discovery Unit that crosses agency boundaries. The Discovery Unit would be co-led by agency leadership and would receive input from audit, legal affairs, and other areas to determine the audit plan and provide for a closed-loop process. • The department should analyze the audit selection process for Sales Tax to ensure that the division is effectively identifying any potential errors, and execute additional audits based on the Discovery team's audit plan (centralize). • DOA should implement new information monitoring and discovery tools and should initiate a statistical analysis software of sales tax data for improved audit selection, auditor productivity, audit accuracy, improved tracking and to expand audit coverage.

Summary of Observations and Recommendations

	Observations	Recommendations
Audit Staffing Levels	• **Audit Staffing:** The Department of Audit has 102 auditors across functions, which represents a 12% decrease over the past five years, the most dramatic of which came in the past year.	• The Department of Audit should increase the number of auditors and re-build the expertise lost on the Minerals and Excise Tax team by hiring back the 8 lost positions.
Collections and Revenue Staffing Levels	• **WDR Staffing:** The Department of Revenue currently has 112 staff, plus 6 contract employees for the liquor division. The staffing levels have declined from 139 employees 20 years ago to the levels today. The staff reductions include the loss of 7 staff and associated vacancies during the April hiring freeze and staff reduction exercise. • **Collections Functional Focus:** The collections staff that used to be more functional based are now more customer facing, and have been trained to handle an account from cradle to grave. The team is also trained to handle delinquencies. WDR also uses an external collections agency (a private company that attempts to collect for the agency) for past due collections. • **Delinquencies:** Notices are sent to taxpayers throughout the collections process. Liens are filed after 110 days. For excise taxes, the WDR Director is involved in the process to determine if the license should be revoked.	• The Department of Revenue should hire an additional 10 collections staff allowing for the department to provide for both functional experts as well as generalists that can handle a broad based customer interaction and help the agency to improve customer service while retaining the Subject Matter Experts (SMEs) necessary to address the most complex situations.
Technology	• **Excise Tax Systems:** The Excise tax divisions of Audit and Revenues use systems that include ETAM and ETS2 for audit and collections processes. • **Minerals Tax**: The WDR Minerals Tax division uses the MTS3 system, which still requires manual processes to download information directly to a disk prior to uploading to coordinated systems.	• The Departments should work with ETS to develop a long range enterprise architecture and software system plan and work to implement that plan to drive down manual processes and increase system functionality.

Summary of Observations and Recommendations

	Observations	Recommendations
Property Tax Valuation Assessment	• **Assessment Process:** Property taxes are assessed at the county level, typically with on-site inspections conducted every six years or at the time a building permit is issued. • **Local Property Tax Offices:** WDR supports the local tax offices by providing funding for their technology and system needs. The local offices often operate without an audit function. • **State Equalization Board:** The Property Tax Division used to be under the control of the State Equalization Board. The Board has the authority to ensure that the assessed value meets criteria for fair market value. • **Property Tax Penalty:** Taxpayers who fail to report property can be charged with a misdemeanor and fined up to $500. Given the complexities of this penalty, and the burden associated with pursuing it through the Attorney General's Office or the County Attorney's Offices, it is seldom used.	• The State should procure a visual aerial imagery technology service [41] to ensure consistent tracking of property development for more accurate valuation assessment. This would also allow county assessors to complete the valuation process through desk audits and reduce time spent in the field. • The State should revise statutes to create better mechanisms to encourage accurate reporting of personal property owned and situated in Wyoming. Possible considerations would be routine auditing of company records and providing assessors with authority to assess a penalty for erroneous or non-reporting.

Summary of Observations and Recommendations

	Observations	Recommendations
Mineral Tax Valuation Assessment	• **Mineral Type Focus:** The largest mineral groups are petroleum, coal, tronite, and bentonite (in that order), and the mines are on a regular audit cycle. Companies generating 96% of the value in oil and gas are audited every year. • **Mineral Valuation:** Minerals are valued using "arm's length transactions." The mineral assessment is verified by comparing volumes reported to WDR to what is reported to WY Oil and Gas and reviewing any large discrepancies. There is the potential for significant litigation. Concerns exist related to whether producers are gaming valuations. As a result, WDR is currently investigating the option to use a discounted cash flow (DCF) methodology to value mineral property for ad valorem taxes. • **Minerals Tax Staffing:** There is a high need for experts in the field to review complex transactions, gas swapping, establishment of new companies and contracts, and to review producer processed gas where the delays between assessment and collection, combined with the complexity associated with the business, can drive significant workload and have the potential for loss of revenues. • **Education:** The Mineral Tax Division meets with new operations to help them understand how to report the tax.	• The department should hire additional collections staff for the minerals division to ensure proper staffing and implement training programs to maximize collections of mineral taxes. • The department should conduct a five year lookback/sampling approach of the Minerals Tax DCF valuation processes to determine the impacts to revenues (both from upside and downside valuation swings) and propose changes to the valuation processes to help reduce swings and provide clarity to the producers related to valuation processes. • The recommended Discovery Unit should assist with analysis and prioritization of audit and collections activities. DOA should maintain its focus on auditing major mineral taxpayers, but also ensure that they are reviewing smaller taxpayers to confirm they are paying the appropriate amount of taxes.

Summary of Observations and Recommendations

	Observations	Recommendations
Excise Tax Division	**Remote Transactions:** The State forgoes a significant amount of excise tax revenues from online retailers selling goods to customers in Wyoming. There is new legislation requiring vendors who sell more than $100,000 in annual revenues or 200 annual transactions to collect sales tax. WDR has filed legal action against a number of online retailers for violating the legislation. **Online Retailer Relationships:** There are currently about $23 million to $46 million in remote sales taxes not being collected. Some vendors have started collecting taxes for their sales into the State of Wyoming, but may not include sales from Third Party Vendors through the online platforms. The State is working with the vendor(s) to develop alternative approaches to collecting these funds through the vendor platform. **Taxpayer Education:** The Excise Tax Division operates an education section to help sales and use tax payers. A major goal of the program is to provide excise tax education to vendors before they begin operations.	The State should continue to explore opportunities to recover taxes paid on remote or online transactions, including contracting with Amazon to collect taxes on the State's behalf from vendors who sell on Amazon Marketplace.
Liquor Division	**Division Funding:** The Liquor Division is funded by revenue generated from liquor sales. Over the past five years, the Liquor Division has grown by 25% and contributes positive net operating results to the department.	

REVENUE & AUDIT AGENCY SAVINGS ESTIMATES

ESTIMATED ONE-TIME INVESTMENT AND BIENNIAL SAVINGS

Investment and savings ranges shown below reflect estimates of the impacts of A&M recommendations for federal funds, process, technology and shared services changes. These amounts are subject to change based upon the implementation strategies selected. In addition, potential costs associated with additional planning activities are not reflected in these estimates.

	Est. One-Time Investment (State Funds)		Est. Net Biennium Savings (State Funds)	
	Low	High	Low	High
Hire back 8 Audit Staff	$ -	$ -	$ 4,800,000	$ 9,600,000
Hire back 10 Collections Staff	0	0	7,000,000	14,000,000
Establish Discovery Unit	2,000,000	2,500,000	7,500,000	15,000,000
State Total	$2,000,000	$2,500,000	$ 19,300,000	$38,600,000
Local Impacts	1,992,000	1,992,000	852,305	2,142,679
Total	$3,992,000	$4,492,000	$20,152,305	$40,742,679

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OTHER $20 MILLION AGENCIES

Overview

- As a part of the State's efforts to drive efficiency, agencies were asked to submit reports detailing the work they had done to promote efficiency, non-priority programs, statutes that lead to inefficiency, and any recommended efficiencies.
- The A&M team reviewed the SAGE reports to understand the efficiency efforts of agencies with $20 million budgets that were not included in the key assessment areas and identify any recommendations that should be further explored.
- Unlike the key assessment areas, the review of the other agencies was limited to the reports provided to the SAGE commission. Recommendations focus on opportunities for further study.

Observations

- Agencies often engage in one-off purchasing of technology solutions without consideration of statewide integration.
- GIS/aerial imagery technology could provide a number of benefits to the State in addition to property tax assessment.
- The Department of Corrections ended the in-prison substance abuse treatment program, which has contributed to an increase in inmate recidivism.
- A significant portion of the workers compensation debt reflects penalties and interests, and is largely uncollectable.

Recommendations

- Develop a structure where ETS must approve technology spending above a certain threshold.
- Identify opportunities to better integrate technology solutions across agencies.
- Expand exploration of aerial imagery solutions to identify to all purposes that the technology could serve.
- Evaluate opportunities to leverage federal funds to increase healthcare services to inmates, particularly in the area of substance abuse prevention.
- Enable a debt write-off for outstanding workers compensation debt.

Summary of Observations and Recommendations

	Observations	Recommendations

Attorney General's Office	• **Agency Work to Promote Efficiencies:** To date, the agency has implemented savings measures to reduce the use of outside counsel, save on labor through the purchase of Crime Scene Scanners and training for local law enforcement, reductions in Control Terminal services and associated Reduction In Force (RIF), through infrastructure improvements at the Law Enforcement Academy, and through the implementation of a grants management system to improve execution of federal grants for Victim Services.
	
	• **Non-Priority Programs:** The agency is considering whether the Peace Officer Standards Training (POST) Commission could be merged with the Wyoming Law Enforcement Academy.
	
	• **Statutes that Lead to Inefficiency:** Charges for duplicate concealed firearms permits do not cover costs, resulting in a loss of $5 for every permit issued.
	
	• **Recommended Efficiencies:** The agency recommends:
	  -Allowing the attorney general to approve the use of private attorneys by all state agencies.
	  -Approving the use of video technology for criminal testimony.
	  -Allowing for pay flexibility and adjustments to leave compensation.
	  -Elimination of levels of officer certification.
	  -Creating a regional model for Domestic Violence/Sexual Assault (DVSA) programs.
		• The state should undertake an organizational study including a programmatic review of the Peace Officer Standards Training (POST) Commission and the Wyoming Law Enforcement Academy to determine if consolidation is warranted.
		
		• The State should undertake a study of fees for licensing and permitting across the state agencies to ensure that the fees a) are appropriate for services offered; b) cover the cost of the service; c) are mandated by statute rather than regulation creating inefficiencies. In particular, the state should review how the fee structure can be modified to allow for more flexibility in the assignment of fees, while placing the necessary guardrails on the fees relative to cost and processing requirements.
		
		• The state should require approval by the attorney general for the use of private attorneys by all state agencies.
		
		• The state should consider the use of video technology for testimony, motion hearings, and non-jury trials to reduce travel time and overtime costs.
		
		• The state should study creating a regional model for Domestic Violence/Sexual Assault (DVSA) programs rather than funding the county based model in place today to drive down administrative costs in a more distributed model and increase service levels to the victims of domestic violence.

Summary of Observations and Recommendations

	Observations	Recommendations
Department of Agriculture	• **Agency Work to Promote Efficiencies:** The agency has reduced the general fund budget by 16.2% between BFY13 and BFY17 by implementing a tiered priority system to focus protection on health and commerce, by creating a regional structure, and by streamlining inspections. • **Non-Priority Programs:** The department eliminated the Wildlife/Livestock Disease Research Program and the Applied Producer Research Grant Program, which were not statutorily required. • **Statutes that Lead to Inefficiency:** The State could relax the statutorily defined frequencies for inspections in certain areas could lead to efficiencies. • **Recommended Efficiencies:** Staffing levels would be increased to enable the department to efficiently carry out the statutory requirements.	• The State should review the existing statutory requirements to determine the proper frequency for inspections across the areas of responsibility for the Department of Agriculture and to establish the appropriate staffing levels to meet the frequency levels established.

Summary of Observations and Recommendations

	Observations	Recommendations

Department of Corrections	• **Agency Work to Promote Efficiencies:** The department has experienced a 2% increase in budget in the past eight years (i.e., between BFY10 and BFY18). At the same time, the institutional bed space increased 39%, the operating capacity increased 41%, and the average daily inmate population increased 53%. The department listed 20 efficiency efforts used during that time to drive efficiency including but not limited to:
	    o Reduced Hiring
	    o Renegotiation of contracts
	    o Redesign of the inmate law library
	    o Converted classroom to online training
	    o Fleet Reduction
	
	• **Adverse Consequences:** As a result of the budget constraints, the agency has 122 frozen or unfunded positions which causes 6.7 million in additional overtime, and the loss of funding for in-prison substance abuse has resulted in increases in recidivism of 7%.
	
	• **Statutes that Lead to Inefficiency:** The department has identified energy efficiency projects that cannot move forward due to the inability for the agencies to enter into third party financing.
	
	• **Recommended Efficiencies:** The department recommends reinstating the $2.3 million in funding for substance abuse related treatment programs and provide for the level of resources necessary to reverse the high rates of recidivism that Wyoming is experiencing.
		• The State should study the current statutes related to third party financing and public private partnerships (P3) and consider best practice models from other states that not only allow for P3s implementations, but promote and even request unsolicited bids for public private partnerships that can transfer risk and drive efficiency into government.
		
		• The State should undertake a study of Prisoner Health Care with a focus on opportunities to improve billing through Medicaid, address other opportunities to leverage federal funds, and improve the current state of substance abuse in the correctional facilities and the pardon and parole setting.

Summary of Observations and Recommendations

	Observations	Recommendations
Department of Enterprise Services	• **Agency Work to Promote Efficiencies:** After the creation of the Enterprise Technology Services (ETS) in 2012, the agency reduced the IT positions from 283 to 242 FTE, works with the agencies regularly to review technology services, provides a report to agencies on unused cell phones, and has implemented numerous enterprise solutions (LANDesk, Data Center, Cloud, Help Ticket System, etc.) • **Statutes that Lead to Inefficiency:** ETS recommends increased oversight of IT spend, which is currently not required of agencies when a shift in IT funding is requested, and section 9-2-1036(g) should be updated to reflect the new ETS structure related to the Annual Report on Unfair Competition. • **Recommended Efficiencies:** ETS recommends implementing a Direct Bill Program through a recapture process involving the Statewide Cost Allocation Program (SWCAP) and appropriating $3 million in funds for network circuits. The Direct Bill Program would streamline the billing process when ETS provides services to agencies, and ultimately simplify the budgeting process.	• The State should give ETS approval authority over Information Technology expenditures that exceed a certain threshold. • The State should conduct a statewide assessment on alternative billing models for state central services, enact centralized budgeting and management for services, and compel agencies to utilize centralized service functions.

Summary of Observations and Recommendations

	Observations	Recommendations

Department of Environmental Quality (DEQ)	• **Agency Work to Promote Efficiencies:** The department created a Standardization and Efficiency Management Committee (SEMC) in 2016 to drive departmental efficiencies. SEMC is a part of the Environmental Counsel of the States (ECOS) Business Process Improvement (BPI) practitioners working group and has studied digitization of the permitting systems, and is working to become "substantially paperless" by implementing:
	  ○ IMPACT web based system
	  ○ Standardizing permitting information and data
	  ○ Digitizing Paper Files
	  ○ Conducting Kaizen Events (short duration improvement projects) for permitting processes
	  ○ Development of the Mining Information Database System (MIDAS) for centralized automation
	  ○ Using SharePoint to facilitate document sharing
	
	• **Non-Priority Programs:** Nothing was identified.
	
	• **Statutes that Lead to Inefficiency:** No recommendations were provided, however, the department is evaluating statutory opportunities related to public notices, multi-media coordination, permitting processes, and jurisdictional overlap.
	
	• **Recommended Efficiencies:** The department made recommendations regarding the implementation of a fully integrated IT system, cooperation/coordination with federal counterparts, flexible spending authority, market salaries to improve retention, and timely permitting.
		• The State should conduct a review of the DEQ agency to include programs, jurisdictional overlap, state of technology, and to review the permitting process for both process efficiencies and impact on economic development.

Summary of Observations and Recommendations

	Observations	Recommendations

Department of Transportation	• **Agency Work to Promote Efficiencies:** The agency submitted a report of efficiencies and reduced expenditures that detailed 110 completed or ongoing actions that the department has taken in aeronautics, financial operations, roads and bridges, support services, technology, and with the Wyoming Highway Patrol.
	
	• **Non-Priority Programs:** The department identified two significant programs for consideration to reduce spending:
	  ○ Conversion of low volume traffic roads to local government authority or to reduce the surface to gravel
	  ○ Transfer or cost sharing of the Mountain Automated Weather Observation System (AWOS) to the National Weather Service (NWS)
	
	• **Statutes that Lead to Inefficiency:** The department recommends modifying language to remove the requirement for WYDOT to approve all bridge designs on public roadways, to change statutes to allow for electronic notifications for license renewals for eligible constituents, and to exempt WYDOT from seeking approval of project plans from the Department of Fire and Electrical Safety.
	
	• **Recommended Efficiencies:** The department made recommendations to improve commercial air service, enable compensation flexibility for the agency, and indexing of highway user fees to ensure full cost recovery for programs.
		• The State should conduct an agency study of WYDOT to establish potential recommendations to include improving commercial air service, fee based studies including highway user fees and permitting fees, a review of insourcing versus outsourcing of engineering staff, span of control recommendations, and a study roadway conversions for low volume traffic to either limited asphalt overlay, transfer to local control, or conversion to gravel.
		
		• The State should conduct a study of the AWOS system to determine usage, assess impacts if the AWOS system did not exist, and pursue opportunities for cost sharing and/or cost transfer of the AWOS system to the NWS or the Federal Aviation Administration (FAA).
		
		• The State should revise statutes to enable modernization in the communications and processes for license renewals and other motor vehicle actions.

Summary of Observations and Recommendations

	Observations	Recommendations
Wyoming Office of State Lands and Investments	**Agency Work to Promote Efficiencies:** As of May 31, 2017, the Office of State Lands and Investments (OSLI) forecasted that they would generate $253.8 million in revenue for the State, including a $46 million one-time land sale payment for a parcel in Grand Teton Park. In 2015, the Office of State Lands began building a new system, the State Lands Asset Management System (SLAMS), that would allow almost all of their programs to operate on an integrated system. The full system is expected to be functional by the end of 2017. OSLI has partnered with EnergyNet to conduct auctions for oil and gas online instead of in-person. There is no cost to the State for this service, which is paid for by a 2% "buyer premium" charged to successful bidders. Utilizing online auctions reduces the cost associated with in-person events and opens the auction to a wider audience of potential buyers. The March 2017 auction generated $29,793,060 in bonus money. **Statutes that Lead to Inefficiency:** There are a number of statutory grants and loans programs that OSLI administers that have limited utilization, including the Joint Powers Act Loan Program, the Aeronautics Loan Program, the Hydro-Power Loan Program, and the Courthouse Security Loan Program. **Recommended Efficiencies:** The agency indicates that the main opportunities for efficiency lie in automating and upgrading current databases and systems, as well as having statewide databases that communicate across agencies they often interact with including the Oil and Gas Commission and DEQ, and Game and Fish.	• The Office of State Lands should continue to drive organizational efficiency through utilizing the full capacity of SLAMS, ensuring all employees are trained and processes are aligned to be able to maximize the system's benefits. • The State should continue to pursue online oil and gas auctions and consider transitioning any remaining in-person auctions to this forum. • The State should evaluate the statutory requirement for OSLI to administer grants and loan programs that have limited usage, to determine if the benefits warrant the level of effort associated with maintaining the programs. • The State should evaluate opportunities to gain efficiency through better system interfacing between agencies OSLI partners with often.

Summary of Observations and Recommendations

	Observations	Recommendations
State Engineer's Office	• **Agency Work to Promote Efficiencies:** The State Engineer's Office (SEO) has tried to gain efficiency through adjustments to the organizational structure, including combining the Deputy and Assistant State Engineer roles and removing a layer of management from the Surface Water Division. The SEO has implemented a cross-training program to increase workforce flexibility in responding to demands on the agency. The SEO continues implementation of the e-permit database system ,which drives efficiency by making data available to all employees, in Cheyenne and in the field, as well as to water users. • **Statutes that Lead to Inefficiency:** Current statutes require an update to the tabulation of adjudicated water rights every two years. Given that all data in the e-permit database have yet to be validated, this timeline is onerous for current staffing levels. Once the data has been verified, the tabulation will occur automatically after each Board of Control meeting. Statutes requiring notification processes by certified mail and newspaper advertisement are expensive and ineffective. • **Recommended Efficiencies:** The SEO is currently managing both a paper and an electronic permitting system. Once all data has been uploaded and verified in the system, they should gain additional efficiencies by ending paper processes. The Agency also recommends using current GIS land ownership data to verify ownership for permitting purposes and restoring the level of water commissioner staffing.	• SEO should work to ensure that all relevant data has been fully vetted and integrated into the e-permit database. Additionally, SEO should ensure that quality control measures are in place to maintain system integrity. • The State should evaluate whether using current GIS would be sufficient to verify land ownership when making changes to permits.

Summary of Observations and Recommendations

	Observations	Recommendations
State Parks and Cultural Resources	• **Agency Work to Promote Efficiencies:** State Parks and Cultural Resources (SPCR) implemented a budget efficiency program and has built it into the agency's strategic plan and employee's performance goals. The agency performed a staffing review and has eliminated 21 full and part time staff since 2008. SPCR has performed facilities upgrades to reduce utility costs and consolidated office space to reduce facility costs. Technology has helped to reduce the costs associated with travel and printing. SCPR has begun to evaluate and implement measures to increase State revenues, including adding flexibility to the Park's fee structure to allow for increases in fees, soliciting businesses interested in short term concessions in the park system, and developing RV dump stations. SPCR restructured use of their fleet to reduce the number of permanently assigned vehicles from 98 to 87 since 2009. • **Statutes that Lead to Inefficiency:** The purchase and construction statutory thresholds makes buying smaller projects (less than $25 thousand) more expensive than they should be. The confines of statutes around fee program funds also reduce efficiency. • **Recommended Efficiencies:** SPCR recommends alternative work locations for employees that do not work with the public and evaluating the opportunity to move entire programs to a 4-day week alternative work schedule. The agency would like to fully explore federal grant opportunities. SCPR also recommends removing unnecessary landlines and fax machines, and providing a stipend to employees willing to use their personal phones.	• The State should evaluate opportunities to further consolidate SPCR office space through the adoption of alternative work locations and schedules. • The State should explore federal grant programs for which SPCR may qualify but is not currently getting additional funding. • The State should evaluate SPCR's recommendation to consolidate communication functions and offer stipends to employees for using their personal devices.

OTHER $20M AGENCY SAGE REPORTS

Summary of Observations and Recommendations

	Observations	Recommendations
University of Wyoming	• **Agency Work to Promote Efficiencies:** The agency detailed several million dollars in efficiencies implemented or in process including the WyoCloud implementation, operational consolidation, benefit changes, position eliminations, procurement/strategic sourcing, and academic affairs efficiencies. • **Non-Priority Programs:** The university did not recommend changes or discontinuation in non-priority programs. • **Statutes that Lead to Inefficiency:** The university felt that there was sufficient operating flexibility in statute to allow for efficiency measures to be implemented. • **Recommended Efficiencies:** The university recommended exploring an upgrade to the enterprise management systems to better integrate with the State.	• The State and university should explore opportunities to improve systems integration and drive down administrative costs.
Wyoming Community College Commission	• **Agency Work to Promote Efficiencies:** The seven community colleges have each implemented cost reductions, and the agency itself reduced staffing by 12.5%. It is important to note that less than 1.5% of the funding is retained by the agency for operations, the rest of the funding is dedicated to the 7 community colleges. • **Non-Priority Programs:** Nothing was identified. • **Statutes that Lead to Inefficiency:** Nothing was identified. • **Recommended Efficiencies:** Nothing was identified.	• The State should conduct a review of the Wyoming Community College Commission and the associated 7 community colleges for potential efficiencies in staffing, benefits consolidation, technology programs, and the receipt and use of federal funds.

Summary of Observations and Recommendations

	Observations	Recommendations
Workforce Services Debt Collection	• **Workforce Services Outstanding Debts:** The State's Workforce Services Department is responsible administering the workers' compensation and unemployment insurance programs, including collection of outstanding debt associated with the programs. • **Debt Collection Mechanisms:** The Workforce Services Department has a number of mechanisms to collect outstanding debts, including internal collection staff, county attorneys for local debts, the Attorney General's office, an external collection agency, and a treasury offset program (TOP) for specific to unemployment insurance. • **Workers' Compensation Insurance:** The State is maintaining workers' compensation debt of $37 million, much of which is interest and fees that is believed to be uncollectable. • **Unemployment Insurance:** There is currently about $8 million in uncollected business tax for unemployment insurance (UI) and $17 million in insurance overpayment debt. According to state statute, UI debts can be written off after 8 years. There is currently a $58 million technology project funded by the Federal Government to modernize the UI system.	• The State should write-off workers' compensation debt before a certain date and institute an amnesty/reduced payment plan for debtors to collect as much of the debt as possible. • The State should evaluate opportunities to expand the focus of the unemployment insurance technology upgrade to include tangential programs. There may be an opportunity to recover federal funding for systems that feed or integrate with the UI Systems, such as the general ledger system or human resource system, through revised cost allocation procedures. This would help with system integration efforts and maximize the impact of the federal resources associated with the upgrade.

ESTIMATED ONE-TIME INVESTMENT AND BIENNIAL SAVINGS

Investment and savings ranges shown below reflect estimates of the impacts of A&M recommendations for federal funds, process, technology and shared services changes. These amounts are subject to change based upon the implementation strategies selected. In addition, potential costs associated with additional planning activities are not reflected in these estimates.

	Est. One-Time Investment		Est. Net Biennium Savings	
	Low	High	Low	High
Corrections Substance Abuse Program	$ 2,272,015	$ 2,272,015	$ 4,735,218	$15,368,490
Department of Transportation	0	0	285,680	405,680
Enable Workers Compensation Debt Write-off	0	0	1,000,000	1,500,000
State Total	**$2,272,015**	**$2,272,015**	**$6,020,898**	**$17,274,170**

APPENDIX A:
DATA SOURCES

Cross Agency Benchmarking and Analysis

[1] Wyoming Department of Administration and Information, LSRA Balance History, 2017

[2] Wyoming Department of Administration and Information, Final Fiscal Profile for 2017-18 – January 2017 CREG Revenue Forecast, 2017

[3] Consensus Revenue Estimating Group, Wyoming State Government Revenue Forecast, January 2017

[4] Wyoming Department of Administration and Information, Headcount Summary, July 2017

[5] Census Population Estimates

[6] Pew Charitable Trusts, State Employee Health Care Spending, August 2014 (Data reflects 2013 expenditures)
- Employee Health Benefit Spending Comparison

[7] Pew Charitable Trusts, State Retiree Health Care Spending, May 2016
- Annual pension spending as a percentage of ARC

[8] Public Plans Data, State Pension Data, http://publicplansdata.org/quick-facts/by-state/, 2017
- ARC as a percentage of local source spending

[9] Wyoming Retirement System, Northern Trust versus State Auditor's Office Disbursement Costs, July 2017
- Retirement benefits payments mechanisms

[10] State of Wyoming Legislature, State Procurement & Leasing of Non-Governmental Facilities for State Agencies Scoping Paper, December 2016
- Procurement spending for strategic sourcing exercise and collaborative purchasing

Department of Administration and Information

[11] FY2015-2016 and FY2017-2018 Biennium Budget & Headcount

- FY2015-2016 appropriations as of 2016 Budget Session
- FY2017-2018 reflects revised appropriations prepared for the January 2017 Legislature

[12] Census Population Estimates

[13] Department of Administration and Information Budget, 2017

Department of Education

[14] FY2015-2016 and FY2017-2018 Biennium Budget & Headcount

- FY2015-2016 appropriations as of 2016 Budget Session
- FY2017-2018 reflects revised appropriations prepared for the January 2017 Legislature

[15] Census Population Estimates

[16] National Center for Education Statistics, The Condition of Education, https://nces.ed.gov/programs/coe/, 2017

- Percentage of free and reduced lunch students
- Percentage of English Language Learners
- Student to Teacher Ratio
- Student to FTE Ratio

[17] Wyoming Department of Education, Three-Year District Enrollment, 2017

- Number of school districts by enrollment band
- Percent of student population by enrollment band
- District size vs. per pupil spending
- Distribution of schools by SY2017 enrollment

Department of Education (continued)

[19] Catalog of Federal Domestic Assistance, https://www.cfda.gov/, 2017

- Federal Funding Profile for Schools

[20] Wyoming Department of Education, IDEA State Level of Maintenance of Fiscal Support Calculation, 2017

- MFS growth spending comparison
- MFS per special education student
- MFS growth reduction projected savings

[21] United States Department of Agriculture – Food and Nutrition Service, Child Nutrition Tables: State Level Tables, 2017

Department of Health

[22] FY2015-2016 and FY2017-2018 Biennium Budget & Headcount

- FY2015-2016 appropriations as of 2016 Budget Session
- FY2017-2018 reflects revised appropriations prepared for the January 2017 Legislature

[23] Wyoming Department of Health, Wyoming Medicaid Annual Report, FY2016

[24] Census Population Estimates

[25] Kaiser Family Foundation, Data Note: Variation in Per Enrollee Medicaid Spending, June 2017 (Data reflects FY2014 expenditures)

- Overall State Medicaid spending per enrollee
- Medicaid spending benchmarking

[26] Wyoming Department of Health, Government and Efficiency Commission: Wyoming Medicaid, 2017

- Cost by member type in Wyoming and US averages

Department of Health

[27] Truven Health Analytics, Medicaid Expenditures for Long-Term Services & Supports in FY2015, June 2017
- Senior & Disabilities Medicaid Spending by Service Type

[28] Wyoming Department of Health, Historical Growth in the Wyoming Department of Health Budget, 2017
- Long-Term Care Settings of Medicaid Members
- I/DD and ABI Waiver Growth
- Long-term Care and Assisted Living Facility Waiver Growth
- Nursing Facility Growth

[29] FY2015 Wyoming Medicaid PERM Cycle 1 Summary Report
- PERM 17-State Cycle 1 Medicaid Finds
- Wyoming Medicaid Findings
- Medicaid FFS Data Processing Review Error Type by Overpayments, Underpayment, and Percentage of Data Processing Errors

[30] Wyoming Department of Health, Summary of PERM Pilot Results, 2017
- Perm Pilot Eligibility Review

[31] PCG Incorporated, Memorandum: "Wyoming School-Based Services Reimbursement Opportunity Executive Summary."
- Quantification of School Based Medicaid-eligible services provided in schools

[32] Electronic Visit Verification
- Proposed House Bill Would Mandate Electronic Visit Verification System for Personal Care Services under Medicaid (http://www.nahc.org/NAHCReport/nr150915_1/)

Department of Health (continued)

[33] Money Follows the Person (MFP) Findings for Transitions to Home and Community Based Care

- Pathways to Independence: Transitioning Adults Under Age 65 from Nursing Homes to Community Living (https://www.mathematica-mpr.com/our-publications-and-findings/publications/pathways-to-independence-transitioning-adults-under-age-65-from-nursing-homes-to-community-living)
- Money Follows the Person 2015 Annual Evaluation Report (https://www.mathematica-mpr.com/our-publications-and-findings/publications/money-follows-the-person-2015-annual-evaluation-report)
- MFP 2015 Annual Evaluation Report. May 11, 2017. p. xviii.
- Beyond section Q: prioritizing nursing home residents for transition to the community (https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3522008/)
- Transitions and Long-Term Care: The Minimum Data Set 3.0 Section Q and Money Follows the Person (https://www.acl.gov/sites/default/files/programs/2017-03/AoA_ACA_Slides_013012.pdf)

[34] GAO: Telehealth and Remote Patient Monitoring Use in Medicare and Selected Federal Programs. April 2017

Department of Revenue / Department of Audit

[35] FY2015-2016 and FY2017-2018 Biennium Budget & Headcount

- FY2015-2016 appropriations as of 2016 Budget Session
- FY2017-2018 reflects revised appropriations prepared for the January 2017 Legislature

[36] Census Population Estimates

[37] Wyoming Department of Revenue, Annual Report 2016

- Local and State Assessed Valuation

[38] US Census Bureau, Quarterly Summary of State and Local Tax Revenue, 2017

- Tax growth by Quarter 2Q 2016 through 1Q 2017

[39] US Census Bureau, State Government Tax Collections, 2013

- Tax collections by source as a percentage of total tax collections

Department of Revenue/Department of Audit (continued)

[40] Tax Foundation, State and Local Sales Tax Rates in 2015, 2015

- Combined sales tax rates

[41] Wyoming Department of Revenue, Oblique and Orthogonal Aerial Imagery Acquisition, August 2015

- Business case for aerial imagery for property tax valuation

APPENDIX B: ACRONYMS

APPENDIX B: ACRONYM LIST

Acronym	Meaning	Acronym	Meaning
A&D	Aged & Disabled	EAD	Economic Analysis Division (A&I)
A&I	Department of Administration & Information	ECOS	Environmental Counsel of the States
ABI	Acquired Brain Injury	ED	Emergency Department
ACA	Affordable Care Act	EID	Employed Individuals with Disabilities
ADM	Average Daily Membership	ELL	English Language Learners
AG	Attorney General	EPSDT	Early & Periodic Screening, Diagnostic, and Treatment
AIM	Asset Information Management (AssetWorks)	ERP	Enterprise Resource Planning
ARC	Annual Required Contribution	ESEA	Elementary and Secondary Education Act
AWOS	Automated Weather Observation System	ETS	Enterprise Technology Services
BOCES	Board of Cooperative Education Services	EVV	Electronic Visit Verification
BOCHES	Board of Cooperative Higher Education Services	FAA	Federal Aviation Administration
BPI	Business Process Improvement	FF	Federal Funds
BRA	Budget Reserve Account	FFP	Federal Financial Participation
CAFR	Comprehensive Annual Financial Report	FFS	Fee for Service
CGI	Consultants to Governments and Industries	FMLA	Family Medical Leave Act
CHIP	Children's Health Insurance Program	FRL	Free & Reduced Lunch
CMS	Centers for Medicare and Medicaid Services	FTE	Full Time Equivalent
COTS	Commercial Off-the-Shelf	GF	General Funds
CREG	Consensus Revenue Estimating Group	GGO	Governor's Grants Office
DCF	Discounted Cash Flow	GIS	Geographic Information System
DEQ	Department of Environmental Quality	HCBS	Home and Community Based Services
DFS	Department of Family Services	HIE	Health Information Exchange
DOA	Department of Audit	HRD	Human Resources Division (A&I)
DUPRE	Director's Unit of Policy, Research & Evaluation (WDH)	HRIS	Human Resources Information System
DVSA	Domenstic Violence/Sexual Assault	HSA	Health Savings Account

APPENDIX B: ACRONYM LIST

Acronym	Meaning	Acronym	Meaning
HVAC	Heating, ventilation, and air conditioning	MSP	Medicaid Secondary Payer
I/DD	Intellectual and Developmentally Disabled	NASPO	National Association of State Procurement Officers
IBARS	Internet Budget and Reporting System	NWS	National Weather Service
IDEA	Individuals with Disabilities Education Act	OF	Other Funds
IEP	Individual Education Plan	OMB	Office of Management and Budget
IHS	Indian Health Services	OPEB	Other Post-Employment Benefits
IT	Information Technology	OSLI	Office of State Lands and Investments
KPIs	Key Performance Indicators	P3	Public Private Partnership
LOC	Level of Care	PACE	Program for All-inclusive Care fo the Elderly
LOS	Line of Service	PBB	Performance Based Budgeting
LSO	Legislative Services Office	PBMS	Pharmacy Benefit Management System
LSRA	Legislative Stabilization Reserve Account	PCMH	Patient Centered Medical Home
LTC	Long-Term Care	PDO	Prescription Drug / Opioid
LTSS	Long-Term Services and Supports	PERM	Payment Error Rate Measurement
MAC	Medical Administrative Claiming	PMPM	Per Member Per Month
MAGI	Modified Adjusted Gross Income	POC	Point of Contact
MDS	Minimum Data Set	POST	Peace Officers Standards Training
MDT	Mulit-Disciplinary Team	PRTF	Psychiatric Residential Treatment Facility
MEQC	Medicaid Eligibility Quality Control	QIO	Quality Improvement Organization
MFN	Most Favored Nation	RFP	Request for Proposals
MFP	Money Follows the Person	RIF	Reduction in Force
MFS	Maintenance of Fiscal Support	ROTC	Reserve Officers' Training Corps
MMIS	Medicaid Management Information System	SAGE	Spending And Government Efficiency
MOE	Maintenance of Effort	SAMHSA	Substance Abuse and Mental Health Services Administratio
MOU	Memorandum of Understanding	SAO	State Auditor's Office

APPENDIX B: ACRONYM LIST

Acronym	Meaning	Acronym	Meaning
SAS	Statistical Analysis Software	TOP	Treasury Offset Program
SBS	School Based Services	UI	Unemployment Insurance
SCD	State Construction Department	VA	Veterans Administration
SEFA	Schedule of Expenditures of Federal Awards	WCA	Wyoming Contractors Association
SEMC	Standardization and Efficiency Management Committee	WCCA	Wyoming Contract Coalition Association
SEO	State Engineer's Office	WDE	Wyoming Department of Education
SIS	Student Information System	WDH	Wyoming Department of Health
SLAMS	State Lands Asset Management System	WDR	Wyoming Department of Revenue
SME	Subject Matter Expert	WEBT	Wyoming Employee Benefit Trust
SPCR	State Parks and Cultural Resources	WLRC	Wyoming Life Resource Center
SPED	Special Education	WOLFS	Wyoming Online Financial Statement
SPOC	Span of Control	WSBA	Wyoming School Boards Association
SUP	Super-Utilizer Program	WYDOT	Wyoming Department of Transportation
SWCAP	Statewide Cost Allocation Plan		

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