Wyoming Government Savings and Efficiency Project

Final Report

January 18, 2019

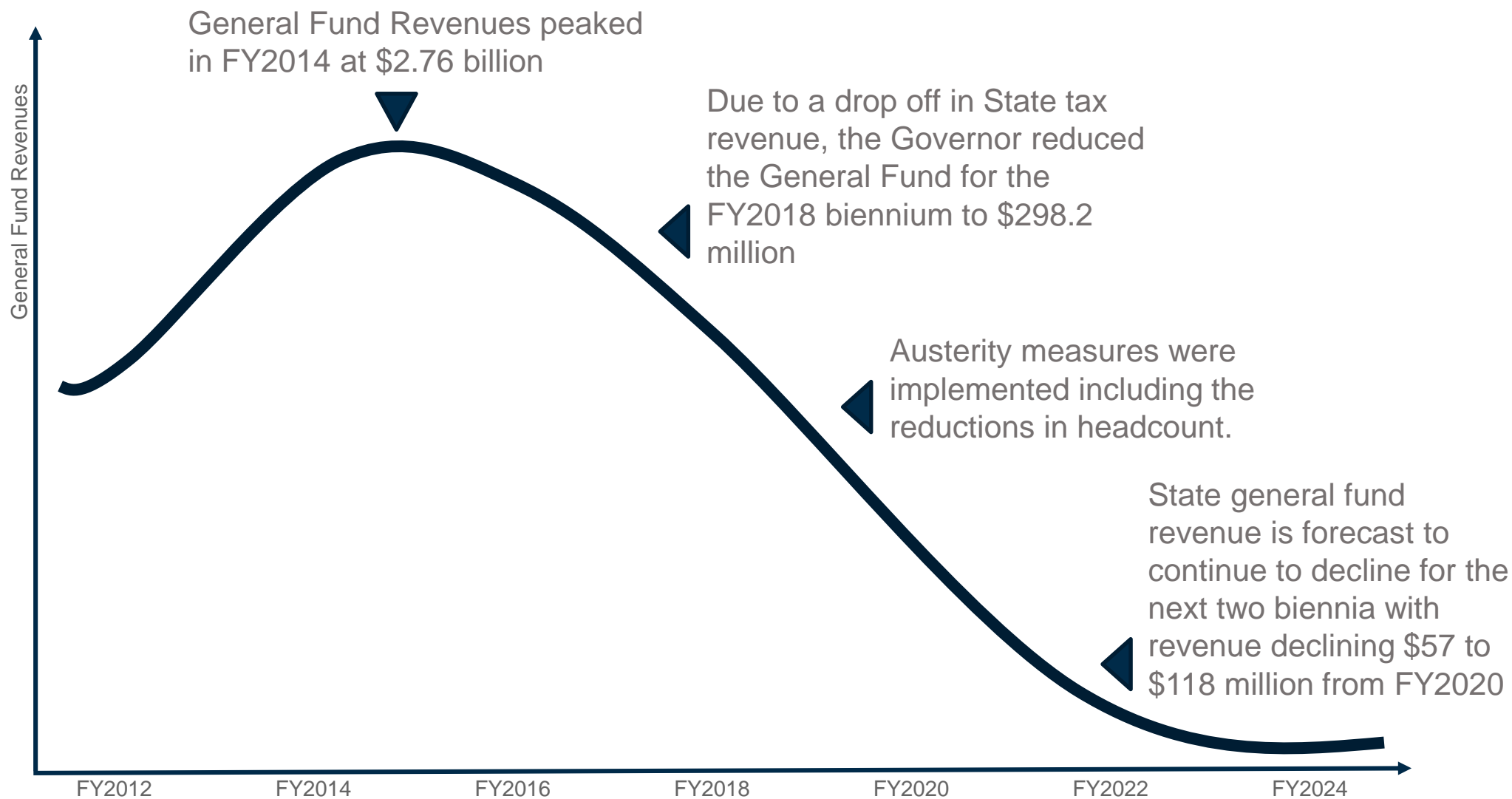Alvarez & Marsal

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Executive Summary

Financial Landscape

Wyoming's General Fund Revenues peaked at $2.76 billion in FY2014 and is expected to drop to $2.35 billion by FY2024.

General Fund Revenues peaked in FY2014 at $2.76 billion

Due to a drop off in State tax revenue, the Governor reduced the General Fund for the FY2018 biennium to $298.2 million

Austerity measures were implemented including the reductions in headcount.

State general fund revenue is forecast to continue to decline for the next two biennia with revenue declining $57 to $118 million from FY2020

General Fund Revenues (y-axis)

FY2012   FY2014   FY2016   FY2018   FY2020   FY2022   FY2024

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Executive Summary

Alvarez & Marsal (A&M) was re-engaged by the Office of the Governor of the State of Wyoming to continue the efficiency work initiated by the Spending and Government Efficiency (SAGE) Commission in 2017.

The legislation set forth eight work streams for improved government efficiency.

Program Management Office	Technology Integration	K-12 Regional Shared Service Centers	Shared Services for State Agencies
Organizational Line of Service	Strategic Sourcing	Medicaid for Special Education	Other Support and State-Led Initiatives

This phase of work includes:
- A detailed design of the recommendations set forth in the 2017 Statewide Efficiency Study
- Expanded analysis across all major agencies
- Support for implementation of selected recommendations in order to realize savings

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Evolution of Efficiency Project

Over the course of two engagements, A&M has partnered with the State of Wyoming to identify opportunities to increase government efficiency. The ultimate goal is to provide a blueprint for achieving the savings estimates through dedicated project management and consistent monitoring of performance metrics and indicators.

Rapid Agency Assessments and Review of Agency 2017 Efficiency Plans resulting in recommendations for further study and high level savings estimates.

Deep dives on Phase 1 savings initiatives selected by the Legislature, resulting in detailed project plans and estimates for investment and savings expectations.

Ongoing project management to drive implementation, track progress against project plans, and monitor performance metrics.

Phase 1 – Government Efficiency Review

Phase 2 – Government Efficiency Project

Future Phase – Implementation

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Phase 1 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
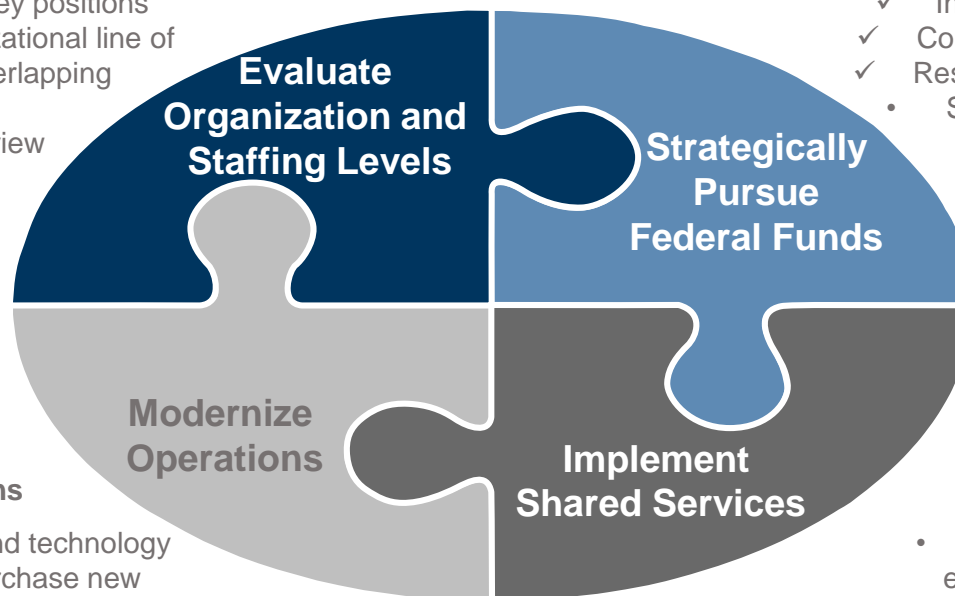
Modernize Statewide Operations

- Invest in people, process, and technology
  - ✓ Expand on existing or purchase new technologies to minimize "paper-pushing"
  - ✓ Drive data quality improvements across the state's 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 Shared Service Centers for school Districts

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Efficiency Project Governance Overview

The Governor's Office, the Government Efficiency Commission and the Efficiency Project Governance Board are engaged in the governance of the Efficiency Project to drive collaboration of the Executive and Legislative branches, as well as with agency leadership.

	Team Members	Responsibilities
Governor	• Governor • Chief of Staff • Policy Advisor • Other Governor's Office staff, as required	• Maintain final decision making authority on which projects go forward and sign-off on Project Charters for selected projects • Appoint members to the Government Efficiency Commission • Provide recommendations to the Legislature on projects funding and enabling legislation, as necessary
Government Efficiency Commission	• Five members appointed by the Management Council of the Legislature, including one from the private sector and two each from the Senate and House of Representatives • Four appointed by the Governor, including two from the private sector and one from the Governor's staff • Three set positions including the State Auditor, the Chief Information Officer, the Director of A&I	• Partner with Governor to identify efficiency projects that should be selected for funding • Review reports and hear testimony for efficiency-related studies, projects, and implementation plans • Work with Legislature to address legislative changes that would need to be made to enable savings initiatives
Efficiency Project Governance Board	• Governor's Chief of Staff and Policy Advisor • Elected officials including State Auditor and Superintendent • Agency leadership (pending Governor approval) including the Chief Information Officer, and the Directors of the Departments of Administration & Information, Health, and State Parks & Cultural Resources	• Provides recommendations to the Governor on spending and efficiency initiative approval and prioritization • Develop methodology for evaluating projects based on financial and operational impact to determine recommended project investments • Monitors efficiency initiatives through tracking progress and performance metrics

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Workstream Summary Observations and Recommendations

	Observations	Recommendations
Program Management Office	• The state has established a statewide efficiency program to drive savings across the government. A&M was engaged to provide Program Management Office (PMO) support for the current phase of this effort. • The Governor's Office, the Government Efficiency Commission, and the Efficiency Project Governance Board provided governance and oversight to the Efficiency Project. • As a part of the current phase, A&M developed detailed project plans and performance metric projections for each workstream. The project plans and performance metrics have been uploaded into the PMO tool, Smartsheets, to allow for consistent tracking and monitoring and the development of portfolio dashboards to track and report on savings and project progress.	• Identify dedicated staff to support the PMO function for the duration of the project alongside the A&M PMO team to provide continuity and learning throughout the program implementation. • Maintain strong project governance to ensure that interests of various branches of government, as well as the agencies and citizens are represented. • Monitor projects selected for implementation by tracking progress against project plans and evaluating performance metrics for impact. • Implement the communication plan to ensure collection and reporting of project execution, manage risks and issues, and report progress to state leadership including the Governor's Office, Governance Board, and to the Legislature.
Technology Integration	• There is a significant need to modernize technology through a consistent Technology Refresh Program and investments to automate manual processes and replace and legacy systems. • Enterprise technology spend provides savings opportunities of limited but worthwhile scale. • Critical capabilities such as Disaster Recovery are not sufficient for a government enterprise.	• Implement contract renegotiation strategy to generate short term savings and build credibility. • Use sourcing framework to develop a modernization program of strategic procurements. • Prioritize organizational capabilities and implement a maturity program. • Transfer agency capital appropriation authority to ETS for the Technology Refresh Program

Workstream Summary Observations and Recommendations

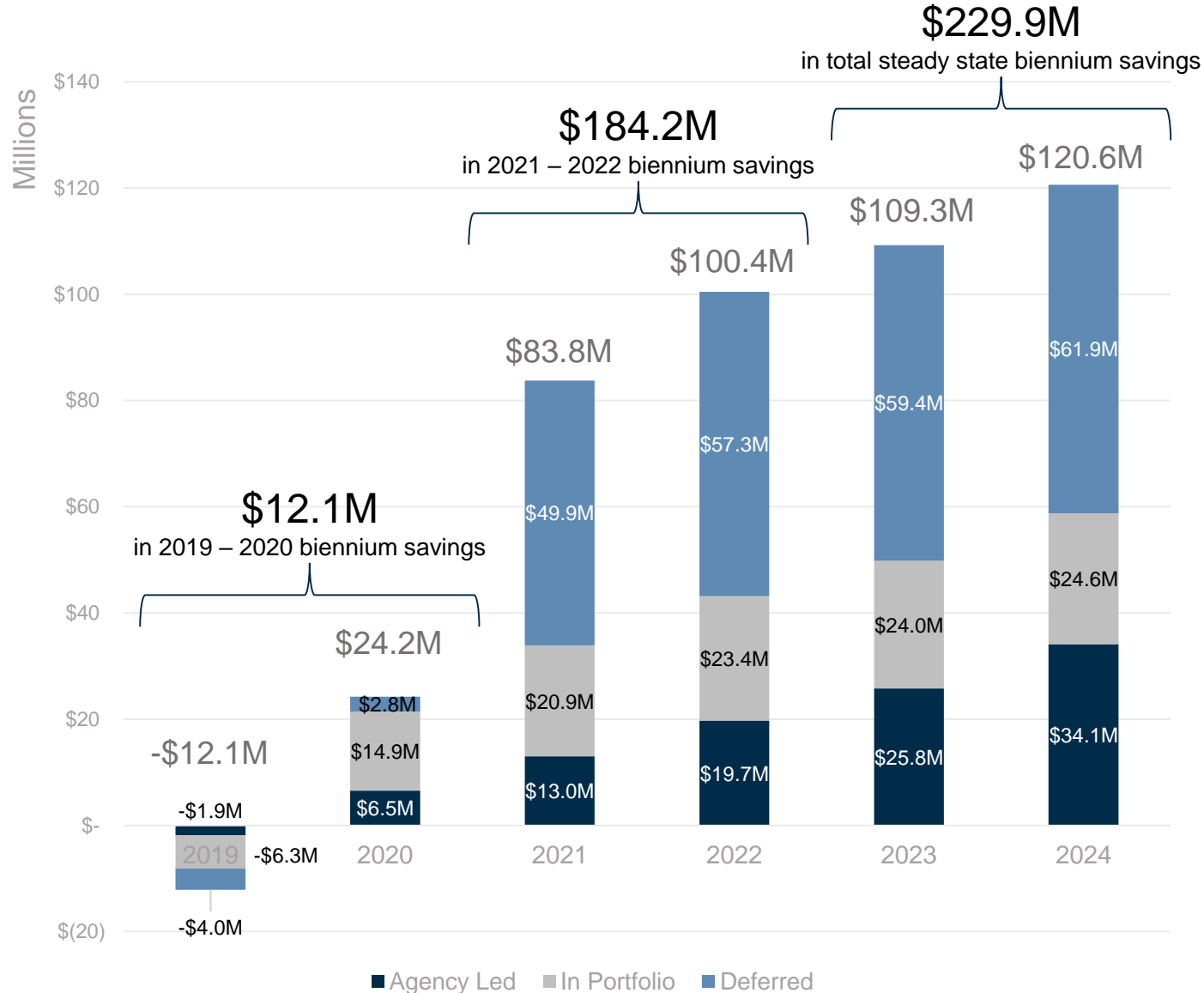|	Observations	Recommendations
K-12 Shared Services for School Districts	• Most smaller Districts have administrators wearing multiple hats due to staffing limitations and since 75% of districts have less than 2,000 students, most Districts are not operating as efficiently as they could, and at times, not providing the best service quality. • School Districts throughout the state currently operate individually with use of BOCES for specialized services such as Special Education, but with limited use of BOCES as back office Shared Service Centers. • The state manages warehousing and distribution for commodity based school food and nutrition grants • Two education associations provide benefit services to 44 of 48 school districts	• Implement Shared Service Centers across five Regions. The state should start with a pilot program and follow with full implementation region by region. • Mandating the participation in the shared service centers will lower the implementation costs and increase the benefits achieved by ensuring broader participation in the program. • Put in place an incentive model that will reward Districts for participation and the efficiency gains that they achieve. • Create a governance board structure that will represent the Districts, WDE, and other stakeholders evenly. • Consolidate all school districts onto one of two benefit services programs to enable reductions in administrative costs and to reduce stop loss expenses
Shared Services for State Agencies	• Administrative functions are highly decentralized with each having separate functions in most agencies. • Processes generally are not standardized across the agencies. Many are manually intensive with multiple approvals and quality check points. • The full functionality of the current financial and payroll systems are not fully understood or utilized.	• Establish Centers of Excellence through consolidation of agency employees in the Fiscal Accounting, Accounts Payable, Payroll, Human Resources, Purchasing, Motor-Pool, Media, and Records and Data Management functions into dedicated function-specific Centers of Excellence. • Consolidate locations, where practical, to promote greater efficiencies and knowledge transfer.

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Workstream Summary Observations and Recommendations

	Observations	Recommendations
Organizational Line of Service Review	• There are functions within the state that are currently decentralized and would benefit from consolidation. • There are opportunities to use technology to enhance oversight, particularly in licensing, facilities management, and financial management, that would improve customer experience and drive savings. • The Governor has over 40 direct reports and there are over 200 boards and commissions. Oversight could be enhanced by streamlining functions, operations and administration.	• Improve functional alignment within agencies to enhance coordination particularly in the areas of revenue auditing, occupational safety, and developmental early childhood education. • Expand on the use of technology to automate processes, enhance communication and data sharing between agencies, and support overall efficiency efforts. • Enhance statewide oversight and transparency functions by streamlining the Governor's reporting structure, evaluating opportunities to consolidate boards and commissions and enhancing the performance audit function within the Department of Audit.
Strategic Sourcing Review	• The procurement process is highly decentralized, and as a result does not effectively leverage total spend or aggressively negotiate the best value for the state with suppliers. • Lack of consistency in the procurement process also leads to poor supplier management and reduced long-term value creation.	• Conduct a series of sourcing events for products and services identified as opportunities to reduce cost and/or increase value for the State of Wyoming. • Utilize a category management approach to more effectively leverage spend and secure more advantageous terms, which would save the state significant amounts of time and money. • Train Wyoming Procurement personnel on ways to conduct events, including negotiation tactics and post-event supplier relationship management.

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Workstream Summary Observations and Recommendations

	Observations	Recommendations
Medicaid for Special Education Services	• Wyoming is the only state in the country that does not request Medicaid reimbursement for school-based services (SBS), resulting in the loss of $7 million to $10 million in federal funding annually. • Medicaid pays for health and health-related services provided in schools when covered services are provided to Medicaid-enrolled children and adolescents. Medicaid also pays for services provided to a child through an individualized evaluation plan (IEP) under the Individuals with Disabilities Education Act (IDEA, P.L. 101-476). • SBS has been previously discussed in recent legislative sessions. Legislation was previously drafted and filed, but did not receive successful legislative approval.	• Identify legislative action required to authorize Medicaid funding for special education services. • Develop a State Plan Amendment (SPA) to describe the services covered and the claiming methodology. Submit changes to the Centers for Medicare and Medicaid Services (CMS) for approval. • Drive collaboration between WDE and WDH to define the SBS program, in conjunction with the local education agencies (LEAs). • Develop a model that allows for federal funding for special education services while minimizing administrative burden for both LEAs and the state.

Annual Savings

$229.9M
in total steady state biennium savings

$184.2M
in 2021 – 2022 biennium savings

$120.6M

$100.4M

$109.3M

$83.8M

$61.9M

$59.4M

$57.3M

$49.9M

$12.1M
in 2019 – 2020 biennium savings

$24.2M

$24.6M

$24.0M

$23.4M

$20.9M

$34.1M

$25.8M

$19.7M

$13.0M

$2.8M

$14.9M

$6.5M

-$12.1M

-$1.9M

2019   -$6.3M

-$4.0M

| 2020 | 2021 | 2022 | 2023 | 2024 |

■ Agency Led   ■ In Portfolio   ■ Deferred

With the $10M of investment carved out by the Government Efficiency Commission and other agency led initiatives currently under way the state can achieve $108.6M in savings once the steady state is reached (represented by the Agency Led and In-Portfolio portions of the graph).

$108.6M vs. $229.9M

However, in order to reach the full $229.9M biennium savings, the state will need an additional $19.3M in investment as well as pass various mandates and legislation to fully realize all potential savings identified.

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Savings Estimates

	Est. One-Time Investment (State Funds)		Est. Net Biennium Savings (State Funds)	
	Low	High	Low	High
K-12 Shared Service Centers	$ (7,316,000)	$ (8,943,000)	$ 65,833,000	$ 80,463,000
Medicaid Funding for School Based Services	$ (1,108,000)	$ (1,354,000)	$ 15,347,000	$ 18,758,000
Organizational Line of Service Review	$ (13,090,000)	$ (16,001,000)	$ 81,716,000	$ 99,874,000
Other Areas	$ (412,000)	$ (504,000)	$ 2,059,000	$ 2,517,000
PMO	$ (1,925,000)	$ (2,354,000)	$ -	$ -
Shared Services for State Agencies	$ (2,835,000)	$ (3,466,000)	$ 16,827,000	$ 20,565,000
Strategic Sourcing	$ (1,569,000)	$ (1,917,000)	$ 8,155,000	$ 9,967,000
Technology Integration	$ (7,383,000)	$ (9,022,000)	$ 16,964,000	$ 20,734,000
State Total	$ (35,638,000)	$ (43,561,000)	$ 206,901,000	$ 252,878,000
In-Portfolio	$ (7,862,000)	$ (9,610,000)	$ 43,797,000	$ 53,529,000
Agency Led	$ (10,411,000)	$ (12,724,000)	$ 53,914,000	$ 65,894,000
Deferred Investments	$ (17,365,000)	$ (21,227,000)	$ 109,190,000	$ 133,455,000
Total	$ (35,638,000)	$ (43,561,000)	$ 206,901,000	$ 252,878,000

Note: Portfolio is designed for the $10M in spending. To achieve full steady state savings an additional $17.3M to $21.2M in investment is required.

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Enabling Legislative Changes

K-12 Shared Service Centers
- Legislative action will be needed so that BOCES that are established as Regional Shared Service Centers can be designated as LEAs so that state funds may be directed to them.
- Legislative action will be needed to establish an incentive fund to drive District adoption of the Shared Service Model and a process for the Superintendent to designate funds / appropriations.
- Legislative action may be required to allocate spending to standardize Educational Systems.
- Seed funding must be approved by the Legislature before the Shared Service Center can begin building necessary requirements to operate the centers.
- Legislative action may be needed to authorize ongoing funding for the first several years to get the centers to a maturity level where they can sustain themselves.
- The Shared Service Center(s) and each center employee should be subject to existing Wyoming Government Code, and going forward:
  - (1) each center needs to be considered an LEA; and
  - (2) each center employee is considered to be an employee of the LEA.

Medicaid for Special Education
- Legislative action may be needed to authorize Medicaid funding for special education services. SBSs were discussed in recent legislative sessions, but no legislation successfully passed.

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Enabling Legislative Changes (continued)

Shared Services for State Agencies
- Enabling legislation will be needed to establish and authorize the Centers of Excellence and to transfer organizational responsibilities from various agencies within a single organization.

Organizational / Line of Service Recommendations
- Enact legislation that would allow for changes in organizational structure that would realign services provided by agencies.
- Amend existing legislation with requirements for certain Boards or Commissions to allow for consolidation.

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Legislative Enhancements

Technology Integration

- Mandating of agency participation in Third-party Managed Services Agreement for Network and End User Experience Services.
- Transfer agency capital appropriations for technology to ETS.
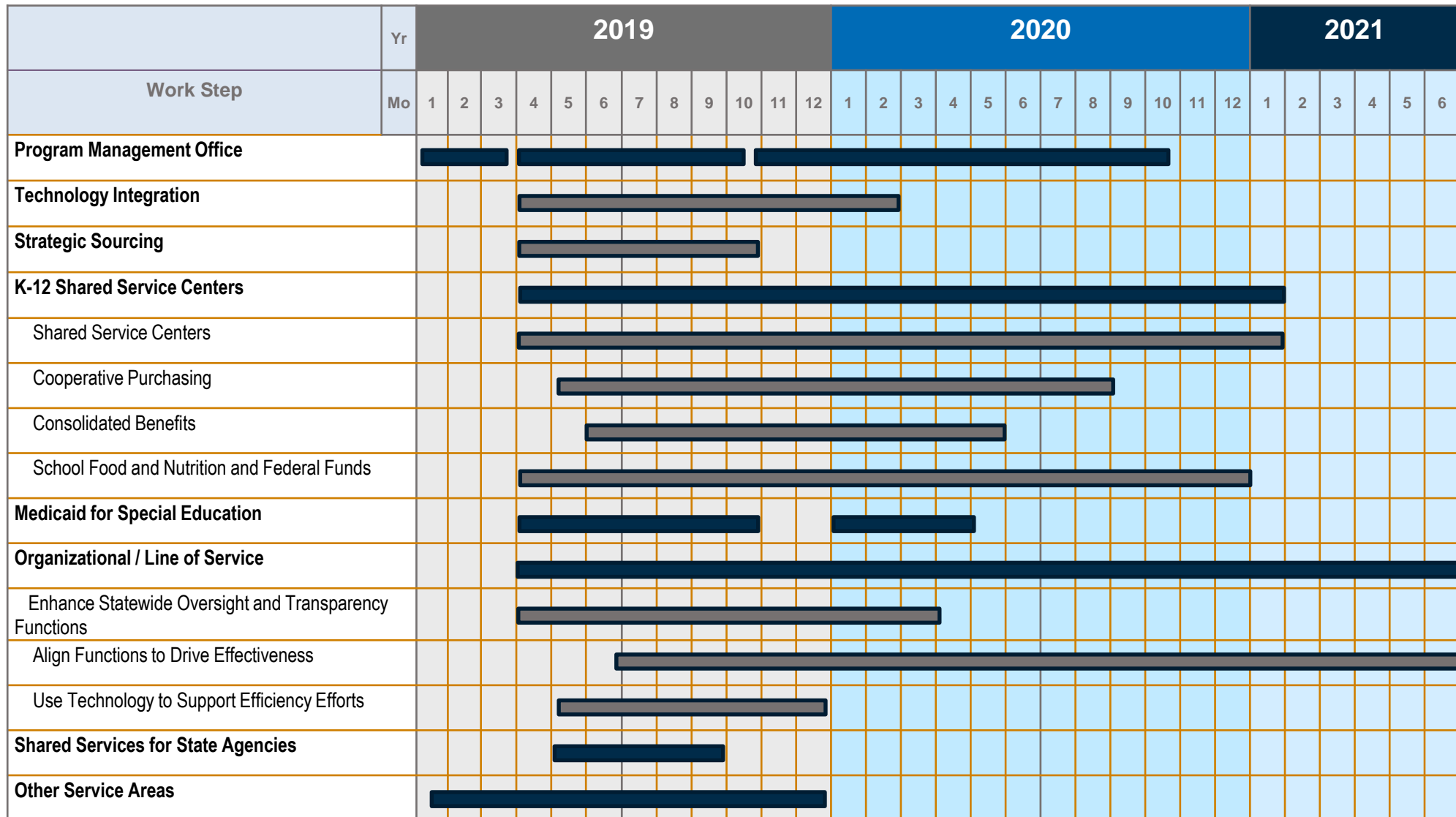
Strategic Sourcing

- Increasing the RFP/Bid amount from $7,500 to a higher level requires statutory change.

Organizational / Line of Service Recommendations

- Mandate routine performance audits to monitor reports from internal agency program integrity functions.

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Implementation Roadmap

The implementation plan is forecast to begin in April and last for a period of over 24+ months.

Work Step	Yr				2019										2020										2021					
	Mo	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Program Management Office		▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬								
Technology Integration					▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬																
Strategic Sourcing					▬	▬	▬	▬	▬	▬	▬	▬																			
K-12 Shared Service Centers					▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬						
Shared Service Centers					▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬						
Cooperative Purchasing						▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬									
Consolidated Benefits							▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬													
School Food and Nutrition and Federal Funds					▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬							
Medicaid for Special Education		▬	▬	▬	▬	▬	▬	▬	▬					▬	▬	▬	▬														
Organizational / Line of Service					▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬		
Enhance Statewide Oversight and Transparency Functions					▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬															
Align Functions to Drive Effectiveness							▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	
Use Technology to Support Efficiency Efforts						▬	▬	▬	▬	▬	▬	▬	▬	▬																	
Shared Services for State Agencies						▬	▬	▬	▬	▬																					
Other Service Areas		▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬																		

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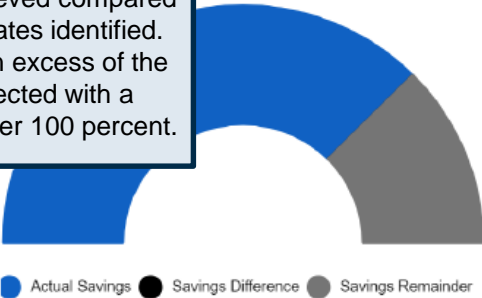# Program Management Reporting

WYOMING GOVERNMENT EFFICIENCY

Project Dashboard

2019

Savings

Tracks savings achieved compared to the saving estimates identified. Savings achieved in excess of the estimate are reflected with a percent to goal of over 100 percent.

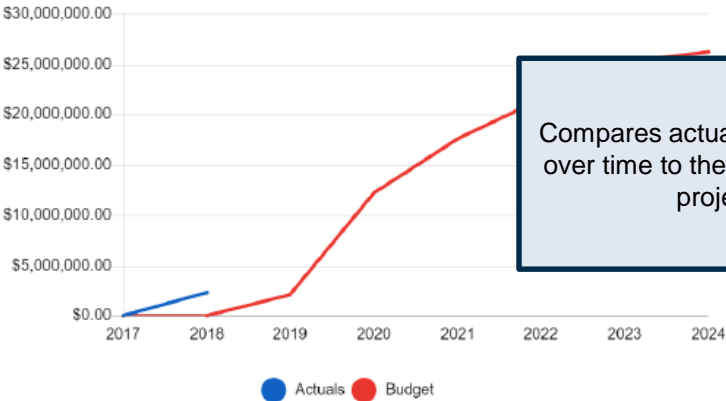- Actual Savings
- Savings Difference
- Savings Remainder

Savings

$2,290,000
2018

Savings Gap

$0

Duration Chart Report

$30,000,000.00
$25,000,000.00
$20,000,000.00
$15,000,000.00
$10,000,000.00
$5,000,000.00
$0.00

2017 2018 2019 2020 2021 2022 2023 2024

- Actuals
- Budget

Compares actual savings achieved over time to the estimated savings projections.

Short Name	Health	Status	Notes
Program Management Office	●	In Progress	Design Report Complete
Shared Services for State Agencies	●	Not Started	Awaiting Budget
Technology Integration	●	Not Started	Awaiting Budget
Strategic Sourcing	●	Not Started	Awaiting Budget
Medicaid for School Based Services	●	Not Started	Awaiting Budget
Organization / Line of Service	●	Not Started	Awaiting Budget
Other Areas	●	Not Started	Awaiting Budget

Tracks the status of each project, including the project health which indicates how well the project is tracking to the established timelines.

Percent Complete Report

45%
40%
35%
30%
25%
20%
15%
10%
5%
0%

38%

0% 0% 0% 0% 0%

Shared Services for State Agencies
Technology Integration
Strategic Sourcing
Medicaid for School Based Services
Organization / Line of Service
Program Management Office
Other Areas
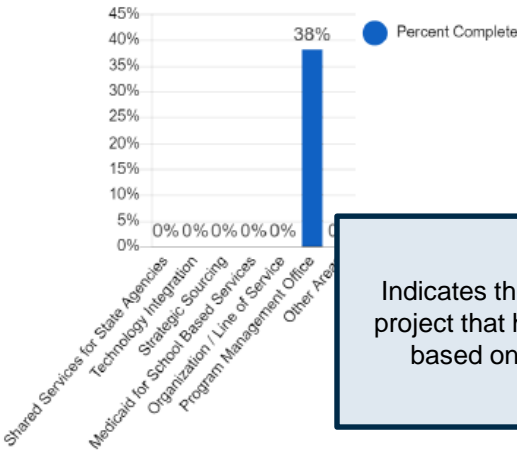
- Percent Complete

Indicates the percentage of the project that has been completed based on the project plan.

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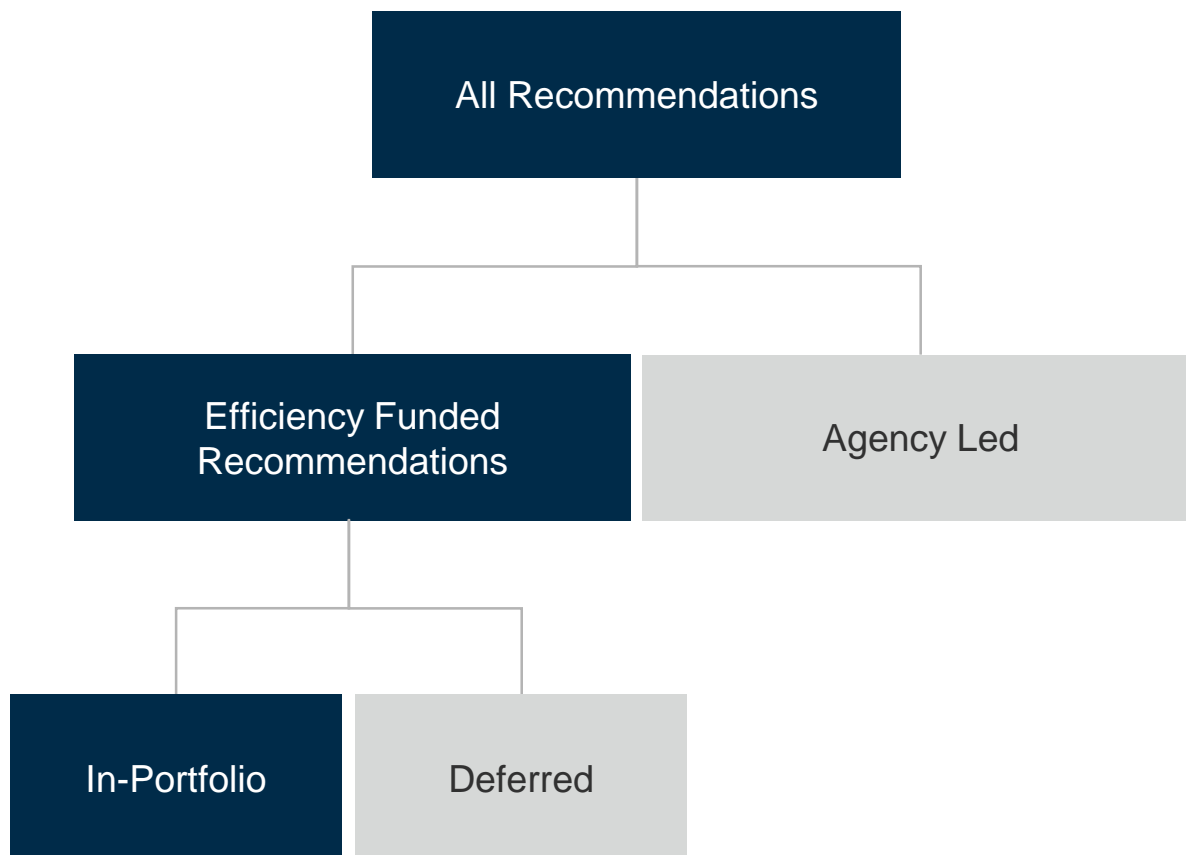
Portfolio Analysis

Portfolio Analysis

Alvarez & Marsal (A&M) was re-engaged by the Office of the Governor of the State of Wyoming to continue the efficiency work initiated by the Spending and Government Efficiency (SAGE) Commission in 2017. The Commission set aside $10M to further the phase II study and fund any implementation costs that should be necessary to realize the savings identified in either phase (I or II).

Over the course of Phase I and Phase II, A&M identified 43 recommendations with up to $229M in state General Fund savings.
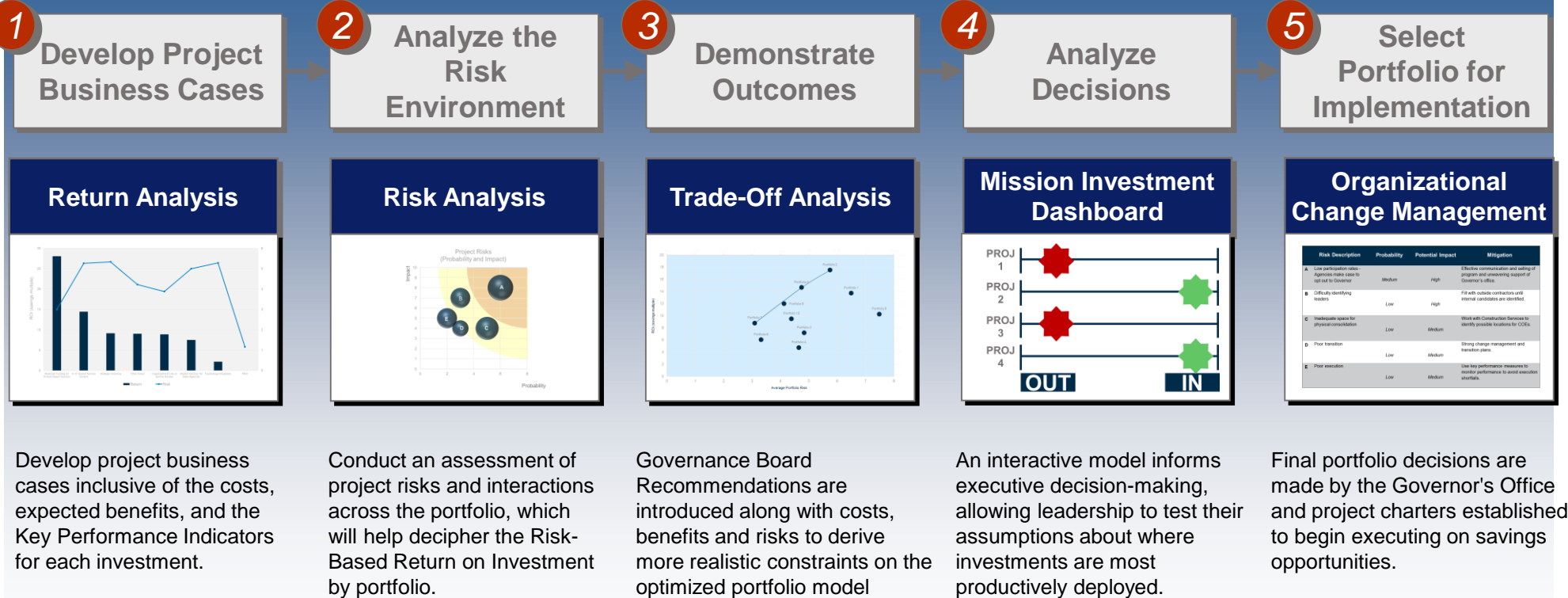
After Phase I, the executive branch prioritized a number of recommendations to pursue in the short term. These were led by the agencies through other funding mechanisms

The efficiency funded recommendations identified during Phase I or subsequently during Phase II, were then analyzed to compare each one's individual risks (personnel, implementation, savings) vs. its return on investment. Ten portfolios of recommendations with varying degrees of risk and return were then created for comparative purposes.
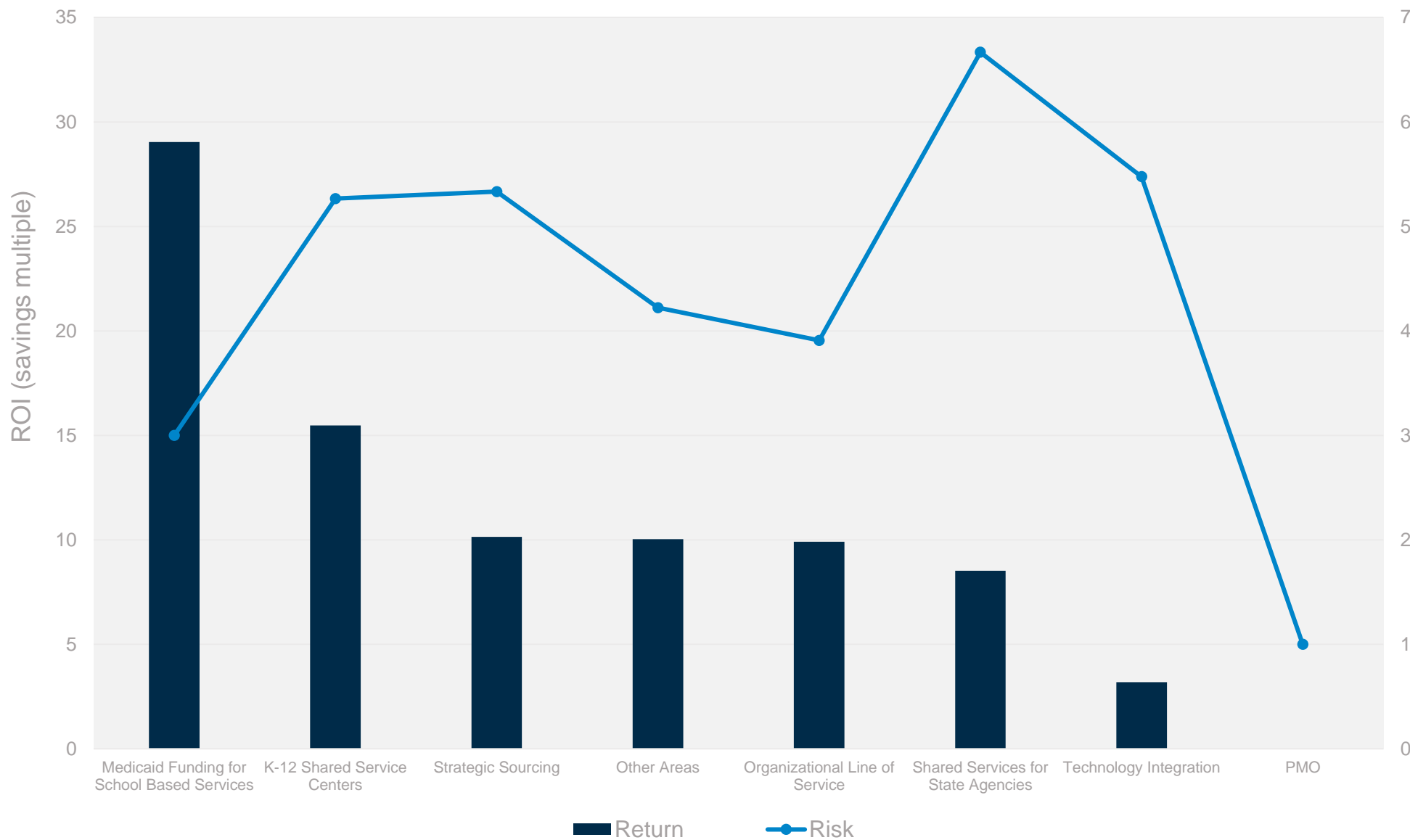
All Recommendations

Efficiency Funded Recommendations

Agency Led

In-Portfolio

Deferred

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Portfolio Analysis Process

Approach to Portfolio Management

1. Develop Project Business Cases → **2. Analyze the Risk Environment** → **3. Demonstrate Outcomes** → **4. Analyze Decisions** → **5. Select Portfolio for Implementation**

Return Analysis	Risk Analysis	Trade-Off Analysis	Mission Investment Dashboard	Organizational Change Management

Develop project business cases inclusive of the costs, expected benefits, and the Key Performance Indicators for each investment.

Conduct an assessment of project risks and interactions across the portfolio, which will help decipher the Risk-Based Return on Investment by portfolio.

Governance Board Recommendations are introduced along with costs, benefits and risks to derive more realistic constraints on the optimized portfolio model

An interactive model informs executive decision-making, allowing leadership to test their assumptions about where investments are most productively deployed.

Final portfolio decisions are made by the Governor's Office and project charters established to begin executing on savings opportunities.

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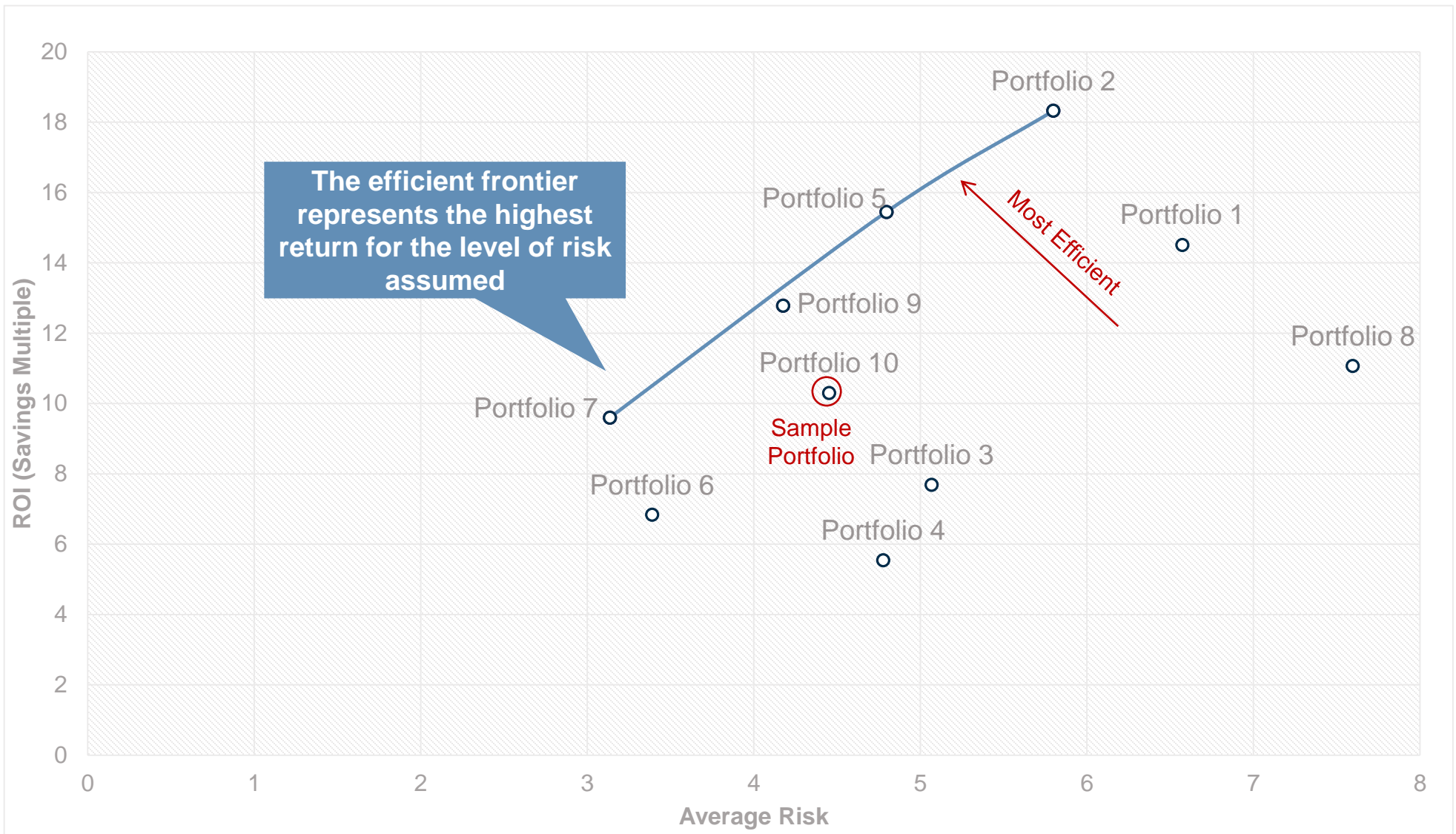# Risk vs. Return by Workstream

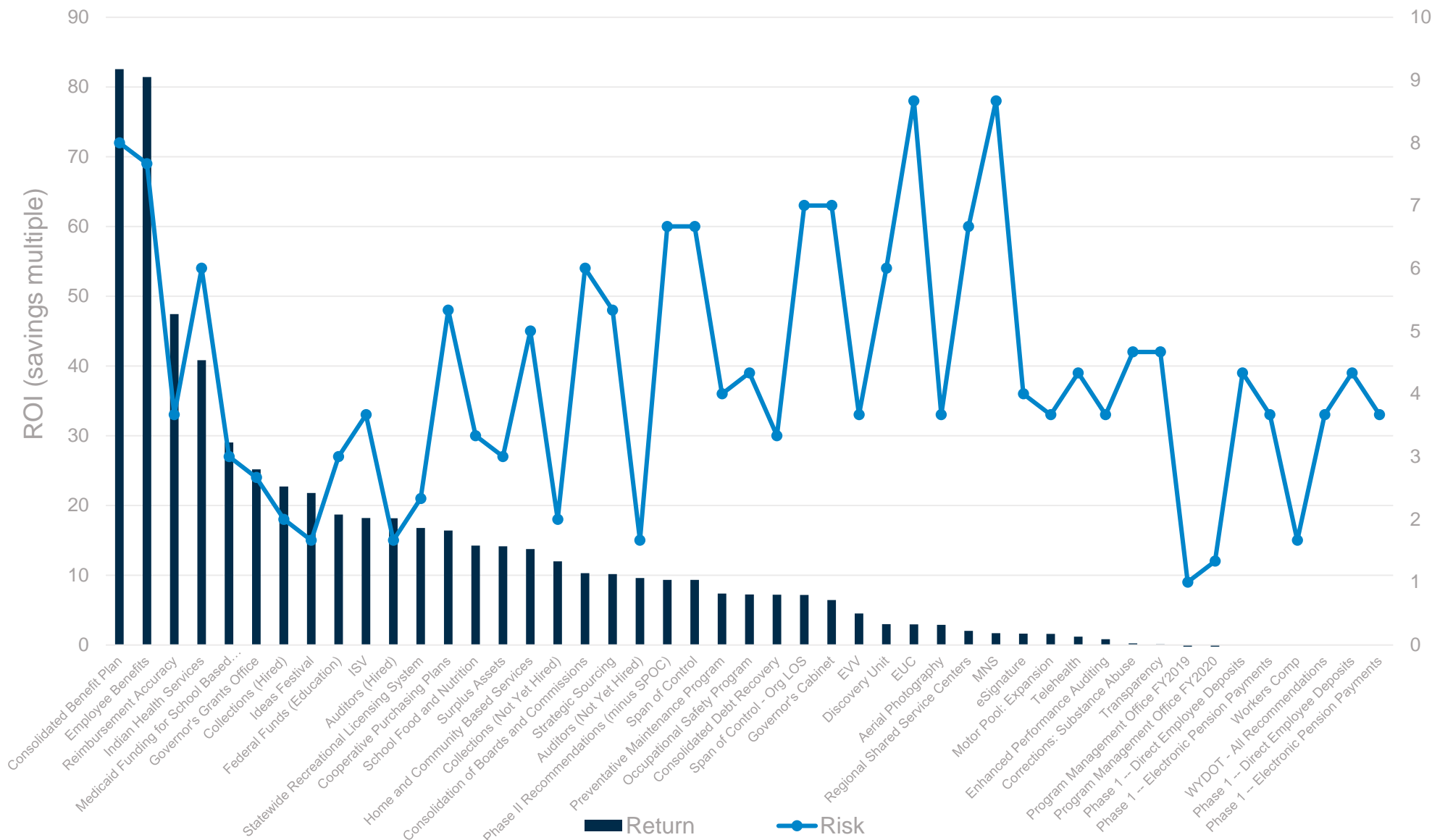ALVAREZ & MARSAL

Portfolio Options

Recommendation	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7	Portfolio 8	Portfolio 9	Portfolio 10
PMO										
Program Management Office FY2019	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Technology Integration										
ISV	✓	✓			✓		✓	✓	✓	
MNS						✓	✓			
EUC						✓				
eSignature	✓	✓	✓	✓		✓	✓			✓
Discovery Unit								✓		
Aerial Photography						✓	✓			
Strategic Sourcing	✓	✓	✓	✓	✓				✓	✓
K-12 Shared Service Centers										
Federal Funds (Education)			✓			✓	✓		✓	✓
School Food and Nutrition	✓				✓		✓			
Consolidated Benefit Plan	✓	✓						✓		
Cooperative Purchasing Plans		✓								
Regional Shared Service Centers				✓				✓		
Medicaid Funding for School Based Services		✓			✓	✓	✓		✓	✓
Shared Services for State Agencies	✓		✓		✓				✓	✓
Organizational Line of Service										
Governor's Grants Office							✓		✓	
Employee Benefits					✓			✓		
WYDOT - All Recommendations					✓					
Workers Comp							✓			
Enhanced Performance Auditing										
Occupational Safety Program				✓					✓	
Preventative Maintenance Program		✓	✓						✓	✓
Consolidated Debt Recovery	✓			✓		✓	✓		✓	✓
Statewide Recreational Licensing System			✓	✓					✓	✓
Governor's Cabinet										
Ideas Festival			✓		✓	✓			✓	
Reimbursement Accuracy			✓	✓	✓					
Consolidation of Boards and Commissions					✓					✓
Other Areas										
Transparency	✓	✓	✓	✓	✓	✓	✓	✓		✓
Portfolio Investment	$ (9,929.98)	$ (9,955.06)	$ (10,104.79)	$ (10,001.36)	$ (10,006.97)	$ (9,718.56)	$ (10,452.10)	$ (10,481.47)	$ (9,700.68)	$ (10,114.70)
Portfolio Savings	$ 117,506.84	$ 148,846.17	$ 63,621.32	$ 45,298.55	$ 126,282.63	$ 53,914.37	$ 82,731.71	$ 95,724.76	$ 100,586.72	$ 85,302.04

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Note: Portfolio Investment estimates include $1.8M in expenditures for the design and PMO standup

Portfolio Risk vs. Return

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Risk vs. Return by Recommendation

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Total Life Cycle Savings							
In-Portfolio							
Recommendation	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
K-12 Shared Service Centers	$ (139.89)	$ 248.65	$ 1,485.82	$ 1,511.68	$ 1,537.99	$ 1,564.76	$ 6,209.00
Federal Funds (Education)	$ (139.89)	$ 248.65	$ 1,485.82	$ 1,511.68	$ 1,537.99	$ 1,564.76	$ 6,209.00
Medicaid Funding for School Based Services	$ (1,233.60)	$ 7,456.99	$ 8,165.99	$ 8,308.11	$ 8,452.71	$ 8,599.82	$ 39,750.02
Organizational Line of Service Review	$ (875.53)	$ 781.53	$ 1,845.13	$ 2,716.38	$ 2,927.18	$ 3,159.16	$ 10,553.85
Consolidated Debt Recovery	$ (249.31)	$ 238.08	$ 484.44	$ 653.59	$ 828.48	$ 1,023.94	$ 2,979.20
Consolidation of Boards and Commissions	$ (101.74)	$ 139.56	$ 283.98	$ 288.92	$ 293.95	$ 299.06	$ 1,203.72
Preventative Maintenance Program	$ (435.45)	$ 403.90	$ 822.49	$ 1,256.58	$ 1,278.45	$ 1,300.70	$ 4,626.67
Statewide Recreational Licensing System	$ (89.02)	$ -	$ 254.22	$ 517.30	$ 526.30	$ 535.46	$ 1,744.25
Other Areas	$ (458.27)	$ 70.65	$ 93.18	$ 112.12	$ 136.12	$ 160.92	$ 114.72
Transparency	$ (458.27)	$ 70.65	$ 93.18	$ 112.12	$ 136.12	$ 160.92	$ 114.72
PMO	$ (585.01)	$ (232.90)	$ -	$ -	$ -	$ -	$ (817.91)
Program Management Office FY2019	$ (585.01)	$ (232.90)	$ -	$ -	$ -	$ -	$ (817.91)
Shared Services for State Agencies	$ (1,783.51)	$ 3,312.92	$ 4,633.98	$ 6,038.93	$ 6,144.03	$ 6,250.97	$ 24,597.33
Phase II Recommendations (minus SPOC)	$ (1,240.75)	$ 2,304.73	$ 3,223.77	$ 4,201.16	$ 4,274.28	$ 4,348.67	$ 17,111.86
Span of Control	$ (542.76)	$ 1,008.19	$ 1,410.21	$ 1,837.77	$ 1,869.75	$ 1,902.30	$ 7,485.46
Strategic Sourcing	$ (966.53)	$ 2,970.77	$ 4,338.88	$ 4,414.40	$ 4,491.23	$ 4,569.39	$ 19,818.14
Technology Integration	$ (214.56)	$ 314.60	$ 320.07	$ 325.64	$ 331.31	$ 337.08	$ 1,414.13
eSignature	$ (214.56)	$ 314.60	$ 320.07	$ 325.64	$ 331.31	$ 337.08	$ 1,414.13
Total	$ (6,256.91)	$ 14,923.21	$ 20,883.06	$ 23,427.27	$ 24,020.56	$ 24,642.09	$ 101,639.28

Recommendations by Area - Deferred

Total Life Cycle Savings							
Deferred **Recommendation**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
K-12 Shared Service Centers	$ (3,303.82)	$ 1,844.16	$ 32,689.98	$ 34,126.88	$ 34,720.83	$ 35,325.12	$ 135,403.15
Consolidated Benefit Plan	$ -	$ (773.23)	$ 17,387.01	$ 17,689.62	$ 17,997.49	$ 18,310.72	$ 70,611.61
Cooperative Purchasing Plans	$ (1,017.40)	$ 1,895.26	$ 9,016.36	$ 9,173.28	$ 9,332.94	$ 9,495.37	$ 37,895.82
Regional Shared Service Centers	$ (1,735.07)	$ (2,465.47)	$ 2,765.72	$ 3,521.38	$ 3,582.67	$ 3,645.02	$ 9,314.24
School Food and Nutrition	$ (551.34)	$ 3,187.59	$ 3,520.89	$ 3,742.60	$ 3,807.74	$ 3,874.01	$ 17,581.48
Organizational Line of Service Review	$ (476.33)	$ 5,263.11	$ 12,348.17	$ 16,034.23	$ 16,857.80	$ 17,705.18	$ 67,732.15
Employee Benefits	$ -	$ (258.78)	$ 3,295.93	$ 6,706.58	$ 6,823.31	$ 6,942.06	$ 23,509.10
Enhanced Performance Auditing	$ (321.08)	$ 133.32	$ 271.28	$ 276.00	$ 280.80	$ 285.69	$ 926.01
Governor's Cabinet	$ (101.74)	$ 632.39	$ 1,286.80	$ 1,309.19	$ 1,331.98	$ 1,355.16	$ 5,813.78
Governor's Grants Office	$ -	$ 1,293.89	$ 3,159.38	$ 3,214.37	$ 3,270.31	$ 3,327.23	$ 14,265.18
Ideas Festival	$ -	$ (41.40)	$ 253.80	$ 258.22	$ 262.71	$ 267.29	$ 1,000.62
Occupational Safety Program	$ (53.51)	$ 145.19	$ 295.43	$ 300.57	$ 305.80	$ 311.12	$ 1,304.60
Reimbursement Accuracy	$ -	$ 3,308.98	$ 3,735.17	$ 3,800.18	$ 3,866.32	$ 3,933.61	$ 18,644.25
Workers Comp	$ -	$ -	$ -	$ 16.07	$ 560.86	$ 1,124.60	$ 1,701.53
WYDOT - All Recommendations	$ -	$ 49.52	$ 50.38	$ 153.05	$ 155.71	$ 158.42	$ 567.08
PMO	$ -	$ (1,216.26)	$ (105.31)	$ -	$ -	$ -	$ (1,321.57)
Program Management Office FY2020	$ -	$ (1,216.26)	$ (105.31)	$ -	$ -	$ -	$ (1,321.57)
Technology Integration	$ (208.09)	$ (3,124.82)	$ 4,952.05	$ 7,134.30	$ 7,868.03	$ 8,845.35	$ 25,466.82
Aerial Photography	$ -	$ (415.19)	$ 2,766.14	$ 2,814.29	$ 2,863.27	$ 2,913.10	$ 10,941.60
Discovery Unit	$ -	$ (2,592.95)	$ 1,601.81	$ 2,263.99	$ 2,948.73	$ 3,876.22	$ 8,097.79
EUC	$ -	$ (116.67)	$ (513.04)	$ 734.49	$ 734.49	$ 734.49	$ 1,573.76
ISV	$ (169.20)	$ 531.31	$ 789.26	$ 924.01	$ 924.01	$ 924.01	$ 3,923.41
MNS	$ (38.89)	$ (531.31)	$ 307.87	$ 397.53	$ 397.53	$ 397.53	$ 930.26
Total	$ (3,988.24)	$ 2,766.19	$ 49,884.88	$ 57,295.41	$ 59,446.66	$ 61,875.65	$ 227,280.56

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Recommendations by Area – Agency Led

Total Life Cycle Savings							
Agency Led							
Recommendation	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Organizational Line of Service Review	$ (2,054.19)	$ 6,426.44	$ 11,633.39	$ 17,941.29	$ 23,739.26	$ 26,406.47	$ 84,092.67
Auditors (Hired)	$ 732.53	$ 1,117.92	$ 1,516.50	$ 1,928.62	$ 1,962.19	$ 1,996.34	$ 9,254.10
Auditors (Not Yet Hired)	$ -	$ 1,242.13	$ 1,895.63	$ 2,571.49	$ 3,270.31	$ 3,327.23	$ 12,306.80
Collections (Hired)	$ 915.66	$ 1,397.40	$ 1,895.63	$ 2,410.78	$ 2,452.73	$ 2,495.42	$ 11,567.62
Collections (Not Yet Hired)	$ -	$ 2,173.73	$ 3,317.35	$ 4,500.11	$ 5,723.04	$ 5,822.65	$ 21,536.89
Corrections: Substance Abuse	$ (2,311.56)	$ (1,311.31)	$ (275.54)	$ 796.67	$ 1,906.29	$ 3,054.30	$ 1,858.85
Home and Community Based Services	$ (763.05)	$ 829.04	$ 1,686.93	$ 2,574.44	$ 3,492.32	$ 4,441.38	$ 12,261.05
Indian Health Services	$ (203.48)	$ 765.81	$ 1,257.94	$ 1,952.09	$ 2,792.15	$ 3,058.28	$ 9,622.79
Span of Control - Org LOS	$ (68.20)	$ 180.52	$ 275.50	$ 1,041.69	$ 1,834.47	$ 1,866.40	$ 5,130.38
Telehealth	$ (356.09)	$ 31.19	$ 63.47	$ 165.40	$ 305.74	$ 344.48	$ 554.19
Other Areas	$ 161.48	$ 1,039.74	$ 847.21	$ 1,076.25	$ 876.96	$ 1,114.03	$ 5,115.67
Phase 1 -- Direct Employee Deposits	$ -	$ 668.42	$ 680.06	$ 691.89	$ 703.93	$ 716.19	$ 3,460.49
Phase 1 -- Electronic Pension Payments	$ 161.48	$ 371.32	$ 167.15	$ 384.35	$ 173.02	$ 397.85	$ 1,655.18
Shared Services for State Agencies	$ -	$ (517.56)	$ 161.13	$ (21.96)	$ 442.58	$ 5,858.69	$ 5,922.88
Motor Pool: Expansion	$ -	$ (517.56)	$ 161.13	$ 299.47	$ 442.58	$ 590.58	$ 976.21
Surplus Assets	$ -	$ -	$ -	$ (321.44)	$ -	$ 5,268.11	$ 4,946.67
Technology Integration	$ -	$ (414.04)	$ 351.22	$ 714.66	$ 727.10	$ 739.76	$ 2,118.69
EVV	$ -	$ (414.04)	$ 351.22	$ 714.66	$ 727.10	$ 739.76	$ 2,118.69
Total	$ (1,892.71)	$ 6,534.58	$ 12,992.95	$ 19,710.24	$ 25,785.90	$ 34,118.96	$ 97,249.92

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Program Management Office (PMO)

Purpose and Objectives

Program Management Office Purpose

The Program Management Office (PMO) establishes project management standards, develops processes and tools for project execution, ensures effective communications to leadership and affected stakeholders, and oversees project management activities to ensure that the prioritized initiatives are implemented in a consistent and repeatable way.

Problem/Opportunity Statement

The state has established a statewide efficiency program to drive savings across state government. Without proper oversight and management, the likelihood of achieving the efficiency savings is severely diminished. Success for a large scale statewide efficiency project with multiple initiatives requires significant coordination between workstreams. To gain the full benefit of the efficiency project, oversight is needed to ensure that the projects are progressing as planned, risks are managed, and communications are handled in a timely manner.

Goals & Objectives

- Ensures that the Governor's Office, Executive Branch Leadership, and the Government Efficiency Commission members and important decision makers receive the right information from the projects.
- Ensures that project communications reach all stakeholders.
- Develop and establish roles, processes, and tools for the Government Efficiency Projects.
- Defines the project management standards for the Government Efficiency Commission projects.
- Manage the coordination of project management activities across multiple workstream and program initiatives and ensure that projects are run in a repeatable standardized way.

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Project Alternatives

Wyoming should establish a Program Management Office (PMO) with experience managing large scale projects and knowledge of Wyoming, to ensure effective coordination of workstreams and program initiatives for the duration of the Government Efficiency Project.

Alternative	Description	Assumptions	Project Success
Status Quo	This alternative represents maintaining current level of operations.	No changes made to the existing structure.	Continued service delivery at the current level.
Alternative #1 (Recommendation)	Establish a PMO through the duration of the Government Efficiency Project and wind down operations at the conclusion.	The PMO will be tied to the overall Government Efficiency project implementation with an existing sunset provision.	Initiatives are implemented such that operational and financial efficiencies meet the intended savings and efficiency goals and are successfully completed.
Alternative #2	Establish a PMO through the duration of the Government Efficiency Project and transition responsibilities to the state to provide long term Enterprise PMO support.	The PMO will be established by the Government Efficiency project implementation with the expectation that responsibilities will transition to the state for Long Term Management of large scale state projects.	Initiatives are implemented such that operational and financial efficiencies meet the intended savings and efficiency goals and are successfully completed, and the state manages an ongoing Enterprise PMO for long term savings.

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Project Scope and Deliverables
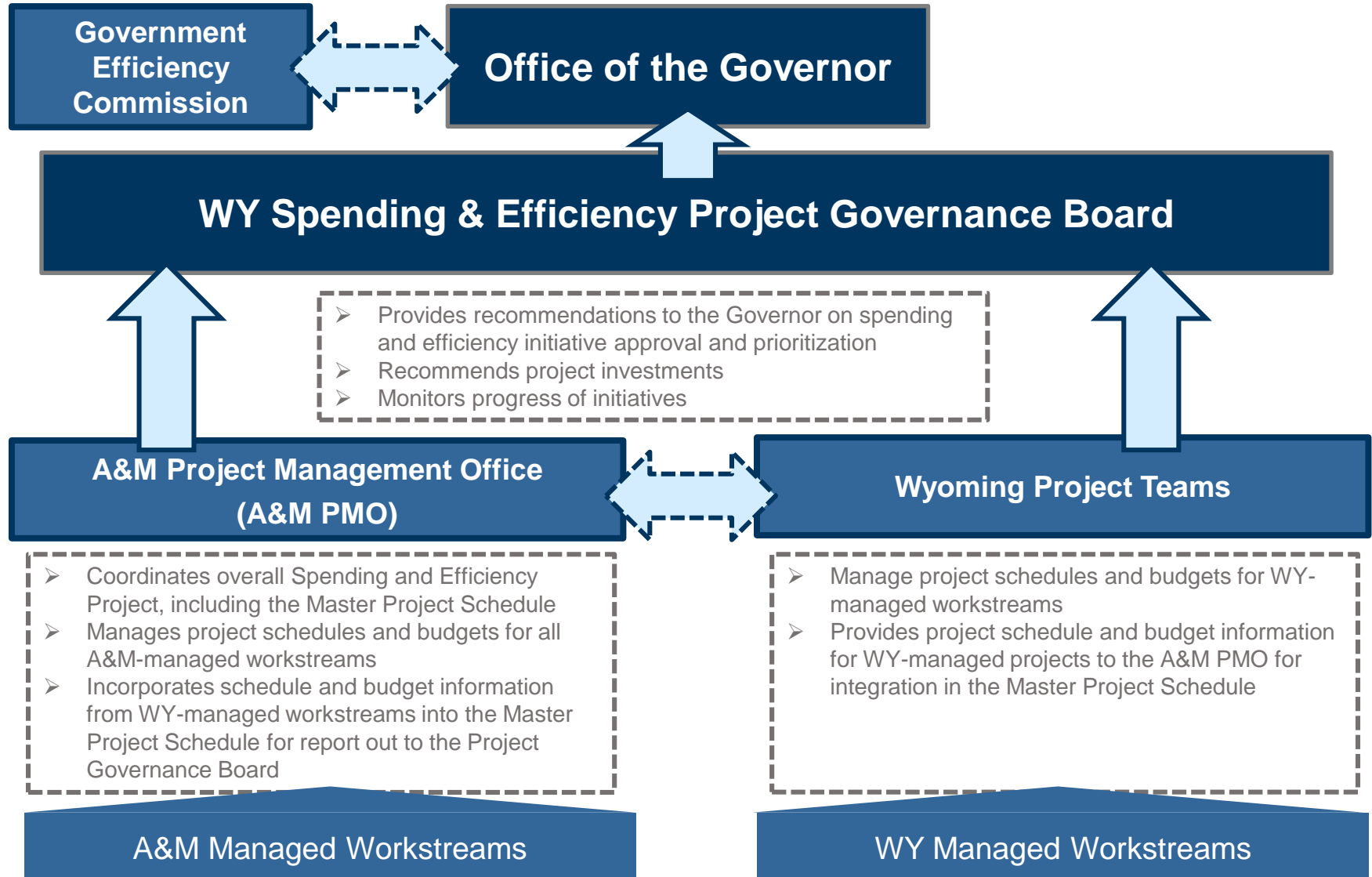
Recommended Project Scope

- The PMO will establish a project governance model to oversee all Government Efficiency projects and ensure consistent project execution.
- PMO activities will include coordination of project execution, management both leadership and stakeholder communications, managing project risks and issues, and monitoring project cost schedules, and scope.

Project Requirements

- Establish the PMO function for the duration of the Government Efficiency Project.
- Develop project management processes, tools, and communications.
- Establish project working groups for each workstream that interface with the PMO to provide details for the project and key deliverables.

Key Deliverables	Estimated Timing
Detailed business cases and implementation plans for each initiative	1 – 3 months
Integrated project plan uploaded in PMO tool	1 – 3 months
Six month Integrated Project Status Report	6 months
Twelve-month Integrated Project Status Report	12 months
Final Integrated Project Status Report	18 – 24 months

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Project Governance Model

Government Efficiency Commission

Office of the Governor

WY Spending & Efficiency Project Governance Board

➤ Provides recommendations to the Governor on spending and efficiency initiative approval and prioritization
➤ Recommends project investments
➤ Monitors progress of initiatives

A&M Project Management Office (A&M PMO)

Wyoming Project Teams

➤ Coordinates overall Spending and Efficiency Project, including the Master Project Schedule
➤ Manages project schedules and budgets for all A&M-managed workstreams
➤ Incorporates schedule and budget information from WY-managed workstreams into the Master Project Schedule for report out to the Project Governance Board

➤ Manage project schedules and budgets for WY-managed workstreams
➤ Provides project schedule and budget information for WY-managed projects to the A&M PMO for integration in the Master Project Schedule

A&M Managed Workstreams

WY Managed Workstreams

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Project Governance Board Responsibilities

The Governance Board will provide recommendations to the Governor with regard to project priorities, the selection of efficiency initiatives, and monitoring of project progress.

Establishing Project Priorities
- Develop factors that will determine a project's value
- Assign weightings to the factors
- Make recommendations to the Governor on the resulting framework that will drive project prioritization

Selection of Efficiency Initiatives
- Review project business cases
- Provide recommendations to the Governor on projects that should be approved and the level of investment

Monitoring Project Progress
- Review progress of approved initiatives
- Monitor key performance metrics to measure and estimate the impact
- Provide recommendations on project adjustment or cancelation

PMO Functional Overview

PMO function will ensure that new projects and opportunities are designed and implemented systematically, on-time, and on-budget

Standup	**Project Evaluation**	**Execution and Monitoring**

Goals

- Establish the leadership and governance processes as well as long and short term goals
- Make all roles and responsibilities clear and ensure that vision and goals are articulated

- Conduct outreach to key stakeholders to train them on tools and templates
- Work with teams to complete templates, planning documents and conduct project evaluation
- Develop overall project roadmap

- Establish project communication protocols to ensure that the project is going according to plan and PMO is receiving status updates
- Monitor projects by collecting and analyzing feedback
- Auditing compliance to ensure adherence with all protocols are set up earlier

Key Outcomes/Deliverables

- PMO Vision and Goals
- Roles and Responsibilities
- PMO Tools and Templates

- Stakeholder buy-in
- Project business cases
- Implementation plan with final project planning documents
- Risk Management Plan

- Ongoing project reporting (status reports, scope updates, risk management updates)
- Progress reports
- Final transition report

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Program Management Collateral

IT/Software Plans

Project Management
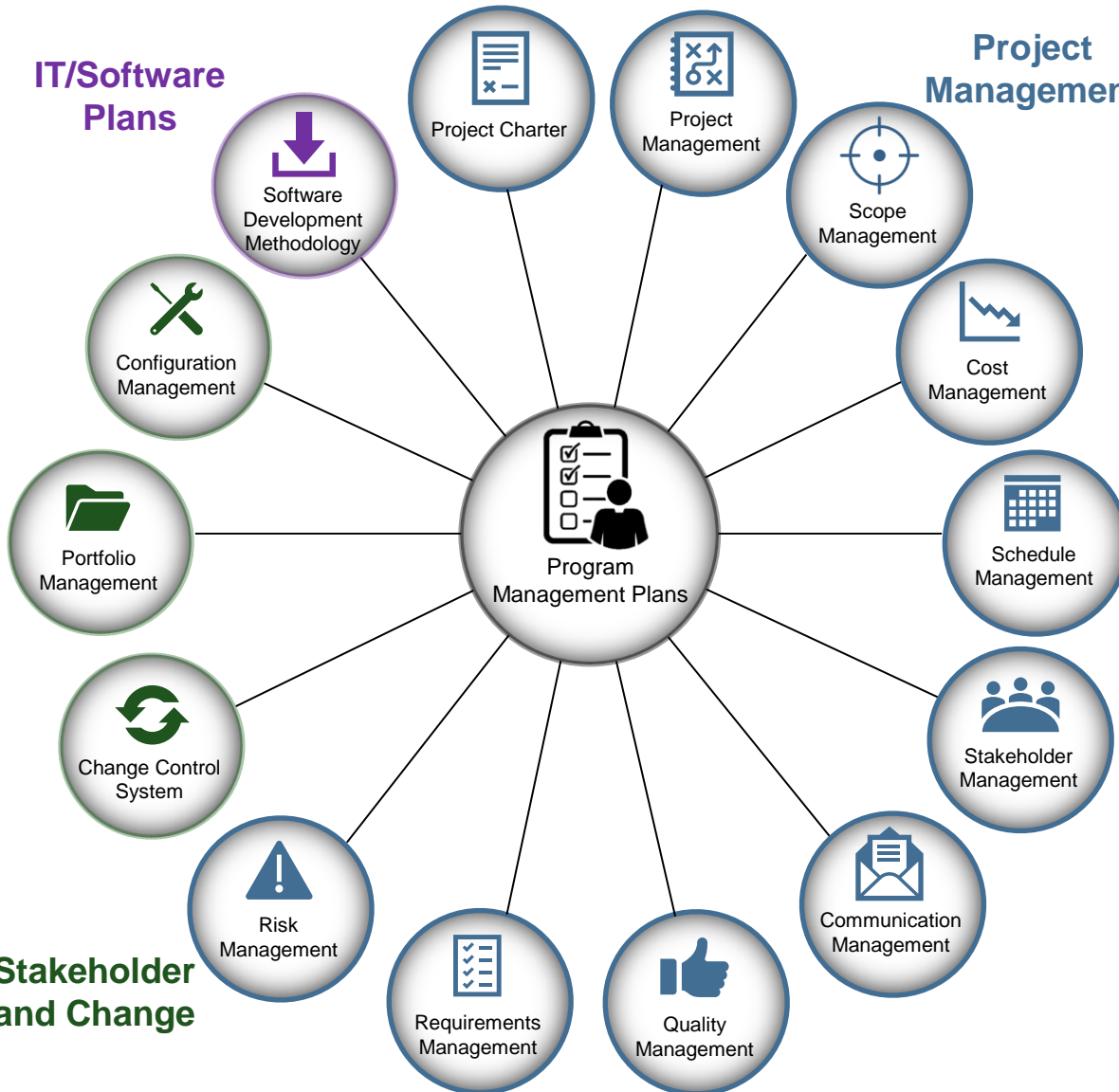
Stakeholder and Change

Program Management Plans
- Project Charter
- Project Management
- Scope Management
- Cost Management
- Schedule Management
- Stakeholder Management
- Communication Management
- Quality Management
- Requirements Management
- Risk Management
- Change Control System
- Portfolio Management
- Configuration Management
- Software Development Methodology

Component	Description
Project Charter	▶ Document that formally authorizes the existence of a project.
Project Management Plan	▶ Document that describes how the project will be executed, monitored, controlled, and closed.
Scope Management Plan	▶ Component describing how scope will be defined, developed, monitored, controlled, and validated.
Cost Management Plan	▶ Component describing how costs will be planned, structured, and controlled.
Schedule Management Plan	▶ Component that establishes the criteria/activities for developing, monitoring, and controlling the schedule.
Portfolio Management Plan	▶ Document that specifies how a portfolio will be organized, monitored, and controlled.
Communication Management Plan	▶ Component describing how, when, and by whom information will be administered and disseminated.
Stakeholder Management Plan	▶ Component listing actions for productive involvement of stakeholders in project decision making/execution.
Configuration Management Plan	▶ Procedures used to track project artifacts and monitor and control changes to these artifacts.
Risk Management Plan	▶ Component describing how risk management activities will be structured and performed.
Quality Management Plan	▶ Component describing how an organization's policies, procedures, and guidelines will be implemented to achieve the quality objectives.
Software Development Method	▶ Framework used to structure, plan, and control the process of developing an information system.
Requirement Management Plan	▶ Component describing how requirements will be analyzed, documented, and managed.
Change Control System	▶ Set of procedures that describes how modifications to the project deliverables and documentation are managed and controlled.

Structured Program Management ensures that project implementation is done in a systematic manner.

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PMO Communication Strategy

To build consensus and support for the state's efficiency program the PMO team will drive communications that build awareness with leadership and ensures buy-in from key stakeholders.

Executive Branch

- Governor's Office
- Agency Administrators and Leadership
- Relevant Boards and Commissions

Legislative Branch

- Key State Senators
- Key State Representatives
- Government Efficiency Commission
- Joint Appropriation Committee (JAC)
- Joint Education Committee (JEC)

External Stakeholders

- Citizen Stakeholder and Advocacy Groups
- School Districts
- Key Superintendents

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Project Tracking and Monitoring

Consistent monitoring of performance metrics (associated with each of the efficiency initiatives selected for implementation) will help to ensure the projects have the intended impact. The A&M PMO Team will support the state in tracking and dashboarding across key metrics.

Project Schedules

By using the PMO Tool, Smartsheets, the PMO Team will be able to collect information on project schedules and budgets to consolidate through an Integrated Master Schedule.

Performance Metrics

Based on metrics identified by the project teams, the PMO will support the state in evaluating the impact of efficiency initiatives and identify opportunities to maximize effectiveness.
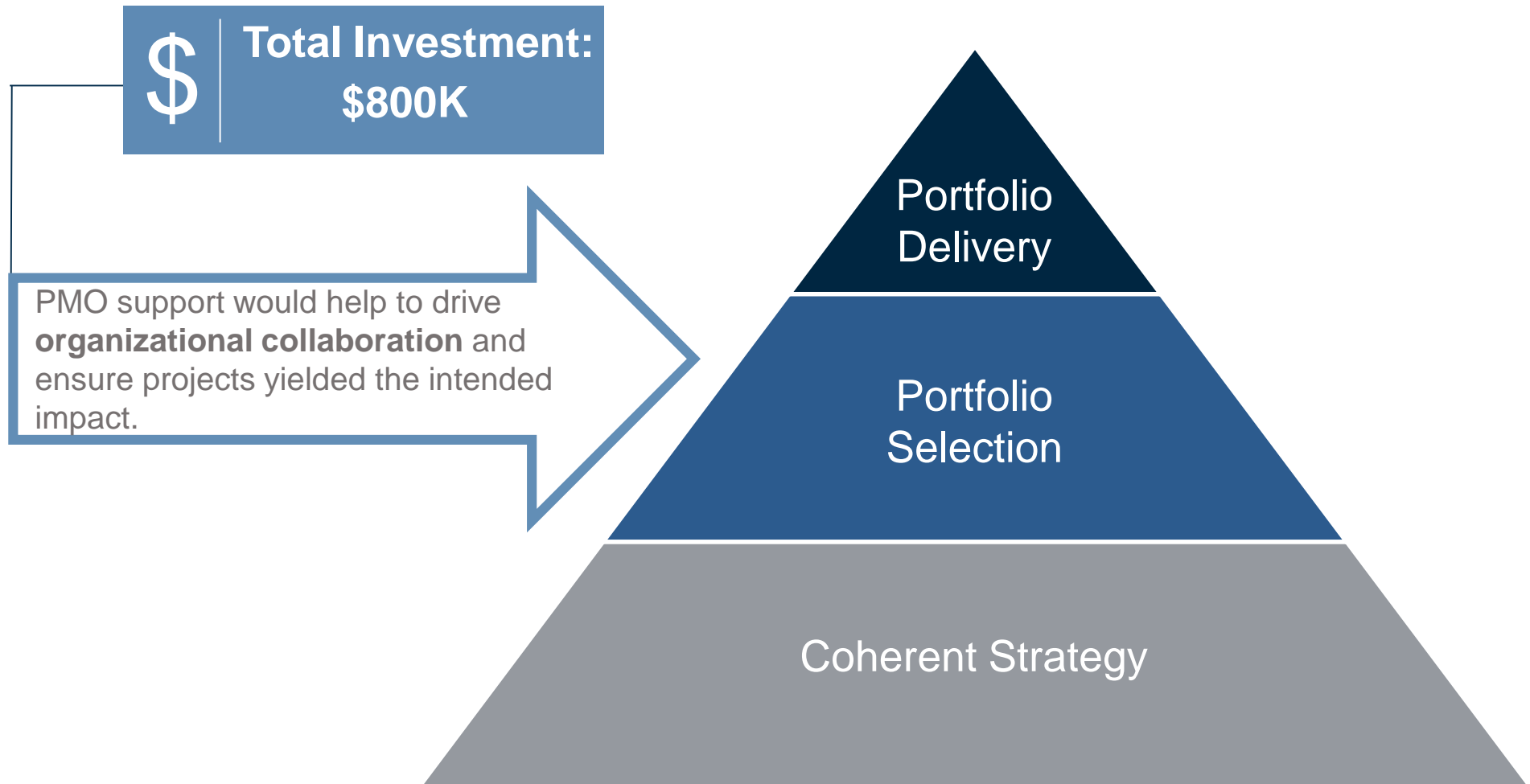
Risks & Issues

Throughout the Implementation Phase, the PMO team will work with project teams to identify risks and issues, while developing risk management strategies.

PMO Functional Support Opportunities

Communication with Executive Branch Leadership, the Legislature, and stakeholders to build a cohesive project strategy

Work with project teams to make sure the project has the appropriate resources to be successful

Partners with the Efficiency Commission and the Project Governance Board for sound project governance

Track the project performance indicators to measure performance

Strategy

Delivery

Governance

Standards

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PMO Investment and Benefits

Investing in PMO support would help to ensure the Wyoming Efficiency project has a coherent strategy, as well as provide support to assist in the project portfolio selection and delivery.

$ | **Total Investment: $800K**

PMO support would help to drive **organizational collaboration** and ensure projects yielded the intended impact.

- Portfolio Delivery
- Portfolio Selection
- Coherent Strategy

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Enabling Legislation and Recommendations

Enabling Legislative Changes

- Legislation currently exists establishing the PMO through March 2019. This timeline would need to be extended to allow for PMO support through June 2020.

Enabling Recommendations

- Continue project governance structure to help facilitate implementation of selected efficiency initiatives

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Risks Summary

	Risk Description	Probability (Low, Medium or High)	Potential Impact (Low, Medium or High)	Mitigation
A	State chooses to proceed with implementing efficiency initiatives without dedicated PMO support	High	High	Ensuring the state understands the risk of adding PMO duties to state personnel's existing responsibilities
B	Efficiency initiatives exceed budgeted investment	Medium	Medium	Using PMO tool to consistently monitor spending and make necessary adjustments
C	Efficiency initiative slip from initially determined project schedule	Medium	Medium	Using PMO tool to monitor progress and course correct when needed
D	Lack of adoption of foundational changes needed to support long-term transformation	Low	High	Including key stakeholders in the decision making process

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Risk Probability-Impact Matrix

Project Risks (Probability and Impact)
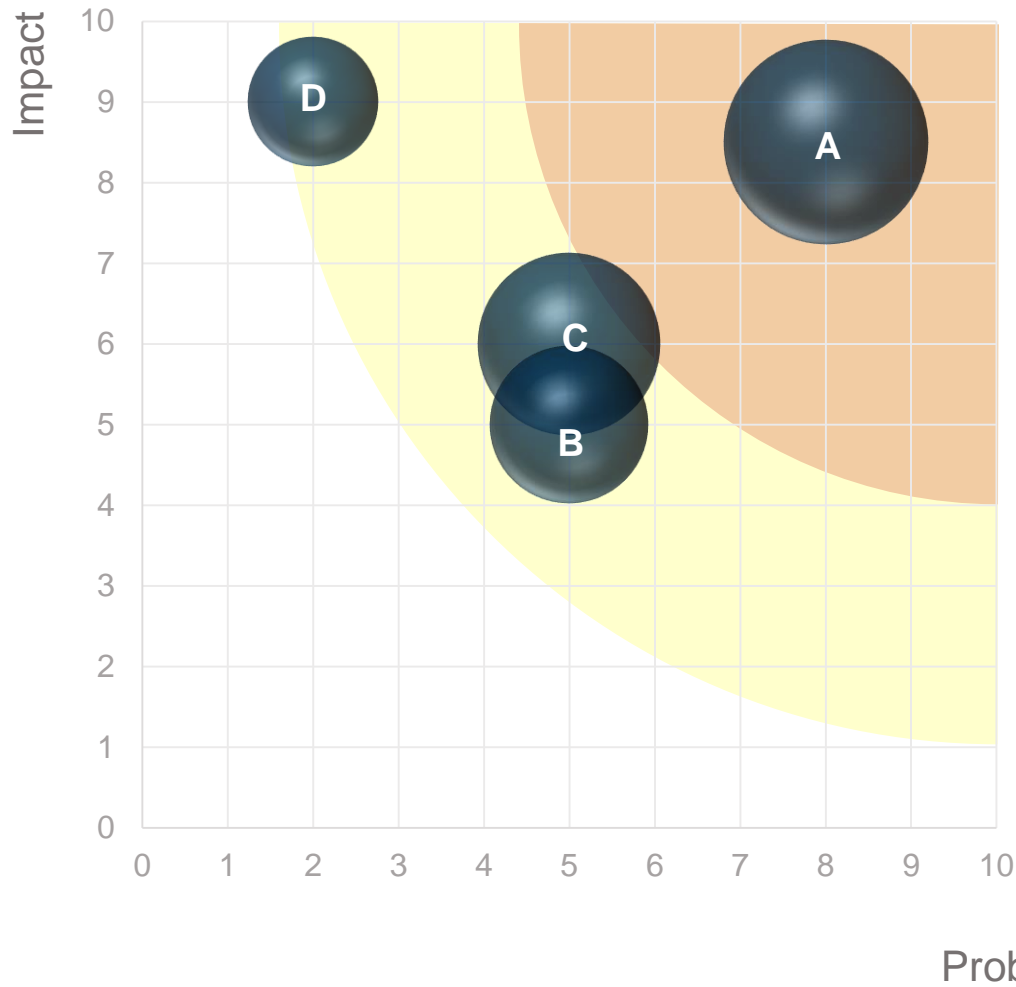
	Risk Description
A	State chooses to proceed with implementing efficiency initiatives without dedicated PMO support
B	Efficiency initiatives exceed budgeted investment
C	Efficiency initiative slip from initially determined project schedule
D	Lack of adoption of foundational changes needed to support long-term transformation

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Assumptions and Constraints

Assumptions

- The PMO's level of engagement will be determined by the number of project investments overseen and the extent to which state personnel are engaged in project management activities.
- Actual project implementation activities will be carried out by project teams associated with the initiatives with limited direct involvement from the PMO team.
- All efficiency projects/initiatives will have project status and budget information incorporated into the integrated master schedule functionality in the existing PMO tool.

Constraints

- Projects supported by the PMO function would be those identified by the Governance Board and selected by the Governor.
- Implementation of agency led or enabling recommendations may not have direct PMO support.

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Financial Savings Overview

$	**Total Investment: $818K**
🐷	**Biennium Savings: $0.0M**
📈	**Total 5 yr Savings: $0.0M**

Description:
Total investments of $818K will cover the stand up costs of a PMO office. This will cover the staffing fees.

Key Cost Assumptions:
State will elect to stand up a Program Management Office that runs from the end of 2019 through the first half of 2020.

Description:
There will be no direct savings tied to the stand up of a PMO office however the PMO office will increase the chances of realizing maximum saving from the other workstreams.

Key Savings Assumptions:
PMO office will work with the other agencies/workstream leads to manage business cases, project updates, and ensure proper use of allocated funds

Description:
PMO will have no direct savings.

Key Savings Assumptions:
PMO office will work with the other agencies/workstream leads to manage business cases, project updates, and ensure proper use of allocated funds

Year	Investments
Total	$0.82
2024	
2023	
2022	
2021	
2020	$0.59
2019	$0.23

■ Investments ■ Savings
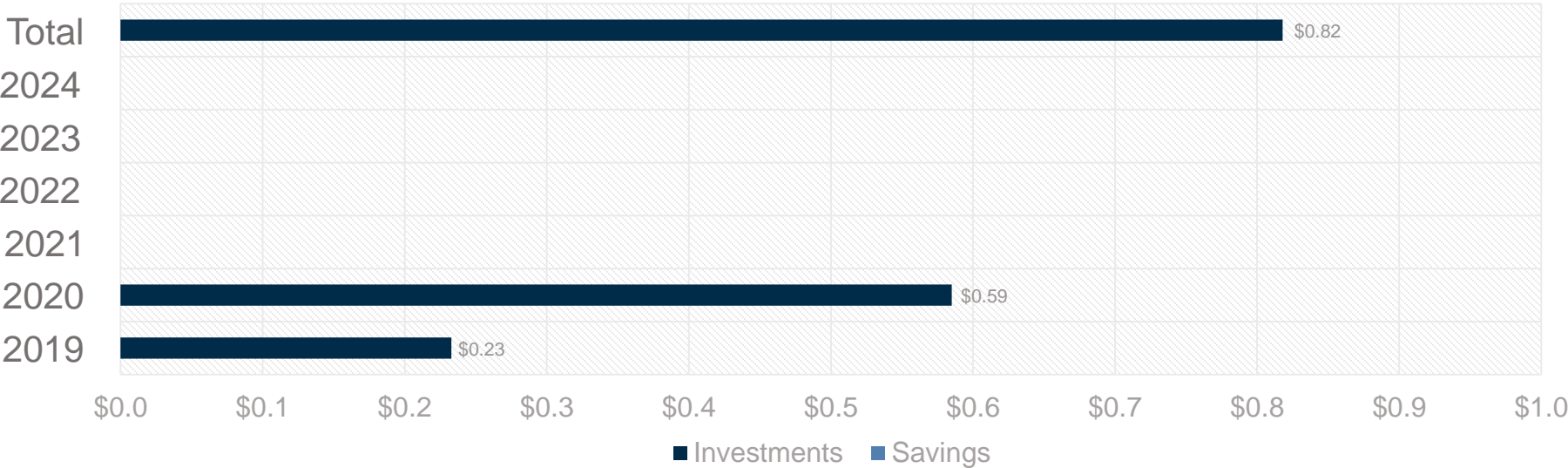
Business Case Summary

The recommended alternative is to have a PMO office set up at the end of FY2019 and run through the first half of FY2020.

	Baseline Status Quo Alternative	Alt. №1 Program Management Office FY2019	Alt. №2 Program Management Office FY2020
Summary of Life Cycle Cost Estimate			
(A) Investment (Inflated Dollars)	$0	($818)	($2,139)
Investment Period	2019 to 2019	2019 to 2021	2019 to 2022
(B) Recurring Costs (2019 to 2024)	$0	$0	$0
(C) Total 6-Year Inflated Alternative Costs (Inflation =2.1%) (A+B)	$0	($818)	($2,139)
Net Present Value (NPV)			
(D) NPV (Nominal Discount Rate = 2.3%)		($777)	($1,993)
Return On Investment (ROI)			
(E) Net Discounted Investment		($777)	($1,993)
(F) Net O&M Savings		$0 $	-
(G) Return On Investment (ROI) (F/E) (6-Year Annualized)		0.0%	0.0%
Internal Rate of Return (IRR)			
(H) Internal Rate of Return (2019 to 2024)		No IRR	No IRR
Payback Period			
(I) Year of Analysis when NPV is equal to zero		7 Years	7 Years
Average Risk	0	0	0
Average Benefit	0	7	10

Recommendation Summary

The chart below summarizes the efficiency recommendations from Phase 1 and Phase 2 related to the program management office.

Recommendation	Description	Estimated One-time Investment		Estimated Net Biennium Savings	
		Low	High	Low	High
Phase 1 Recommendations					
N/A		$0	$0	$0	$0
Phase 1 Subtotal		*$0*	*$0*	*$0*	*$0*
Phase 2 Recommendations					
Program Management Office FY2019	Engaging an independent consultant to provide implementation support for the Government Efficiency Project in FY2019	$736,000	$900,000	$0	$0
Program Management Office FY2020	Engaging an independent consultant to provide implementation support for the Government Efficiency Project in FY2020	$1,189,000	$1,454,000	$0	$0
Phase 2 Subtotal		*$1,925,000*	*$2,354,000*	*$0*	*$0*
TOTAL		**$1,925,000**	**$2,354,000**	**$0**	**$0**

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Measuring the Impact of the Program Management Office

Given the support that the PMO function provides to the broader Government Efficiency Project, performance will be tracked based on the percentage of the project completed on time and under budget.
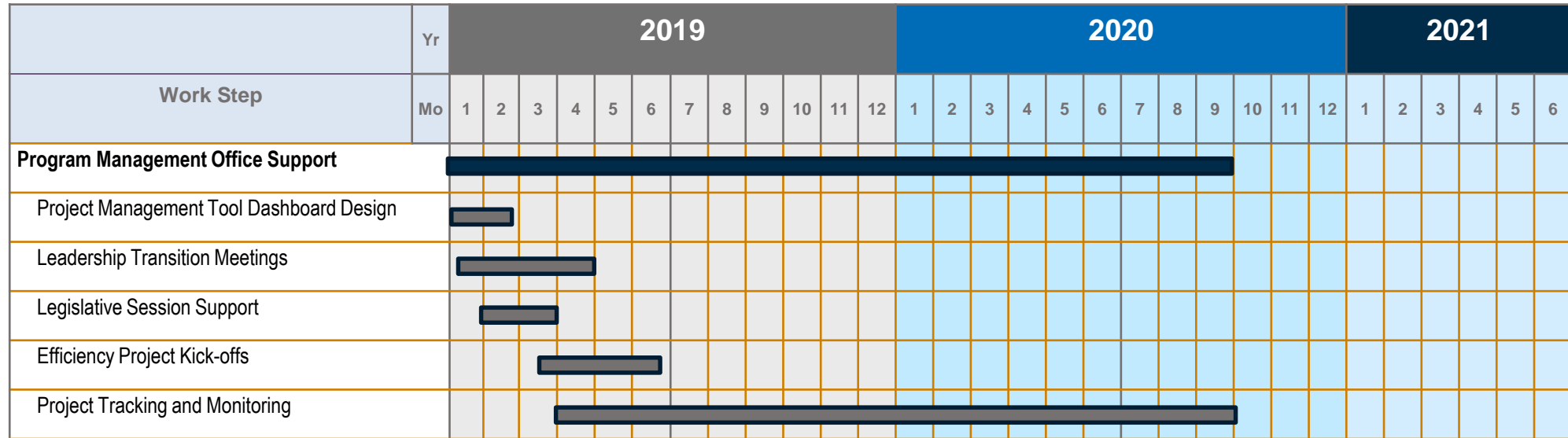
Additionally, the PMO will regularly track and report on the estimated savings and actual savings achieved to provide a status report on the business value realized through the efficiency projects. The resulting cost of the projects times the savings will enable the tracking of Return On Investment (ROI) for the overall project and for each of the individual projects.

Key Performance Metrics

Metric	2019	2020	2021	2022	2023	2024
Projects Completed on Schedule	90%	90%	90%	90%	90%	90%
Projects Completed at or under budget	90%	90%	90%	90%	90%	90%
Business Value Realized (Percent of original estimate)	85%	85%	85%	85%	85%	85%
Milestones Achieved	85%	85%	85%	85%	85%	85%

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Implementation Roadmap

The implementation plan is forecast to begin in February and last for a period of 10 months.

Yr		2019												2020												2021					
Work Step	Mo	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Program Management Office Support																															
Project Management Tool Dashboard Design																															
Leadership Transition Meetings																															
Legislative Session Support																															
Efficiency Project Kick-offs																															
Project Tracking and Monitoring																															

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Technology Integration

Technology Integration Executive Summary

Opportunity

- Enterprise Technology Services (ETS) becomes a partner with agencies and the legislature in the management of a government improvement program;
- Short term savings can generate quick wins for mid and long term service improvements;
- Establish a modernization program to deliver new services.

Findings

- Limited capability to modernize due to funding, highly tenured workforce and legacy systems;
- Enterprise technology spend provides savings opportunities of limited but worthwhile scale;
- Critical capabilities such as Disaster Recovery are not sufficient for a government enterprise.

Recommendations

- Implement contract renegotiation strategy to generate short term savings and build credibility;
- Use sourcing framework to develop a modernization program of strategic procurements;
- Prioritize organizational capabilities and implement a maturity program.

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Technology Integration Basis of Findings & Recommendations

How Did We Get Here?

Assessed the Business

- Interviews with 30 Wyoming stakeholders, leaders and customers;
- Review of services & pricing provided to customers;
- Sourcing strategy framework identifies potential savings opportunities.

Assessed the Financials

- Spend analysis and base case development for $55M in annual ETS related spend;
- Volume analysis for 12 service towers;
- Rationalization analysis for market addressable spend.

Assessed the Processes

- IT Service Management (ITSM) Assessment for current and desired states of process maturity;
- Interviews affirmed and augmented ITSM assessment outcomes;
- SWOT analysis ties together process, financial and business findings.

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Purpose and Objectives

Project Purpose

The Technology Integration Project is designed to enable the Enterprise Technology Services (ETS) organization to procure safe, secure and reliable Infrastructure and Network Services for the state entities it serves. Specifically, the project will include the procurement of Managed IT Services from the IT marketplace to deliver Infrastructure and Network services to ensure that enhanced and cost effective services are provided to the ETS customers.

Problem/Opportunity Statement

The ETS organization faces a number of challenges, including lack of access to resources, lack of control of capital to support the Technology Refresh Program, limited measurement and reporting of Service Level achievement, and an insufficient Disaster Recovery program for the Service Delivery Platform.

Goals & Objectives

- Ensure that the quality and reliability of the services being provided meet the requirements of state entities.
- Provide for the evolution of the service offerings and allow for the capability to flexibly introduce services more nimbly.
- Structure the service offerings so they can be more easily compared to market services at market rates, and provide for visibility of consumption and cost to deliver quality services in a timely manner.
- Ensure communication channels are open, enabling two-way conversations.

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Project Alternatives

The State of Wyoming should engage the market for ETS Managed Network and End User Experience Services in order to access resources, capital, capabilities, service quality and reporting under arrangements ensuring committed price and performance.

Alternative	Description	Assumptions	Project Success
Status Quo	This alternative represents maintaining current level of operations.	No changes made to the existing structure.	Continued service delivery at the current level.
Alternative #1 – Multi Wave (Recommendation)	Implement rationalization and renegotiation of independent software vendors (ISV), Google service contracts and telecommunication transport agreements to yield cost savings to fund strategic procurements in waves – Managed Network (Wave 1), End User Experience Services (Optional Wave 2).	• Agreements will allow modification of services and products. • Agency capital appropriations will be included in the scope of the procurement. • A third-party advisor will advise and support the effort.	• Provides access to resources, capital, and enhanced End User services with a cost savings of 4.2% • This savings estimate is discounted to account for market dynamics in full scope bidding for smaller environments.
Alternative #2 – Single Wave	Implement rationalization and renegotiation of independent software vendors, Google service contracts and telecommunication transport agreements to yield cost savings that will fund a go-to market strategy to provide all ETS Managed Infrastructure and Managed Network services.	Consistent with Alternative #1 Assumptions.	• Provides access to resources, capital, and enhanced services with a cost savings of 4.0% • Consistent with Alternative #1 Assumption.

Project Scope and Deliverables

Recommended Project Scope

- Software and Telecommunications - Rationalize and renegotiate software and telecommunication transport agreements to reduce cost and complexity of operations (likely reducing number of providers).
- Wave 1 – Procurement of Managed Network Services (Local Area Network, Wide Area Network and Voice Services).
- Wave 2 – Procurement of End User Experience Services (Email, End User Computing, and Service Desk Services). Optional- depending on outcome of Wave 1 procurement.
- Wave 3 – Establish Service Delivery Platform – Create a decision making forum among the participating agencies to decide priorities and conduct a continual engagement with the market for the delivery of IT services. (Year 3 effort, not contemplated in current Project Scope).
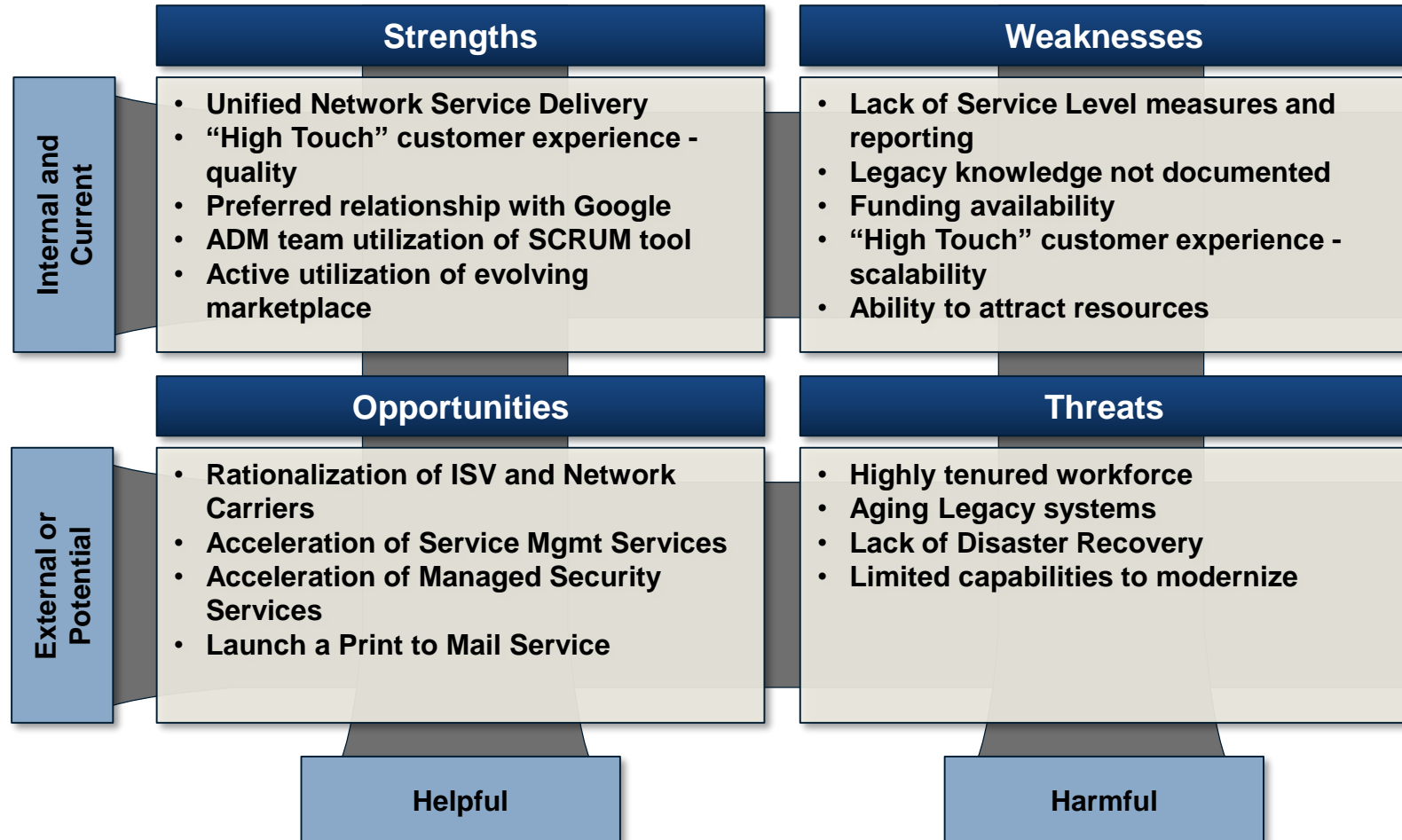
Project Requirements

- In addition to the procurement activities necessary to establish the Managed Network and End User Experience Agreements, ETS will need to define roles, responsibilities, and governance model for the Managed Services Agreements.
- Mandatory agency participation in the agreements will be required.

Key Milestones / Deliverables	Estimated Timing
Rationalization and Renegotiation of Software and Telecommunications Agreements	3 months
Wave 1 – Procurement of Managed Network Services	8 – 9 months
Wave 2 – Procurement of End User Experience Services (Optional)	8 – 9 months

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ETS SWOT Findings

Internal Traits and External Possibilities

Strengths

Internal and Current

- Unified Network Service Delivery
- "High Touch" customer experience - quality
- Preferred relationship with Google
- ADM team utilization of SCRUM tool
- Active utilization of evolving marketplace

Weaknesses

- Lack of Service Level measures and reporting
- Legacy knowledge not documented
- Funding availability
- "High Touch" customer experience - scalability
- Ability to attract resources

Opportunities

External or Potential

- Rationalization of ISV and Network Carriers
- Acceleration of Service Mgmt Services
- Acceleration of Managed Security Services
- Launch a Print to Mail Service

Threats

- Highly tenured workforce
- Aging Legacy systems
- Lack of Disaster Recovery
- Limited capabilities to modernize

Helpful

Harmful

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Findings Inform Strategic Options

SWOT Applied

Strengths	Weaknesses
Options to leverage strengths to exploit opportunities • Implement contract renegotiations strategies for ISV's, Network Transport, and Google Services • Publicize to marketplace the ETS vision for the modernization program of new services to meet customer demand • Continue to refine strategic procurement approach as you engage the market on the strategy	***Options to minimize weaknesses by exploiting opportunities*** • Stake out clear ETS vision for the modernization program of new services • Time change program pragmatically to build short term wins (with early pilots) • Prioritize organization capabilities and implement a maturity program
Options to leverage strengths to mitigate threats • Incorporate ETS vision for services into the communication program: refer to ETS for inquiries • Build every individual business case in reference to full scenario business case • Start early to establish budget and build momentum	***Options to minimize weaknesses to mitigate threats*** • Build business case now, including staffing needs • Communicate to leadership and customers that ETS recognizes problems and is driving a vision for the future • Carefully describe budget asks: always in context of the overall program

Opportunities (row label for top)
Threats (row label for bottom)

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Overview

Sourcing Strategy Framework: A Starting Point

The framework presents an initial view of Wyoming's sourcing opportunities

- Based on Integris Applied's experience and market trends;
- Opportunities should be considered together and in parts;
- Further analysis required to develop a full sourcing strategy.

Sourcing decisions are business decisions

- Sourcing allows organizations to focus on core competencies;
- Management capabilities, financial impacts and desired outcomes are all criteria;
- Governance matters: agencies and stakeholders are part of the decision.

Organizations must develop a multi-sourcing capability

- Technology market is forcing adoption of "as a service" models;
- Citizen expectations are changing – looking for an "Amazon like" experience;
- Integrating multiple services becomes a requirement for IT organizations.

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Sourcing Strategy Framework

The Sourcing Strategy Framework provides a structured approach to determining potential service delivery options for the in-scope processes.

Internal Capability

	Low	Mixed	High
Proprietary	Consider partnership	Retain the process (insource)	
Custom	Leverage marketplace expertise and scale (outsource)		
Commodity			Consider outsourcing to redirect resources

Function Differentiation

Function Differentiation
- **_Propriety_** – *unique, specialized service with limited fungibility*
- **_Custom_** – *specialized, tailored service with moderate fungibility*
- **_Commodity_** – *unspecialized service that has substantial fungibility*

Internal Capability
- **_Low_** – *limited internal capabilities exist*
- **_Mixed_** – *some internal capabilities exist*
- **_High_** – *substantial internal capabilities exist*

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Market Assessment Potential Savings

Market Position Summary ($M)							Potential Savings ($M)	
Service Tower	Market Addressable $	<5%	5<10%	10<15%	15<20%	>20%	Low $ Range	High $ Range
Mainframe	$1.97			X			$0.20	$0.29
Mainframe Print	$0.23	X					$0.00	$0.00
Server - Wintel	$4.57	X					$0.00	$0.00
Server - AIX	$0.40	X					$0.00	$0.00
Storage	$0.95	X					$0.00	$0.00
Managed Network Services	$10.60			X			$1.06	$1.59
Email / Messaging	$1.67			X			$0.17	$0.25
End User Computing	$5.68			X			$0.57	$0.85
Service Desk	$3.91			X			$0.39	$0.59
ADM	$3.13	X					$0.00	$0.00
Total	**$33.11**						**$2.38**	**$3.57**

- **Mainframe** – Savings opportunity projected at ETS MIPS utilization, including ISV rationalization.
- **Mainframe Print** - ETS to retain this service, look to expand to an end-to-end services offering for print to mail services transferring volume and budget from agencies.
- **Wintel & AIX Servers** – Virtualized and Green House hosted environment will be reassessed pending ETS success with market procurements.
- **Storage** – Rubrik backup and Green House hosted storage environments will be reassessed pending ETS success with market procurements.
- **Email/Messaging, End User Computing, and Service Desk ("End User Experience")** – Include in the End User Experience procurement, savings opportunity, including Google agreement rationalization, based on agencies consumption and state geographic locations.
- **WAN, LAN, and Voice** - Include in the Managed Network Services, savings opportunity based on agencies consumptions and state geographic locations.
- **Application Development and Maintenance** – ETS to retain this service, look to expand service offering to include website development and maintenance through preferred provider ADM agreements.

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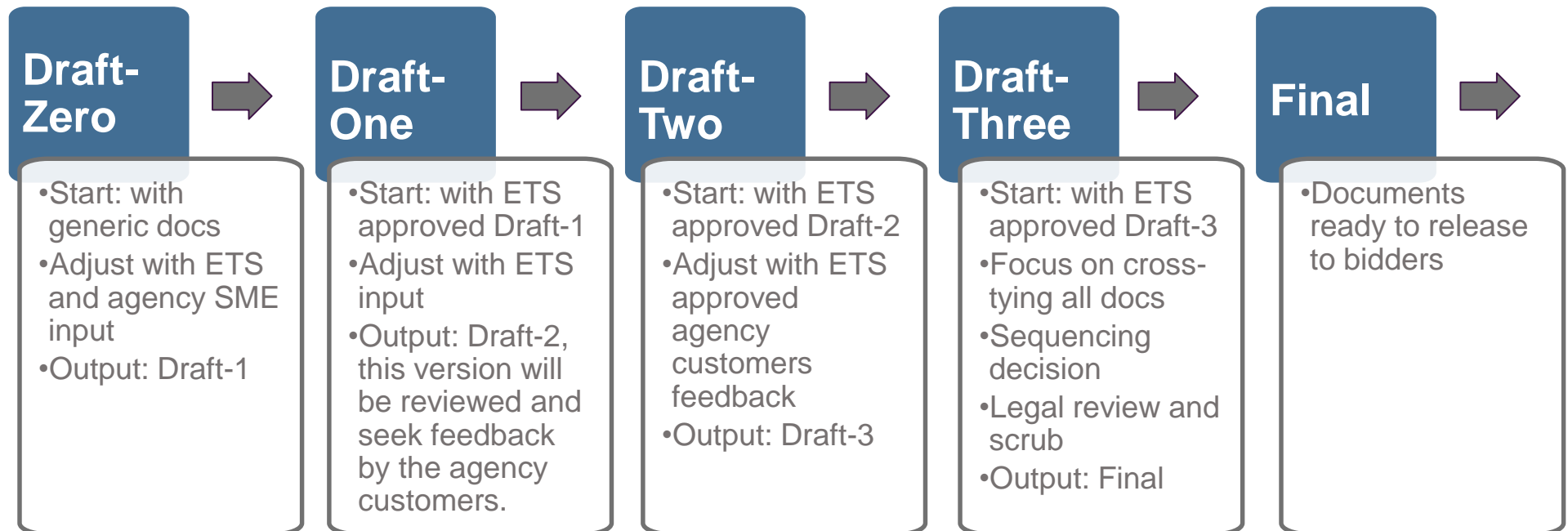# Technology Integration Recommendation Building Blocks

<u>Alternative #1 – Multi Wave</u>

- Pursues elements of the portfolio of services that can yield short term benefits, and begins a program of procurements to achieve savings and fund progressive improvement steps to modernize the platform:
    - o Begins with rationalizing and renegotiating the independent software vendors, network carriers, and Google service contracts.

- Creates an internal capability to address a uniform interface with 3rd party service providers and retained services delivery to maximize the benefits of an evolving market of IT services.

- Creates a decision making forum among the participating agencies to decide priorities and conduct a continual engagement with the market for the delivery of IT services.

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Stages of Request for Proposal Drafting

Request for Proposal (RFP) Drafting Process

- Utilize "draft 0" version contract documents that are based on several engagements and current practices which ETS will be educated on and then update as needed.

- Build out the RFP documents over four stage-gates of development.

- Allow ETS approval and control before exiting each stage.

- Work with ETS to edit the contract documents to incorporate language needed to address Wyoming specific requirements.

Draft-Zero
- Start: with generic docs
- Adjust with ETS and agency SME input
- Output: Draft-1

Draft-One
- Start: with ETS approved Draft-1
- Adjust with ETS input
- Output: Draft-2, this version will be reviewed and seek feedback by the agency customers.

Draft-Two
- Start: with ETS approved Draft-2
- Adjust with ETS approved agency customers feedback
- Output: Draft-3

Draft-Three
- Start: with ETS approved Draft-3
- Focus on cross-tying all docs
- Sequencing decision
- Legal review and scrub
- Output: Final

Final
- Documents ready to release to bidders

What Are Attributes for a Good Managed Services Contract?

Contracts should be structured to Define Roles, and Incent Behaviors which result in enhanced Productivity, Predictability, Standardization resulting in sustainable Cost Savings.

Defined Rights, Roles & Responsibilities

- Comprehensive, End-to-End Service Provider obligations genericized by Service Tower
- Inclusion of Cross-Functional Services such as Business Continuity, Estimation of Work, Reporting, Asset Management, Technology Refresh, Change and Problem Management, ITIL Standards
- Specific requirements are defined (i.e. hours of operations, scheduled maintenance windows, etc.)
- Service Provider Deliver Center Requirements
- Identification of Key Personnel
- Work Acceptance & Deemed Acceptance
- Defined Warranty period

Consistent Standards & Methodology

- Transition Services Framework
- Operational & Architecture Standards defined by Client
- Service On-Boarding processes
- Service Level Methodology
  - Tools & Templates
  - SLA Definitions
  - Severity Level Matrix for Response/Restore/Resolve/RCA expectations
- Pricing Methodology
  - Adding/removal of consumption
  - Multiple pricing mechanisms based on Resource Units
  - Economic Factors (incl. COLA)
  - Financial Responsibilities Matrix
- Governance
  - Defined Governance structure
  - Service Management Manual

Transparency

- Operational Reporting
- Personnel Projection Matrix
- Project Estimation
- Operational/Technical Solutions
- Summary SLA reporting and underlying data
- Sharing of Audit results
- Pre-defined Governance meetings
- Invoicing, Chargeback

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Mindset Shift in the Management of Outsourced Services

Many of the skills required to effectively manage a Service Provider in an outsourced or managed services environment differ significantly from the skills required to "directly" manage and perform (deliver) the applicable service. These skills largely shift toward "management" rather than "performance".

The successful management of Service Providers can only be achieved through a clear understanding of the different focus required from direct performance. This is illustrated in the table below:

Focus with Direct Performance	Focus with Outsourced Model
How services are delivered	What services are delivered
Fixing systems, work products, employee issues	Fixing behaviors, processes, perceptions and expectations
Managing the input to the services	Managing the output from the services
Being watched by the Customer	Watching out for the Customer
Undertaking tasks associated with service delivery	Overseeing and facilitating service delivery work
Aligning and managing to customer perceptions	Overseeing Service Provider's performance to required Service Levels
Communicating customer needs to staff	Communicating direction and expectations to Service Provider management

Enabling Legislation and Recommendations

Enabling Legislative Changes

- Mandating of agency participation in Third-party Managed Services Agreement for Network and End User Experience Services.
- Agency capital appropriations transferred to ETS.

Enabling Recommendations

- Dedicated resources from A&I procurement and Attorney General offices in the procurement effort.

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Risks Summary

	Risk Description	Probability (Low, Medium or High)	Potential Impact (Low, Medium or High)	Mitigation
A	Funding will not be provided for upfront costs for the Managed Services procurements	Medium	High	• Work with ETS, Governor's Office, and Legislature to ensure buy-in throughout the process • Leverage software and telecom transport rationalization effort • Leverage Shared Services workstream cost avoidance
B	ETS organization capacity to support multiple procurement efforts	Medium	High	Hire staff to backfill ETS SMEs
C	Lack of Supplier participation	Low	Medium	Publicize to the marketplace ETS objectives and future operating model to ensure active participation
D	Lack of realized savings for individual Service Tower procurements	High	High	Package scope of RFPs to match core competencies of market IT providers

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Risk Probability-Impact Matrix

Project Risks
(Probability and Impact)
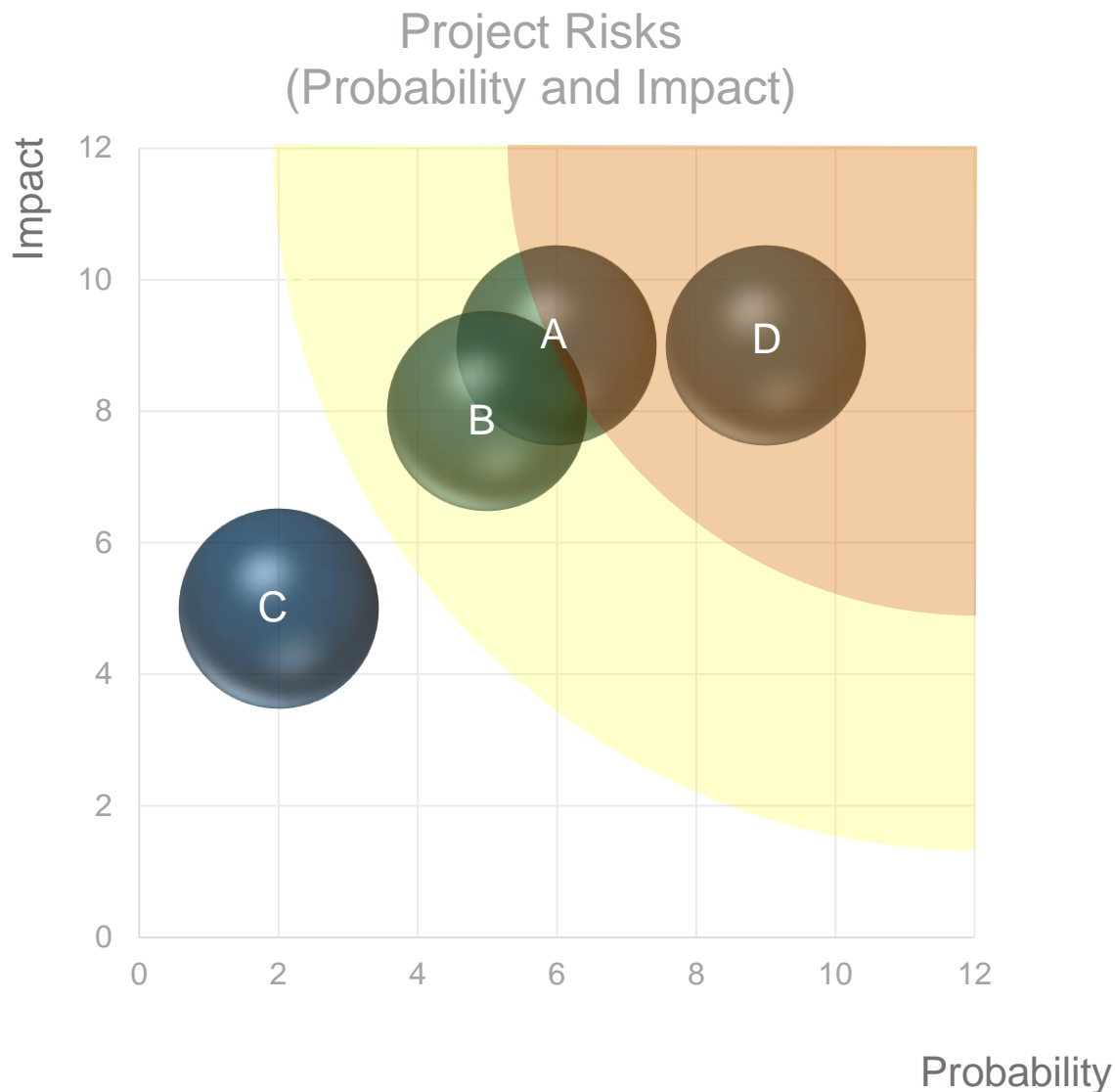
	Risk Description
A	Funding will not be provided for upfront costs for the Managed Services procurements
B	ETS organization capacity to support multiple procurement efforts
C	Lack of Supplier participation
D	Lack of realized savings for individual Service Tower procurements

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Assumptions and Constraints

Assumptions
- Governor's Office, Legislature, and ETS Leadership support of initiative.
- ETS SMEs will be identified and dedicated to the procurement efforts from start to finish.
- Agency SMEs will be identified and dedicated to the procurement efforts from start to finish.
- ETS budget will remain constant.
- In-scope service area current environment information (including hardware assets, software assets, third party contracts and network topology information and circuit listing) have been collected and are available for use.
- Proper communications with agency stakeholders on objectives and status of the procurement efforts.

Constraints
- Funding required to support procurement effort would need to be included in the budget.
- Utilization of US Based Resources for Service Delivery from the Managed Services Service Providers.
- Lack of alignment between ETS and agencies would limit results.
- Resistance to implementing new Service Delivery Platform.

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Financial Savings Overview

$	**Total Investment:** **$1.20M**	🐷	**Biennium Savings:** **$4.11M**	📈	**Total 5yr Savings:** **$6.4M**

Description:
Costs include advisor and legal fees for the 3-month ISV/Carrier/Email contract rationalization phase and the both of the 9-month managed service procurement "waves."

Key Cost Assumptions:
Costs span from 2019 to 2021.

Description:
Full run-rate savings ~$2.1M/year starting FY2022 following a 6-month transition periods for both procurements.
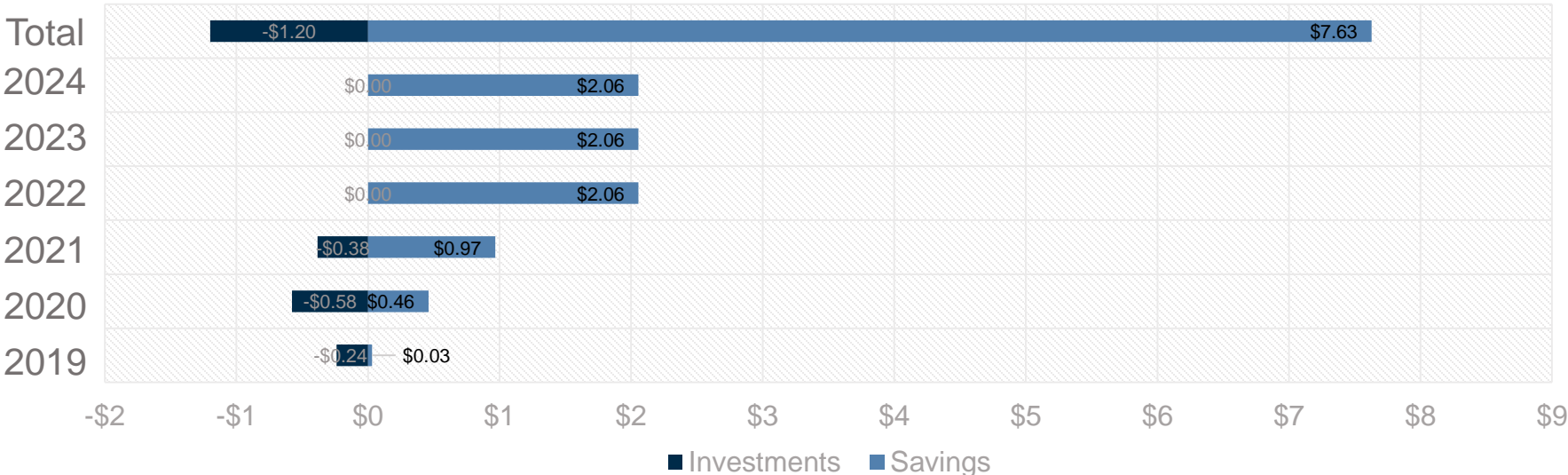
Key Savings Assumptions:
Contract savings assumed ramp up from 4% beginning 2nd month after rationalization complete to full run rate savings of 10% beginning 22nd month. MNS & EUE savings begin the 7th month after contract signature (6 month transition period).

Description:
Total net savings for ETS.

Key Savings Assumptions:
ETS budget remains constant (must managed inflation impact with budget).
Managed Service Provider committed pricing includes inflation and is offset by their productivity and price performance factors.

Year	Investments	Savings
Total	-$1.20	$7.63
2024	$0.00	$2.06
2023	$0.00	$2.06
2022	$0.00	$2.06
2021	-$0.38	$0.97
2020	-$0.58	$0.46
2019	-$0.24	$0.03

■ Investments ■ Savings

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Business Case Summary

The recommended alternative is forecasted to have a 38.4% ROI and 3 year payback period.

	Baseline Status Quo Alternative	Alt. №1 Alternative 1	Alt. №2 Alternative 2
Summary of Life Cycle Cost Estimate			
(A) Investment (Inflated Dollars)	$0	($1,200)	($1,700)
Investment Period	2019 to 2019	2019 to 2022	2019 to 2021
(B) Recurring Costs (2019 to 2024)	($297,933)	$7,627	$7,844
(C) Total 6-Year Alternative Costs (Inflation =0%) (A+B)	($297,933)	$6,427	$6,144
Net Present Value (NPV)			
(D) NPV (Nominal Discount Rate = 2.3%)		$5,737	$5,455
Return On Investment (ROI)			
(E) Net Discounted Investment		($1,144)	($1,631)
(F) Net O&M Savings		$6,880	$7,087
(G) Return On Investment (ROI) (F/E) (6-Year Annualized)		38.4%	32.2%
Internal Rate of Return (IRR)			
(H) Internal Rate of Return (2019 to 2024)		165%	98%
Payback Period			
(I) Year of Analysis when NPV is equal to zero		3 Years	3 Years
Average Risk	0	185	185
Average Benefit	0	44	44

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Measuring the Impact of Technology Integration

The Third Party Service Providers for Managed Network Services (MNS)—Wide Area Network, Local Area Network, and Voice Services—and End User Experience Services (EUE)—Email/Messaging, End User Computing Services, and Service Desk Services—will measure, report and charge based on the Key Performance Metrics detailed below.

ETS will validate accuracy of the unit rate calculation, and with support from their agency customers, ensure that the correct volumes for a given resource unit are captured in the Third Party Service Provider charges. ETS will work with the agency customers to assist in ongoing consumption management for the MNS and EUE Services.

Key Performance Metrics

Metric	2018 Baseline	2019	2020	2021	2022	2023	2024
ISV / Network / Email Contract Rationalization	$18.2	$18.1	$17.2	$16.7	$16.4	$16.4	$16.4
Managed Network Services	$10.6	$10.6	$10.6	$9.72	$9.54	$9.54	$9.54
End User Experience Services	$9.94	$9.94	$9.94	$9.94	$8.95	$8.95	$8.95

Workload Drivers – Contract Rationalization

ISV / Network / Email Contract Rationalization @ 50 Contracts

Workload Drivers - MNS

Wide Area Network Services @ 469 Sites

Local Area Network Services @ 8,403 LAN Attached Devices

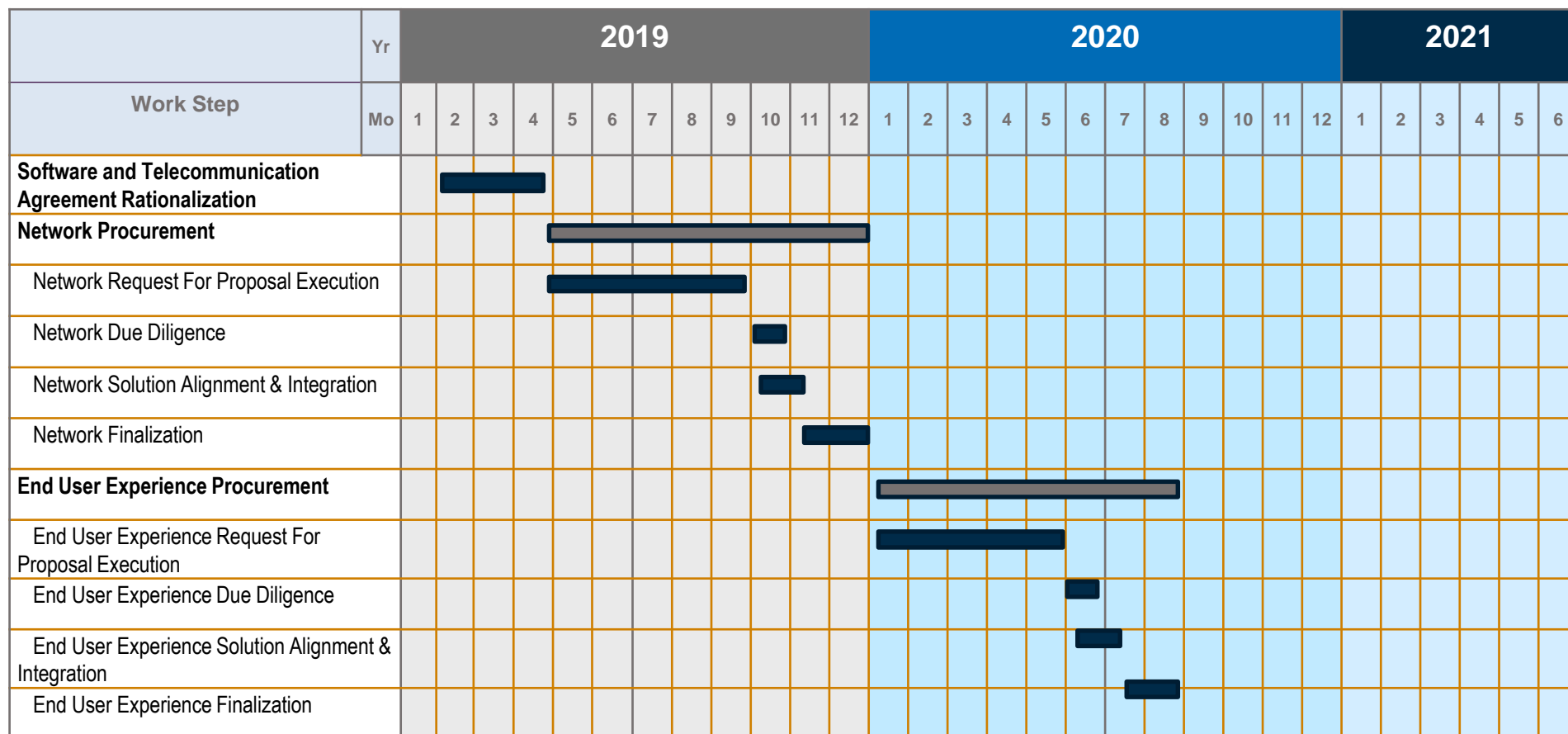Voice Services @ 7,776 Handsets

Workload Drivers - EUE

Email/Messaging Services @ 10,722 Email Accounts

End User Computing Services @ 8,403 Devices

Service Desk Services @ 11,029 Authorized Users

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Implementation Roadmap

The implementation plan is forecast to begin in February and last for a period of 20 months.

Work Step	Yr / Mo	2019												2020												2021					
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Software and Telecommunication Agreement Rationalization			██	██																											
Network Procurement						██	██	██	██	██	██	██	██																		
Network Request For Proposal Execution						██	██	██	██	██																					
Network Due Diligence											██																				
Network Solution Alignment & Integration											██	██																			
Network Finalization												██	██																		
End User Experience Procurement														██	██	██	██	██	██	██	██										
End User Experience Request For Proposal Execution														██	██	██	██	██													
End User Experience Due Diligence																	██														
End User Experience Solution Alignment & Integration																	██	██													
End User Experience Finalization																			██	██											

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K-12 Regional Shared Service Centers

Executive Summary

SITUATION

- School Districts through WY currently operate individually with limited use of BOCES as back office Shared Service Centers.

- Existing BOCES/service centers are relatively narrow in scope.

- Most smaller Districts have administrators wearing multiple hats due to staffing limitations and since 75% of Districts in WY have less than 2,000 students, most Districts are not operating as efficiently as they could, and at times, not providing the best service quality.

BUSINESS CASE

- The recommended alternative of mandating District participation has an ROI of 61.1% compared to 40.0% for voluntary participation.
- Mandating participation will require an $8.1 million investment between 2019 and 2024 but will yield a Net Present Value return of $118.0 million.

Alternative	Proposal	Analysis
Maintain Status Quo	Continue to operate with very specialized and fragmented cooperative arrangements and with back office functions operating at the District level.	Current structure is inefficient for some of the smaller Districts and at times causes less than ideal service quality. Narrow scope of current Shared Service Centers.
Mandate Regional Shared Service Centers	Design and implement five Shared Service Centers centered around BOCES, WASB, and larger school Districts with gradual roll out services offered.	Takes advantage of some of the existing infrastructure while increasing efficiencies. Mandating the creation of the center will maximize saving to the Districts and the state.
Implement the Shared Services model on a voluntary basis	Design and implement the same Shared Service Center model but Districts get to choose whether they want to participate.	Without a mandate or clear incentives, participation in a voluntary model will be sporadic and not achieve the scale needed for success.

RECOMMENDATIONS

1. **Mandate the implementation of Shared Service Centers across five regions.**

2. **Start with a pilot program and follow with full implementation region by region.**

3. **Put in place an incentive model that will reward District participation and the efficiency gains that they achieve.**

4. **Create a governance board structure that will represent the Districts, WDE, and other stakeholders evenly.**

NEXT STEPS

1. Decide if a Shared Service Center and related projects (Federal Funds, School Food and Nutrition, Procurement, and benefit consolidation) are initiatives that should be moved forward.

2. Select the alternative that makes the most sense for the state.

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WDE K-12 Shared Services Assessment Steps

Assessment / Conceptual Design Phase
WDE K-12 Shared Services

Business Case Development Path

Weeks 1 - 3

Build the Baseline (Fact Gathering)

| Project Kick-Off & Planning Session | Requested Data on potential "in-scope" process areas | Collected Requested Data Inputs | Validated and Finalized Input Data |

Gathered Current Costs Data and Evaluated Existing Support Capabilities

Week 2 - 4

Opportunity Assessment

| Analyze Current State Organization & Baseline Data | Performed Comparisons & Capability Assessment | Held initial Meetings with Key Stakeholders | Summarized Initial Opportunities & Req's for WDE Shared Services |

Developed Scenarios to Deliver Shared Services and Estimated Efficiency Gains

Week 3 - 5

Conceptual Design Development

| Defined High Level Scope of Services | Developed Service Delivery Model Scenarios | Validated Scope Potential with Key Stakeholders | Finalized Conceptual Design for Shared Services |

Developed Implementation plans that would achieve steady state operating costs as fast as practical

Week 6 -- 7

Build the Implementation / Deployment Plan

| Prioritized & Sequenced Opportunities | Defined Costs and Benefits (Qualitative and Quantitative) | Developed High Level Organization and Governance | Built the Implementation Plan |

Week 7- 8

Executive Briefing & Stakeholder Alignment

| Prepared Executive Summary Document | Reviewed & Validated Deliverables | Prepared Communication Plans | Gain Final Agreement (Go or No-Go) |

Detailed Design

Build / Deploy

79

Purpose and Objectives

Project Purpose

The K-12 Shared Services project is designed to streamline back office support functions across school Districts by creating a shared pool of resources to support multiple districts through regional service delivery centers. The mandated Shared Service Centers will have the scale needed to support the Districts in areas that are non-student facing and will relieve some of the administrative burden from smaller school Districts.

Problem/Opportunity Statement

Given the small size of Wyoming's education system and large geographical distances between districts, there are a range of opportunities for cross-District collaboration that will improve the state's ability to realize efficiencies. The fact that all Districts operate with fixed administrative requirements and cost structures, and that each district must adhere to these requirements regardless of size and number of administrative personnel, a mandated regional Shared Services model presents the state with the best opportunity to both increase overall service levels and reduce the administrative burden on each individual District.

Goals & Objectives

There are five primary objectives of the K-12 Share Services Workstream:
- Identify efficiencies for potential long-term savings through shared resources and cooperative procurement.
- Reduce administrative burden on all school Districts, especially the smaller ones with limited resources.
- Increase the capture of federal reimbursements for Medicaid for Special Education, USDA School Food and Nutrition, and other US DOE Federal Fund Programs.
- Enhance the services being provided to students.
- Mandate the development of five Shared Service Centers to support all the above, with well planned incentives that will drive faster adoption and reward efficiency gains.

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Scope and Deliverables

Recommended Project Scope

- The scope of this project will include rolling out five Shared Service Centers in a phased approach over a 12-15 month period. Services provided in each of these centers will include:
    - Back office functions - Purchasing; Accounts Payable; Human Resources & Recruiting; Payroll; IT Support; eRate.
    - Federal reimbursements from US DOE and for school based Medicaid claiming.
    - School food and nutrition processing and filing for federal reimbursement.

Project Requirements

- Seed money provided from the state to the centers to support the stand up and roll out of all of the in-scope processes.
- Formation of a Governance Board to provide oversight and guidance to the program.
- The full backing and support of both the Legislature and the WDE in the form of a mechanism to foster adoption/mandate participation by the member Districts.

Key Deliverables	Estimated Timing
Establish Governance Board/Steering Committee	1 Month
Determine how Service Centers are funded and how Districts will be incentivized	1-2 Months
Obtain buy-in from BOCES/school Districts to serve as Shared Service Centers	1-2 Months
Identify and implement common supporting processes and technologies	1-3 Months per center
Identify and hire staff with proper expertise to run physical Shared Service Centers	1-2 Months per center
Launch pilot program	3-4 Months
Launch full-programs	15 Months

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Current Structure

Moving from the current structure to a Shared Services model will likely come with challenges, however, the benefits of making this transition will outweigh those potential challenges.

CURRENT STRUCTURE

The current structure places a larger emphasis on local control at the District level rather than operating efficiently.

- **Control** – Districts currently house all or most of their back office functions in house. This comes with heavy control over all functional areas of each District.

- **Quality of Service** – Staffing limitations and geographical isolation result in: gaps in service levels; gaps in staff knowledge; or the inability to scale operations to provide the necessary services.

- **Efficiency** – Current state funding of education does not incentivize efficiency. As such, the system as a whole could be run more efficiently with a larger emphasis on shared services. This could also reduce the administrative burden that many Districts are facing.

CHALLENGES OF SHARED SERVICES

1. Lack of incentives to drive efficiency gains
2. Political realities of transition from current model to shared services
3. Technological inconsistencies and possible incompatibility across Districts
4. Limitations on existing cooperative structure

BENEFITS OF SHARED SERVICES

Equity

Quality

Cost Effective

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Administrative Costs

Instituting Shared Service Centers will increase efficiency of individual Districts and reduce the percentage of expenditures that Districts have to spend on non-instructional costs.

Administrative costs as a percentage of total expenditures average **34.7%** statewide. However, there is a wide variance (20.7% - 50.9%) in that percentage when analyzing the expenditures of the individual Districts. Additionally, 26 of the 48 school Districts in Wyoming operate spending more than 35% of their total expenditures on non-instructional items.

# of Districts

% of total expenditures spent on non-instructional activities
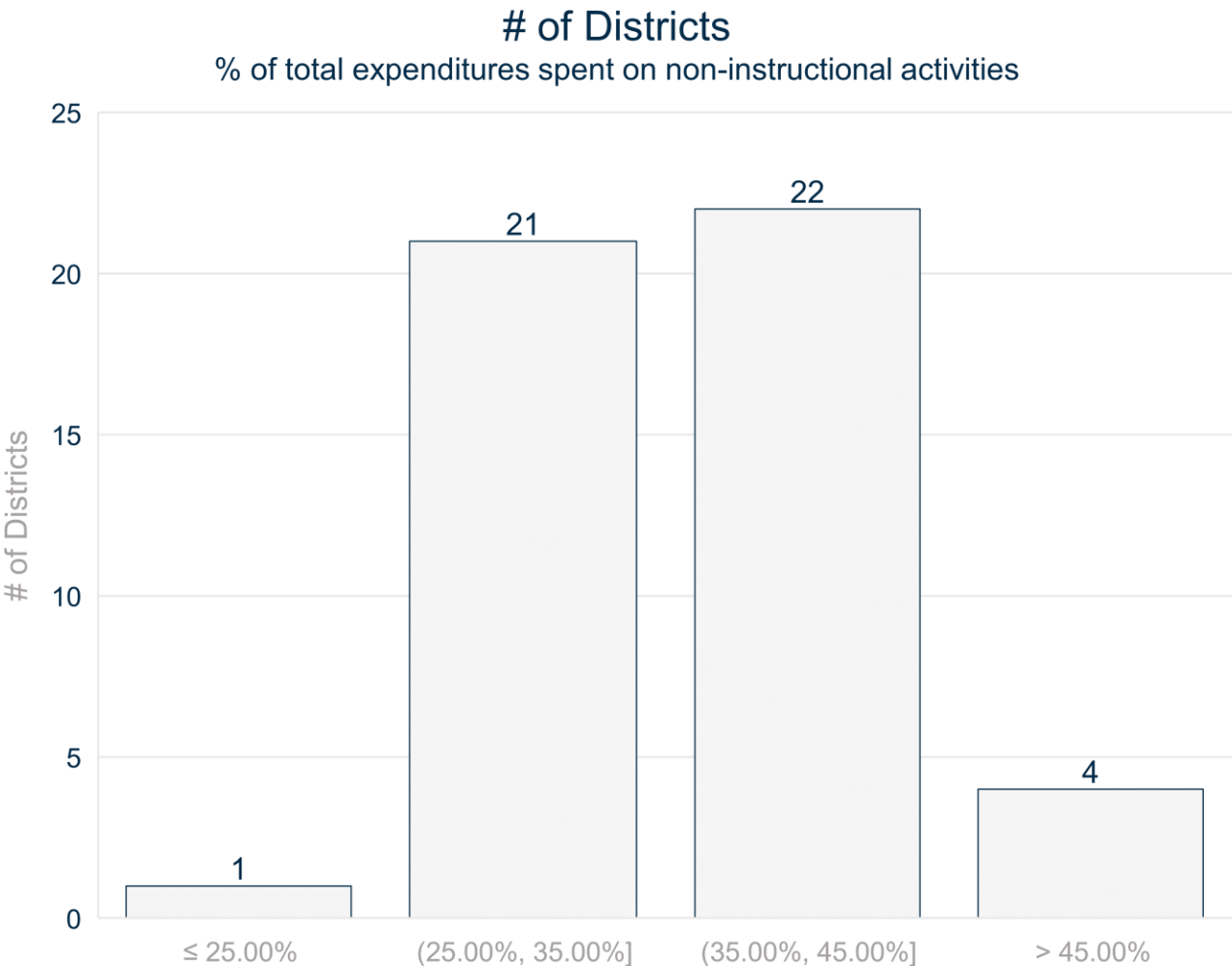
Note: Non-instructional activity includes operating costs for school administration, support services, finance, human resources, technology, transportation, food service, and facilities support. Capital expenditures, debt service, and fund transfers have been excluded.

Stakeholder Feedback and Opportunity Assessment

Stakeholder Engagement: A&M has met with the WDE, individual school Districts, the Boards of Cooperative Education Services, and WSBA officials to learn about their current service offerings, pain points, capabilities, and solicited feedback on a potential Shared Services model.

Feedback:

- **Capacity:** School Districts maintain a limited staff of employees dedicated to back office functions, federal reimbursement, and Medicaid claiming. In many of the smaller Districts, there are often multiple functions being done by a single employee reducing their ability to provide high quality services.

- **BOCES Services Offered:** Although many Wyoming school Districts utilize BOCES for some specific services, these services are generally very narrow in scope and often pertain to Special Education. This specificity makes structuring a Shared Services model solely around BOCES challenging due to lack of capability in essential back office functions.

- **State Oversight:** Maintaining and enhancing state involvement in, and oversight of, the operations of BOCES and general District cooperative initiatives will help any model operate more efficiently and effectively. As such, forming a governance board with both WDE and District members will help the Shared Service Centers operate more effectively.

- **Funding and Incentives:** Many Districts fear that moving to a Shared Services model will mean loss of control of vital back office functions. Providing Districts with the proper incentives and landing on the correct funding model will be essential to the successful standup of Shared Service Centers. Scale is needed to make the Shared Services model work, and for this reason, the best course of action for the state to mandate District participation.

- **District Participation:** Some Districts, especially some of the larger ones, expressed hesitancy to join a Shared Services model. Although this could be remedied through the creation of a proper incentive structure, it is important to note that not all may join given the choice.
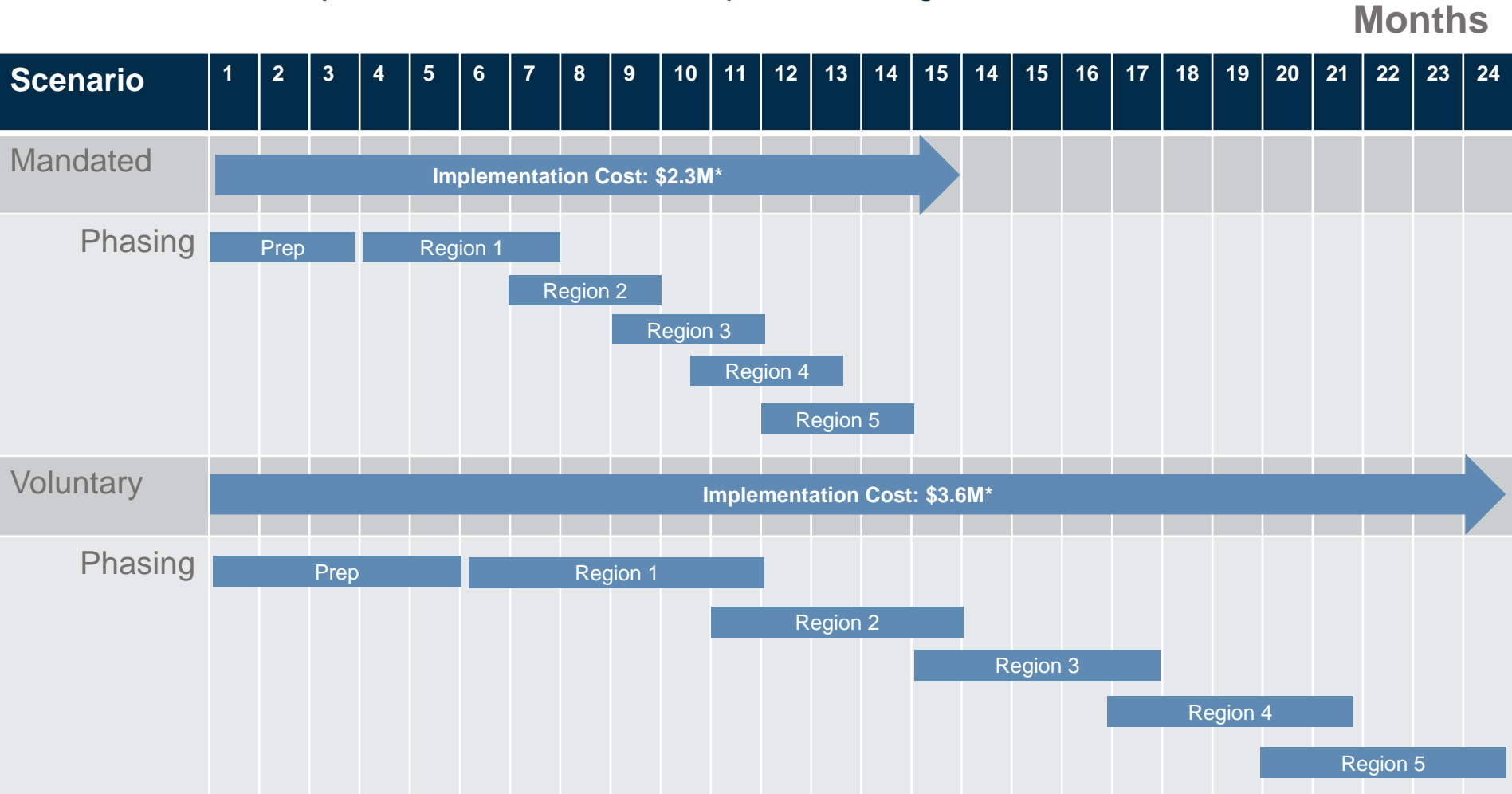
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Project Alternatives

Mandating a regional model would allow the districts to capture additional federal reimbursement dollars and reduce the administrative burden by moving non-student facing, back office functions into regional centers. The mandated regional model also would be easier to set up and sustain if the program uses the existing infrastructure to overcome the unique challenges in Wyoming.

| Alternative	Description	Assumptions	Project Success
Status Quo	Current level of operations	• Districts will continue to operate without capturing all federal reimbursement • All back-office functions will remain at the District level	• Not Applicable
Alternative #1 (Recommendation)	Mandate the creation of, and District participation in, five Regional Shared Service Centers	• Pilot program success • Larger school programs agree to serve as core operations of the Shared Service Centers • Gradual roll out of scope of services offered	• Seed funding and backing from leadership • Full support from member school Districts • Finding staff with proper capabilities and expertise
Alternative #2	Voluntary District participation in Shared Service Center model	• Less support staff needed • Lower implementation costs • Harder to get Districts to participate • Low participation will have a harder time achieving the scale needed for success	• Full support from member school Districts • Additional incentives will be needed to drive the District participation

Scenario Timeline Comparison

The two alternative implementation strategies, mandating vs. voluntary District participation, have different timelines, implementation costs, and expected savings.

Months

Scenario	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	14	15	16	17	18	19	20	21	22	23	24

Mandated — Implementation Cost: $2.3M*

Phasing
- Prep
- Region 1
- Region 2
- Region 3
- Region 4
- Region 5

Voluntary — Implementation Cost: $3.6M*

Phasing
- Prep
- Region 1
- Region 2
- Region 3
- Region 4
- Region 5

*Implementation estimate does not include technology or physical buildout

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Scenario Timeline Comparison

The two alternative implementation strategies, mandating vs. voluntary District participation, have different timelines, implementation costs, and expected savings.

Comparison of Alternatives
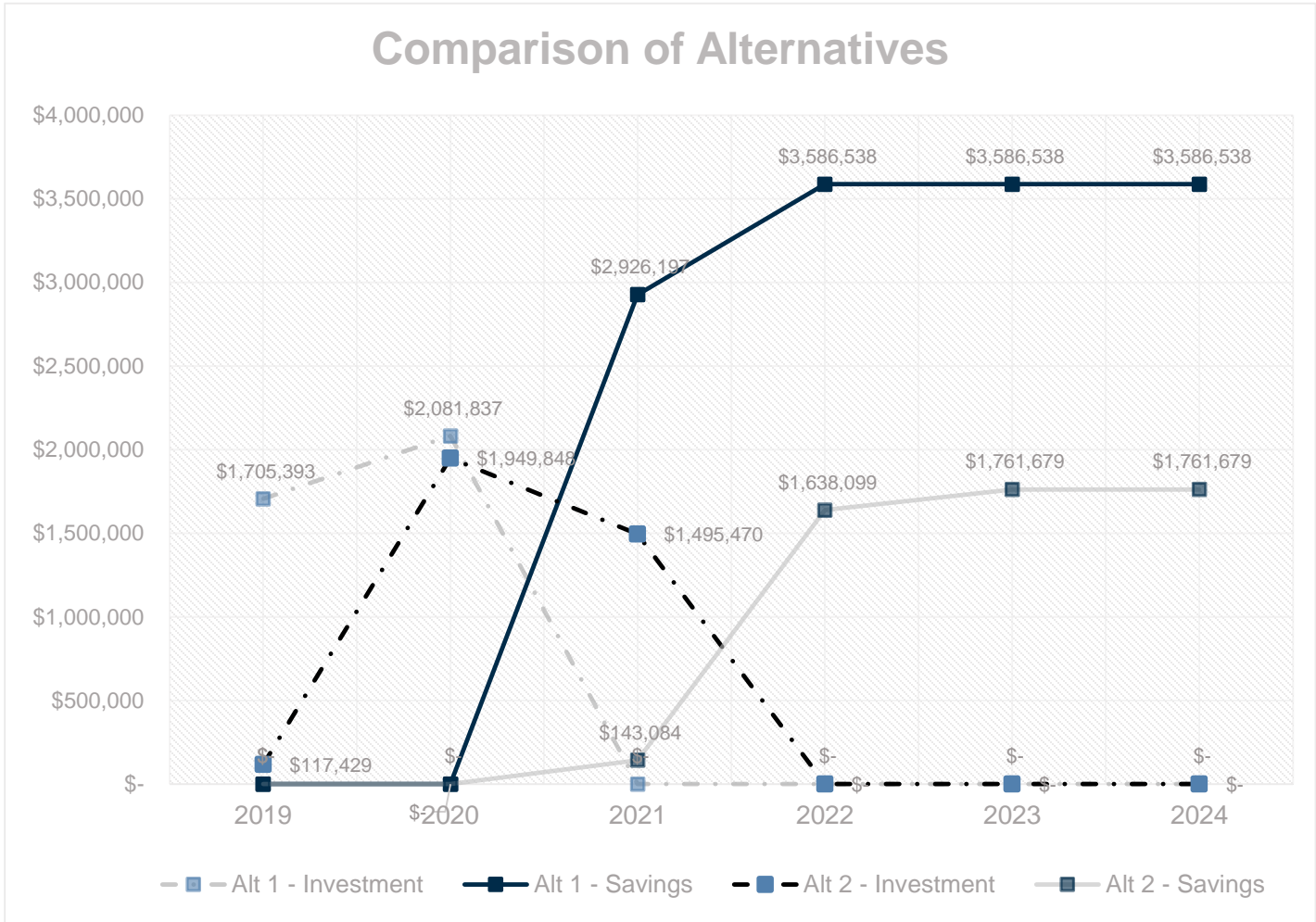
Alternative 1, mandating District participation, **will yield greater savings** on a quicker implementation timeline due to the time it will take to convince Districts to join under the voluntary alternative. Greater savings will also be realized due to greater economies of scale.

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Success Factors

The success of the program would be improved with a state mandate for the Shared Service Centers combined with the right incentives and proper governance and oversight. Without these critical components, it will be challenging to achieve critical mass to drive efficiency gains.

Funding Model/ Incentives

Description:
The funding model (which clarifies how both initial setup and ongoing operations and maintenance are paid for) is crucial to both ensuring that the Shared Service Centers are launched and that they remain financially viable for the states and individual Districts.

Considerations:
- Seed funding
- On-going Operations and Maintenance (O&M)
- Ways to incentivize District participation
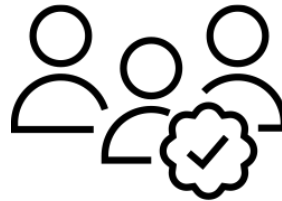
Buy-In from Districts

Description:
Getting buy-in from Districts will depend on both the incentives and how the services offered can improve individual Districts ability to provide services. It will also be crucial to the success because the more Districts that participate the more savings that can be realized.

Considerations:
- Shows state commitment to this model
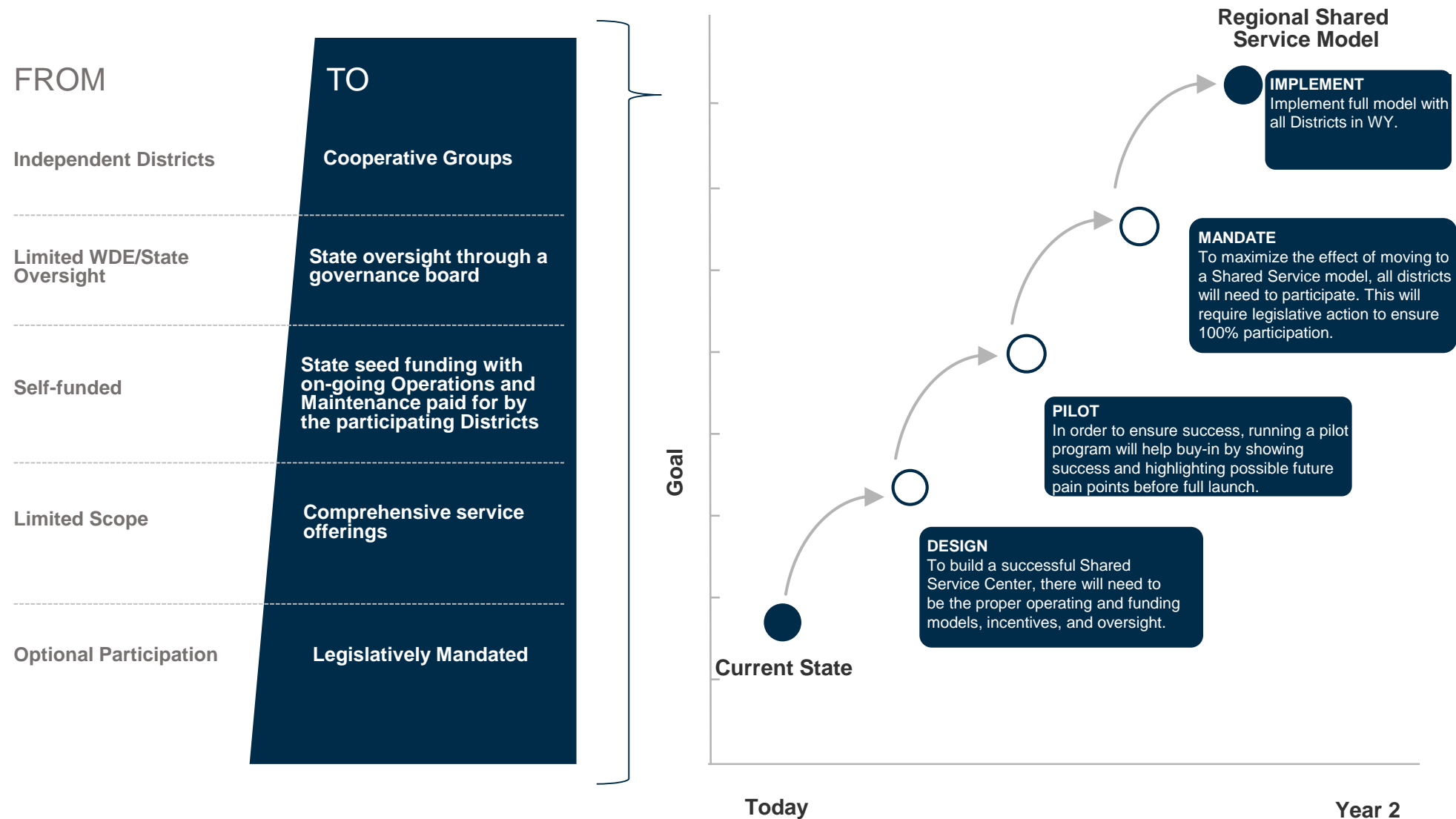- Voluntary vs. Mandated participation
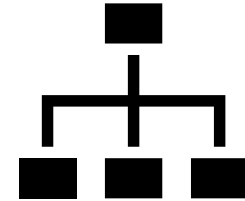
Oversight

Description:
Oversight of the service centers encompasses ways in which the individual centers are monitored and tracked to ensure they are providing adequate services, the way(s) that issues are resolved, and the general structure of governing the centers.

Considerations:
- Issue resolution/escalation
- Conflict resolution
- Governance Model
- Tracking and Monitoring procedures

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Transition to Shared Service Model

FROM

TO

FROM	TO
Independent Districts	**Cooperative Groups**
Limited WDE/State Oversight	**State oversight through a governance board**
Self-funded	**State seed funding with on-going Operations and Maintenance paid for by the participating Districts**
Limited Scope	**Comprehensive service offerings**
Optional Participation	**Legislatively Mandated**

Regional Shared Service Model

IMPLEMENT
Implement full model with all Districts in WY.

MANDATE
To maximize the effect of moving to a Shared Service model, all districts will need to participate. This will require legislative action to ensure 100% participation.

PILOT
In order to ensure success, running a pilot program will help buy-in by showing success and highlighting possible future pain points before full launch.

DESIGN
To build a successful Shared Service Center, there will need to be the proper operating and funding models, incentives, and oversight.

Goal

Current State

Today

Year 2

89

Expected Outcomes

A regional model, given proper funding, oversight and buy-in, would drive a decrease in administrative burden at the District level while improving the quality of service provided.

Short Term	Medium Term	Long Term

Short Term

- Districts are relieved of some administrative burden allowing resources that split time between multiple functions to be freed up to focus on student related activities.

- Efficiency and quality of service both rise as a result of an increased focus on the functional areas closest to the students.

- Challenges and pain points of the new system are noted and addressed.

- All Districts across the state will have equal access to cost-sharing programs so that each can maximize the dollars that directly fund classroom learning.

Medium Term

- Through naturally occurring attrition, additional functions can be shifted to the Service Centers.

- Systems are standardized and a common data and reporting model is employed throughout the state.

- Enhanced processes and structures would enable the District to realize savings and/or avoid potential costs in the future, including consideration of potential investments required to mitigate ongoing cost exposure.

Long Term

- Improved processes that would enable increased levels of service to the District's students and teachers and enhance financial controls and financial stewardship of the District's funds and assets.

- Core competencies and improved processes will develop through Centers of Excellence in the Service Centers thereby further reducing the costs per transaction and increasing efficiency.

- Consistent system of account-ability for Wyoming with defined structures for benchmarking, setting criteria, and evaluation of cost-sharing programs.

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Funding Models Analysis

To properly stand up a Shared Service model, the proper funding model needs to be in place to ensure buy-in and send the right message to Districts of the state's commitment.

	1	2	3
Seed Funding	State	State	Districts
On-Going O&M	Districts	State	Districts

1

Description:
State to provide seed funding for stand-up costs of setting up Shared Service Centers. Participating Districts to provide on-going costs after initial setup.

Pros:
- Shows state commitment to this model
- Sharing of costs with Districts incentivizes participation and makes moving to this model easier financially

Cons:
- More upfront cost for the state than option 3

2

Description:
State to provide seed funding for stand-up costs and on-going operations and maintenance.

Pros:
- Shows state commitment to model
- Easier to transition Districts to this model

Cons:
- Most expensive option for the state
- Districts have no financial responsibility and therefore no incentive to keep costs down

3

Description:
Districts to provide all funding – seed funding for setup and on-going costs after launch.

Pros:
- No cost to the state/WDE

Cons:
- Would be very difficult to convince Districts to join using this model
- Expensive for the Districts
- No commitment/investment from the state in this model
- Districts not reliant on state for funding could lead to less leverage for WDE

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Potential Options Under Consideration to Drive Participation

In addition to properly funding the initiative, gaining sufficient District level participation is critical to having the scale needed to make the effort successful. In order to do this, incentives or a participation mandate needs to be carefully put in place to ensure the Districts join the Shared Service Centers.

These are the options that should be considered to drive District participation:

1. Mandate participation in the Shared Services model statewide in order to drive the most savings.

2. Hold back a small portion of funding for Districts that do not participate.

3. Put in place an additional incentive funding model based on District level efficiencies.

   (a) The legislature may appropriate money to establish an incentive fund to encourage efficiency in the provision of services by the system of Shared Service Center(s).

   (b) The WDE Superintendent may submit to each regular session of the legislature an incentive funding report and plan that:
      1. Demonstrates that Shared Service Centers are providing the services required or permitted by law;
      2. Defines efficiencies of scale in measurable terms;
      3. Proposes the size of, and payment schedule for, the incentive fund; and
      4. Establishes a method for documenting and computing efficiencies.

   (c) The WDE Superintendent shall determine the method by which money appropriated under this provision is distributed to the Shared Service Centers.

   (d) The board of trustees of a school District may delegate purchasing or other administrative functions to a Shared Service Center to the extent necessary to achieve efficiencies outlined by the Legislature and/or WDE Superintendent.

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Governance Model

Creating a governance model with the proper stakeholder representation ensures that centers are accountable for the services they are providing and held to a mutually agreed upon standard.

- A well-defined governance model provides **direction and focus** to ensure the Shared Service Centers continually strive to meet Service Level Agreements and Expectations.

- The governance model will include the **"voice of the customer"** to ensure that the services delivered are those required and to provide their support for the improvement of processes.

- The governance model helps to **resolve conflict** by providing a defined structure and process for issue resolution.
  - Clear and communicated roles and responsibilities.

- The governance model consists of the following components:
  - **Governance Board**
  - **District Advisory Council**
  - **Shared Services Leadership**

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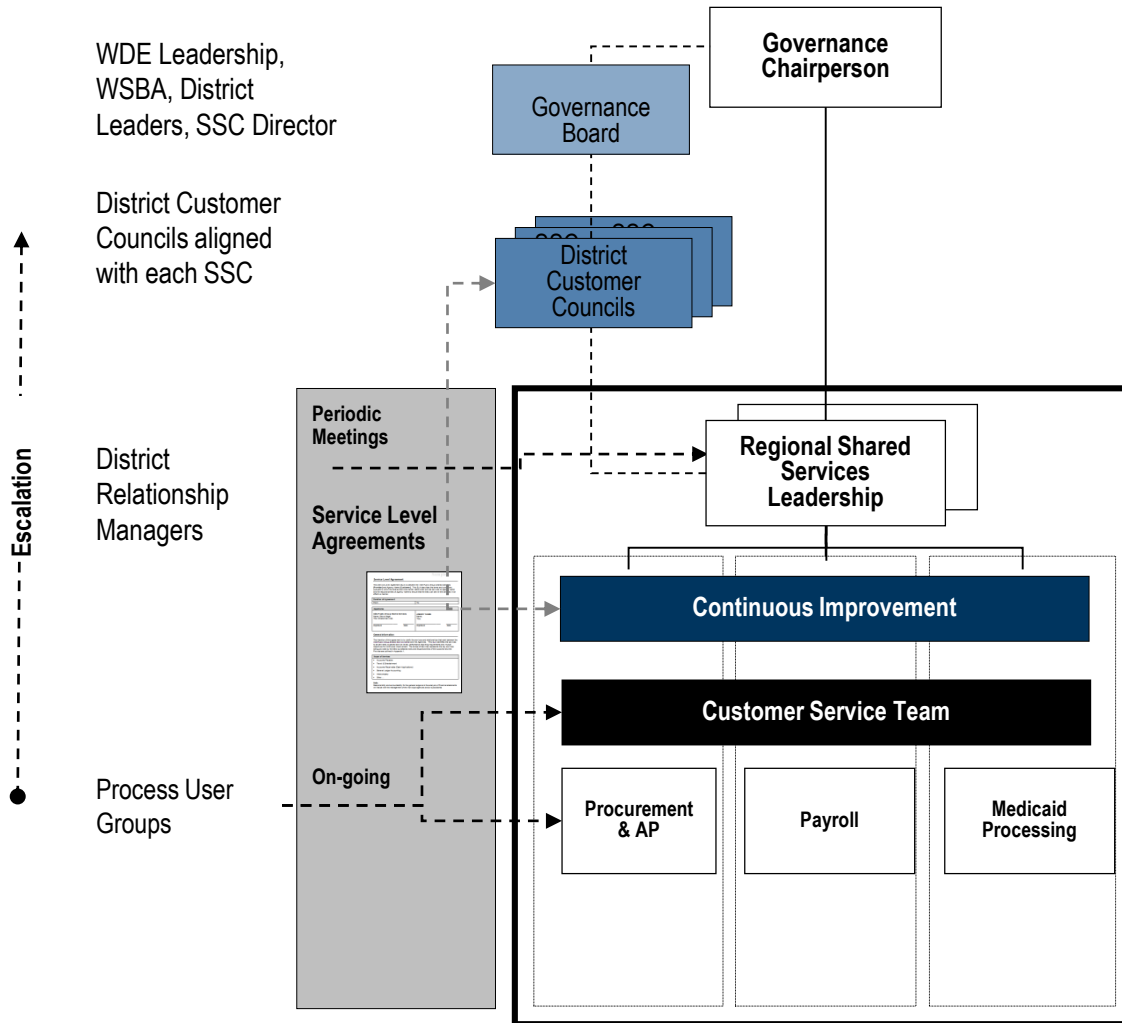
Shared Services Governance Design

Group:

WDE Leadership, WSBA, District Leaders, SSC Director

District Customer Councils aligned with each SSC

District Relationship Managers

Process User Groups

Escalation

Operating Model Structure:

- Governance Chairperson
- Governance Board
- District Customer Councils
- Periodic Meetings
- Service Level Agreements
- On-going
- Regional Shared Services Leadership
- **Continuous Improvement**
- **Customer Service Team**
- Procurement & AP
- Payroll
- Medicaid Processing

Roles:

- Provide input into scope of **Shared Services**
- **Sets Policies for how Shared Services will operate**
- Set performance objectives and targets
- Remediate major service issues and Final Issue Resolution
- Promote partnership between Business Units, Functions, and ESO

- Oversight of accountability for effective service delivery
- Work with the **Shared Services** to drive "end-to-end" process improvements identified by the Governance Board
- Second line of defense for Issue Resolution

- Communicate with Districts on a regular basis to discuss service levels
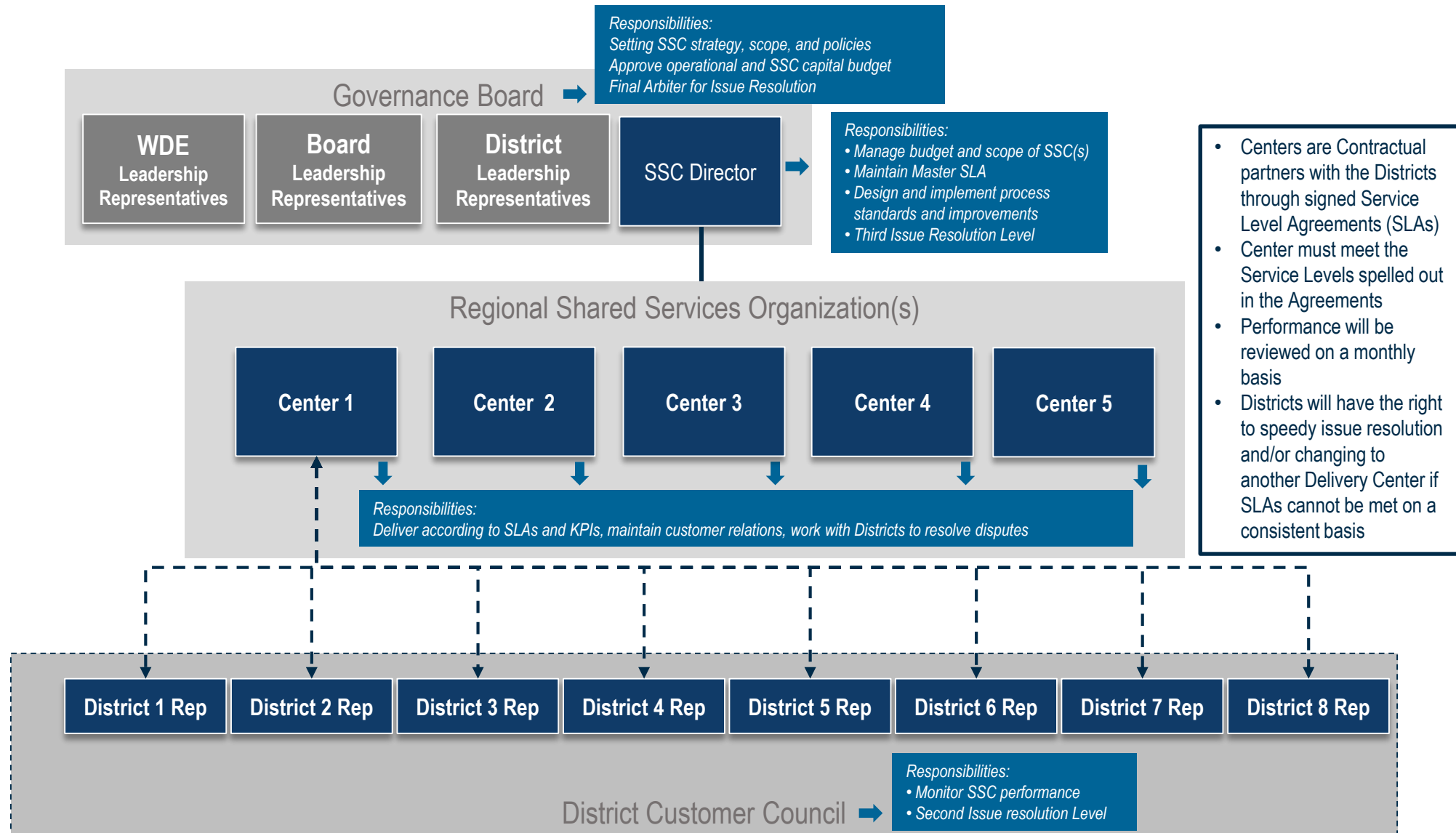- Be the face to the client to manage customer expectations and deal with unique service issues

- Provide guidance on continuous improvement targets
- Manage and report performance

- Help Desk (1st and 2nd level client support)
- Administer Customer Service Survey
- Ensure appropriate escalation of service issues
- Interface with assigned client contacts

- Deliver services at committed service levels
- Identify opportunities for service and cost improvements
- Execute continuous improvement efforts
- Interface with assigned client contacts/user groups
- Manage Potential Services and 3rd Party Providers

– Key service level management components

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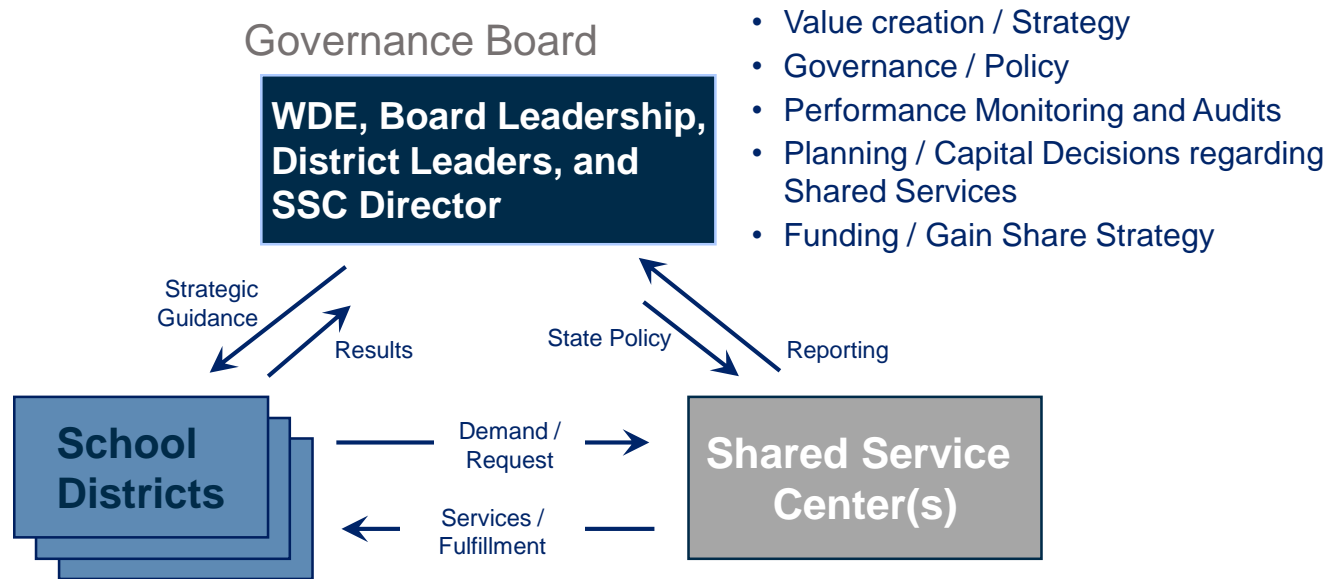# Shared Services Decision Rights and Responsibilities

Governance Board ➡

Responsibilities:
Setting SSC strategy, scope, and policies
Approve operational and SSC capital budget
Final Arbiter for Issue Resolution

WDE Leadership Representatives	Board Leadership Representatives	District Leadership Representatives	SSC Director

➡ *Responsibilities:*
- *Manage budget and scope of SSC(s)*
- *Maintain Master SLA*
- *Design and implement process standards and improvements*
- *Third Issue Resolution Level*

Regional Shared Services Organization(s)

Center 1	Center 2	Center 3	Center 4	Center 5

Responsibilities:
Deliver according to SLAs and KPIs, maintain customer relations, work with Districts to resolve disputes

- Centers are Contractual partners with the Districts through signed Service Level Agreements (SLAs)
- Center must meet the Service Levels spelled out in the Agreements
- Performance will be reviewed on a monthly basis
- Districts will have the right to speedy issue resolution and/or changing to another Delivery Center if SLAs cannot be met on a consistent basis

District 1 Rep	District 2 Rep	District 3 Rep	District 4 Rep	District 5 Rep	District 6 Rep	District 7 Rep	District 8 Rep

District Customer Council ➡

Responsibilities:
- *Monitor SSC performance*
- *Second Issue resolution Level*

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Proposed Shared Services Governance Board

Governance Entity	Responsibilities
Governance Board	
WDE SSC Board Membership	- Prioritize and set top level strategic direction for the WDE Shared Service Centers, Sets the Services Scope, owner of Governance Charter). - Decide on key resource allocation (people, capital, expense) for the WDE Shared Services for end-to-end process improvements. - Set strategic priority and direction for Continuous Improvement (CI) initiatives. - Drive Communication and Change Management of key strategic decisions to the Legislator, WDE, and Member School Districts. - Review and approve the WDE Shared Services annual plan and performance targets. - The Governance Board will serve as final decision authority on issues that have been escalated to this level.
Chair: Elected by the Board to Serve for Two Years - WDE Representative 12 District Representatives 1/3 Small Districts 1/3 Medium Districts 1/3 Large Districts (District Representatives will Serve a Two Year Term on a Rotating Basis Between Member School Districts) - WDE Shared Services Director	

Frequency of Meetings	Decision Authorities			
	Operating Decision	*Authority*	*Operating Decision*	*Authority*
Bi-annually (Quarterly during the first 24-36 Months)	- Annual operating budget - Annual capital budget - Additional headcount - SLA performance levels - Service pricing methodology - Fundamental changes in scope	Accountable Accountable Accountable Informed Accountable Accountable	- Process changes across Districts - Dispute resolution with SSC Delivery Centers and Member School Districts - Additional headcount (within budget) - Expenditures within budget - Hiring/ firing within budget	Consulted Accountable Informed Informed Informed

Proposed Shared Services Customer Council for Each Region

Governance Entity	Responsibilities
Regional SSC Customer Council	▪ Represent the "voice of the Client"
Membership *Recommendations*	▪ Review and take corrective action for deviations from key performance metrics and improvement plans

▪ Regional Shared Services Manager
▪ Representative from each Member District appointed by their respective Superintendent
▪ Regional SSC Process Representative for each in Scope Process
   ▪ Payroll
   ▪ Accounts Payable
   ▪ Procurement
   ▪ Etc.
	▪ Advise the Governance Board on process improvement initiatives
	▪ Evaluate Business cases and advise Governance Board on spending priorities
	▪ Champion change and the benefits of change
	▪ Help facilitate coordination of resources from Member Districts to work on process improvement initiatives
	▪ Serve as decision authority on issues that have been escalated to this level

Frequency of Meetings	Decision Authorities			
	Operating Decision	*Authority*	*Operating Decision*	*Authority*
Quarterly	▪ Annual operating budget ▪ Annual capital budget ▪ Additional headcount ▪ SLA performance levels ▪ Service pricing methodology ▪ Fundamental changes in scope	Consulted Consulted Informed Consulted Consulted Consulted	▪ Process changes across member School Districts ▪ Dispute resolution Member School Districts ▪ Additional headcount (within budget) ▪ Expenditures within budget ▪ Hiring/ firing within budget	Consulted Accountable Informed Informed Informed

What Activities Are Performed Where Under the New Structure?

Governance Board

WDE, Board Leadership, District Leaders, and SSC Director

- Value creation / Strategy
- Governance / Policy
- Performance Monitoring and Audits
- Planning / Capital Decisions regarding Shared Services
- Funding / Gain Share Strategy

Strategic Guidance

Results

State Policy

Reporting

School Districts

Demand / Request

Services / Fulfillment

Shared Service Center(s)

- Focus on teaching and learning including special education
- Run School operations such as facilities, transportation and food
- Focus on talent recruitment and development
- School Districts will maintain control of overall planning and budgeting for their respective District.
- Opt-in and/or request services from centers

- Passionate about customer service delivery
  - Leverage service level agreements
  - Measure all that's important for the services
- Provide cost-effective, demand-driven services
  - Focused on Streamlining Transactional and Administrative services in **Procurement, Accounts Payable, Payroll, HR, IT & Medicaid Processing**. This will result in realizing economies of scale and improving the effectiveness of these services.
  - Centers of Excellence, realizing economies of scope
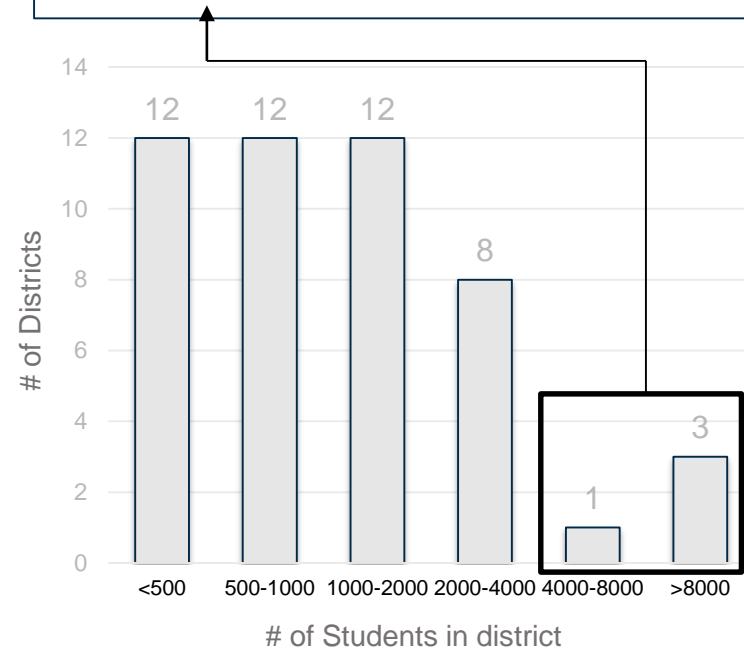- Manage 3rd party services

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Analysis

Analysis involved evaluating potential in-scope delivery capabilities across existing BOCES and School Districts along with understanding the existing capabilities to operate a Service Center.

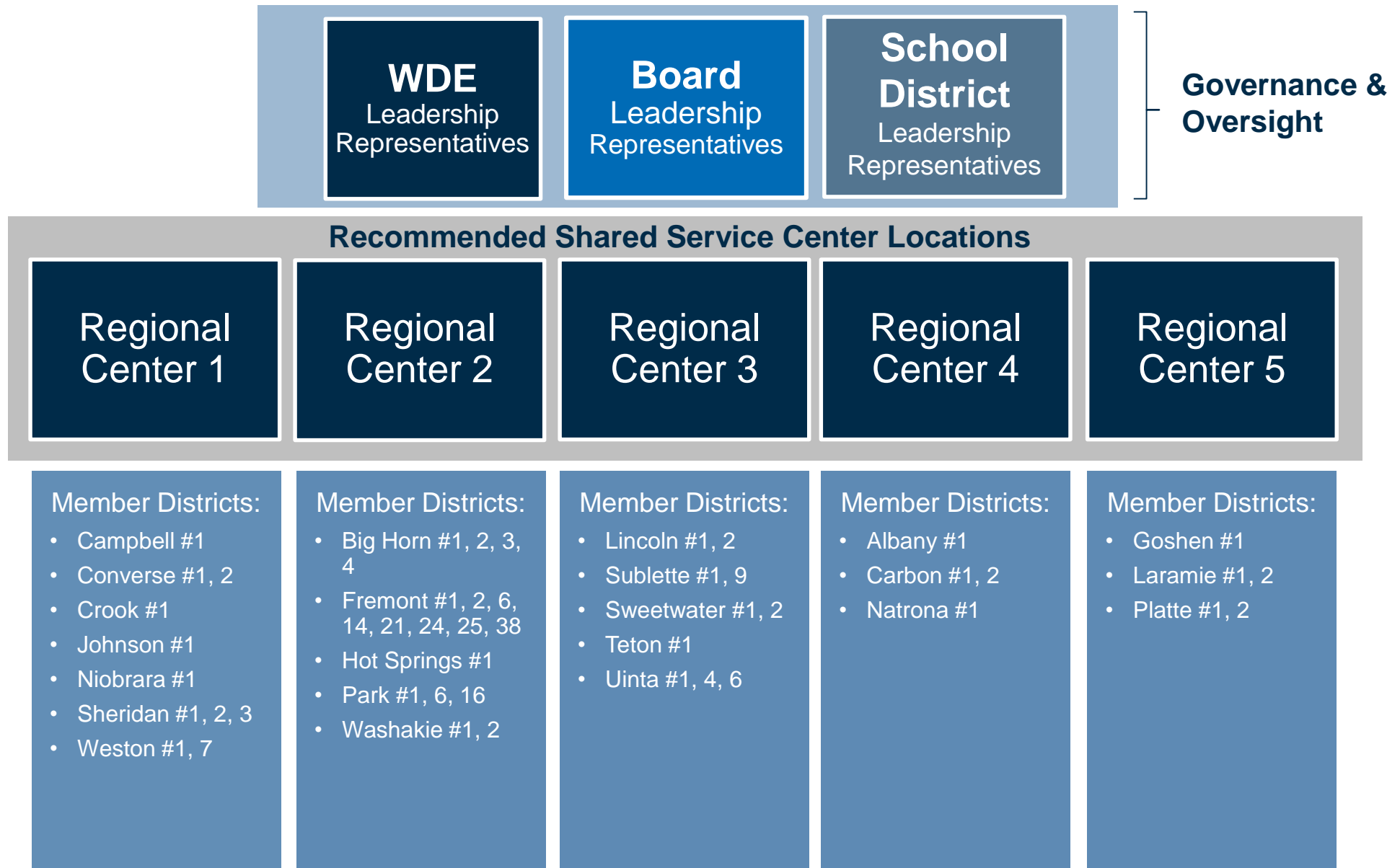**Districts by Population (FY17-18)**

Districts above 4,000 Students:

- Laramie #1
- Natrona #1
- Campbell #1
- Sweetwater #1

Y-axis: # of Districts

Bar values: <500 = 12, 500-1000 = 12, 1000-2000 = 12, 2000-4000 = 8, 4000-8000 = 1, >8000 = 3

X-axis: # of Students in district

| Potential Locations	Sufficient Existing Back Office Scale	Experience Providing Services to other Districts	Location suitable to hiring and retaining staff	Score
Laramie #1	Yes	Some	High	8
Natrona #1	Yes	No	High	6
WSBA – for Procurement	No	Yes	High	6
Campbell #1	Yes	No	Medium	5
Region V BOCES	No	Yes	Medium	5
Sweetwater #1	Possible	No	Medium	4
Northeast BOCES	No	Yes	Low	3
Northwest BOCES	No	Yes	Low	3
Sheridan #2	Possible	No	Low	3
Remaining 43 Districts	No	No	Low	1

Locations highlighted above not only scored high in feasibility but have also expressed a high level of interest in being considered as a Shared Services Location.

Potential Structure for Shared Services

WDE Leadership Representatives	Board Leadership Representatives	School District Leadership Representatives

Governance & Oversight

Recommended Shared Service Center Locations

Regional Center 1	Regional Center 2	Regional Center 3	Regional Center 4	Regional Center 5
Member Districts: • Campbell #1 • Converse #1, 2 • Crook #1 • Johnson #1 • Niobrara #1 • Sheridan #1, 2, 3 • Weston #1, 7	Member Districts: • Big Horn #1, 2, 3, 4 • Fremont #1, 2, 6, 14, 21, 24, 25, 38 • Hot Springs #1 • Park #1, 6, 16 • Washakie #1, 2	Member Districts: • Lincoln #1, 2 • Sublette #1, 9 • Sweetwater #1, 2 • Teton #1 • Uinta #1, 4, 6	Member Districts: • Albany #1 • Carbon #1, 2 • Natrona #1	Member Districts: • Goshen #1 • Laramie #1, 2 • Platte #1, 2

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Proposed Regional Shared Service Districts

Under the regional model with full, mandated participation, WY school districts would be divided into five regions. These regions, grouped to be similar in size and enrollment, were created to take advantage of both geographic proximity and existing BOCES/cooperative purchasing agreements.
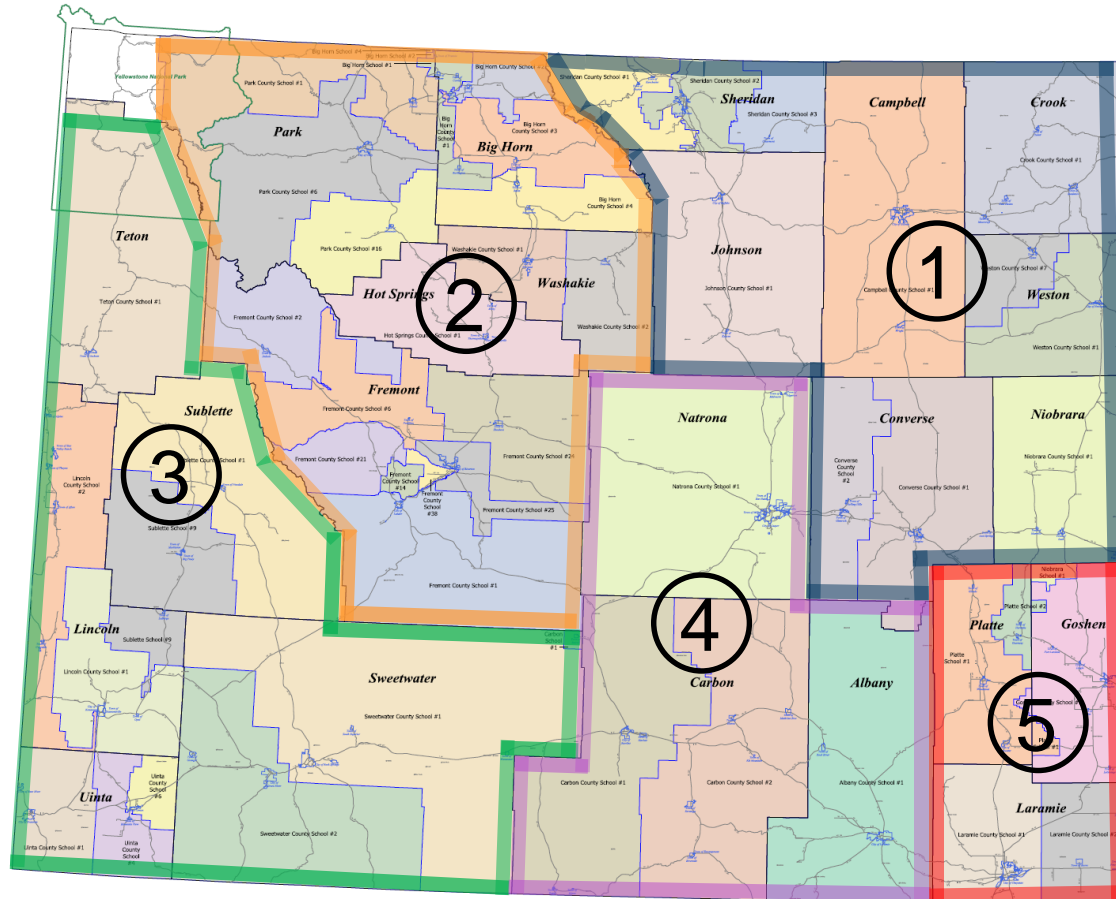
- **Region 1**
  - Districts: 11
  - Enrollment: 19,920

- **Region 2**
  - Districts: 18
  - Enrollment: 15,234

- **Region 3**
  - Districts: 10
  - Enrollment: 20,661

- **Region 4**
  - Districts: 4
  - Enrollment: 19,431

- **Region 5**
  - Districts: 5
  - Enrollment: 18,015

Regional Shared Services Staffing Considerations

New BOCES Aligned with a Large District
- Creation of a new BOCES structure backed by the state as being a LEA.

- Transfer in scope process staff into the new entity from the Larger District.

- Legislative action may be required to designate the new BOCES staff members as state employees.

Existing BOCES
- Change the existing BOCES structure to be backed by the state as being designated a LEA.

- Hire and train in scope process staff into the new entity.

- Potentially transfer some staff from Member Districts.

- Legislative action may be required to designate the new BOCES staff members as state employees.

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K-12 Shared Service Center's Responsibilities

Shared Service Functions
- Provide Finance, Human Resources, Procurement Services
- Lead centralized technology integration program

Federal Fund Support
- Provide Support for Federal Fund Recovery
- Centralize Funding Requests
- Support Tracking and Compliance Reporting

School Food and Nutrition
- Provide Support for capturing USDA federal funds
- Implement Centralized Technology Services
- Support Tracking and Compliance Reporting

Medicaid for Special Education
- Provide administrative support to school Districts requesting federal Medicaid funding for school-based services
- Identify Medicaid allowable services and costs
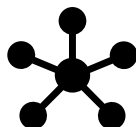
Consolidated Benefits
- Lead efforts to purchase group insurance by managing logistics of procurement of group plan
- Reduce administrative and stop loss costs through pooling

Consolidated Purchasing
- Provide procurement services to Districts through negotiation of group purchasing
- Support improved distribution of goods/services

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School Food and Nutrition

Historically, the Federal Funds allocated for School Food and Nutrition available to WY have not been fully taken advantage of, which creates an opportunity to generate revenue by fully capturing these funds.

Shared Service Centers will be staffed with dedicated staff to deal with the burdensome administrative requirements involved with capturing Federal Funds. These staff will help districts fully capture all Federal Funds and give Districts more federal revenue around school food and nutrition.

Up to **$3.5M**
Annual Additional Revenue

Savings are calculated by taking the difference between the amount WY is entitled to and what they are disbursing to Districts.
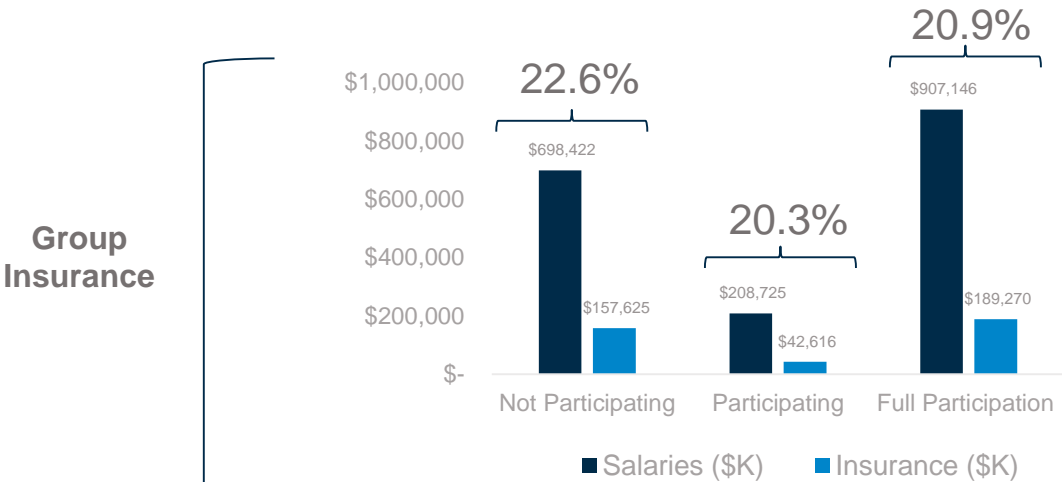
Program	Entitlement	Disbursements	New Funding
Child Nutrition - School Breakfast	$4,132,000	$3,972,916	$159,084
Child Nutrition - Commodities	$2,664,275	$2,050,683	$613,593
Child Nutrition - School Lunch	$15,228,000	$15,072,119	$155,881
Special Milk Program	$28,006	$23,837	$4,169
Child Nutrition - Adult & Child Care Food	$5,096,586	$4,502,929	$593,657
Child Nutrition - Summer Food Program	$1,027,110	$821,211	$205,899
Child Nutrition - State Admin Expenses	$611,772	$350,798	$260,974
Fresh Fruit and Vegetable Program	$2,195,058	$676,811	$1,518,247
Total	**$30,982,808**	**$27,471,303**	**$3,511,504**

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Federal Funds

Maximizing the Federal Funds disbursements that Wyoming is entitled by bringing the process into the Shared Service Centers is an effective way to ensure the most capture of entitled funds.

Comparing Federal Funds data from the Federal Funds Information for States to disbursement data from the state, there are a few areas within education where WY could get additional funds. The largest areas for improvement are Special Education and LEAs.

$1.6M
Annual Additional Revenue

Savings are calculated by taking the difference between the amount WY is entitled to and what they are disbursing to Districts.

Program	A. Entitlement*	B. Disbursements**	C. Potential Revenue (A – B)	D. % Capture	E. Revenue (C*D)
Comp Ed (Title I) - Local Education Agencies	$35,575,631	$33,054,697	$2,520,934	0%	$0
Comp Ed (Title I)- State Agency Neglect & Delinq.	$750,668	$785,829	$(35,161)	0%	$0
Special Education Basic State Grant	$30,959,751	$27,714,066	$3,245,685	25%	$811,421
Career and Technical Education State Grants	$4,214,921	$4,217,162	$(2,241)	0%	$0
Special Education Preschool Grants	$1,017,910	$967,222	$50,688	25%	$12,672
21st Century Community Learning Centers	$5,839,198	$5,702,798	$136,400	0%	$0
Supporting Effective Instruction	$9,722,812	$8,633,103	$1,089,709	50%	$544,855
State Testing Funds	$3,387,578	$2,619,912	$767,666	25%	$191,750
Comp Ed (Title I) - Migrant	$207,162	$31,870	$175,292	0%	$0
Total	**$91,675,631**	**$83,726,659**	**$7,948,972**	**19.64%**	**$1,560,846**

*Source: FFIS
**Source: SEFA

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Benefits

Savings from Benefits are derived from moving Districts that are not currently participating in WSBA group insurance into a consolidated school Districts benefits plan and eliminating the stop loss payments that the districts are currently paying.

Group Insurance

20.9%
$907,146

22.6%
$698,422

20.3%
$208,725

$1,000,000
$800,000
$600,000
$400,000
$200,000
$-

$157,625

$42,616

$189,270

Not Participating   Participating   Full Participation

■ Salaries ($K)   ■ Insurance ($K)

Savings calculated by comparing what Districts pay in group insurance costs in relationship to what they pay in salary. This ratio was then used to calculate the difference between what those Districts who are in the WSBA pay in group insurance vs. those that are not.

Under the assumption that moving all of the Districts that currently are not in the WSBA into the cooperative purchasing of group insurance would bring their ratio down to that of those inside, the difference between those costs was then used as the savings number. This number was discounted to make it conservative and represents **$7.8M** in annual savings.

Stop-Loss Insurance

$8.7M ⟶ **$0.0M**

Stop-Loss insurance, insurance that protects insurers by ensuring that catastrophic claims do not upset the financial reserves of a self insured entity, currently costs the state almost **$8.7M a year.** However by broadening the number of participants insured by the state, the state could broaden its exposure and effectively eliminate the need for stop loss insurance. This would **yield savings of the entire annual amount currently paid for Stop-Loss Insurance.**

Investment

In order to realize the savings from these benefits, investments of **$747K** will need to be made in year 2 of the implementation.

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Procurement

Education related procurement savings will be modest in the first year due to a phased setup of the five Shared Service Centers but once they are fully implemented, there will be substantial savings.

Savings

① Looking at the procurement spend by all Districts, each vendor was placed into one of 17 different spending categories.

② After eliminating the Benefits spend (because it is addressed separately), a specific savings range % was then applied to each category to determine how much procurement savings can be generated for each District.

③ These savings were then broken out by proposed District.

④ These savings estimates were phased in to reflect the scheduled stand-up of the pilot Shared Service Centers (and subsequent centers) to give annual savings beginning in 2020.

	2019	2020	2021	2022	2023	2024
Savings	$0	$2,830,975	$8,561,515	$8,561,515	$8,561,515	$8,561,515
Investment	$1,000,000	$1,000,000	$0	$0	$0	$0

Investment

Investment dollars are based on staffing costs for helping to achieve maximize savings.

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Enabling Legislation and Recommendations

Enabling Legislative Changes

- Legislative action will be needed so that BOCES that are established as Regional Shared Service Centers can be designated as LEAs so that state funds may be directed to them.
- Legislative action will be needed to establish an incentive fund to drive District adoption of the Shared Service Model and to design a process for the Superintendent to designate funds / appropriations.
- Legislative action may be required to allocate spending to standardize Educational Systems.
- Seed funding must be approved by the Legislature before the Shared Service Center can begin building necessary requirements to operate the centers.
- Legislative action may be needed to authorize ongoing funding for the first several years to get the centers to a maturity level where they can sustain themselves.
- The Shared Service Center(s) and each center employee should be subject to existing Wyoming Government Code, and going forward:
  - (1) each center needs to be considered an LEA; and
  - (2) each center employee is considered to be an employee of the LEA.

Enabling Recommendations

- Executive branch approval and support.
- WDE Leadership support and stewardship will be required to set the tempo for gaining early stage support by the Districts, as well as providing ongoing guidance.

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Risks Summary

	Risk Description	Probability (Low, Medium or High)	Potential Impact (Low, Medium or High)	Mitigation
A	Seed funding not provided	High	High	Delay the project until there is adequate funding.
B	Leadership is not supportive of the project	Medium	High	WDE assigns a dedicated full time Project Manager.
C	Districts do not to participate	Medium	High	Develop a clear mandate with financial incentives to encourage participation.
D	Project timeline is missed	Medium	High	Have a dedicated team with formal project controls running the project to meet milestones.
E	Technologies are not changed	Medium	Medium	Ensure adequate funding is in place for all supporting technologies. Get competitive bids from vendors and select the one with the most realistic timeline and best team to support rollout.
F	Adequate personnel are not available to hire in time to fully support staffing the centers	Low	Medium	Proactively identify, hire, and train staff to be ready for go-live. Proper hiring incentives are crucial to attracting with candidates with necessary experience.

Risk Probability-Impact Matrix

Project Risks
(Probability and Impact)
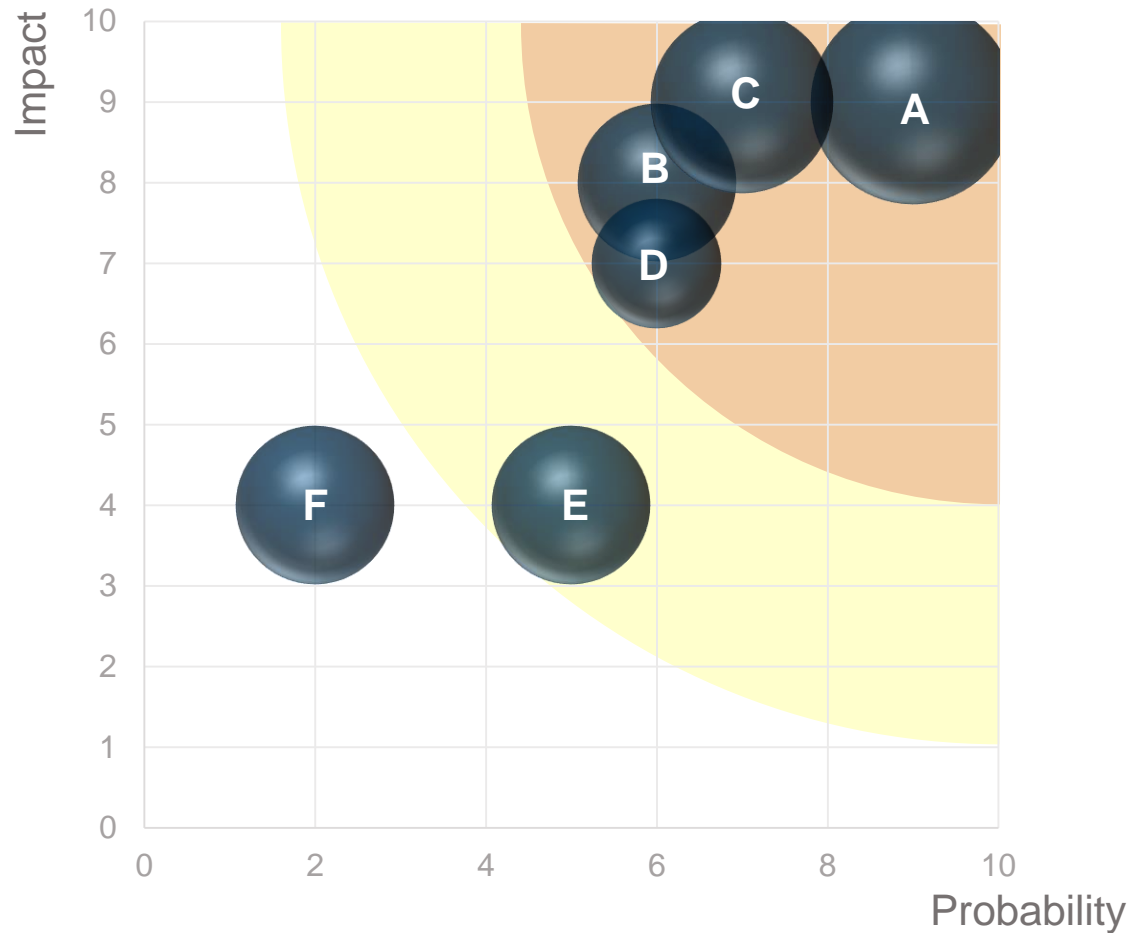
	Risk Description
A	Seed Funding not provided
B	Leadership not supportive of the projects
C	Districts choose not to participate
D	Project timeline is missed
E	Technologies are not changed
F	Adequate personnel not available to fully support staffing centers

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Assumptions and Constraints

Assumptions
- Full support and backing from the State of Wyoming Legislature and Wyoming Department of Education.
- Legislature to provide necessary seed funding and legislative changes.
- Support from WDE including providing necessary leadership.
- The WDE should also work together with the Wyoming School Boards Association to provide the needed guidance and oversight.
- Full support and backing of all member school Districts.
- Dedicated and Staffed Regional Shared Service Centers.
- Commitment from Districts for funding ongoing operations once the center(s) achieve steady state.

Constraints
- The mandate from the State Legislature and/or WDE to launch the Shared Services project in a timely and orchestrated manner.
- Buy-in from the member Districts to support and use the services provided by the Shared Service Centers.
- Appropriate seed funding to adequately staff and equip the Share Service Centers.
- Implementing the right technologies, tools, and reporting needed to run a standard set of processes and reports.
- Finding and hiring the right staff to run the centers.
- Dedicated team driving the buildout, implementation, training, and initiation of the centers.
- The correct approach to change management and communications to gain and keep support of all stakeholders throughout the course of this project is vital to its success.

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Financial Savings Overview

| $ | **Total Investment:** $8.1M | 🐷 | **Biennium Savings:** $73.1M | 📈 | **Total 5 yr Savings:** $141.6M |

Description:
Total investment is made up of costs related to professional services and capital expenditures on IT related expenses that will drive further efficiencies.

Key Cost Assumptions:
Assume that state will see very little in savings in 2019 or 2020 due to ramp up.

Description:
Once steady state is reached, the state should expect to see significant savings related to the K-12 Shared Service Centers, Procurement, Benefit consolidation, and additional revenue from Federal Funds.
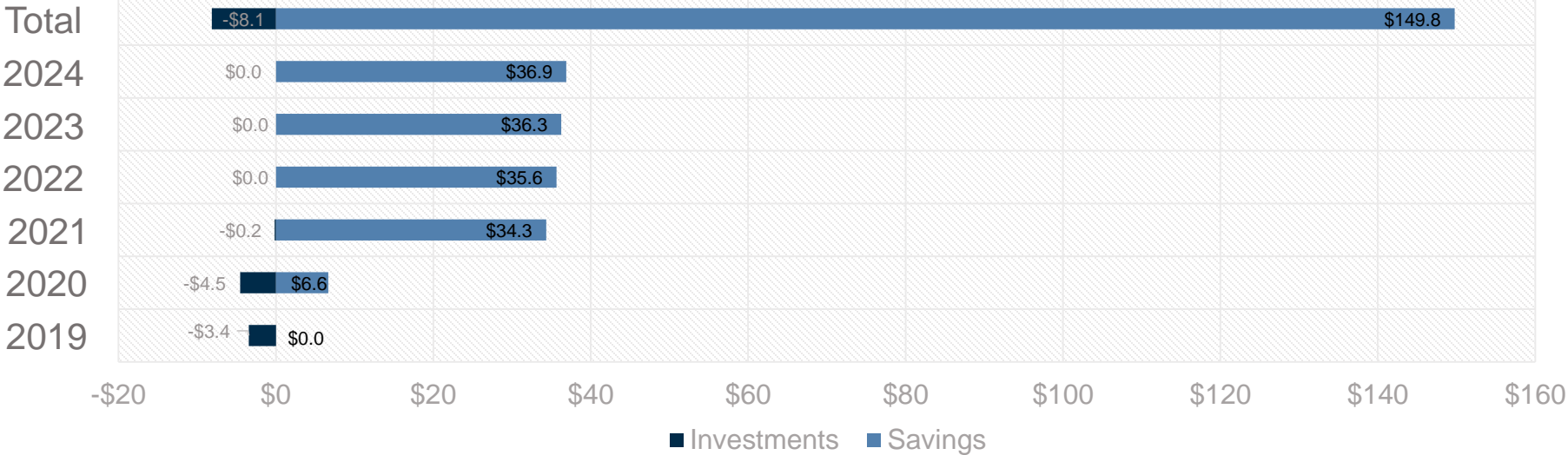
Key Savings Assumptions:
State chooses the mandated participation alternative.

Description:
Over the next 5 years, the state should see significant savings, almost $143M, across these initiatives. The largest portion, from Benefit Consolidation and education related procurement.

Key Savings Assumptions:
All Districts participate in benefit consolidation and the state stops any Stop-Loss insurance that it is currently paying for.

Year	Investments	Savings
Total	-$8.1	$149.8
2024	$0.0	$36.9
2023	$0.0	$36.3
2022	$0.0	$35.6
2021	-$0.2	$34.3
2020	-$4.5	$6.6
2019	-$3.4	$0.0

■ Investments ■ Savings

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Business Case Summary

The recommended alternative is forecast to have a 61% ROI and three year payback period.

	Baseline Status Quo Alternative	Alt. №1 Alternative 1	Alt. №2 Alternative 2
Summary of Life Cycle Cost Estimate			
(A) Investment (Inflated Dollars)	$0	($8,129)	($9,224)
Investment Period	2019 to 2019	2019 to 2024	2019 to 2024
(B) Recurring Costs (2019 to 2024)	$0	$149,741	$66,747
(C) Total 6-Year Inflated Alternative Costs (Inflation =2.1%) (A+B)	$0	$141,612	$57,523
Net Present Value (NPV)			
(D) NPV (Nominal Discount Rate = 2.3%)		$118,012	$47,248
Return On Investment (ROI)			
(E) Net Discounted Investment		($7,628)	($8,568)
(F) Net O&M Savings	$	125,639.19 $	55,815.92
(G) Return On Investment (ROI) (F/E) (6-Year Annualized)		61.1%	40.0%
Internal Rate of Return (IRR)			
(H) Internal Rate of Return (2019 to 2024)		297%	144%
Payback Period			
(I) Year of Analysis when NPV is equal to zero		3 Years	3 Years
Average Risk	0	481	463
Average Benefit	0	7.75	6.625

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K-12 Regional Shared Service Center Recommendation Summary

The chart below summarizes the efficiency recommendations from Phase 1 and Phase 2 related to K-12 regional shared service centers.

Recommendation	Description	Estimated One-time Investment		Estimated Net Biennium Savings	
		Low	High	Low	High
Phase 1 Recommendations					
Cooperative Purchasing	School districts collaborate on procurement of common goods and services to drive more favorable terms and pricing	$1,847,000	$2,258,000	$16,945,000	$20,711,000
Benefits Consolidation	All school districts transition to a single benefits provider to drive more favorable terms and pricing	$696,000	$851,000	$32,677,000	$39,939,000
Phase 1 Subtotal		*$2,543,000*	*$3,109,000*	*$49,622,000*	*$60,650,000*
Phase 2 Recommendations					
Federal Funds (Education)	Provide additional support to recover Federal funds, reducing the amount to State funds required to support the school districts	$266,000	$325,000	$2,792,000	$3,413,000
Regional Shared Service Centers	Region-based BOCES used to provide back office support to school districts	$3,501,000	$4,279,000	$6,505,000	$7,950,000
School Foods and Nutrition	Expand participation in the Federal school lunch program to reduce the State funds required for the child nutrition program	$1,006,000	$1,230,000	$6,914,000	$8,450,000
Phase 2 Subtotal		*$4,773,000*	*$5,834,000*	*$16,211,000*	*$19,813,000*
TOTAL		**$7,316,000**	**$8,943,000**	**$65,833,000**	**$80,463,000**

Measuring the Impact of K-12 Regional Shared Service Centers

Savings from K-12 Shared Service Centers will be realized through improvements in efficiency as a result of centralizing many of the HR, accounting, and back office functions. These gains, which we estimate to be between 25% and 40% will result in savings from a reduction in FTEs necessary to complete the same tasks.

The metrics that are tracked will be the number of Districts that use the Shared Service Centers, the number of FTEs (currently at the District level) that are shifted to the Shared Service Centers, and the reduction of FTEs in administrative function as a result of increases in efficiency. These will be reported on by the Shared Service Centers in conjunction with individual Districts and measured vs. the baseline prior to the standup of the Shared Service Centers.

Key Performance Metrics

Metric	2018 Baseline	2019	2020	2021	2022	2023	2024
Savings	$0	$0	$0	$2,926197	$3,586,538	$3,586,538	$3,586,538
Districts Participating	0	0	5	37	48	48	48
Administrative FTEs	736	736	728	699	688	688	688
FTEs shifted to Shared Service Centers	0	0	30	113	41	0	0

Measuring the Impact of Procurement

The savings recognized as part of procurement will be based on the Shared Service Centers achieving economies of scale by purchasing for multiple Districts. These efficiencies will drive down unit costs. The difference between these expenditures and the current expenditures levels (as part of the Districts currently purchasing items individually) represent the savings and will be captured by the Shared Service Centers.

KPIs for procurement are based on the amount of savings as a result of group purchasing. These savings are based on the baseline expenditures on non-benefit, insurance, or healthcare costs of the Districts.

Key Performance Metrics

Metric	2018 Baseline	2019	2020	2021	2022	2023	2024
Total Spend Recompeted	$249,308,584	$0	$56,057,218	$169,529,837	$169,529,837	$169,529,837	$169,529,837
Average Saving Percentage			3-7%	3-7%	3-7%	3-7%	3-7%
Savings	$249,308,584	$0	$2,830,975	$8,561,515	$8,561,515	$8,561,515	$8,561,515

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Measuring the Impact of Federal Funds

Key metrics for increasing the Federal Funds revenue that the state receives will be about quantifying the total amount of additional revenue (above what is already captured on an annual basis) and what % of that possible revenue is captured as the result of our efforts. The process of capturing these funds, due to the administrative burden that the process requires, should be moved to the Shared Service Centers.

New revenue will both be tracked by the shared service centers (for their respective districts) and will be compared to the 2018 baseline. The capture percentage will also be tracked by the service centers and will be compared to preset levels for each different federal program.

Key Performance Metrics

Metric	2018 Baseline	2019	2020	2021	2022	2023	2024
New Revenue*	$7,948,972*	$0	$390,216	$1,560,864	$1,560,864	$1,560,864	$1,560,864
Capture %	N/A	0%	4.9%	19.6%	19.6%	19.6%	19.6%

*$7.9M is based on the difference between what WY is entitled to and what it is receiving. The amount of that $7.9M that is captured going forward is the capture %.

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Measuring the Impact of School Food and Nutrition

KPIs for the School Food and Nutrition funds will be tracked on an annual basis based on the funds that WY is entitled to vs. what is obligated and expended by the Districts. This will be tracked by the Shared Service Centers (for the respective Districts) and compared with federal data on what WY is entitled to.

The KPIs for School Food and Nutrition will be the new revenue brought in and the capture % (like with the more general federal funds tracking) of how much of the potential gap between entitlement and what is obligated has been closed.

Key Performance Metrics

Metric	2018 Baseline	2019	2020	2021	2022	2023	2024
New Revenue	N/A	$0	$3,511,504	$3,511,504	$3,511,504	$3,511,504	$3,511,504
Capture %	N/A	0%	100%	100%	100%	100%	100%

Measuring the Impact of Benefit Consolidation

KPIs will be the savings generated from moving all Districts to the group insurance policy (and therefore reducing the amount spent on insurance) and savings from eliminating the stop loss payments. Tracking will also need to include the number of Districts that move from purchasing their own insurance to the group insurance and will act as another metric.
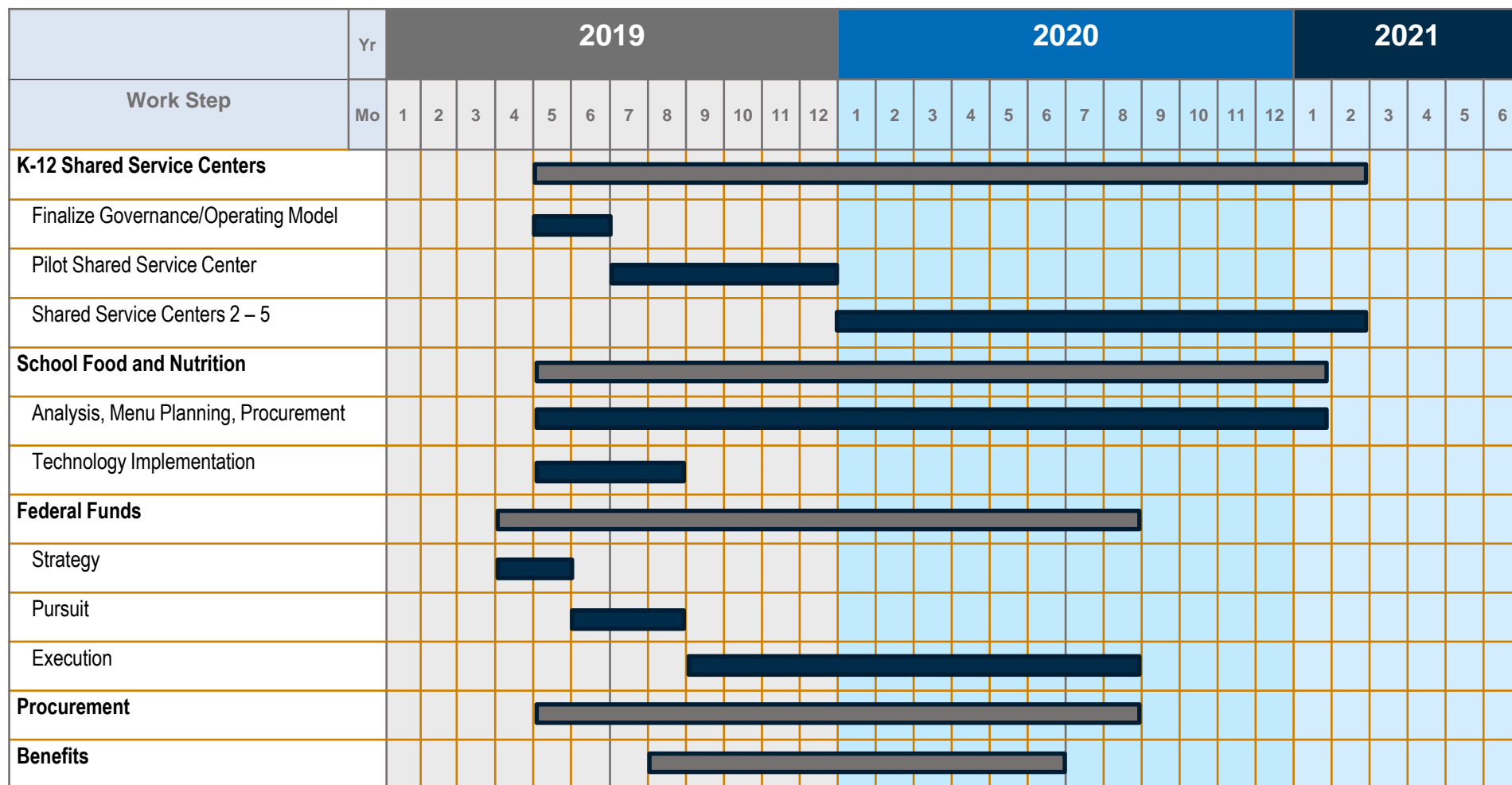
The measure for tracking savings numbers for insurance will necessitate tracking what Districts are paying in insurance costs as they move from purchasing their own to the group policy. This difference (reduction) will drive the savings.

Key Performance Metrics

Metric	2018 Baseline	2019	2020	2021	2022	2023	2024
Savings (Stop Loss)	$0	$0	$0	$8,673,068	$8,673,068	$8,673,068	$8,673,068
Savings (Group Insurance)	$200,241,379	$0	$0	$7,836,821	$7,836,821	$7,836,821	$7,836,821
Districts participating in group insurance	20	20	20	48	48	48	48

Implementation Roadmap

The implementation plan is forecast to begin in April and last for a period of 23 months.

Work Step	Yr	2019												2020												2021					
Mo		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
K-12 Shared Service Centers																															
Finalize Governance/Operating Model																															
Pilot Shared Service Center																															
Shared Service Centers 2 – 5																															
School Food and Nutrition																															
Analysis, Menu Planning, Procurement																															
Technology Implementation																															
Federal Funds																															
Strategy																															
Pursuit																															
Execution																															
Procurement																															
Benefits																															

Shared Services for State Agencies

Purpose and Objectives

Project Purpose

The purpose of the Shared Services for Agencies project is to design and implement a cost-effective shared services organization. The shared services organization would provide the back-office functions (such as accounting, human resources and purchasing) currently performed within the agencies into a new consolidated Centers of Excellence organizations. The project will benefit the citizens of Wyoming by providing a more efficient operating structure for the back-office functions. Over time, it will also improve the quality and timeliness of the services provided by the Centers of Excellence organizations.

Problem/Opportunity Statement

Today, the State of Wyoming performs back-office functions in 36 agencies at more than 28 locations across the state with over 700 employees. This level of decentralization makes it difficult to achieve economies of scale, standardization of business tools and methods, the adoption of best practices, the cost-effective use of technology, and effective career development for the state's employees. The end-result is higher costs to provide routine services.

Goals & Objectives

The goal of the project is to implement a consolidated shared service organization for the State of Wyoming over an 18-24 month period that will result in the realization of $27 million of savings over a six year period as compared to the expenses incurred by these functions today.

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Project Alternatives

Three alternatives were considered as part of the project.

Alternative	Description	Assumptions	Project Success
Status Quo	This alternative represents maintaining current level of operations.	No changes made to the existing structure.	Continued service delivery at the current level.
Alternative #1 (Recommendation)	Establish Centers of Excellence for key functions.	Governor's Executive Order is Issued Establishing COEs.	Establishment of customer centric Centers of Excellence that deliver expected benefits within 12-24 months.
Alternative #2	Establish Regional Shared Service Centers for key functions.	Adequate space is available in each location – no new construction required.	Establishment of customer centric Regional Service Centers across Wyoming that deliver expected benefits within 12-24 months.

*Single Service Center option ruled out for high disruption based on agency interviews and Shared Services Work Stream Team work sessions.

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Project Scope and Deliverables

Recommended Project Scope

Establish Centers of Excellence through consolidation of agency employees in the Fiscal Accounting, Accounts Payable, Payroll, Human Resources, Purchasing, Motor-Pool, Media, and Records and Data Management functions into dedicated function-specific Centers of Excellence. Physical consolidation will occur where practical to promote greater efficiencies and knowledge transfer.

Project Requirements

In order to establish the Centers of Excellence, an executive order by the Governor will be required specifying the leadership, roles, responsibilities, and governance model for the Centers of Excellence. In addition, a chargeback mechanism must be established to allocate costs of the Centers of Excellence back to the participating agencies. Participation in the Centers of Excellence will be mandatory. A strong governance board will ensure the Centers operate in a high quality and responsive manner.

Key Milestones / Deliverables	Estimated Timing
Organizational Chart for each Center of Excellence	Apr 2019
Draft Announcement Communique for Governor	Apr 2019
Governance Model for COEs	May 2019
Determination of Charge-back Mechanisms	May 2019
Draft Memorandum of Understanding for Agency Billing	Jun 2019
Identification of Key Performance Measurements	Jul 2019
Roll-out Plan for each COE & Agency Communications	Jul 2019
Operational Go-Live	Aug 2019

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Functional Scope: Shared Services for Agencies

Approximately 700 employees provide services today that could be incorporated into a Shared Service Organization.

Function COE	# FTEs
Fiscal – Accounts Payable	
Fiscal - Payroll	357
Fiscal – General Accounting	
Human Resources	96
Purchasing	34
Media	26
Motor Pool	23
Records & Data Management	165
Total FTEs – In scope Functions	701

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Observations: Shared Services for Agencies

Interviews were conducted with eight representative agencies: Workforce Services, Health, Family Services, Transportation, State Parks and Cultural Resources, Administration and Information, and Enterprise Technology Services.

	Observations
Processes	• Some processes like Accounts Payable and Payroll are manual intensive with multiple approvals and quality check points. • Processes are generally not standardized across the agencies.
Exceptions / Time Consuming Activities	• Payroll system processes are inconsistent across agencies. • The process to allocate federal funding appropriately is very time consuming. • Budget management and reporting across agencies and programs is complex and often performed by staff with varying levels of expertise.
Organization	• The in-scope functions are highly decentralized with each appearing in most agencies. • Of the 701 employees in scope only 12% are in a consolidated setting. • Limited knowledge of or sharing of best practices across agencies in the functional areas resulting in inconsistent practices.
Technology	• Workflow technologies are limited with most Accounts Payable and Payroll transactions requiring manual intervention. • There is no HRIS system that unifies Payroll and Human Resource data – manual rekeying of data is often required. • The full functionality of the current financial and payroll systems is not fully understood and utilized.

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Three Shared Service Model Options Were Evaluated

Shared Services can be created in one of three organizational models

1 **Single Organization (Unified Model)**
- Consolidate all functions into one organization; physically consolidate where practical.

2 **Regional Locations (Confederation Model)**
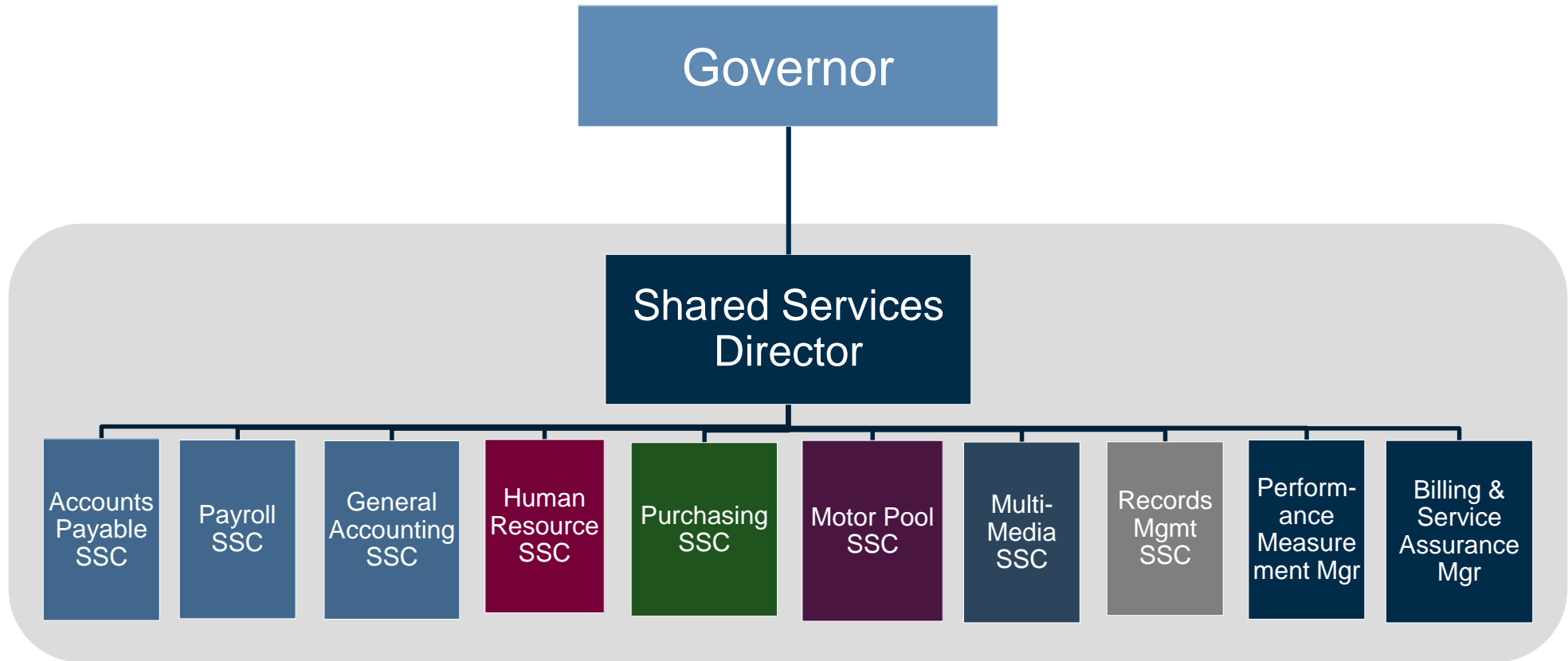- Consolidate all functions into regional service centers; physically consolidate where practical.

3 **Centers of Excellence (Specialty Model)**
- Consolidate specialized expertise into Centers of Excellence; physically consolidate where practical.
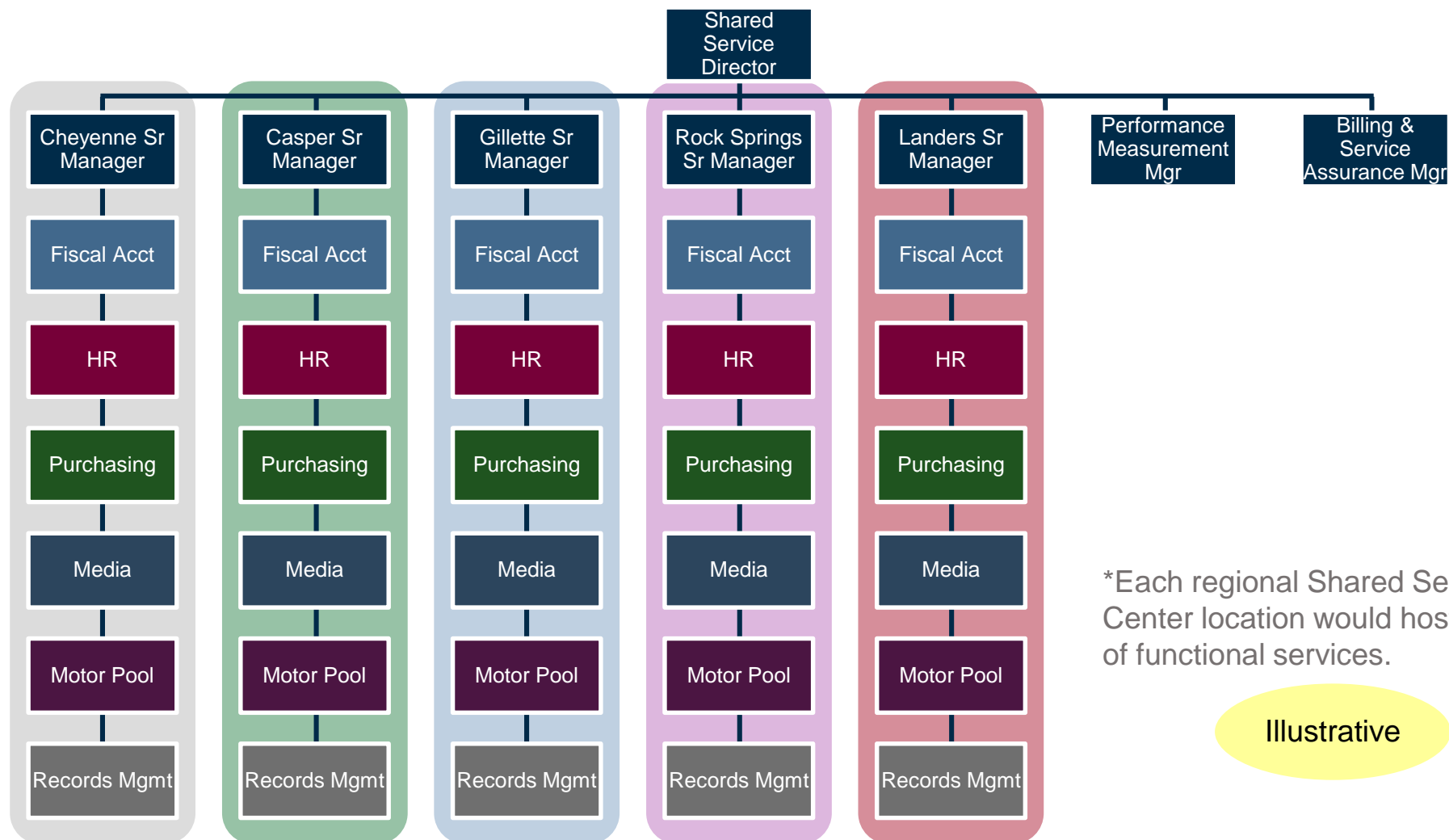
A&I Main Location

Region 1
Region 4
A&I Main Location
Region 2
Region 3

Accounting COE
Other COE's
A&I Main Location
HR COE
Purchasing COE

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Option 1: Single Shared Service Center

Governor

Shared Services Director

| Accounts Payable SSC | Payroll SSC | General Accounting SSC | Human Resource SSC | Purchasing SSC | Motor Pool SSC | Multi-Media SSC | Records Mgmt SSC | Perform-ance Measure ment Mgr | Billing & Service Assurance Mgr |

*Single location for all functions

Illustrative

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Option 2: Regional Shared Service Center

In a regional structure, each region would offer a similar set of functional services.

Shared Service Director

Cheyenne Sr Manager	Casper Sr Manager	Gillette Sr Manager	Rock Springs Sr Manager	Landers Sr Manager	Performance Measurement Mgr	Billing & Service Assurance Mgr
Fiscal Acct	Fiscal Acct	Fiscal Acct	Fiscal Acct	Fiscal Acct		
HR	HR	HR	HR	HR		
Purchasing	Purchasing	Purchasing	Purchasing	Purchasing		
Media	Media	Media	Media	Media		
Motor Pool	Motor Pool	Motor Pool	Motor Pool	Motor Pool		
Records Mgmt	Records Mgmt	Records Mgmt	Records Mgmt	Records Mgmt		

*Each regional Shared Service Center location would host full set of functional services.

Illustrative

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Option 2: Regional Model

The regional Shared Service Centers could follow the current district office alignment within WYDOT based on the current employee distribution and the overall typography of the state. Recommended locations include: Cheyenne, Casper, Gillette, Lander, and Rock Springs. With this distribution, most employees would be no more than a 2-3 hour drive from a regional office.

Legend:
- # FTEs within the city
- # FTEs within the district / region

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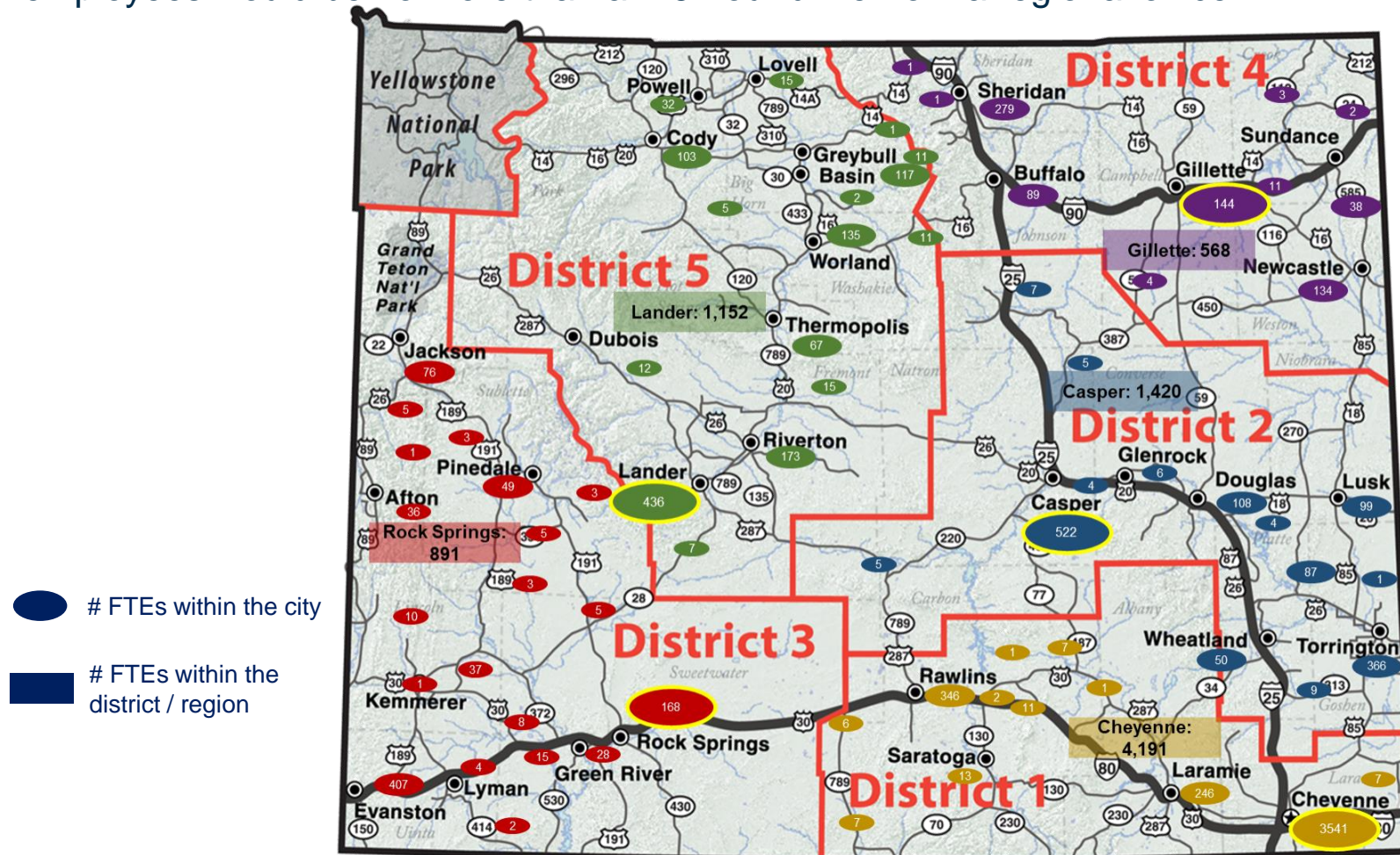
Option 3: Center of Excellence Organization Structure
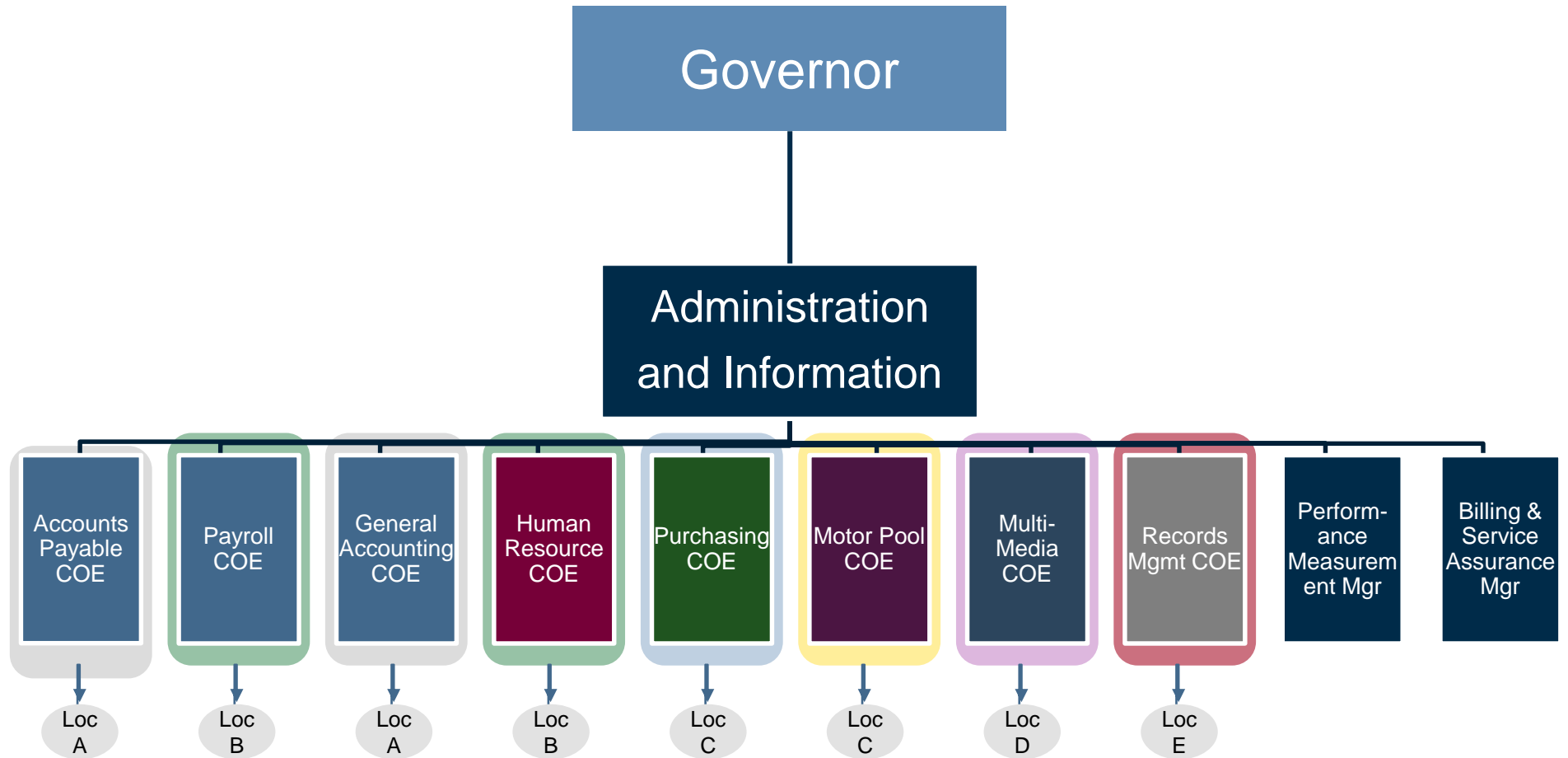
- Centers of Excellence built agnostic of location
- Illustration represents 6 COE host locations

Illustrative

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Pros and Cons of Each Model: Shared Services for Agencies

Model Option	Pros	Cons
Single Center (Unified Model)	• Achieves highest economies of scale/greatest benefits • Easier to manage • Provides most standardization	• Tough to implement • Involves most disruption of current status • Requires significant change management support
Regional Center (Confederation Model)	• Achieves moderate economies of scale • Keeps work closer to internal customer • Provides some flexibility to meet regional needs	• Tougher to manage • Standardization is more difficult to sustain • May cost more to implement – providing infrastructure in multiple locations
Center of Excellence (Specialty Model)	• Provides high quality work at slightly lower cost than current status • Ensures best practices are shared • Achieves some economies of scale	• Requires strong leadership at the COE level • Must still have an agreement to share resources • Can devolve into a centralized organization if COE and governance principles are weak

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The Center of Excellence Model Is Recommended

Based on the results of agency interviews, discussions with the Shared Services Work Stream team, and the experience of Alvarez & Marsal, the Center of Excellence Model is recommended.

Rationale

- Fosters quality, faster responsiveness, and adaptability
- Establishes a common standard way of working across all agencies
- Provides improved controls and accountabilities
- Promotes consistent application of policies and the adoption of best practice
- Facilitates stronger skills, career development, succession planning and provides backup planning – thus improving retention
- Provides a more efficient way of delivering current and future services
- Promotes a common focus
- Formalizes standardization and adherence to rules and policies while establishing and building credibility
- Provides cost savings through non-duplication
- Provides time savings that allow employees to focus on the strategic mission
- Establishes a strong customer-focused governance model
- Offers the flexibility of delivering services in a regional fashion where required without incurring the cost of a regional model

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Governance Model: Shared Services for Agencies

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┌─────────────────────────┐
│        Governor         │
└─────────────────────────┘
            │
┌─────────────────────────┐
│       Center of         │
│      Excellence         │
│      Governance         │
│         Board           │
└─────────────────────────┘
            │
┌─────────────────────────┐
│      COE Director       │
└─────────────────────────┘
            │
        ┌─────────────────────────┐
        │     Centers of          │
        │     Excellence          │
        └─────────────────────────┘
```

Key Elements

- Governance Board comprised of the Directors or their designee from 10-12 agencies as appointed by the Governor

- Board members would serve staggered terms of 1-3 years

- One-third of board members would rotate off each year and be replaced by members from agencies which have not yet participated

- The Board would have the following authorities:

  - Assess the performance of SSC/COE Director
  - Approve center budget
  - Approve the chargeback mechanisms
  - Monitor performance measurement and customer satisfaction
  - Resolve disputes

- The Board would meet initially on a monthly basis and after stabilization on a quarterly basis

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Recommended Chargeback Mechanisms: Center of Excellence
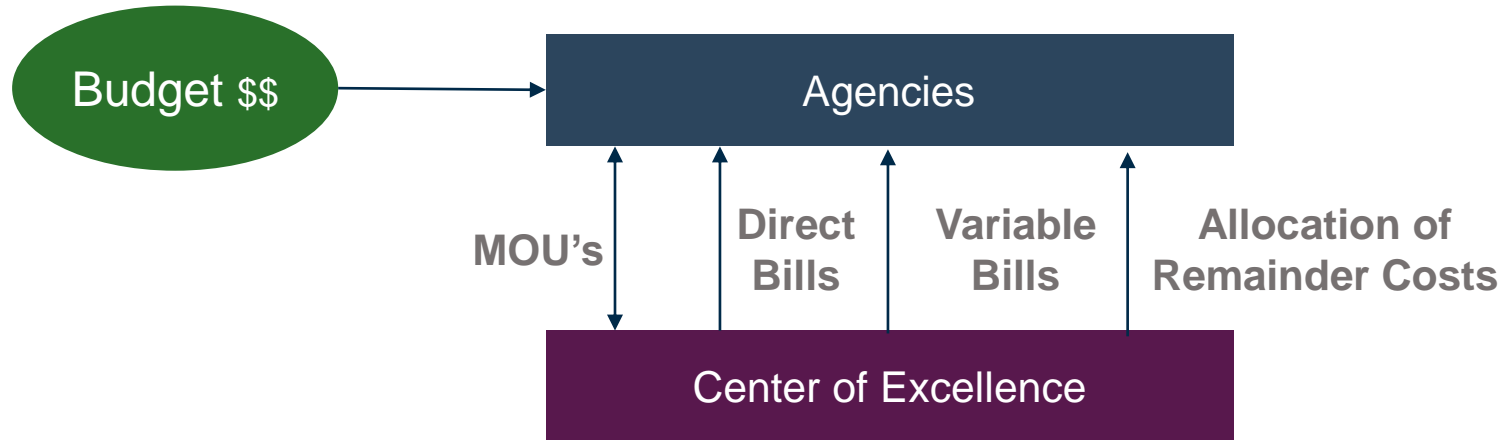
Budget $$ → **Agencies**

MOU's | Direct Bills | Variable Bills | Allocation of Remainder Costs

Center of Excellence

Key Elements:

- Agencies retain the Budget $$ associated with all services provided by the Center of Excellence

- The Center of Excellence would bill the agencies in a single monthly invoice for actual costs of the services as provided by these mechanisms:

  1. Direct Bill - charges for specific services usually billed on an hourly or FTE format
  2. Variable Bill – charges for services based on actual transactions on a cost per transaction basis
  3. General Allocation - for all remaining costs an allocation based on the portion of total billed costs each agency represents

- A written Memorandum of Understanding (MOU) would be established between each agency and the Center of Excellence with the goal of making costs predictable

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Enabling Legislation and Recommendations

Enabling Legislative Changes

- Enabling legislation will be needed to establish and authorize the Centers of Excellence and to transfer organizational responsibilities from various agencies within a single organization.

Enabling Recommendations

- Executive order of Governor establishing Centers of Excellence organization, roles, responsibilities, and governance model.
- Development and establishment of chargeback mechanisms as approved by the COE Governing Board.

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Risks Summary

	Risk Description	Probability (Low, Medium or High)	Potential Impact (Low, Medium or High)	Mitigation
A	Low participation rates - Agencies make case to opt out to Governor	Medium	High	Effective communication and selling of program and unwavering support of Governor's office.
B	Difficulty identifying leaders	Low	High	Fill with outside contractors until internal candidates are identified.
C	Inadequate space for physical consolidation	Low	Medium	Work with Construction Services to identify possible locations for COEs.
D	Poor transition	Low	Medium	Strong change management and transition plans.
E	Poor execution	Low	Medium	Use key performance measures to monitor performance to avoid execution shortfalls.

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Risk Probability-Impact Matrix

Project Risks
(Probability and Impact)
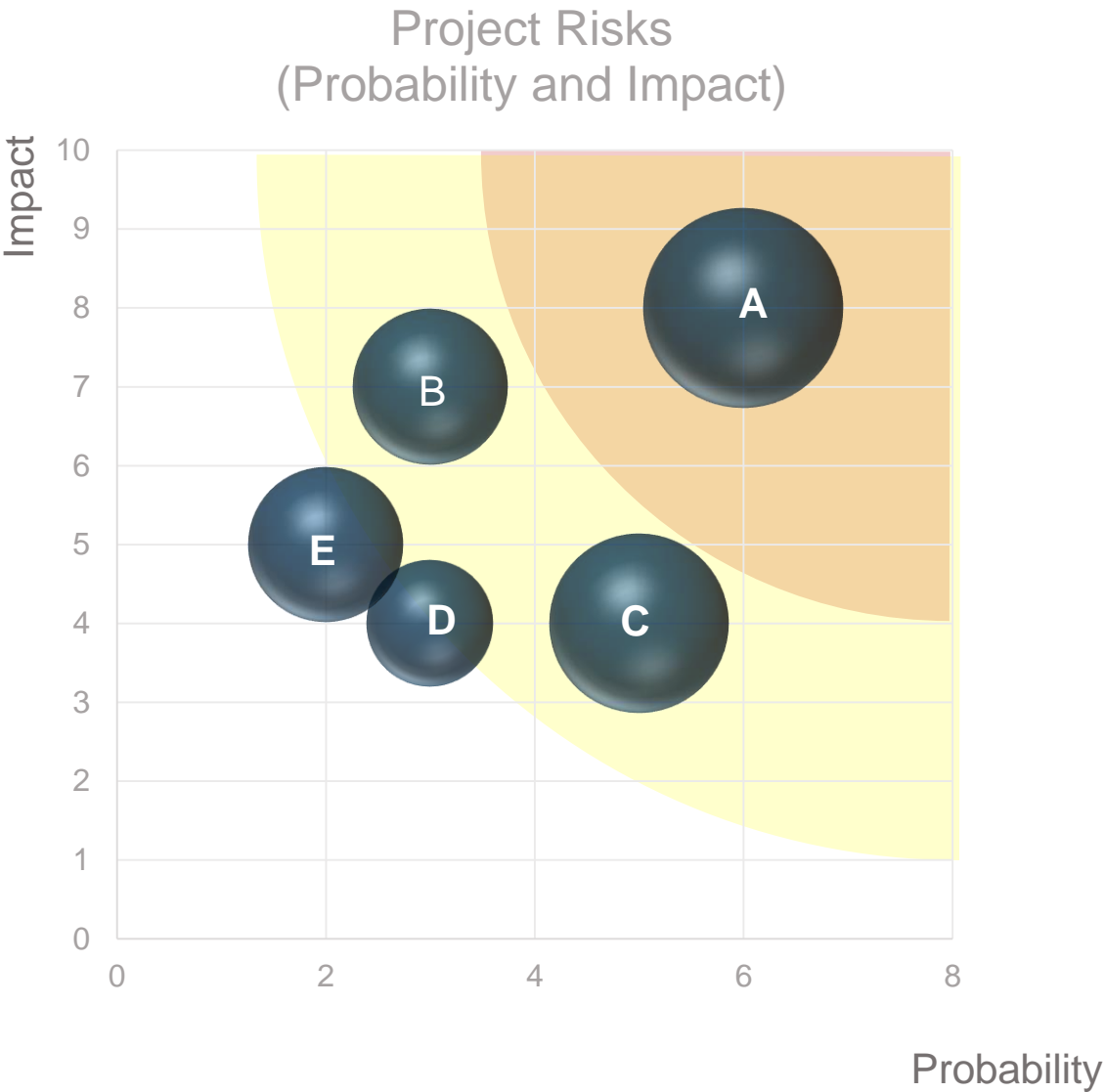
	Risk Description
A	Low Participation Rates
B	Leadership Identification
C	Inadequate Space
D	Poor Transition
E	Poor Execution

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Assumptions and Constraints

Assumptions

- There are no federal restrictions to work funded being performed outside of the agency but funded by federal funds.
- The identification and allocation of the work performed will enable the same level of reimbursement from the federal sources via the Statewide Cost Allocation Plan (SWCAP).
- There is adequate current space available to house COE's in either state owned or currently leased facilities.
- There are no union restrictions as to where work is performed.

Constraints

- Degree of support of Centers of Excellence by the state agencies.
- Current work load levels will permit learning and adopting new standardized procedures and technologies.
- Adequate office space.

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Financial Savings Overview

| $ | **Total Investment:** $2.3M | 🐷 | **Biennium Savings:** $12.4M | 📈 | **Total 5 yr Savings:** $24.6M |

Description:
Implementation, Workflow system, and HRIS

Key Cost Assumptions:
Consulting fees, system implementation fees, license fees

Description:
Salaries/Wages and Benefits savings from standardization, automation, and mix changes
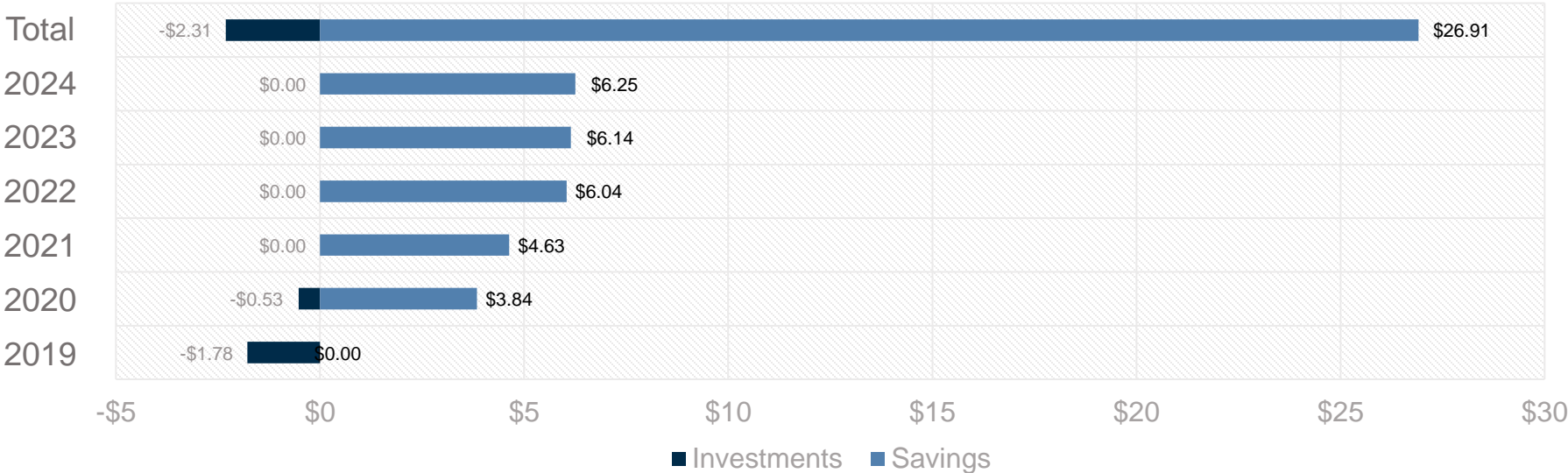
Key Savings Assumptions:
Standardization and automation improvements, 40.26% Benefit Rate

Description:
Salaries/Wages and Benefits savings from standardization, automation, and mix changes

Key Savings Assumptions:
Standardization and automation improvements, 40.26% Benefit Rate

Year	Investments	Savings
Total	-$2.31	$26.91
2024	$0.00	$6.25
2023	$0.00	$6.14
2022	$0.00	$6.04
2021	$0.00	$4.63
2020	-$0.53	$3.84
2019	-$1.78	$0.00

■ Investments   ■ Savings

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Business Case Summary

The recommended alternative is forecast to have a 49.9% ROI and 2 year payback period

	Baseline Status Quo Alternative	Alt. №1 Alternative 1	Alt. №2 Alternative 2
Summary of Life Cycle Cost Estimate			
(A) Investment (Inflated Dollars)	$0	($2,311)	($2,507)
Investment Period	2019 to 2019	2019 to 2020	2019 to 2020
(B) Recurring Costs (2019 to 2024)	$0	$26,909	$20,616
(C) Total 6-Year Inflated Alternative Costs (Inflation =2.1%) (A+B)	$0	$24,597	$18,109
Net Present Value (NPV)			
(D) NPV (Nominal Discount Rate = 2.3%)		$20,549	$15,194
Return On Investment (ROI)			
(E) Net Discounted Investment		($2,201)	($2,389)
(F) Net O&M Savings		$22,750	$17,582
(G) Return On Investment (ROI) (F/E) (6-Year Annualized)		49.9%	42.5%
Internal Rate of Return (IRR)			
(H) Internal Rate of Return (2019 to 2024)		216%	188%
Payback Period			
(I) Year of Analysis when NPV is equal to zero		2 Years	2 Years
Average Risk	0	261	254
Average Benefit	0	5.2	4.4

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Recommendation Summary

The chart below summarizes the efficiency recommendations from Phase 1 and Phase 2 related to shared services for state agencies.

Recommendation	Description	Estimated One-time Investment		Estimated Net Biennium Savings	
		Low	High	Low	High
Phase 1 Recommendations					
Surplus Assets	Identify opportunities to sell surplus assets to generate additonal revenue for the state	$289,000	$354,000	$4,741,000	$5,795,000
Motor Pool Expansion	Enhance tracking of utlization and maintenance of permanently assigned and daily rental vehicles	$466,000	$569,000	$930,000	$1,136,000
Phase 1 Subtotal		*$755,000*	*$923,000*	*$5,671,000*	*$6,931,000*
Phase 2 Recommendations					
Span of Control (SPOC)	Increasing the ratio of front-line staff to supervisors to streamline reporting structures	$633,000	$774,000	$3,395,000	$4,149,000
Phase II Recommendations (minus SPOC)	Developing Shared Service Centers of Excellence to provide consolidated back office support to state agencies	$1,447,000	$1,769,000	$7,761,000	$9,485,000
Phase 2 Subtotal		*$2,080,000*	*$2,543,000*	*$11,156,000*	*$13,634,000*
TOTAL		**$2,835,000**	**$3,466,000**	**$16,827,000**	**$20,565,000**

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Measuring the Impact of Shared Services Implementation

Savings will largely be achieved through the deployment of automated work flow solutions and a new HR Information System, resulting in an overall 8% improvement in productivity. Headcount will be reduced by 76 FTEs through the Centers of Excellence functions. This reduction will be accomplished through attrition over an 18-24 month time frame. Current openings without an equivalent headcount must be cancelled .

Productivity improvements will be tracked against the Hackett Group benchmarks for Accounts Payable of 8%. HR will report monthly, comparing current headcount to the baseline. Labor savings will be calculated using the baseline average salary for each function multiplied by the headcount reductions achieved. Employment benefit savings will be 40.3% of labor savings. Total savings is the labor savings plus the employment benefit savings.

Key Performance Metrics

Metric	2018 Baseline	2019	2020	2021	2022	2023	2024
Target Headcount	701	701	668	625	625	625	625
Span of Control	-	-	$1,247,000	$1,870,000	$1,870,000	$1,870,000	$1,870,000
Standardization	-	-	$693,000	$1,039,000	$1,039,000	$1,039,000	$1,039,000
Productivity Improvements	-	-	$609,000	$913,000	$913,000	$913,000	$913,000
Labor Mix	-	-	$373,000	$559,000	$559,000	$559,000	$559,000
Employment Benefits	-	-	$1,176,000	$1,764,000	$1,764,000	$1,764,000	$1,764,000
Gen. Acct FTEs per $1b	29.9	29.9	28.7	27.5	27.5	27.5	27.5
Payroll Cost / Employee	170	170	163	156	156	156	156
Other Operations	TBD	0%	4%	4%	-	-	-

Implementation Roadmap

The implementation plan is forecast to begin in April 2019 and last for a period of six months.

Work Step	Yr	2019												2020												2021					
	Mo	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Project Charter						■																									
Organizational Chart for Centers						■																									
Draft Announcement Communique for Governor							■																								
Governance Model for COEs							■																								
Determination of Charge-back Mechanisms							■																								
Draft Memorandum of Understanding for Agency Billing								■																							
Identification of Key Performance Measurements									■																						
Roll-out Plan for each COE & Agency Communications									■																						
Operational Go-Live										■																					

Implementation Roadmap

The implementation plan is forecast to begin in April 2019 and last for a period of six months.

Work Step	Yr	2019												2020												2021					
	Mo	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Technology Track							▬	▬	▬																						
Requirements Definition							▫																								
Software Evaluation								▫																							
Prepare Environment									▫																						
Pilot Test									▫																						
Train Power Users										▫																					
Go Live										▪																					

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Organizational Line of Service Review

Project Overview

- As a part of the Wyoming Government Efficiency Project, the state engaged Alvarez & Marsal (A&M) to conduct an Organizational Line of Service Review to identify opportunities to consolidate functions and streamline operations to drive efficiencies for the state.

- Based on A&M's initial analysis, the following state agencies were identified for further review based on budget, benchmarking analysis, operations, and interactions with other state agencies:

Administration & Information	State Auditor's Office	Revenue	Audit	State Construction	Corrections	Workforce Services
Education	Health	Family Services	Transportation	State Parks & Cultural Resources	Game & Fish	Boards & Commissions

- As a result of these reviews, A&M found:
  - There are functions within the state that are currently decentralized and would benefit from consolidation within a single agency.
  - The independent audit function of the state could be strengthened through more consistent performance monitoring of key state agencies and programs.
  - There are opportunities to use technology to enhance oversight, particularly in licensing, facilities management, and financial management, that would improve customer experience and drive savings.
  - Oversight provided by Boards and Commissions could be enhanced by streamlining functions, operations and administration.

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Executive Summary - Organizational Line of Service Review

The goal of the Organizational Line of Service Review is to identify opportunities to increase efficiency by streamlining the services provided by state agencies. This is achieved through developing a service inventory, engaging stakeholders through interviews and surveys, and identifying opportunities to streamline service offerings.

Service Inventory
- Identify the major internal and external services provided by key agencies
- Review budget line items to determine funding level for key services
- Benchmark service levels against peer states

Stakeholder Engagement
- Conduct interviews with agency leadership and direct reports to understand strategic priorities and mandated service offerings
- Conduct surveys with agency staff to learn more about their job functions and the services they support
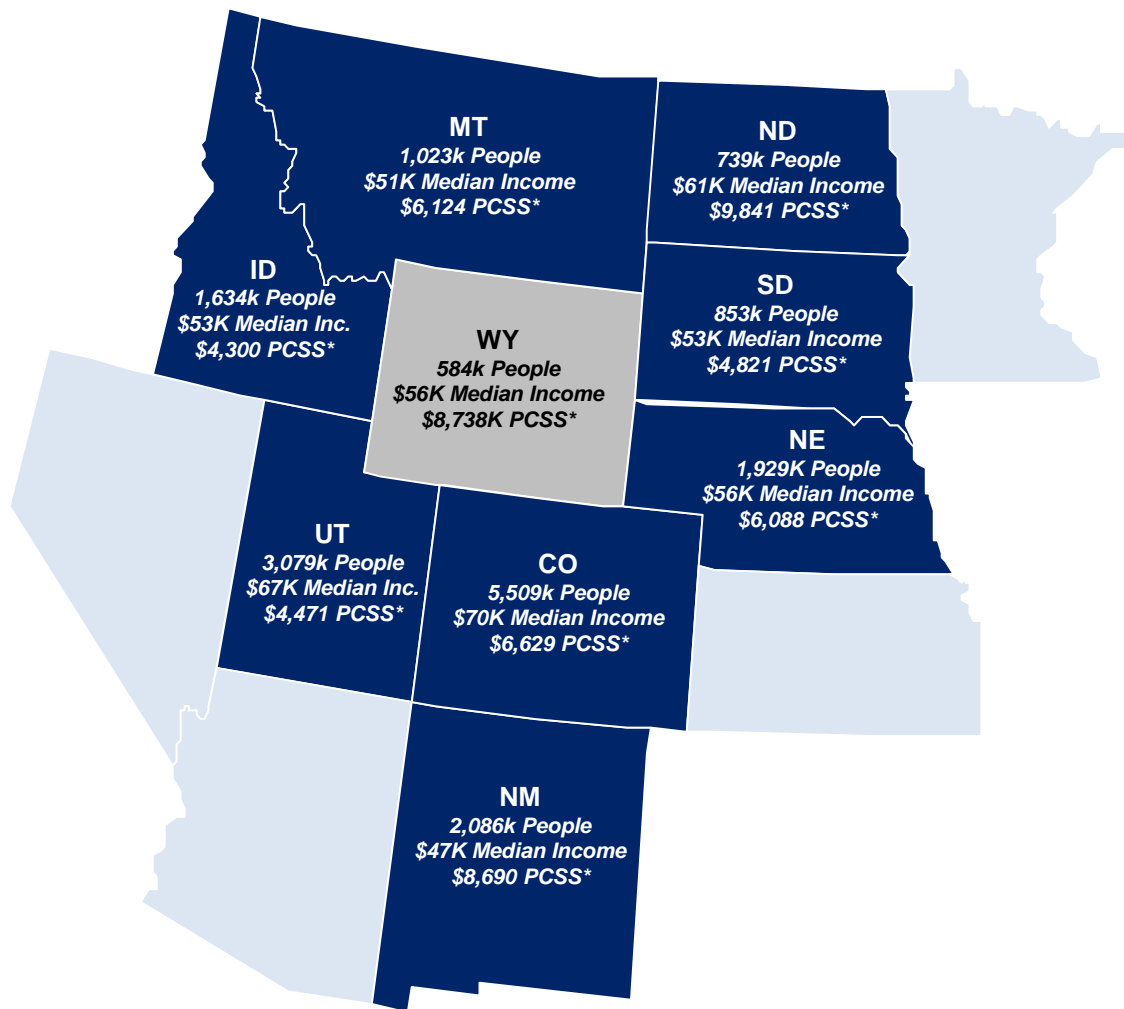
Streamlining Opportunities
- Identify areas of service overlap within or across agencies to eliminate redundant activities
- Identify areas of service that should be transferred to different agencies based on expertise, resources, or misalignment of function
- Review existing span of control analysis to identify opportunities to increase the front line staff to supervisor ratio

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Executive Summary - Line of Service Review Process

Four Phases of the Organizational Line of Service Review Process

Comprehensive Review of Existing Span of Control and Program Reviews/Analyses	**Targeted Programmatic Review of Priority Agencies/Areas**	**Efficiency Hypotheses & Recommendations**	**Implementation Plan & Change Readiness Assessment**
Conducted budget analysis and reviewed span of control data, annual reports and strategic plans to determine target agencies for detailed review.	*Interviewed leaders from 13 agencies to better understand the services they provide, challenges they face, and their interactions with other agencies, boards and commissions.*	*Documented observations and recommendations from the agency interviews in an Organizational Assessment Report and partnered with agencies to validate and refine recommendations.*	*Finalized the Organizational Assessment Report by working with the workstream project team and associated agencies to develop an implementation plan and conduct a change readiness assessment.*

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Executive Summary - Cross Agency Benchmarks

Eight peer states were selected based on geography, population and income to support benchmarking and comparative analysis surrounding key performance indicators with Wyoming.

MT
1,023k People
$51K Median Income
$6,124 PCSS*

ND
739k People
$61K Median Income
$9,841 PCSS*

ID
1,634k People
$53K Median Inc.
$4,300 PCSS*

SD
853k People
$53K Median Income
$4,821 PCSS*

WY
584k People
$56K Median Income
$8,738K PCSS*

NE
1,929K People
$56K Median Income
$6,088 PCSS*

UT
3,079k People
$67K Median Inc.
$4,471 PCSS*

CO
5,509k People
$70K Median Income
$6,629 PCSS*

NM
2,086k People
$47K Median Income
$8,690 PCSS*

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Executive Summary – Summary Observations

| Current State |
|---|
| **Misaligned Agency Functions and Services** |
| • Facilities management processes, from custodial services and routine maintenance to larger construction projects, vary across agencies. Ineffective facilities management has increased costs associated with routine and deferred maintenance and accelerated replacement and renovation. To better understand current maintenance procedures, A&M analyzed annual costs associated with boiler repairs and replacement in Wyoming's school and state facilities. |
| • Department of Workforce Services (DWS) has a federal grant to provide occupational safety services. Some agencies maintain separate safety officer programs with varying levels of coordination with DWS. |
| • The headcount and budget to support the state's developmental preschools is within the Department of Health (WDH), rather than with other early childhood educational services within the Department of Education (WDE). |
| **Fragmented Oversight** |
| • There are over 200 boards and commissions without direct operational oversight. These boards often have separate licensing platforms, office space, and administrative support. |
| • The state's revenue auditing function is located within the Department of Audit (DOA). In general, budget constraints have limited the number of independent agency performance audits conducted, with the program integrity function residing primarily within the agencies. |
| • The financial system management resides within the State Auditor's Office (SAO). While agencies must approve financial transactions, independent oversight and auditing of the state's financial system is conducted by third party contractors. |
| • The state conducted a span of control review across agencies representing approximately 90% of state government employees. The study recommended routine reviews of agency spans of control, justification of the impact headcount increases have on span of control, and capitalization of opportunities to increase span of control. |
| • Agencies are seeking to increase transparency with citizens. The SAO has issued an RFP for a transparency system and other agencies are also evaluating opportunities to engage transparency platforms. |
| **Inefficient use of Technology** |
| • There are at least four separate agency AiM system licenses employed for facilities management, including State Construction Department, Department of Administration and Information, Department of Corrections, and the University of Wyoming. There is not a consolidated database state facilities management. |
| • There is an Outdoor Recreation Website, however customers wanting Game & Fish and State Parks licenses must navigate separate interfaces to complete the required processes. |
| • DWS' new unemployment insurance system will include a Treasury Offset program. The Game & Fish Department has a process to prevent individuals who owe child support and have outstanding warrants from getting hunting and fishing licenses. There is no centralized system to enforce debt owed to the state through limiting licensing privileges or reducing funds paid to citizens. |

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Executive Summary – Summary Recommendations

Organizational Line of Service Review
### Key Recommendations
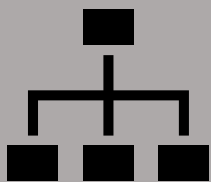
Enhance Statewide Oversight and Transparency Functions
- Streamline direct reports to the Governor with consolidated Department oversight of common service agencies
- Expand performance audit function within the Department of Audit
- Streamline oversight and operations of the state's Boards and Commissions
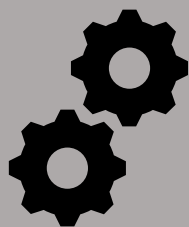
Align Functions to Drive Effectiveness
- Centralize occupational safety program with Department of Workforce Services, with coordinated training across relevant agencies
- Improve revenue audit coordination between Departments of Revenue and Audit
- Evaluate benefits of shifting developmental preschool function from Department of Health to Department of Education
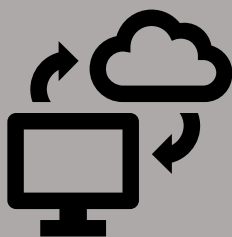
Use Technology to Support Efficiency Efforts
- Consolidate all facilities management within a single AiM system platform
- Institute a common platform to enforce debts owed to the state
- Develop a common recreational licensing platform

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Recommendation Summary

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
1	Enhanced Performance Auditing	$877,000	$1,072,000	$510,000	$623,000
2	Occupational Safety Program	$146,000	$179,000	$555,000	$679,000
3	Preventative Maintenance Program	$490,000	$599,000	$2,321,000	$2,837,000
4	Consolidated Debt Recovery	$322,000	$394,000	$1,667,000	$2,038,000
5	Statewide Recreational Licensing System	$80,000	$98,000	$956,000	$1,168,000
6	Governor's Cabinet	$738,000	$902,000	$2,418,000	$2,956,000
7	Consolidation of Boards & Commissions	$92,000	$112,000	$534,000	$652,000
	TOTAL	**$2,745,000**	**$3,356,000**	**$8,961,000**	**$10,953,000**
	Cost Avoidance	*$636,000*	*$778,000*	*$2,876,000*	*$3,516,000*

NOTE: Biennium savings are net of personnel costs

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Organizational Line of Service Purpose and Objectives

Project Purpose

The Organizational Line of Service Project is designed to enable Wyoming's state agencies to serve its citizens in an efficient, mission-driven manner. A&M identified key assessment agencies based on budget, functional responsibility, and interactions with other agencies.

The review evaluated the services provided by these agencies to assess overlapping responsibilities, obsolete programs, or areas for enhancement, to support consolidation of repetitive functions, improve reporting structures, and address ineffective department divisions.

Problem/Opportunity Statement

The State of Wyoming has various areas of duplicate public-facing responsibilities across state agencies which present various opportunities for consolidation, cost savings, and functional efficiencies. In addition, the proliferation of state agencies and over 200 Boards and Commissions of various sizes and functions has created a system where the Wyoming Governor has over 45 direct reports.

By implementing the organizational line of service recommendations, the state will be able to enhance organizational alignment and oversight, while continuing to deliver high quality services to its citizens.

Goals & Objectives

- Define and implement roles and responsibilities across the organization to promote efficient service delivery and performance
- Enhance organization design to support improved financial controls, transparency and oversight
- Organize and provide the appropriate level of service to customers for each line of service
- Ensure communication channels are open, enabling two-way conversations and effective data sharing

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Organizational Line of Service Project Alternatives

The State of Wyoming should streamline the way key services are provided to drive operational and financial efficiency. A reduction in direct Governor reports, enhanced performance monitoring, and restructured Boards and Commissions would improve agency oversight and transparency.

Alternative	Description	Assumptions	Project Success
Status Quo	Maintain current level of operations.	No changes made to the existing structure.	Continued service delivery at the current level.
Alternative #1	Transform organizational structure to realign agency functions to maximize effectiveness; restructure oversight to streamline reporting to the Governor, reduce the number of Boards and Commissions, and improve performance monitoring (includes Initiatives 1-7 from page 8).	Realignment can be achieved with existing staff skill set supported by technology improvements; required adjustments could be made without impacting service delivery or violating federal requirements; any necessary statutory changes would be approved by the Legislature.	Improved performance indicators for realigned services; consistent performance monitoring of key programs; reduced number of direct Governor reports and Boards and Commissions.
Alternative #2	Focus on changes to organizational realignment to maximize agency effectiveness (includes Initiatives 1-5 from page 8).	Realignment can largely be achieved with existing staff skill set supported by technology improvements.	Improved performance indicators associated with the realigned services and agencies.

Organizational Line of Service Project Scope and Deliverables

Recommended Project Scope

- In-depth feasibility assessment to realign agency functions to maximize efficiency and effectiveness of the services provided, including detailed agency-specific implementation/change management plans to execute any restructuring.
- Enhance the organizational oversight functions by reducing the number of direct reports to the Governor and strengthening the independent audit function through collaboration between the Department of Revenue, the Department of Audit, and the State Auditor's Office to provide consistent performance management for agencies.
- Restructure state Boards and Commissions to minimize bureaucracy, improve policy and regulatory oversight, and potentially reduce the number of Boards.
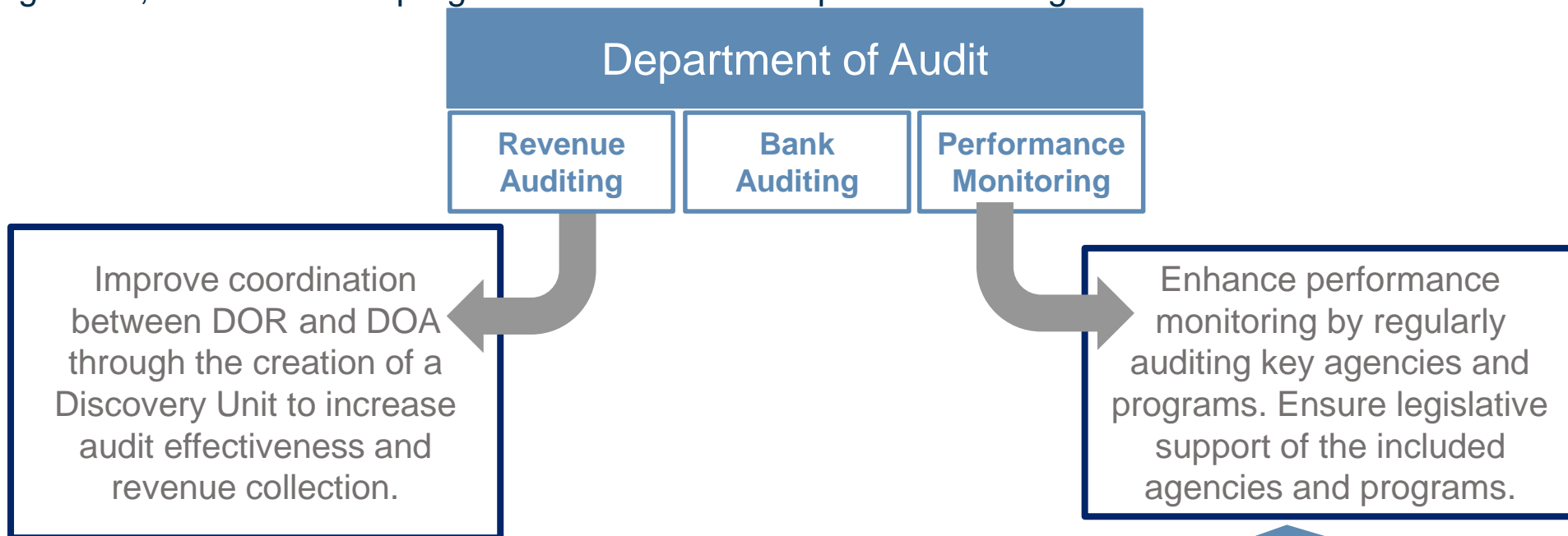
Project Requirements

- Legislative and executive support to implement organizational changes, including any increases or reallocations of budget and/or headcount required for execution.
- Consistent tracking of performance across key metrics and indicators, and increased agency oversight through monitoring key performance measures.
- Technology enhancements to ensure the appropriate level of communication and data sharing between agencies.

Key Deliverables	Estimated Timing
Organizational Change Feasibility Assessment	3-6 Months
Detailed Agency-Specific Implementation/Change Management Plans	3-6 Months
Revised Structure for State Boards and Commissions	3-6 Months
Interim Organizational Change Implementation Assessment	6-12 Months
Final Organizational Change Implementation Assessment	12-18 Months

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Independent Audit Function

There are opportunities to enhance the state's independent audit function by creating a Discovery Unit between the Department of Revenue (DOR) and the Department of Audit (DOA) to support revenue auditing. There are also separate internal program audit functions within a number of agencies, however these programs have limited independent oversight.

Department of Audit

Revenue Auditing	Bank Auditing	Performance Monitoring

Improve coordination between DOR and DOA through the creation of a Discovery Unit to increase audit effectiveness and revenue collection.

Enhance performance monitoring by regularly auditing key agencies and programs. Ensure legislative support of the included agencies and programs.

The state should consider enhancing performance auditing within the Department of Audit with functionality similar to that of an Inspector General (IG). As an example, both Utah and New Mexico have IG functions for their Medicaid/Human Services programs. The return on investment (ROI) for Utah's IG function was 472% in FY2018.

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Statewide Financial Management System

Management of the WOLFS system is currently within the State Auditor's Office (SAO). In the future, the state should consider a structure in which A&I and the SAO work more closely together to manage the financial system. As the Shared Service Centers are implemented they will need to partner to identify the appropriate functional boundaries. The SAO would manage the centralized revenue recovery function.

Financial Management Function	Current State Owner
Management of WOLFS Financial Systems	SAO
Management of IBARS Budgeting System	A&I
Management of Independent Audit and CAFR Process	SAO
Remitting Payments to Employees, Vendors, Benefit Recipients	SAO
Independent Oversight of Financial Management & Budgeting System	N/A
Centralized Revenue Recovery Function	N/A

In the majority of peer states, the State Auditor function provides financial and/or program oversight, rather than core financial system management responsibilities.

Auditor Function	WY	CO	UT	ND	SD	MT	ID	NM
Financial Management System	Y	N	N	N	N	N	Y	N
Financial Oversight	N	Y	Y	Y	Y	N	N	Y
Program Oversight	N	Y	Y	Y	N	N	N	Y

NOTE: The Controller was used in Idaho as a proxy for the State Auditor. In South Dakota, the State Auditor administers payroll. The Montana State Auditor is focused on securities and insurance.

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Streamline Facilities and Construction Management

Management of maintenance over a facility's lifecycle is decentralized, with processes varying widely by agency. Streamlining facilities management could reduce expenditures associated with deferred preventative maintenance, which often results in higher renovation and construction costs.

Current Facilities Management Structure

Department of Administration & Information

- Provides custodial support for state buildings and facilities in Cheyenne
- Provides support for routine and preventative maintenance for some state buildings and facilities
- Responsible for space planning and facilities resource allocation for state agencies
- Maintains inventory of facilities in the AiM system preventative maintenance module

State Construction Department

- Provides project management support for major renovation or new construction projects for most state agencies and all school districts
- Manages the AiM facilities management system that tracks construction projects; provides training to other agencies that have facilities and construction management responsibilities

Agency-Specific Construction Management

- WYDOT manages its own facilities maintenance and construction projects; the agency often partners with other agencies when there might be overlapping projects at the same site
- Routine maintenance at the state penitentiary was inadequate in preventing severe damage; SCD is providing project management support for this major renovation effort
- Game & Fish and State Parks & Cultural Resources also have the authority to manage their own facilities management and construction projects

Recommended Facilities Management Structure

The **A&I General Services Division (GSD)** maintains responsibility for performing and monitoring routine maintenance for facilities in Cheyenne. The **State Construction Department (SCD)** maintains oversight of construction project management for all state facilities. SCD and GSD will coordinate during the construction phase of new buildings to ensure that preventive maintenance structures are installed during the construction phase. Preventative maintenance for all state facilities will be tracked in a consolidated AiM system where compliance with routine maintenance schedules can be effectively monitored. Preventative maintenance services will continue to be provided by A&I GSD in Cheyenne and contracted on a regional basis in satellite offices.

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Enhance Statewide Employee Occupational Safety Program

There is currently an Occupational Safety and Health Administration (OSHA) program within the Department of Workforce Services (DWS), with varying levels of coordination across state agencies. Agency involvement with the program should be enhanced to ensure that all relevant agencies receive regular OSHA consultations and consistent training. Tracking metrics, including workers' compensation spending, would allow the state to monitor impact of the program.

Government Agency Safety Officers & Training

Private Industry Occupational Safety Support

Routine OSHA Safety Inspections for Government & Private Organizations

COMPONENTS OF ENHANCED OCCUPATIONAL SAFETY PROGRAM

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Enhance Debt Collections

The Child Support Enforcement Division within the Department of Family Services (DFS) has the most extensive mechanism for pursuing payments on behalf of custodial parents. The state should evaluate ways to engage more collection mechanisms to improve revenue collections, including developing a consolidated revenue recovery function within the State Auditor's Office.

	Debt Collection Mechanisms								
	US IRS Treasury Offset	Collection Agencies	Game & Fish Licenses	Driver's Licenses	Business Licenses	Lottery Winnings	Tax Liens	Criminal Prosecution	Public List of Debtors
Mineral Taxes		X			X		X		
Excise Taxes		X			X		X	X	
Child Support	X	X	X	X		X	X		
Unemployment Insurance Overpayment	X								
Unemployment Tax	X								
Workers' Comp Taxes									

NOTE: Wyoming, like its neighboring peer states, does not participate in state reciprocity related to the Treasury Offset Program.

Opportunities for shared service agreements with other state governments and US Treasury Offset Program:
- Realign resources for enhanced audit and detection capabilities.
- Redefine internal collection and prosecution activities, as well as audit criteria business rules, to enhance collection opportunities.
- Integrate current collection platforms, eliminating manual and duplicative audit and recovery tasks.

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Statewide Recreational Licensing System

The Governor's Task Force on Outdoor Recreation (OR) and the Outdoor Recreation Subcabinet are working on standing up a "Wyoming Outdoor Recreation" platform to promote the outdoor recreational industry in Wyoming. To further enhance the customer experience for Wyoming visitors, recreationalists and hunters, A&M recommends that Wyoming create a one-stop shop for all sales including: licenses, tags, permits, and rentals and reservations. Streamlining the licensing process will improve the overall user experience, generate cost-savings, and provide an opportunity to increase State Park attendance and total license sales.

Game and Fish Department Licenses
- Hunting, fishing, and watercraft licenses
- Hunting tags, stamps, and permits
- Information for public wildlife and hunting access areas

State Parks & Cultural Resources Licenses
- Vehicle permits
- Entrance fees
- Camping permits and campsite reservations
- Park and department program information

2019 Goal: Web Map Creation
"To coalesce all outdoor recreation services, amenities, and businesses into a website with one-stop shopping in order to connect recreationists to all opportunities throughout Wyoming."

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Span of Control Recommendation Implementation

Following A&M's Phase 1 report, A&I conducted a Span of Control Review that encompassed 90 percent of the state's employees across 17 departments and two additional operating agencies.

Key Findings

- Agencies can realize efficiencies by achieving an optimum span of control with the appropriate number of management layers
- Position reductions over the past ten years have resulted in decreased spans of control
- Agency reviews provide leadership the information needed to increase spans of control where appropriate
- Decisions to increase span of control need to be carefully considered to avoid sacrificing effectiveness for efficiency
- Span of control decisions should be made at the agency level and take into account varying levels of specialization and other differences in occupation families within various state agencies

## A&I Span of Control Review Recommendations

- Span of control and other organizational factors should be part of Human Resource Division's and other agencies' routine reviews
- Agencies going through the legislative process of requesting more positions or eliminating of positions should explain the impact on span of control and organizational layers in their statement(s) of need
- Agency heads should review cases and capitalize on opportunities where span of control could be improved

Additional Efficiency Recommendations

- Use insights from the Span of Control Review to identify opportunities to conduct in-depth occupational group studies to ensure classifications align with each job's qualifications and responsibilities
- Explore opportunities to share savings realized from improved span of control with agencies to fund pay increases for employees with strong performance and/or expanded responsibilities, ensuring the funds are not overly used for staffing increases

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Recommended Governor's Cabinet Office Structure

A&M recommends that the State of Wyoming consolidate the Governor's Cabinet reporting structure. In the recommended structure, 13 Cabinet Secretaries would report directly to the Governor. All performance audit functions within the Department of Audit would be independent of the other Governor Cabinet Offices.
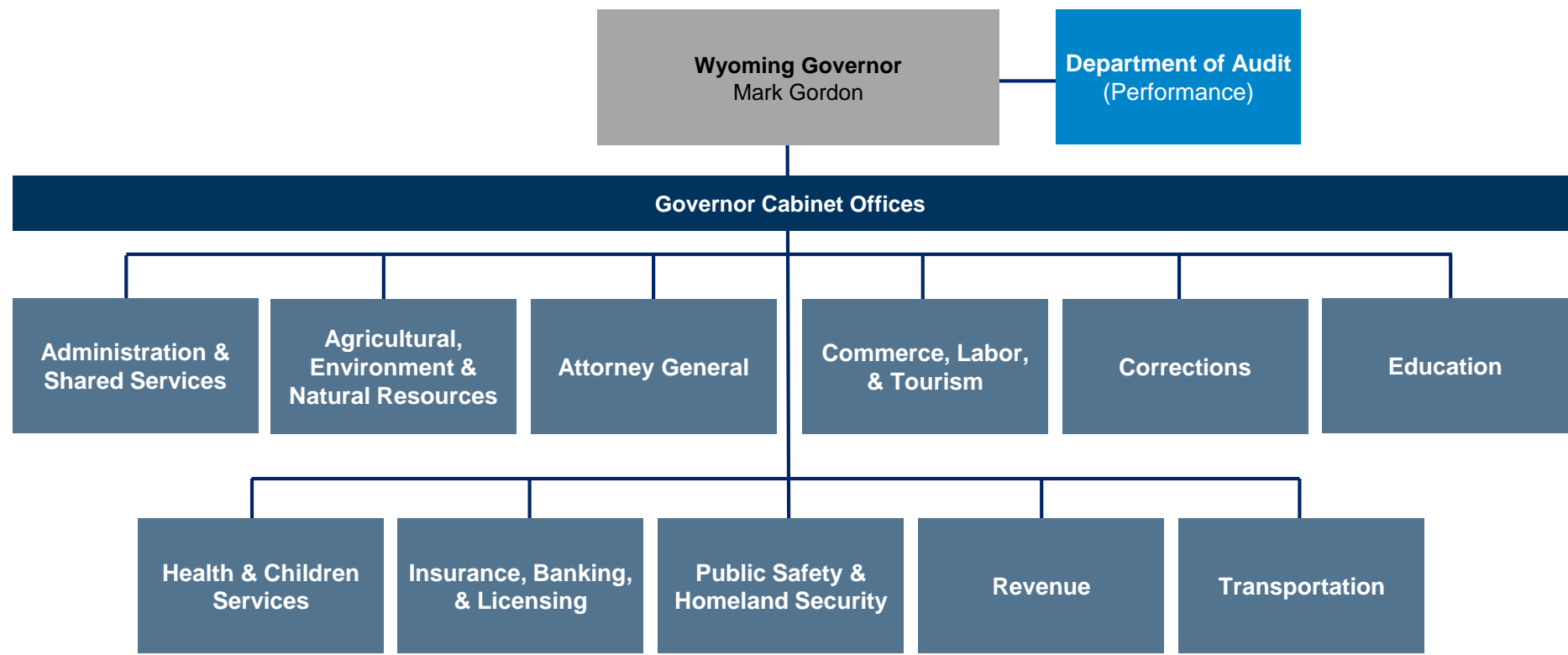
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Recommended Governor's Cabinet Office Structure

In the recommended Cabinet structure, agencies, as well as boards and commissions, are grouped together based on subject matter and types of services offered. Increased coordination would help to drive synergies.

Readers Note:
See "Governor's Cabinet Office Structure Recommendations" slide for descriptions of numbered recommendations

Wyoming Governor
Mark Gordon

Audit (1)
(Performance)

Governor Cabinet Offices

Administration & Shared Services	Agricultural, Environment & Natural Resources	Attorney General	Commerce, Labor, & Tourism	Corrections	Education
• Administration & Information (2) • Audit • Enterprise Technology Services • State Construction • State Lands & Investments • Retirement System • State Parks & Cultural Resources – *Archives & Records* (2) • Boards and Commissions*	• Agriculture • State Parks & Cultural Resources (2)(3)(4) • Game & Fish (3) • Environmental Quality, EQ Council • Climatologist • Engineer's Office • Enhanced Oil Recovery Commission • Geologists/Geo. Surv. • Live Stock Board • Outfitters and Professional Guides • Public Service Off. • Water Development • Wildlife & Natural Resource Trust • Wyoming Oil & Gas Convention • Boards and Commissions*	• Administrative Hearings • Attorney General • Public Defenders • Boards and Commissions*	• Business Council • Community Development Authority • Workforce Services • Insurance • Tourism • State Parks & Cultural Resources – *Cultural Services* (4) • Boards and Commissions*	• Corrections • Board of Parole • Boards and Commissions*	• Community College Commission • Education • Health – *Early Childhood* (5) • University of Wyoming • Boards and Commissions*

NOTES: Agency divisions in italics represent the current agency structure and report to the Cabinet Secretary in the recommended structure.
*See Appendix for recommended boards and commissions structure

ALVAREZ & MARSAL

Recommended Governor's Cabinet Office Structure

In the recommended Cabinet structure, agencies, as well as boards and commissions, are grouped together based on subject matter and types of services offered. Increased coordination would help to drive synergies.

Readers Note:
See "Governor's Cabinet Office Structure Recommendations" slide for descriptions of numbered recommendations

Wyoming Governor
Mark Gordon

Audit (9)
(Performance)

Governor Cabinet Offices

Health & Children Services	Insurance, Banking, & Licensing	Public Safety & Homeland Security	Revenue	Transportation
• Health (5) • Family Services • Planning Council on Developmental Disabilities • Boards and Commissions*	• Retirement System • Audit – *Division of Banking* (6) • Lands and Investments • Registration for Engineers and Professional Land Surveyors • Boards and Commissions*	• Homeland Security • Transportation – *Highway Patrol* (7) • Fire Marshal • Military • Boards and Commissions*	• Revenue (8) • Audit – *Excise and Mineral Tax Audits* (9) • Transportation – *Division of Motor Vehicles* (10) • Board of Equalization • Boards and Commissions*	• Transportation (7) (10) • Game & Fish – *Maintenance of Park Roads and Right-of-Ways* • State Parks & Cultural Resources – *Maintenance of Park Roads and Right-of-Ways* (3) • Boards and Commissions*

NOTES: Agency divisions in italics represent the current agency structure and report to the Cabinet Secretary in the recommended structure.
*See Appendix for recommended boards and commissions structure

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Governor's Cabinet Office Structure Recommendations

#	Recommendation	Description
1	**Enhance performance audit function within the Department of Audit (DOA)**	• Establish a Performance Audit and Compliance function within the Department of Audit (DOA), similar to an Inspector General (IG) function, that reports directly to the Governor. • The Governor would have the option to engage the performance audit staff as concerns requiring in-depth review arise.
2	**Consolidate the State Library and Archives & Records**	• Shifting the Archives & Records function from State Parks & Cultural Resources (SPCR) to the State Library within A&I would streamline the state's historical records management.
3	**Consolidate roads and right-of-way management under the Department of Transportation (WYDOT)**	• Currently, SPCR and the Game and Fish Department (GFD) are responsible for maintaining roads and rights-of-way in areas under their supervision. • Under the recommended structure, the state would gain operational efficiencies and economies of scale by having WYDOT manage all road maintenance. • WYDOT would receive funding for this increased responsibility through a chargeback mechanism to SPCR and GFD.
4	**Realign Cultural Resources to the Office of Tourism**	• Shifting Cultural Resources from SPCR to the Office of Tourism would create a better structure for the state's arts and culture programming.
5	**Move the Developmental Pre-schools from Department of Health (WDH) to Department of Education (WDE)**	• Transfer of all Childhood Education Services Programs to WDE will yield higher levels of service to students and provide opportunities for greater coordination of educational programs.

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Governor's Cabinet Office Structure Recommendations

#	Recommendation	Description
6	**Shift the Division of Banking to the Cabinet Secretary of Insurance, Banking & Licensing**	• Given the Division of Banking's mission to regulate and license financial institutions doing business in the state, shifting the function to the Cabinet Secretary for Insurance, Banking & Licensing would align it with other business licensing functions.
7	**Realign Highway Patrol with the Cabinet Secretary of Public Safety & Homeland Security**	• Aligning the Highway Patrol with the Cabinet Secretary of Public Safety & Homeland Security would enhance information sharing and drive collaboration with the state's other public safety functions.
8	**Establish a central Revenue Recovery Unit within the State Auditor Office.**	• Creating a centralized revenue recovery function would allow the state to more effectively engage all of the collection and enforcement mechanisms at its disposal.
9	**Transition responsibility of mineral and excise tax auditing back to Department of Revenue**	• Conducting mineral and excise tax audits within DOR would allow for more strategic identification of tax audit candidates.
10	**Transfer the Department of Motor Vehicles (DMV) to the Cabinet Secretary for Revenue**	• The Department of Motor Vehicles plays a key role in both producing revenue for the state, as well as serving as a key partner in revenue collection enforcement. • Oversight from the Cabinet Secretary for Revenue would enhance this coordination.

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Streamlining Boards and Commissions

The state has over 200 Boards and Commissions. There are three key alternatives the state can pursue to streamline operations and increase oversight.

Shared Administrative Support

- Efforts to consolidate board operations in a single facility, with access to administrative support, would allow Boards and Commission to share resources, driving savings particularly for those entities that are not completely self-funded.

Reduced Number of Boards and Commissions*

- Evaluate opportunities to consolidate boards and commissions where shared areas of expertise or functional responsibility could drive synergies through enhanced coordination.

Improved Oversight Structure*

- Boards and Commissions would report to the Cabinet Secretary of their respective subject matter areas for independent oversight to ensure that standards are properly applied and that all boards are performing according to their statutory mandates.

Note*: See Appendix B for Consolidated Number of Boards & Commissions recommendation details
See Appendix C for Improved Oversight Structure recommendation details

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Consolidated Boards and Commissions

To streamline reporting and functions of Boards and Commissions, A&M recommends that Wyoming consider consolidating its 200+ Boards using the following structure:

Boards & Commissions

CURRENT STATE	FUTURE STATE			
200+ Boards, Commissions, Task Forces, Administrators, Councils, Collaboratives, and Committees	Agriculture	Arts & Culture	Athletics & Training	Commerce
	Corrections and Probation	Early Childhood	Educational Accountability	Employee Services
	Energy	Environment Quality	Equalization and Taxes	Geology
	Human Services	Health & Medicine	Health Professions Licensing	Higher Education
	Judicial	Mining	Public Safety	Professional Licenses
	State Capital Projects	Senior Services	State Lands & Investments	State Parks & Cultural Resources
	Technology	Transportation	Water	Wildlife	Youth Services
	11 Independent Boards & Commissions			

Enabling Legislation and Recommendations

Enabling Legislative Changes

- Enact legislation that would allow for changes in organizational structure that would realign services provided by agencies.
- Amend existing legislation with requirements for certain Boards or Commissions to allow for consolidation or elimination.
- Mandate routine performance audits to monitor reports from internal agency program integrity functions.

Enabling Recommendations

- Conduct detailed feasibility studies to inform decisions to consolidate or reassign services and/or headcount across agencies.
- Provide investment funds for new initiatives or reallocating budgeted funds for realignment of services.
- Develop change management plans to ensure effective adoption of operational and organizational change initiatives.
- Ensure that technology supports effective communication and data sharing across agencies with aligned missions or who serve similar populations.
- Establish a process for tracking the organizational change process and monitoring the impact of key initiatives.

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Risks Summary

	Risk Description	Probability (Low, Medium or High)	Potential Impact (Low, Medium or High)	Mitigation
A	Funding and headcount will not be provided to support realignment of functions across agencies.	Medium	High	Work with Department of Audit, Governor's Office, and Legislature to ensure buy-in throughout the process.
B	Agencies will not have the technological capabilities to adequately communicate, as well as track and share data.	Medium	High	Include Enterprise Technology Services in the feasibility and implementation planning processes to ensure technology requirements are appropriately addressed.
C	Inability to consolidate certain Boards and Commissions due to statutory or federal mandates.	Medium	High	Partner with key internal and external stakeholders to ensure that concerns about consolidation are communicated and addressed in the implementation plan.
D	Agencies resist organizational changes.	High	High	Include agency representation during the feasibility and implementation plan development.

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Risk Probability-Impact Matrix

Project Risks
(Probability and Impact)
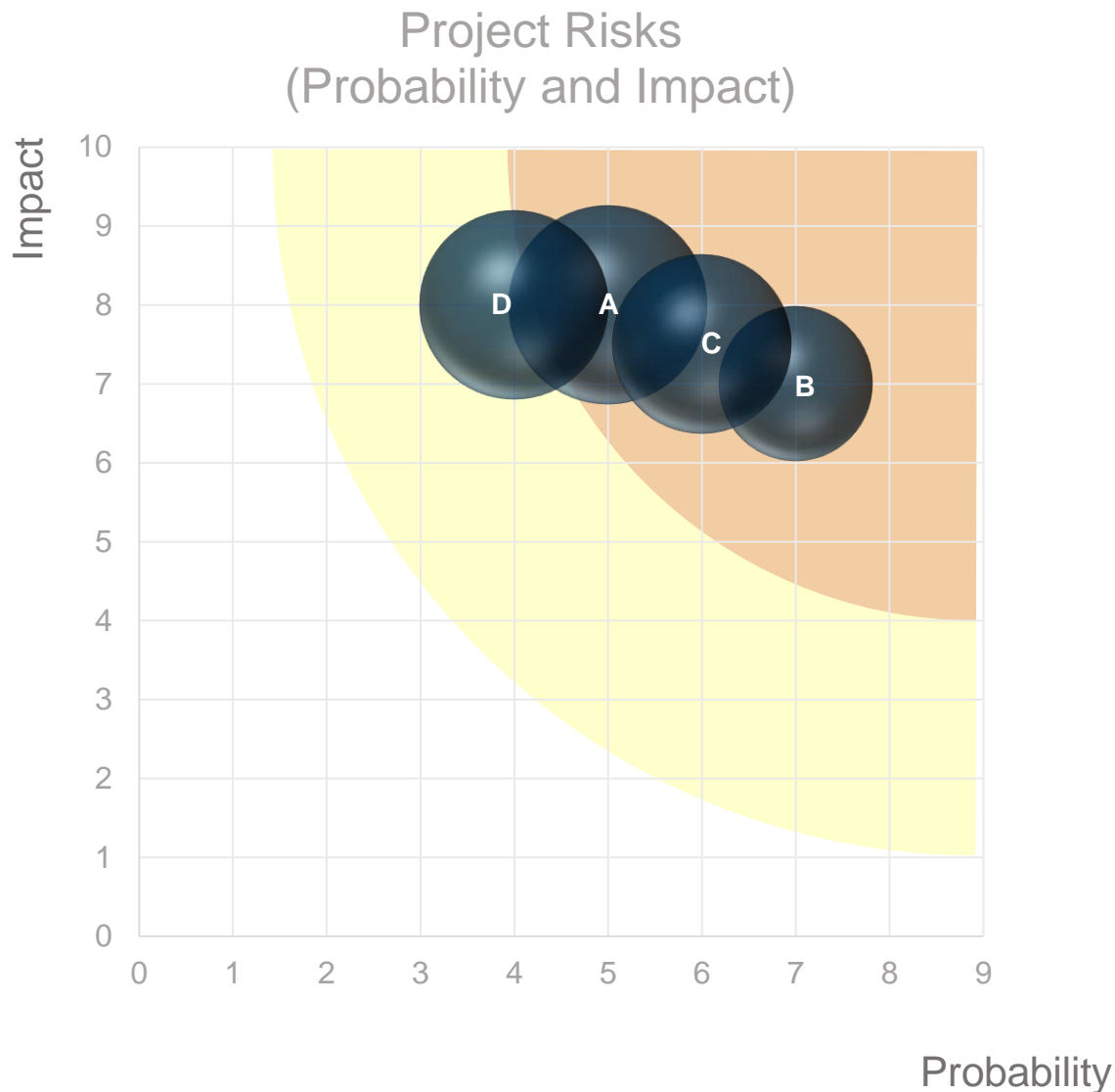
	Risk Description
A	Limits of available funding and headcount
B	Insufficient technology for cross-agency sharing
C	State or federal mandates for Boards and Commissions
D	Organizational change resistance

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Assumptions and Constraints

Assumptions

- Recommendations to streamline services are based on the current service offering and do not reflect any future service expansion.
- Department of Audit has the staff or can hire the staff with the required expertise to conduct performance audits for other agencies.

Constraints

- Funding required to support additional headcount and operational support would need to be included in the budget.
- Existing technology resources may not be adequate and would require agencies to develop work-arounds until additional funding becomes available.

Financial Savings Overview

$	**Total Investment:** **$3.1M**	
	Biennium Savings: **$10.0M**	
	Total 5 yr Savings: **$18.6M**	

Description:
The investment reflects average estimated one-time costs associated with new technology.

Key Cost Assumptions:
One-time investments associated with standing up new systems. Ongoing maintenance would be managed by existing or new staff.

Description:
The biennium savings reflect estimates for 2023-2024, net of personnel cost impacts.

Key Savings Assumptions:
Annual savings across the biennium assume constant dollar and do not reflect inflation of changes in demand or policy.

Description:
Total savings from 2019-2024 net of personnel cost impacts.

Key Savings Assumptions:
Annual savings across the five-year horizon assume constant dollar and do not reflect inflation of changes in demand or policy.

Year	Investments	Savings
Total	-$3.05	$21.65
2024	$0.00	$5.11
2023	$0.00	$4.85
2022	$0.00	$4.60
2021	$0.00	$3.70
2020	-$1.70	$3.39
2019	-$1.35	$0.00

■ Investments ■ Savings

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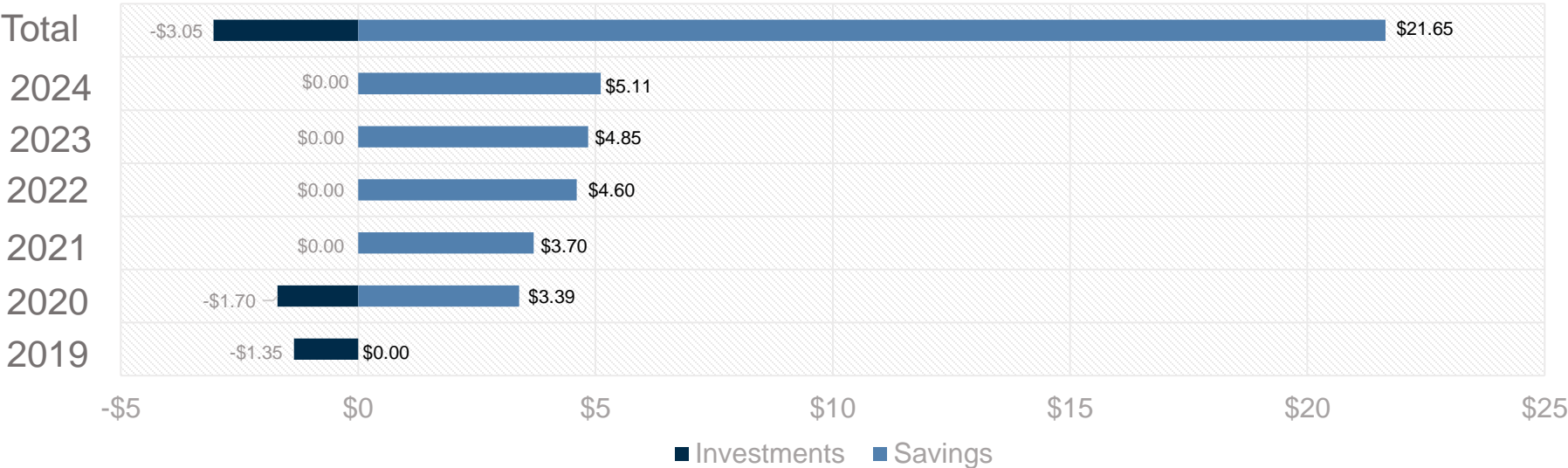
Business Case Summary

The recommended alternative forecast shows a 40 percent ROI and two year payback period.

	Baseline Status Quo Alternative	Alt. №1 Alternative 1	Alt. №2 Alternative 2
Summary of Life Cycle Cost Estimate			
(A) Investment (Inflated Dollars)	$0	($3,050)	($2,128)
Investment Period	2019 to 2019	2019 to 2021	2019 to 2021
(B) Recurring Costs (2019 to 2024)	$0	$21,649	$13,709
(C) Total 6-Year Inflated Alternative Costs (Inflation =2.1%) (A+B)	$0	$18,598	$11,581
Net Present Value (NPV)			
(D) NPV (Nominal Discount Rate = 2.3%)		$15,454	$9,549
Return On Investment (ROI)			
(E) Net Discounted Investment		($2,867)	($2,008)
(F) Net O&M Savings	$	18,320.65 $	11,557.05
(G) Return On Investment (ROI) (F/E) (6-Year Annualized)		40%	37.5%
Internal Rate of Return (IRR)			
(H) Internal Rate of Return (2019 to 2024)		185%	136%
Payback Period			
(I) Year of Analysis when NPV is equal to zero		2 Years	3 Years
Average Risk	0	395	373
Average Benefit	0	7.125	6.125

Measuring the Impact of a Performance Audit Function

Enhance Statewide Oversight and Transparency Functions

- **Performance Auditing:** Track the number of performance audits conducted, the number of staff assigned to performance audits to ensure follow-through, as well as the associated financial impacts. This should be reported by the Department of Audit.
  - o Performance Audits would begin in 2019 with two reviews, and would increase by two reviews annually through 2023.

Key Performance Metrics

Metric	2018 Baseline	2019	2020	2021	2022	2023	2024
Performance Audits Performed	0	2	4	6	8	10	10

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Measuring the Impact of Consolidated Boards and Commissions

Enhance Statewide Oversight and Transparency Functions

- **Governor's Cabinet:** Track the net number of staff associated with managing the reporting function to the Governor.
    - While there will be several hires to serve as Cabinet Secretaries, the streamlined reporting structure would allow for a reduction in administrative support staff through attrition.
- **Boards & Commissions:** Track the number of Boards and Commissions, headcount, and administrative support expenditures. This should be reported by A&I with support from the Boards and Commissions and the Governor's office.
    - Board consolidation should begin in 2019 and reach a steady state by 2021.
    - As Boards are consolidated, full-time staff, excluding AWECs, would be reduced through attrition through 2021.

Key Performance Metrics

Metric	2018 Baseline	2019	2020	2021	2022	2023	2024
Number of Direct Reports to the Governor	47	47	12	12	12	12	12
Administrative Support Headcount Reduction	0	0	(9)	(18)	(27)	(36)	(36)
Total Boards and Commissions	200+	200+	100+	90	90	90	90
Full-Time Boards and Commission Staff	180	175	170	165	165	165	165

Measuring the Impact of Functional Realignment

Align Functions to Drive Effectiveness
- **Occupational Safety:** Monitor changes in workers' compensation, particularly for agencies where there is not currently a safety program.
  - o The reduction in the total value of claims made from state employees would start in 2020 and reach steady state by 2022.
- **Debt Collection:** Monitor debts that are collected as a result of the system and expanded treasury offset program.
  - o Additional revenue would be realized over time as the state expands enforcement activities across various mechanisms.

Key Performance Metrics

Metrics	2018 Baseline	2019	2020	2021	2022	2023	2024
Percentage Decrease in the Value of OSHA Workers' Compensation Claims	0%	0%	2.5%	5.0%	7.5%	7.5%	7.5%
Percentage Increase in Debts Collected	0%	0%	2%	3%	4%	4%	4%

Measuring the Impact of a Preventive Management Program

<u>Use Technology to Support Efficiency Efforts</u>
- **Facilities Management:** Track the preventive maintenance compliance rate (PMCR) and planned maintenance percentage (PMC). The State Construction Department should report this information for the Wyoming Public School system and A&I should report it for all other government owned buildings (besides WYDOT, UW, DOC and Community Colleges). The SCD and A&I should also consider using AiM to track mean time between failures (MTBF), mean time to repair (MTTR), and overall equipment effectiveness (OEE), percent of work orders completed and the overall cost of reactive maintenance over time. MTBF, MTTR, and OEE should be tracked by equipment type.
    - Preventive Maintenance Compliance Rate tracking will begin in 2020 and reach a steady state in 2024.
    - Planned Maintenance Percentage tracking will begin in 2019 and reach a steady state in 2024.

Key Performance Metrics

Metrics	2018 Baseline	2019	2020	2021	2022	2023	2024
Preventive Maintenance Compliance Rate (PMCR)*	-	-	60%	65%	70%	75%	80%
Planned maintenance percentage (PMC)*	-	55%	60%	65%	70%	75%	80%

*Note: SCD/A&I do not currently report these metrics. The percentages in the Key Performance Metrics table start at industry averages in years 2019 (PMC) and 2020 (PMCR) and grow to percentages that are slightly below industry best practices in 2024.

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Measuring the Impact of a Consolidated Rec. Licensing Platform

Use Technology to Support Efficiency Efforts

- **Statewide Recreational Licensing Platform:** Track the total number of hunting and fishing licenses, tags, and permits sold and the increase of State Parks & Historic Sites, ORV Program and Snow mobile Program Economic Impact. These metrics should be jointly reported by the Game and Fish department and the State Parks and Cultural Resources department.
  - The percentage of Game & Fish licenses, permits and tags and State Park reservations and permits purchased in a single transaction will grow from 0 percent in 2019 to five percent in 2020 and will continue to grow by five percent each year until 2022 when it reaches a steady state.

Key Performance Metrics

Metrics	2018 Baseline	2019	2020	2021	2022	2023	2024
Percentage of Game/Fish and State Park Licenses Purchased in a Single Transaction	0%	0%	5%	10%	15%	15%	15%

Organizational Line of Service Recommendation Summary

The chart below summarizes the efficiency recommendations from Phase 1 and Phase 2 related to organizational lines of service.

Recommendation	Description	Estimated One-time Investment		Estimated Net Biennium Savings	
		Low	High	Low	High
Phase 1 Recommendations					
Governor's Grants Office	The state should establish a Governor's Grants Office 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. This would also allow for better surveillance of potential grants to maximize federal funding to the state.	$466,000	$569,000	$5,938,000	$7,257,000
Auditors (Hired)	Evaluate the impact of decline in auditors on the number of audits conducted and and hire additional audit staff to maximize collections, as needed	$416,000	$508,000	$3,563,000	$4,354,000
Auditors (Not Yet Hired)	Evaluate the impact of decline in auditors on the number of audits conducted and and hire additional audit staff to maximize collections, as needed	$1,048,000	$1,281,000	$5,938,000	$7,257,000
Employee Benefits	Enhance employee wellness programs to reduced the overall benefits cost to the state	$233,000	$285,000	$12,389,000	$15,142,000
Telehealth	Given the low population density of the state, Wyoming needs to become the thought leader in telemedicine	$320,000	$392,000	$585,000	$715,000
Indian Health Services	The state should hire a vendor to expedite to IHS contracting process and explore systems improvements that would be necessary to maximize enhanced match for qualifying services	$183,000	$224,000	$5,265,000	$6,435,000

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Organizational Line of Service Recommendation Summary

The chart below summarizes the efficiency recommendations from Phase 1 and Phase 2 related to organizational lines of service.

Recommendation	Description	Estimated One-time Investment		Estimated Net Biennium Savings	
		Low	High	Low	High
Phase 1 Recommendations (continued)					
Home and Community Based Services	WDH should focus on shifting people currently in nursing homes to community based services. Set targets for rebalancing the population	$687,000	$839,000	$7,140,000	$8,727,000
Collections Staff (Hired)	Evaluate the impact of decline in collections staff on the amount of tax revenue collected and hire additional collections staff to maximize collections, as needed	$416,000	$508,000	$4,453,000	$5,443,000
Collections Staff (Not Yet Hired)	Evaluate the impact of decline in collections staff on the amount of tax revenue collected and hire additional collections staff to maximize collections, as needed	$1,467,000	$1,793,000	$10,391,000	$12,700,000
Transportation Recommendations	Variety of WYDOT recommendations including savings on local roadways, Mountain AWOS transfer, removal Chief Engineer Plan Review requirement, automate license renewal communications, and exempt WYDOT for Fire and Electrical Project approval	$0	$0	$283,000	$346,000
Workers' Compensation	Given the large percentage of the workers compensation debt that is penalities and fees, or otherwise uncollectable, the state should write-off debt before a certain date and instiute an amnesty/reduced payment plan to collect as much of the debt as possible	$0	$0	$1,517,000	$1,854,000

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Organizational Line of Service Recommendation Summary

The chart below summarizes the efficiency recommendations from Phase 1 and Phase 2 related to organizational lines of service.

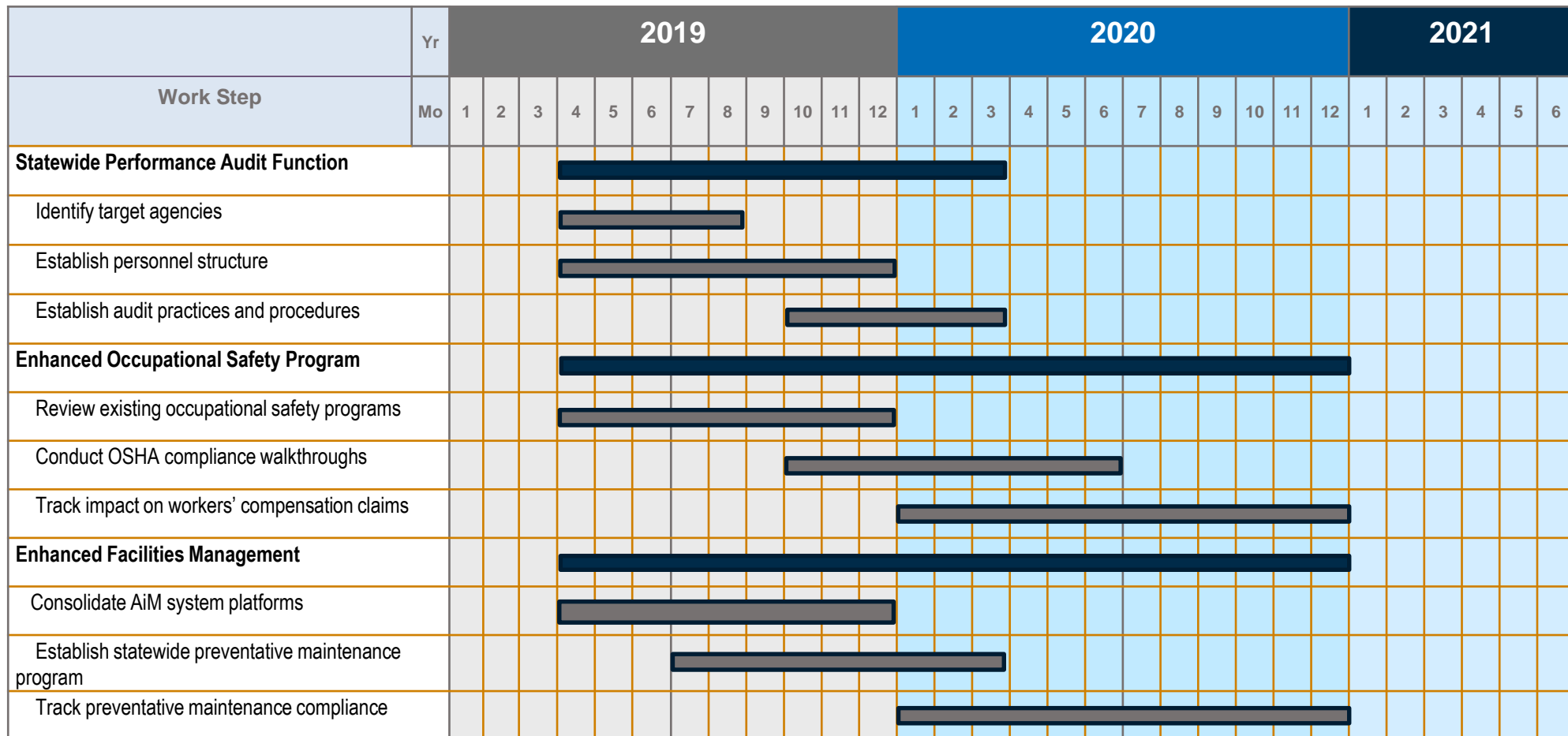| Recommendation	Description	Estimated One-time Investment		Estimated Net Biennium Savings	
		Low	High	Low	High
Phase 1 Recommendations (continued)					
Annual Ideas Fest	Conduct an annual process for reviewing employee recommendations for savings initiatives. Employees whose initiatives are selected would be rewarded based on savings achieved.	$37,000	$46,000	$477,000	$583,000
Department of Corrections Substance Abuse Fundiung	Improve the current state of substance abuse in the correctional facilities and the probation and parole setting.	$4,197,000	$5,130,000	$4,465,000	$5,457,000
Span of Control - Org LOS	Evaluated span of control in light of pre-freeze hiring and inability to provide non-discretionary bonuses to ensure organization structure is in line with best practices.	$549,000	$671,000	$3,331,000	$4,071,000
Reimbursement Accuracy	Increase the number of highly qualified professionals conducting quality reviews to trigger 25% additional federal match an reduce the number of unnecessary services/units	$326,000	$399,000	$7,020,000	$8,580,000
Phase 1 Subtotal		*$10,345,000*	*$12,645,000*	*$72,755,000*	*$88,921,000*

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Organizational Line of Service Recommendation Summary

The chart below summarizes the efficiency recommendations from Phase 1 and Phase 2 related to organizational lines of service.

Recommendation	Description	Estimated One-time Investment		Estimated Net Biennium Savings	
		Low	High	Low	High
Phase 2 Recommendations					
Enhanced Performance Auditing	Provide additional audit staff within the Department of Audit to increase independent performance auditing of state agencies and programs	$877,000	$1,072,000	$510,000	$623,000
Occupational Safety Program	Enhance coordination between Wyoming's OSHA program and agencies to increase impact of safety officer programs	$146,000	$179,000	$555,000	$679,000
Preventative Maintenance Program	Consolidate all preventative and routine maintenance tracking within a single system for the whole state to increase compliance, reduce non-routine maintenance cost, and extend equipment lifespan	$490,000	$599,000	$2,321,000	$2,837,000
Consolidated Debt Recovery	Establish a centrallized function to pursue recovery of debts owed to the state	$322,000	$394,000	$1,667,000	$2,038,000
Statewide Recreational Licensing System	Establish a consolidated system for consumers to purchase licenses for state parts, as well as for gaming and fishing.	$80,000	$98,000	$956,000	$1,168,000
Governor's Cabinet	Establish Cabinet Secretary roles to streamline the Governor's reporting structure	$738,000	$902,000	$2,418,000	$2,956,000
Consolidated Boards & Commissions	Consolidate boards & commissions to enhance oversight and allow entities with similar subject matter to achieve synergies from shared expertise	$92,000	$112,000	$534,000	$652,000
Phase 2 Subtotal		*$2,745,000*	*$3,356,000*	*$8,961,000*	*$10,953,000*
TOTAL		**$13,090,000**	**$16,001,000**	**$81,716,000**	**$99,874,000**

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Implementation Roadmap

The implementation plan is forecast to begin in April 2019 and last for a period of over 18 months.

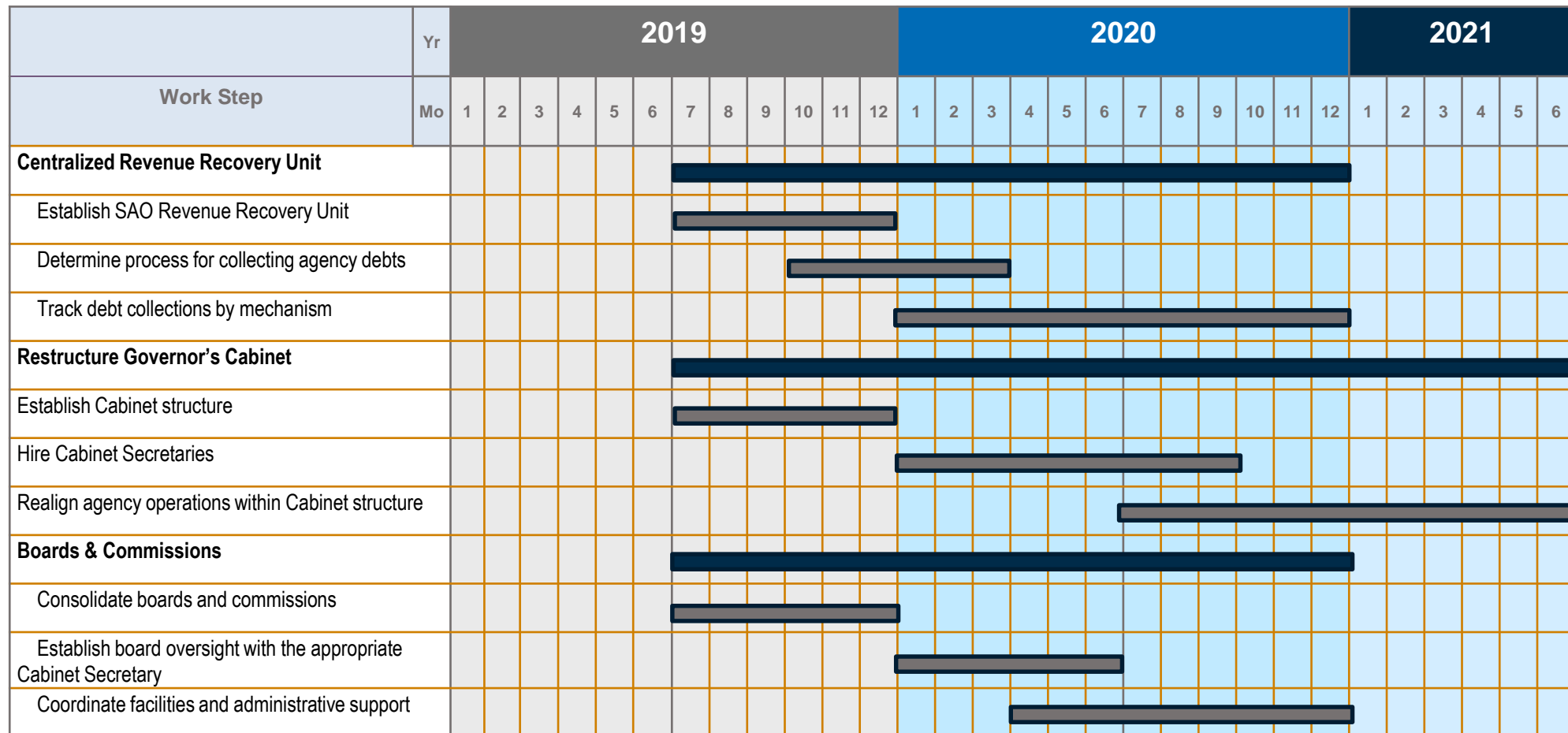| Work Step	Yr	2019												2020												2021					
	Mo	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Statewide Performance Audit Function					■	■	■	■	■	■	■	■	■	■	■	■															
Identify target agencies					■	■	■	■	■																						
Establish personnel structure					■	■	■	■	■	■	■	■	■																		
Establish audit practices and procedures											■	■	■	■	■	■															
Enhanced Occupational Safety Program					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■						
Review existing occupational safety programs					■	■	■	■	■	■	■	■	■																		
Conduct OSHA compliance walkthroughs											■	■	■	■	■	■	■	■	■												
Track impact on workers' compensation claims														■	■	■	■	■	■	■	■	■	■	■	■						
Enhanced Facilities Management					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■						
Consolidate AiM system platforms					■	■	■	■	■	■	■	■	■																		
Establish statewide preventative maintenance program								■	■	■	■	■	■	■	■	■															
Track preventative maintenance compliance														■	■	■	■	■	■	■	■	■	■	■	■						

Implementation Roadmap

The implementation plan is forecast to begin in April 2019 and last for a period of over 18 months.

Work Step	Yr / Mo	2019												2020												2021					
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Centralized Revenue Recovery Unit																															
Establish SAO Revenue Recovery Unit																															
Determine process for collecting agency debts																															
Track debt collections by mechanism																															
Restructure Governor's Cabinet																															
Establish Cabinet structure																															
Hire Cabinet Secretaries																															
Realign agency operations within Cabinet structure																															
Boards & Commissions																															
Consolidate boards and commissions																															
Establish board oversight with the appropriate Cabinet Secretary																															
Coordinate facilities and administrative support																															

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Strategic Sourcing

Validation of the Phase 1 Spend Assessment

We began by confirming the high level findings of the Phase 1 project. All key findings were validated by our deep dive analysis.

Phase I Finding	Phase II Finding
System integrity issues create arms length access to data, and state does not provide data to procurement staff for analysis.	*Validated*
Standardize requirements, specifications, and time frames for commonly purchased goods in order to leverage buying power.	*Validated* • *Ammunition contract pilot*
Technology is limited in its capabilities and not useful for reporting and analysis.	*Validated*
Interaction with the central procurement division is for compliance rather than process support, indicating a lack of economies of scale across statewide procurement.	*Validated*
Improving coordination of purchasing across agencies would allow the state to take advantage of volume to drive more favorable pricing.	*Validated*

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Purpose and Objectives

Project Purpose

Conduct a series of sourcing events for products and services identified by the Strategic Sourcing workstream as opportunities to reduce cost and/or increase value for the State of Wyoming. Additionally, this project will guide WY Procurement personnel on ways to conduct events, including negotiation tactics and post-event supplier relationship management.

Problem/Opportunity Statement

The State of Wyoming procurement process is highly decentralized, and as a result does not effectively leverage total spend or aggressively negotiate the best value for the state with suppliers. This also leads to poor supplier management and reduced long-term value creation. By utilizing a category management approach spend can be more effectively leveraged and more advantageous terms secured, saving the state significant amounts of time and money.

Goals & Objectives

- Biennium savings of $4M-$8M
- Increased visibility and transparency in the procurement process
- Training WY personnel on conducting sourcing events and managing suppliers post-event
- More effective supplier relationship management and partnership

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Project Alternatives

Three alternatives were considered as part of the project.

Alternative	Description	Assumptions	Project Success
Status Quo	Maintain current level of operations.	No changes to current procurement processes.	Not Applicable
Alternative #1 (Recommendation)	Conduct sourcing events for identified opportunities based on prioritization schedule, including development of RFP documents, solicitation and evaluation of supplier bids, multi-round negotiations, and a detailed transition and supplier management plan as well as post-event support.	• Product spend data is available and complete, either from the state or the incumbent suppliers; • Use of publicpurchase.com for RFP posting; • Although specific product demand varies over time, demand is directionally consistent; • Proper communications/ change management execution is followed to maximize agency adoption.	• Biennium savings of $5M-$10M; • Increased visibility and transparency in the procurement process; • Training of WY personnel on conducting sourcing events and managing suppliers post-event; • More effective supplier relationship management and partnership.
Alternative #2	Perform sourcing events for a subset of identified categories. This alternative would deliver similar benefits as Alternative #1, adjusted to account for the reduced number of categories sourced.	Same assumptions as Alternative #1	• Increased visibility and transparency in the procurement process; • Training of WY personnel on conducting sourcing events and managing suppliers post-event.

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Project Scope and Milestones

Recommended Project Scope

This project will conduct strategic sourcing events for the first and second wave of opportunities identified by the Strategic Sourcing workstream. It will include developing and distributing RFP materials per State of Wyoming guidelines, recruiting and answering questions from suppliers, developing bid scorecards and evaluating bids, creating and executing a formal negotiation plan, and finalizing new pricing and service level terms via executed Term Sheets. It also includes developing supplier transition plans (if necessary) and developing a 1-year Supplier Relationship management Roadmap to train and guide WY personnel in this area.

Project Requirements

This project will require detailed spend data for the selected categories, including items purchased, quantity, price paid, as well as any service or quality requirements. It will also require assistance from WY Procurement org personnel with properly formatting RFP documents and utilizing PublicPurchase.com, as well as time allocated for knowledge transfer related to conducting RFPs and supplier management techniques.

Key Milestones / Deliverables For Each Category Sourced	Estimated Timing
Category item "basket" created from detailed spend data	Project Week 3
RFP documents/verbiage	Project Week 4
Initial supplier bids received	Project Week 7
Supplier short-list and multi-round negotiations	Project Week 10
Signed term sheet with new pricing, terms, and conditions	Project Week 13
Transition Plan and Supplier Relationship Management Plan	Project Week 16

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Voice of the Stakeholder: Procurement

Interviews with primary stakeholders in the Procurement department provided deep insight into the current process and uncovered issues that are not usually discussed.

INTERVIEWEES

- Angela Morson – Procurement Manager
- Mandy Gershmel – Senior Buyer
- Brenda Crozier – Senior Buyer
- Debi Walker – Senior Buyer

- Russ Noel – Deputy Director, A&I
- Rich Merrill – General Services Administrator
- Lori Galles – Business Specialist, A&I
- Joyce Hefenieder – Budget Office Administrator

People	Process	Technology
• "Excellent customer service is provided from buyers to vendors." • "Our staff has a lot of institutional knowledge and works well together." • "We're understaffed." • "Agencies and other municipalities would be open to more cooperation." • "Agencies do not comply with the rules unless they want to." • "We want to be more proactive, but we're bogged down with all the other work."	• "There needs to be a single standard dollar threshold across agencies to trigger RFPs." Additionally, "The threshold should be raised from the current $7500 level." • "We need to change the focus of the procurement office." • "Agencies are siloed and have little interaction with each other. There's no collaboration." • "'Use it or lose it' mentality doesn't encourage agencies to want to save."	• "We need one system that can track RFP movement through the process." • "Data analysis is nearly impossible with the current technological system." • "Information systems need to tie together." • "We're concerned about the Bid Exception Approval technology change."

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Voice of the Stakeholder: Agencies

We spoke with more than 20 representatives from most of the major agencies to get further perspective on the procurement processes.

Administration Services	**Department of Environmental Quality**	**Wyoming Military**
Construction Management	**State Lands**	**WYDOT**
Department of Health	**Department of Education**	**Workforce Services**
Community College Commission	**Water Commission Development**	**Game & Fish**

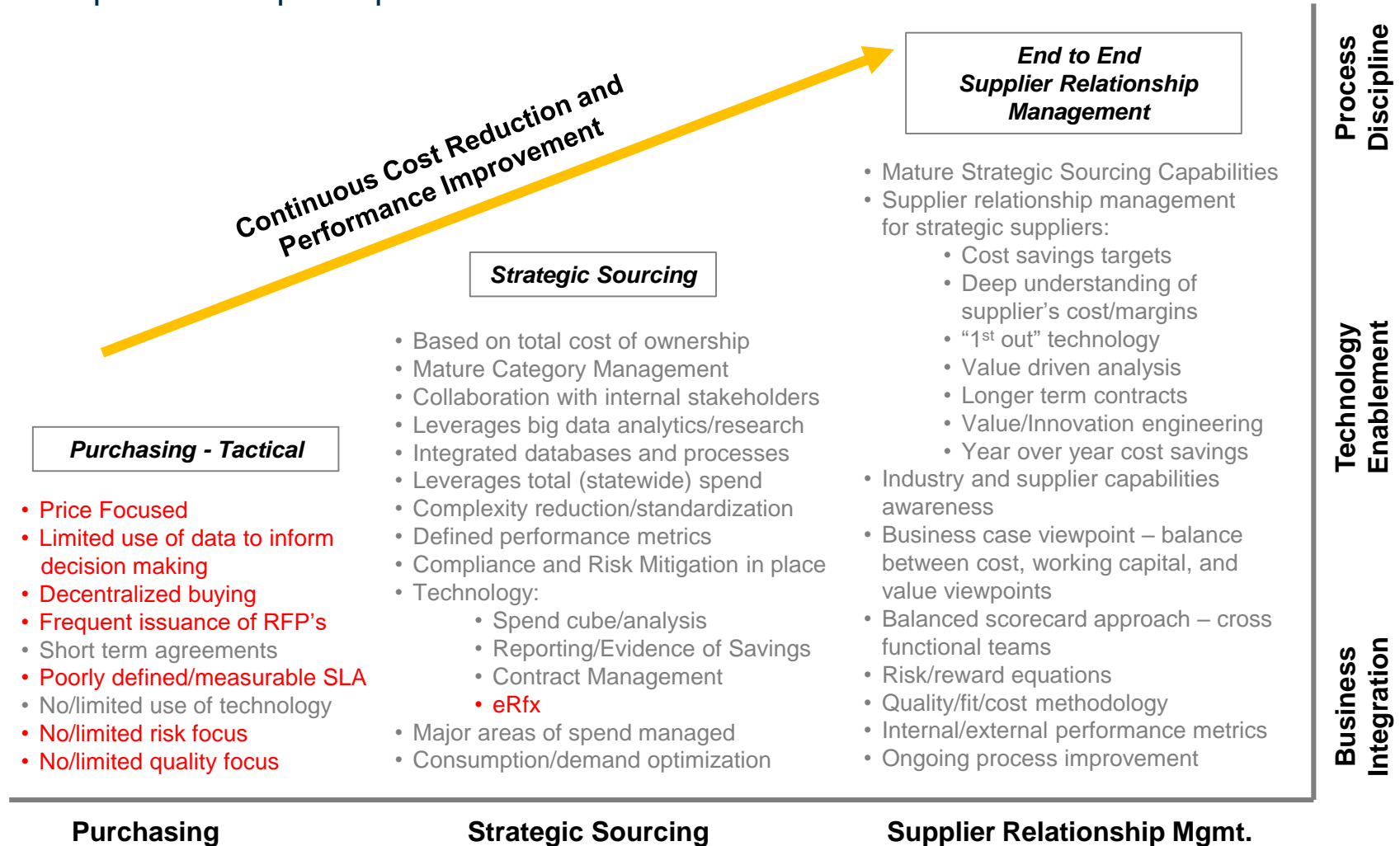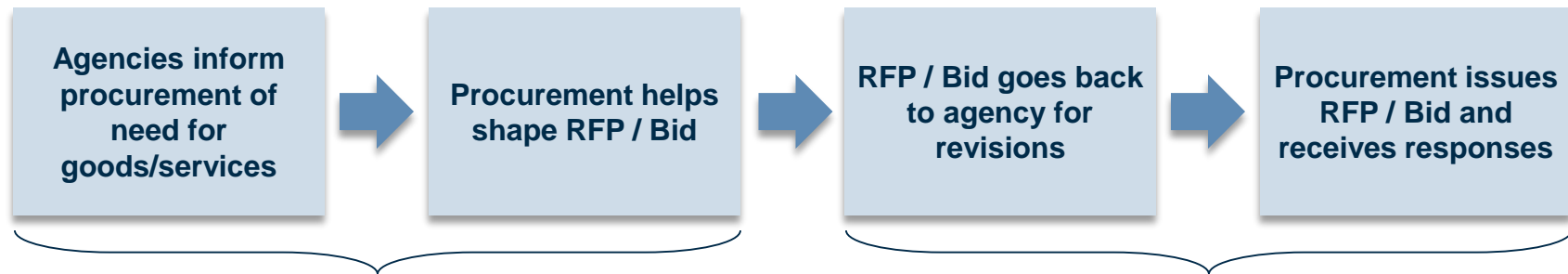|	
On the Procurement Department	- Everyone spoke highly of the procurement department and their personnel - "Very helpful"; "Nice, friendly" - "Put up with me when I come to them with dumb questions"
On Public Purchase	- Virtually all agencies praised the Public Purchase website - Easy to use, well liked - Repeatedly mentioned as "what not to change"
On Training	- More process training requested - More guides and "cheat sheets" needed - Suggestions for training videos for people new to the procurement process
On Pain Points	- Bid waiver confusion; when to use one or not is not clear to the agencies - The $7500 RFP/Bid threshold is a major source of added work and complexity

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Stages of Procurement Maturity

The procurement processes currently utilized by the State of Wyoming places them squarely in the "Purchasing – Tactical" stage of maturity. While some processes have been improved, most still need development to improve performance.

Continuous Cost Reduction and Performance Improvement (arrow)

Process Discipline

Technology Enablement

Business Integration

End to End Supplier Relationship Management

- Mature Strategic Sourcing Capabilities
- Supplier relationship management for strategic suppliers:
  - Cost savings targets
  - Deep understanding of supplier's cost/margins
  - "1st out" technology
  - Value driven analysis
  - Longer term contracts
  - Value/Innovation engineering
  - Year over year cost savings
- Industry and supplier capabilities awareness
- Business case viewpoint – balance between cost, working capital, and value viewpoints
- Balanced scorecard approach – cross functional teams
- Risk/reward equations
- Quality/fit/cost methodology
- Internal/external performance metrics
- Ongoing process improvement

Strategic Sourcing

- Based on total cost of ownership
- Mature Category Management
- Collaboration with internal stakeholders
- Leverages big data analytics/research
- Integrated databases and processes
- Leverages total (statewide) spend
- Complexity reduction/standardization
- Defined performance metrics
- Compliance and Risk Mitigation in place
- Technology:
  - Spend cube/analysis
  - Reporting/Evidence of Savings
  - Contract Management
  - eRfx
- Major areas of spend managed
- Consumption/demand optimization

Purchasing - Tactical

- Price Focused
- Limited use of data to inform decision making
- Decentralized buying
- Frequent issuance of RFP's
- Short term agreements
- Poorly defined/measurable SLA
- No/limited use of technology
- No/limited risk focus
- No/limited quality focus

Purchasing

Strategic Sourcing

Supplier Relationship Mgmt.

Red text: current process levels

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Procurement Process Demand Drivers

These are the demand drivers for the Procurement department in the current (November 2018) state model.

Agencies inform procurement of need for goods/services	→	Procurement helps shape RFP / Bid	→	RFP / Bid goes back to agency for revisions	→	Procurement issues RFP / Bid and receives responses

Pain Points:

- *Procurement has limited ability to anticipate demand for its services*
- *Missed opportunities for bid consolidation (volume and frequency)*
- *Agencies may not allot enough time to complete proper sourcing process*

Pain Points:

- *Lost time*
- *Redundant work for both agencies and procurement department*
- *Repeated training for state employees unfamiliar with process*

Results:

- Process setup not conducive to proactive bidding by procurement
- Demand driven by agencies, procurement limited by agency requests
- Potential value loss due to smaller, repeated bids

These demand drivers will change over time as Procurement moves to a more centralized and proactive strategic process.

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Procurement Business Process Requirements

We captured the main requirements of the Procurement department to smoothly conduct its primary mission.

Pre – RFP/Bid Issuance

Agency Initiation
- Agency officials properly trained
- Proper compliance with regulations
- Adequate agency communication re: BEA status, service contract application, vendors to exclude
- Money exists in budget

RFP Shaping
- Correct boiler plate for RFP/Bid type
- Criteria documented and robust enough for state requirements

Issue RFP
- Vendor awareness of RFP/Bid issuance
- Vendor compliance to online tool requirements

Post – RFP/Bid Issuance

Bids Received
- NASPO and other contracts utilized except where outside bid is better value
- Non-compliant vendors removed from process

Review
- Scoring criteria documented, consistent

Issue Intent to Award
- Contract negotiation by agency and Attorney General's Office

Overall:
- Proper records management to comply with laws and regulations
- System for communication and movements of RFPs throughout the process

Procurement Process Assessment: Governance

We evaluated procurement in Wyoming on three general areas: Governance, Process, and Tools/Technology. A few areas were well aligned with best practice, but most have a long way to go to improve performance.

Governance

	Findings & Assumptions	Leading Practices	Gap Implications	
Strategy & Objectives	*Plan exists and is in place, A&M has requested to review*	Strategic plan consisting of specific, measurable objectives	No strategic direction around supplier management	🟢
Policy & SOPs	Procurement procedures are on-line and shared with the agencies. Limited enforcement due to decentralized procurement process.	Clear procurement policies and procedures established and enforced	Non-compliance resulting in increased cost, workload, risk	🟡
Organizational Structure	Decentralized procurement management structure	Center-led procurement processes and guidelines	Decentralized decision making, inability to leverage total spend	🔴
Roles & Responsibilities	Procurement Roles and Responsibilities are defined within A&I. *Agency level R&R still to be communicated*	Clearly defined RACI-based roles and responsibilities	Increased cost and workload due to duplicative and potentially conflicting / decision making	🟡

Legend 🔴 Large Gap 🟡 Moderate Gap 🟢 No / Minor Gap

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Procurement Process Assessment: Process

We evaluated procurement in Wyoming on three general areas: Governance, Process, and Tools/Technology. A few areas were well aligned with best practice, but most have a long way to go to improve performance.

Process

	Findings & Assumptions	Leading Practices	Gap Implications	
Risk Management	Lack of centralized risk management process	Risks are routinely assessed & mitigation strategies are executed	High exposure to procurement risks	🔴
Performance Management	No supplier performance goals or KPI's	Qualitative and quantitative KPI's are implemented, tracked and shared with suppliers	No incentive for suppliers to meet required standards or improve performance	🔴
Relationship Management	Transactional and reactive supplier arrangements	Transparent and mutually beneficial partnerships in place	Unrealized value from supplier relationships	🟡
Contract Management	Contracts based on state provided documents	Standard contracting documents, terms and conditions	Loss of negotiating power, increased workload to process multiple versions of contracts, increased risk	🟢

Legend 🔴 Large Gap   🟡 Moderate Gap   🟢 No / Minor Gap

200

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Procurement Process Assessment: Tools & Technology

We evaluated procurement in Wyoming on three general areas: Governance, Process, and Tools/Technology. A few areas were well aligned with best practice, but most have a long way to go to improve performance.

Tools & Technology

	Findings & Assumptions	Leading Practices	Gap Implications	
Procure-to-Pay	No comprehensive P2P system in place. Heavy reliance on manual processes.	Automated P2P system from order placement to payment	Increased TCO due to inefficiencies and lack of vision into the process	🔴
Demand Planning & Inventory Management	Few demand management processes in place; majority of these are at low stage of maturity.	Full supply chain visibility and control with strategic suppliers	Higher probability of inventory buildup and excess carrying costs	🔴
Supplier Compliance Tracking & Analytics	No centralized process or analysis. What is tracked is done manually.	Supplier compliance tracking system fully integrated with purchasing and AP	Costly and manual compliance tracking	🔴
Supplier Master Data Management	Contract management system implemented in July 2018; mandatory use for all contracts going forward.	Supplier master data is managed and maintained by a single group	Supplier data is not up to date, contract expiration risk, increased administrative costs	🟢

Legend 🔴 Large Gap   🟡 Moderate Gap   🟢 No / Minor Gap

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Process Change: Increase RFP/Bid limit from $7,500

One process change that would have immediate benefits is raising the RFP/Bid limit from the current level of $7,500 to a higher amount. There is precedent among benchmark states for this.
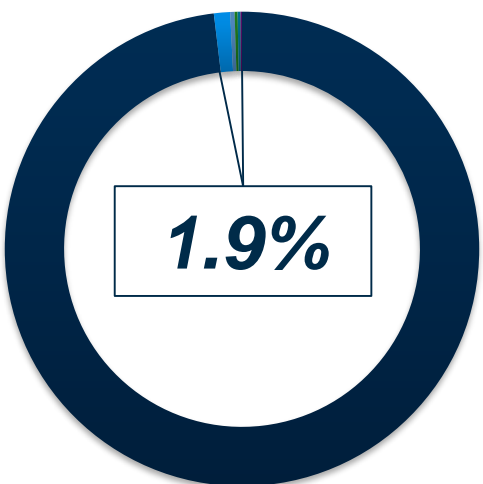
Median Bid/RFP Amount: $54,900

Percentage of Bids & RFPs[1]

47.2%
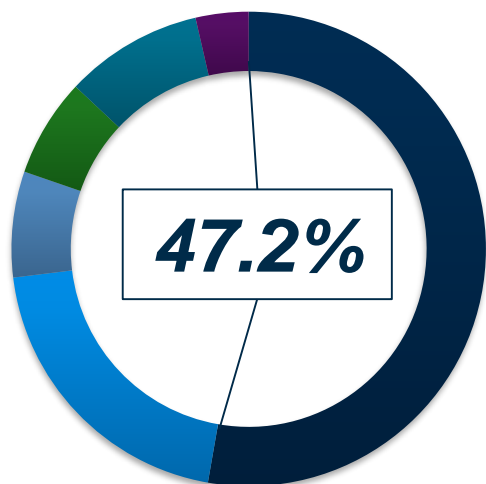
- >50k
- 25k-50k
- 20k-25k
- 15k-20k
- 10k-15k
- 7.5k-10k

Percentage of Spend

1.9%

- >50k
- 25k-50k
- 20k-25k
- 15k-20k
- 10k-15k
- 7.5k-10k

Benchmarks

State	Amount
Nebraska	$50,000
Alaska	$50,000
Montana	$25,000/$50,000[2]
South Dakota	$25,000
North Dakota	$10,000
Idaho	$10,000

Takeaways:

- For the 7.5k-20k threshold, 19.7% of bids and RFPs are for 0.5% of spend
- Clogged workflow pipeline, limits opportunity for proactive bidding
- Under the threshold amount of comparable states

[1]Taken from bid book data, figures reflect averages from Fiscal Years 16-18; bids under $7,500 not included.
[2]For services and goods, respectively. Limited process up to that threshold.

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Process Change: Increase RFP/Bid limit from $7,500

One process change that would have immediate benefits is raising the RFP/Bid limit from the current level of $7,500 to a higher amount. This would greatly reduce the time spent managing these events, allowing personnel to focus on higher value-add activities.

Low spend amount	→	Low complexity	→	Minimal Time Savings	→	Low Risk
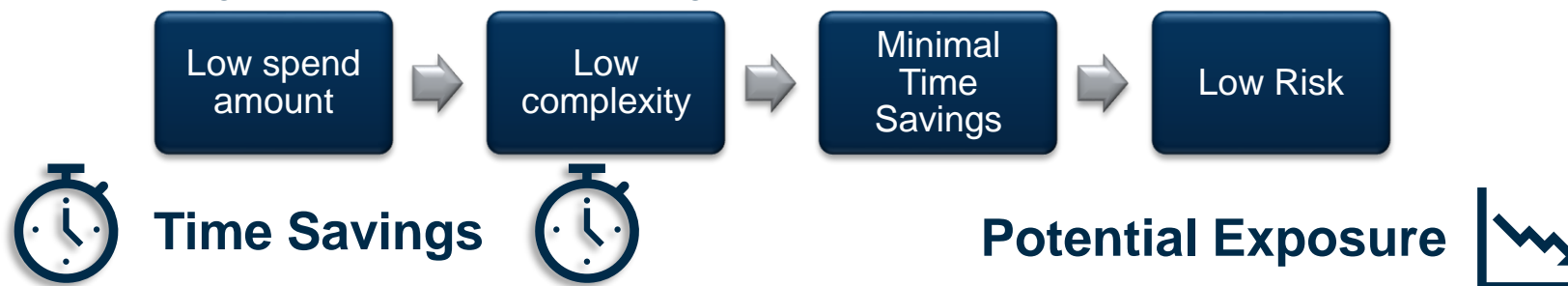
Time Savings

Limit	Bid %	Work Hours[2]	Est. Time Savings[2]
10k	3.3%	60	**1.3%**
15k	12.7%	230	**5.1%**
20k	20.2%	370	**8.3%**
25k	30.0%	550	**12.3%**
50k	46.9%	850	**19.0%**

Potential Exposure
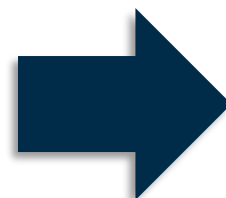
Amount[1]	Est. 5-10%
$0.8M	40K-80K
$1.2M	60K-120K
$1.6M	80K-160K
$2.3M	115K-230K
$4.2M	210K-420K

Findings

- Significant time savings in 10k-20k range
- This accounts for time savings in the Procurement org only – agency time savings would be on top of this

[1]Taken from bid book data, figures reflect amount from Fiscal Year 18.
[2]Time assumptions based on figures provided by the Procurement office.

Strategic Sourcing Spend Assessment

A&M excluded spend that is "non-sourceable" (Grants, etc.) and out of scope (WYDOT, University of Wyoming, etc.). The remaining "addressable" spend was analyzed for opportunities to save money and improve performance.

Division	FY17-18	% of Total
WYDOT	$510.1	25%
Workforce Services	$206.4	10%
Information Technology	$81.0	4%
University of Wyoming	$58.5	3%
Other fund transfers	$37.5	2%
Addressable Spend	$1,125.1	56%
Total	$2,018.6	100%

Pie chart legend:
- WYDOT — 25%
- Workforce Services — 10%
- Information Technology — 4%
- University of Wyoming — 3%
- Other fund transfers — 2%
- Addressable Spend — 56%
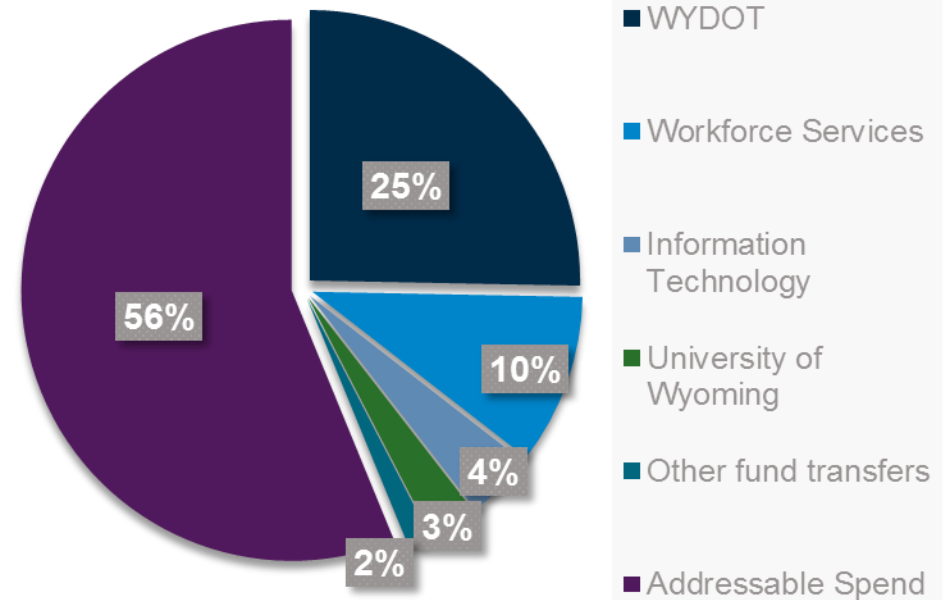
Sourcing Events: Recommended Categories

A&M identified many areas of spend that would benefit from a strategic sourcing event. Leveraging agency spend and consolidation of suppliers present significant opportunities for cost reduction and simplification of process. Below is a sampling of savings for selected categories.

Materials

Category	Subcategory	Adj. Spend (M)	Est. Savings
MRO Consumables	Medical Supplies	$31.4	$1.80
Food & Beverage	General Food & Beverage	$10.1	$0.46
Equipment / Machinery / Parts	Motors	$6.1	$0.42
Facilities & Maintenance	Lab Supplies	$4.6	$0.34
Office Supplies	Office Supplies - Other	$3.6	$0.40
MRO Consumables	Consumables (Small Ind. Parts & Supplies)	$3.4	$0.30
Fuels & Gases	Fuel	$2.9	$0.23

Services

Category	Subcategory	Adj. Spend (M)	Est. Savings
Eng Services	MRO Services	$34.4	$1.23
Legal	Legal Services	$15.6	$1.27
Human Resources	Temporary Labor	$6.44	$0.23
Travel	Hotels & Venue	$6.3	$0.35
Facilities & Maintenance	Security Services	$4.9	$0.40
Small Parcel	Small Parcel - Other	$3.9	$0.31

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Opportunity Complexity-Benefit Matrix

After estimating savings, each category was evaluated on complexity to source, and plotted relative to each other to prioritize the opportunities.
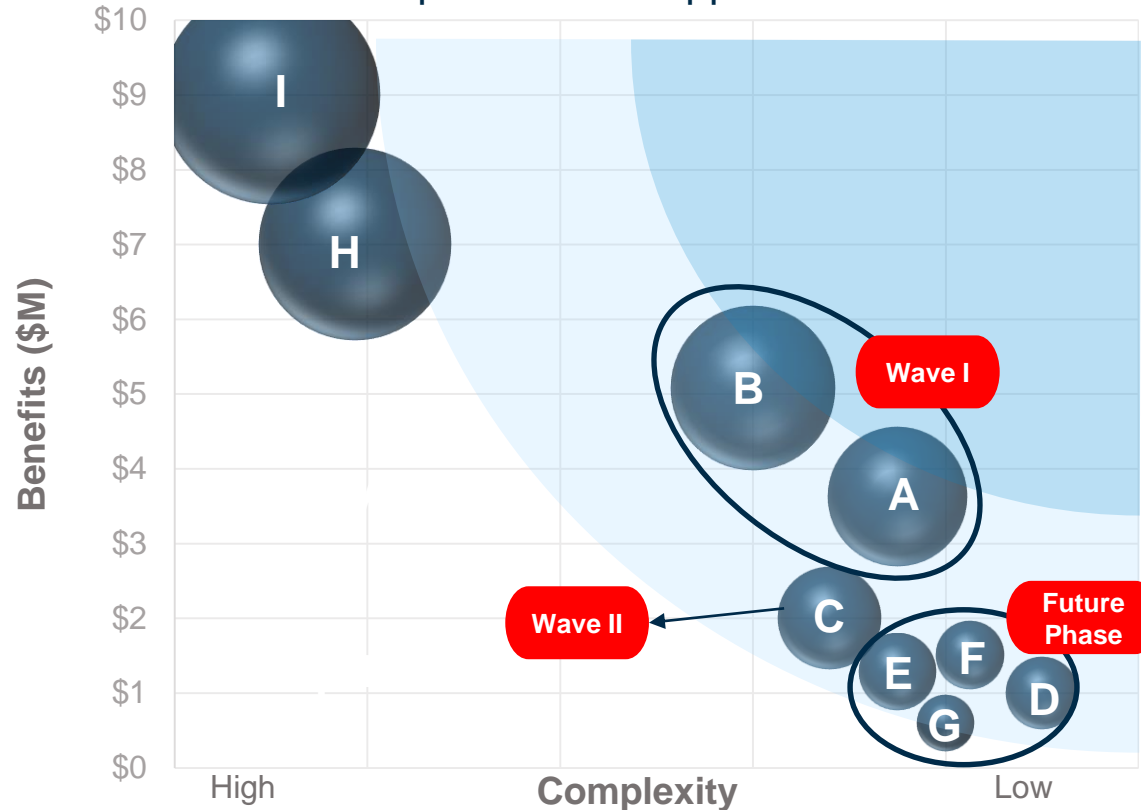
A & B ("Wave I")	Lower risk, higher return – the "low hanging fruit" to go after now
C ("Wave II")	Low risk, solid return – recommend pursuing after Wave I
D, E, F, G	Future phase as sourcing processes mature and resources come up to speed
H & I	High return, but very high complexity increases risk of diminished benefit

*Included in IT workstream

A	B	C	D	E	F	G	H	I
MRO Services	Medical Supplies	Motors; Security Service	General Equipment/ Machinery/Parts	HVAC Services	Clothing & Fabrics	Janitorial Supplies	Testing & External Research	Finance
Office Supplies	Legal Services	Hotels & Venue	Lab Services	Waste Disposal Services	Marketing & Advertising	Other Finished Goods	Telecom*	Project Management Services
MRO Consumables	General Food & Beverage	Temporary Labor	Office Equipment	Medicine & Medical Equipment	Plumbing Services	Fabricated Equipment	Education Services	Consulting Services
Small Parcel	General Facilities & Maintenance	Fuel; Lab Supplies	Facility Maintenance	Events	Online Media (Social Media & Digital)	Maintenance & Repair Services		Marketing

Enabling Legislation and Recommendations

<u>Enabling Legislative Changes</u>

- Increasing the RFP/Bid amount from $7,500 to a higher level requires statutory change.

<u>Enabling Recommendations</u>

- Include all agency spend, including WYDOT, The University of Wyoming, and the school districts, when conducting sourcing events to maximize spend leverage.
- Shift to a centralized procurement model, with all sourcing decisions running through the Procurement department.
- Shift to a Category Management approach to sourcing, with resources dedicated to specific categories/areas of spend.

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Risk Summary

	Risk Description	Probability (Low, Medium or High)	Potential Impact (Low, Medium or High)	Mitigation
A	Poor data quality around actual products/services purchased	Medium	High	Work with incumbent suppliers for accurate data
B	Lack of supplier participation	Low	Medium	Identify and contact qualified suppliers with invitation to bid
C	Lack of realized savings	Low	Medium	Aggressive negotiation plan in place for key categories
D	Lack of adoption of new contract/supplier by stakeholders	Medium	Medium	Clear communication and change management plan in place; Leadership buy-in and commitment to the process
E	Procurement department resources may not be sufficient to lead RFP and implementation activities, as well as post-event supplier management	High	High	Dedicate trained, skilled resources to manage RFPs and new supplier onboarding; consider third party assistance with initial RFP events

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Risk Probability-Impact Matrix

Project Risks
(Probability and Impact)
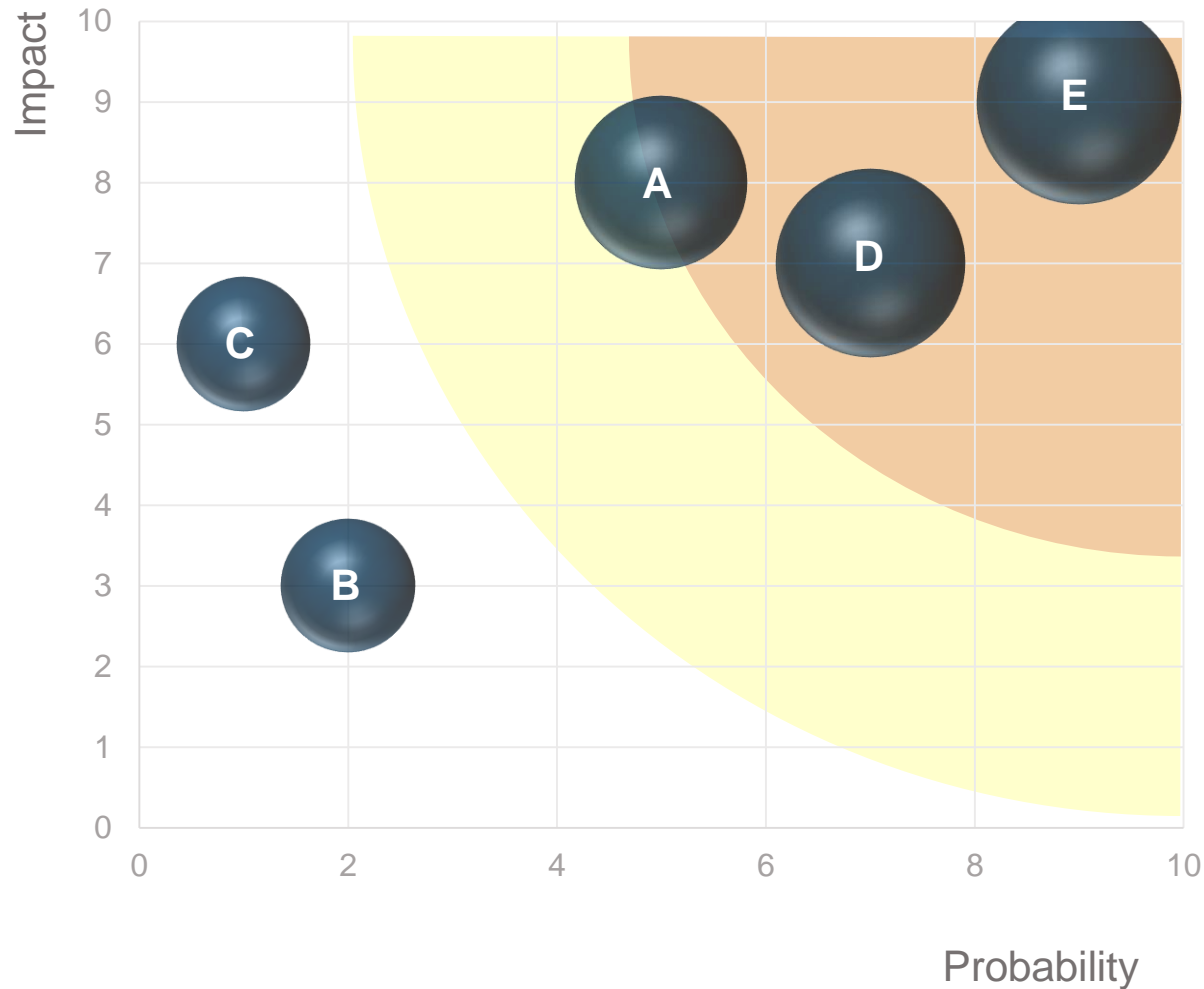
	Risk Description
A	Poor Data
B	Lack of Participants
C	Lack of Savings
D	Lack of Adoption
E	Procurement Org Capacity

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Assumptions and Constraints

Assumptions

- Product spend data is available and complete, either from the state or from incumbent suppliers.
- Contract length of one to three years to provide stability and lock in low rates; no long-term or short term contracts.
- Although specific product demand varies over time, demand is directionally consistent.
- Proper communications/change management execution is followed.

Constraints

- Business requirements could limit rationalization/consolidation opportunities.
- Resistance to implementing new standards.
- Lack of alignment between agencies and Procurement would limit results.

Financial Savings Overview

$	**Total Investment:** $1.7M	
	Biennium Savings: $9.1M	
	Total 5 yr Savings: $19.8M	

Description:
Immediate Full Implementation: 14 Categories (Phased 8 & 6) + Process Change

Key Cost Assumptions:
Phase 1 implementation by end of FY2019

Description:
FY2023 – FY2024 Combined Annual Savings Estimates

Key Savings Assumptions:
Phase 2 implementation at start of FY2020

Description:
FY 2019 - FY2024 Combined Annual Savings Estimates

Key Savings Assumptions:
Fully staffed and trained Category Management Procurement Approach w/ SRM

	Investments	Savings
Total	-$1.74	$21.29
2024	$0.00	$4.57
2023	$0.00	$4.49
2022	$0.00	$4.41
2021	$0.00	$4.34
2020	-$0.78	$3.47
2019	-$0.97	

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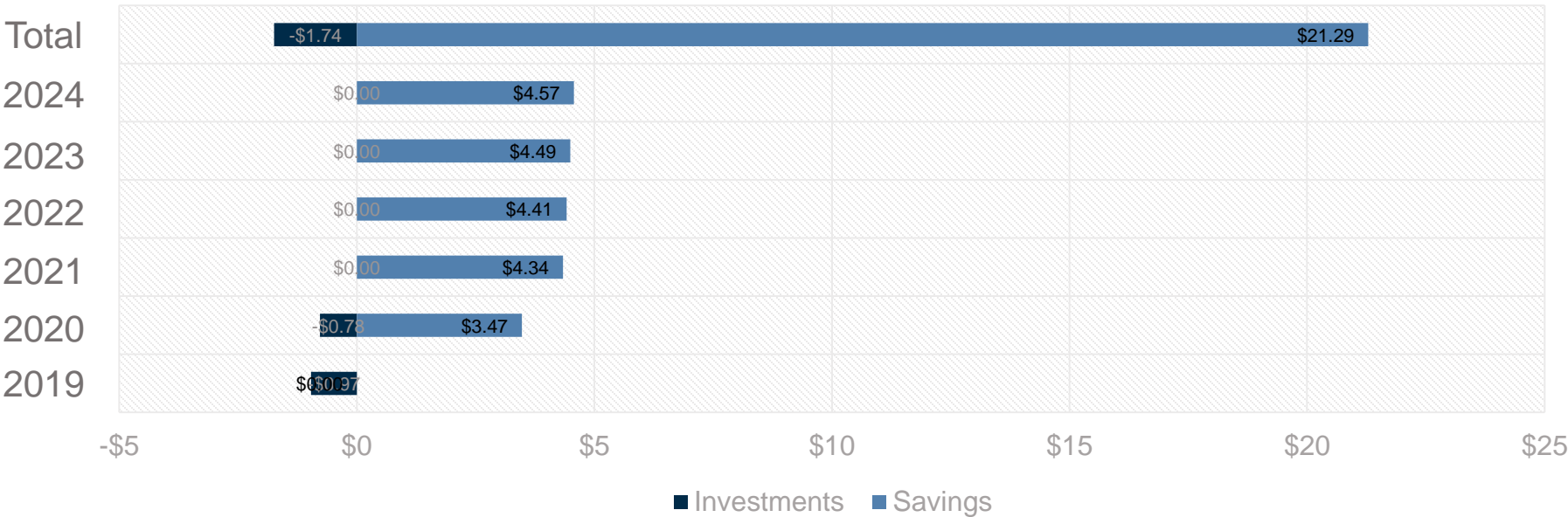
Business Case Summary

The recommended alternative is forecast to have a 52% ROI and 2 year payback period.

	Baseline Status Quo Alternative	Alt. №1 Immediate Full Implementation: 14 Categories (Phased 8 & 6) + Process Change	Alt. №2 Pilot Implementation: Top 6 Categories by Savings
Summary of Life Cycle Cost Estimate			
(A) Investment (Inflated Dollars)	$0	($1,743)	($763)
Investment Period	2019 to 2019	2019 to 2021	2019 to 2020
(B) Recurring Costs (2019 to 2024)	$0	$21,561	$15,150
(C) Total 6-Year Inflated Alternative Costs (Inflation =2.1%) (A+B)	$0	$19,818	$14,386
Net Present Value (NPV)			
(D) NPV (Nominal Discount Rate = 2.3%)		$16,696	$12,180
Return On Investment (ROI)			
(E) Net Discounted Investment		($1,645)	($733)
(F) Net O&M Savings		$18,341	$12,913
(G) Return On Investment (ROI) (F/E) (6-Year Annualized)		52%	62.8%
Internal Rate of Return (IRR)			
(H) Internal Rate of Return (2019 to 2024)		340%	385%
Payback Period			
(I) Year of Analysis when NPV is equal to zero		2 Years	2 Years
Average Risk	162	243	214
Average Benefit	0	42	35

Recommendation Summary

The chart below summarizes the efficiency recommendations from Phase 1 and Phase 2 related to strategic sourcing.

Recommendation	Description	Estimated One-time Investment		Estimated Net Biennium Savings	
		Low	High	Low	High
Phase 1 Recommendations					
N/A		$0	$0	$0	$0
Phase 1 Subtotal		*$0*	*$0*	*$0*	*$0*
Phase 2 Recommendations					
Strategic Sourcing	Conduct a series of sourcing events for products and services identified as opportunities to reduce cost and/or increase value for the State of Wyoming	$1,569,000	$1,917,000	$8,155,000	$9,967,000
Phase 2 Subtotal		*$1,569,000*	*$1,917,000*	*$8,155,000*	*$9,967,000*
TOTAL		**$1,569,000**	**$1,917,000**	**$8,155,000**	**$9,967,000**

Measuring the Impact of Strategic Sourcing Implementation

This project will require detailed spend data for the selected categories, including items purchased, quantity, price paid, as well as any service or quality requirements. It will also require assistance from WY Procurement org personnel with properly formatting RFP documents and utilizing PublicPurchase.com, as well as time allocated for knowledge transfer related to conducting RFPs and supplier management techniques. Key assumptions include:
- Product spend data is available and complete, either from the state or the incumbent suppliers;
- Use of PublicPurchase.com for RFP posting;
- Although specific product demand varies over time, demand is directionally consistent;
- Proper communications/change management execution is followed to maximize agency adoption.

KPIs will be tracked, monitored, and reported on by the Procurement team. Unit reduction in cost over time (baseline vs. future cost) will be the primary proof of savings.

Key Performance Metric

Metric	2018 Baseline	2019	2020	2021	2022	2023	2024
Savings = [Baseline - Current year unit cost] x # units purchased that year	2018 Unit cost	2019 Unit Cost	2020 Unit Cost	2021 Unit Cost	2022 Unit Cost	2023 Unit Cost	2024 Unit Cost

Implementation Roadmap

The implementation plan is forecast to begin in February 2019 and last for a period of eight months.

Work Step	Yr / Mo	2019												2020												2021					
	Mo	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Execute Phase 1 Strategic Sourcing Event			▬	▬	▬	▬	▬																								
Conduct Sourcing and RFP Execution			▬	▬																											
Negotiate and Execute Term Sheets					▬	▬																									
Implement Agreements and Transition Suppliers							▬																								
Execute Phase 2 Strategic Sourcing Event								▬	▬	▬	▬																				
Conduct Sourcing and RFP Execution								▬	▬																						
Negotiate and Execute Term Sheets										▬																					
Implement Agreements and Transition Suppliers											▬																				

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Medicaid for Special Education Services

# Prevalence of Special Education Students in Wyoming

Of the 93,000 K-12 students in Wyoming, 13,000 (14%) have a special education diagnosis. This is close to the national average of 13%, but district level prevalence of special education needs varies widely in Wyoming.

In the Lincoln, Weston, and Fremont school districts as many as one in five students have a diagnosis that qualifies them for special education services. However, in other school districts, the ratio is closer to one in ten students.

Medicaid Eligible Special Education Services:
- Audiology & Hearing Screening
- Case Management
- Occupational Therapy
- Counseling by a school psychologist
- Physical Therapy
- Speech Therapy
- Nursing services provided by a school nurse
- Vision screening
- Behavioral and emotional disability support services

Wyoming SPED Population

SPED 13.9%

Non-SPED 86.1%

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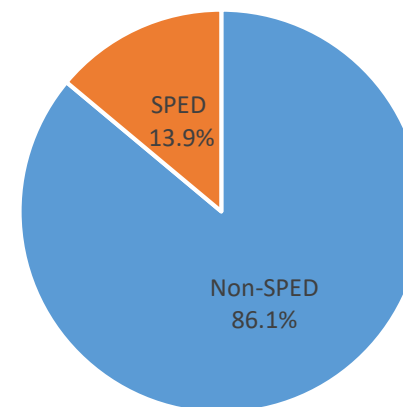
Process of Special Education Service Provision in Wyoming

Step 1: Behavior occurs or a diagnosis is made that triggers the development of an Individual Education Plan (IEP).

Step 2: Parents and School District Staff create an IEP that outlines supports and health care services necessary for the child to achieve academic success.

Step 3: The IEP is created and subsequently revised annually and Special Education Services are provided accordingly either in the school, community or at a residential facility.

Step 4: Services are provided to the child.

4a: Services are provided to the child in the school.

4b: Services are provided to the child in the community.

4c: Services are provided to the child at a residential educational facility.

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Purpose and Objectives

Project Purpose

The project will create a strategy and implementation plan to allow the State of Wyoming to receive Medicaid funding for allowable services provided in schools to children with special education needs.

Problem/Opportunity Statement

Medicaid pays for health and health-related services provided in schools when covered services are provided to Medicaid-enrolled children and adolescents, or when services are provided to a child through his or her individualized evaluation plan (IEP) under the Individuals with Disabilities Education Act (IDEA, P.L. 101-476). Wyoming is the only state in the country that does not request Medicaid reimbursement for school-based services (SBS), resulting in the loss of $7 to $10 million in federal funding annually. SBS has been previously discussed in recent legislative sessions. Legislation was previously drafted and filed, but did not receive successful legislative approval.

Goals & Objectives

- Identify Medicaid allowable services and costs and understand state and local agency challenges.
- Outline processes and challenges at the school, district, and state Department of Education levels for reporting costs and requesting reimbursement for Medicaid-eligible federal funds, as well as resource needs for school districts, WDH and WDE.
- Develop a model that allows federal funding for special education services while minimizing administrative burden for both LEAs and the state.

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Project Alternatives

Two potential funding models for SBSs are actual cost-based and Medicaid fee schedule-based.

Alternative	Description	Assumptions	Project Success
Status Quo	This alternative represents maintaining current funding and operational model.	• No legislative or LEA support for federal funding.	Not Applicable
Alternative #1 – LEA Actual Cost-based model	Federal funds cover projected eligible costs for the year using historic cost data, reconciling actual costs and reimbursements at the end of the year. This uses units of service provided and customized rate schedule set for specific services.	• Pros: Maximizes funding (all eligible costs covered). • Cons: Potential higher data collection needs.	• Expected baseline forecast of $7 to $10 million in federal funds annually.
Alternative #2 – Medicaid fee schedule-based model	Medicaid reimbursement based on current Medicaid fee schedule for qualifying health care providers and services provided for special education students in Wyoming school districts.	• Pros: Standardizes service rates across all providers and settings in the state; encourages more efficient spending. • Cons: Potential higher operational burden due to new billing function.	• Expected baseline forecast of $6 to $9 million in federal funds annually.

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Project Scope and Milestones

Recommended Project Scope

A&M will work with WDE, WDH and LEAs to design and implement processes for federal financial participation (FFP) for state special education services, including delivery model design, gaining school district buy-in and support, and creating a roadmap for cost reporting and claims.

Project Requirements

- Changes must be approved by the Centers for Medicare & Medicaid Services (CMS) in a Medicaid State Plan Amendment (SPA) before Wyoming can begin claiming reimbursement for SBSs. The State Plan Amendment must describe the services covered and the claiming methodology.
- WDE and WDH must work together to define the SBS program, in collaboration with the LEAs.
- Legislative action may be needed to authorize Medicaid funding for special education services. SBSs were discussed in recent legislative sessions, but no legislation successfully passed.
- School districts must report their costs for Medicaid-eligible services provided to special education children. Service providers will increase recordkeeping.

Key Milestones / Deliverables	Estimated Timing
Education Plan for Legislative Approval of SBS SPA	Q1 2019 Calendar Year
Development of SBS Medicaid State Plan Amendment (SPA)	Q1 & Q2 2019 Calendar Year
Create Operational Capacity within School Districts, Medicaid and WDE to support the Medicaid Billing Process	Q4 2019 Calendar Year& Q1 2020 Calendar Year

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Stakeholder Feedback and Opportunity Assessment

Stakeholder Engagement: A&M met with the Wyoming Medicaid and Education agencies, the Boards of Cooperative Education Services, and School District officials to learn about service provision, needs of the students, provider network, and capacity to implement a reimbursement methodology for Medicaid eligible services provided to children with special education needs.

Feedback:

- **Service provision:** Many Wyoming school districts often utilize their local BOCES to access support services for students with special education associated diagnoses. This allows districts to maintain service capacity and flexibility to meet students' health needs.

- **Needs of students:** All stakeholders noted the increase in behavioral health concerns among students and the lack of at-home supports for those students needs, thus increasing demands on the school districts to provide specialized behavioral support.

- **Provider network:** School districts and BOCES go out of state for specialized health support services due to the limited in state network. Districts are unaware of which providers in their area are participating in Wyoming's Medicaid program.

- **Capacity:** Wyoming Medicaid maintains a limited staff of state employees and would require additional support staff to manage and coordinate the reimbursement process with CMS and WDE. School districts would need training on service provision and documentation requirements. A third party intermediary (possibly the BOCES) may be needed to support expanded school district operations related to the Medicaid claiming process.

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Medicaid-Eligible Special Education Service Expenses

APE - Adaptive PE
RSA - Special Education - Related Services Aide
SEA - Special Education Aide
XAR - Special Education - Arts
XAS - Special Education - Alternate Content Standards (include Life Skills)
XAU - Special Education - Audiology
XCG - Special Education - Civics and Government
XCL - Special Education - Secretary/Materials Clerk
XCM - Special Education - Case Manager
XCO - Special Education - Counseling
XCS - Community Support Specialist
XDD - Special Education - Educational Diagnostician
XDH - Deaf/Hard of Hearing Interpreter
XDN - Director, Non-Supervisory
XDS - Special Education - Director, Supervisory
XEC - Special Education - Economics
XEL - Special Education - Elementary Grades
XEN - Special Education - English
XES - Special Education - ESY Administrator
XFC - Office Support Staff, Classified
XFL - Special Education - Foreign Language
XFP - Office Support Staff, Professional
XGE - Special Education - Geography
XHI - Special Education - History
XHS - Special Education - Hearing Screening Technician
XJB - Special Education - Job Coach
XLA - Special Education - Language Arts
XMA - Special Education - Math
XOT - Special Education - Occupational Therapist
XPS - Special Education - Psychological Technician
XPT - Special Education - Physical Therapist
XPY - Special Education - School Psychologist
XRD - Special Education - Reading
XSA - Special Education - Speech Therapist Assistant
XSC - Special Education - Science
XSD - Special Education - Secondary
XSN - Special Education - School Nurse
XSP - Special Education - Speech Pathologist
XSS - Special Education - School Social Worker
XTA - Special Education - Physical Therapy Assistant
XTC - Transition Coordinator
XTR - Special Education - Certified Occupational Therapy Assistant (COTA)
XTU - Special Education - Certified Teacher Tutor
XVS - Special Education - Vision Screening Technician
XXB - Behavior and Emotional Disabilities; Cognitive Disability; Learning Disab
XXD - Deaf/Hard of Hearing – Teacher not of record (only)
XXV - Visual Disability – Teacher not of record (only)
XYN - Core and/or Non-Core Subjects – Teacher not of record (only)

XAU - Audiology
XCM - Case Manager
XCO - Counseling
XDH - Deaf/Hard of Hearing Interpreter
XDS - Director, Supervisory
XHS - Hearing Screening Technician
XOT - Occupational Therapist
XPS - Psychological Technician
XPT - Physical Therapist
XPY - School Psychologist
XSA - Speech Therapist Assistant
XSN - School Nurse
XSP - Speech Pathologist
XSS - School Social Worker
XTA - Physical Therapy Assistant
XTR - Certified OT Assistant (COTA)
XVS - Vision Screening Technician

$57,925,057

+

$9,343,843 (Contracts)

= **$67,268,901**

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Medicaid-Eligible Special Education Service Expenses

FY18 Special Education Personnel/Provider Categories, Expenditures and FTEs

Personnel Assignment Codes	FY17-18 Total Expenditures	Total FTE's
XAU - Special Education - Audiology	$316,157	4.00
XCM - Special Education - Case Manager	$5,989,737	67.51
XCO - Special Education - Counseling	$4,237,184	81.08
XDH - Deaf/Hard of Hearing Interpreter	$604,400	2.00
XDS - Special Education - Director, Supervisory	$5,525,237	44.03
XHS - Special Education - Hearing Screening Technician	$206,894	-
XOT - Special Education - Occupational Therapist	$5,139,551	55.50
XPS - Special Education - Psychological Technician	$676,117	3.00
XPT - Special Education - Physical Therapist	$1,054,541	12.00
XPY - Special Education - School Psychologist	$9,807,918	88.83
XSA - Special Education - Speech Therapist Assistant	$367,020	3.00
XSN - Special Education - School Nurse	$2,498,471	53.11
XSP - Special Education - Speech Pathologist	$14,705,047	157.55
XSS - Special Education - School Social Worker	$4,046,894	53.87
XTA - Special Education - Physical Therapy Assistant	-	-
XTR - Special Education - Certified Occupational Therapy Assistant (COTA)	$470,596	2.00
XVS - Special Education - Vision Screening Technician	$31,841	-

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Estimated Federal Financial Participation Summary

Estimate of potential federal share Medicaid funding for eligible special education services

Estimated Federal Funds Calculation

	All SPED Expenses	Medicaid-Eligible Expenses Used for All SPED Students	% of SPED Expenses Used for Medicaid-Eligible Children	Medicaid-Eligible Expenses Used for Medicaid-Eligible Children	% Expenses Correctly Categorized	Federal Share
Salary/Benefits	$ 216,228,531	$ 57,925,057	35%	$ 20,273,770	$ 15,205,327	$ 7,602,664
Substitute Teacher / Aide	$ 4,007,118	$ -	35%	$ -	$ -	$ -
Equipment Purchase/ Repair/ Maintenance	$ 171,425	$ -	35%	$ -	$ -	$ -
Travel	$ 340,210	$ -	35%	$ -	$ -	$ -
Instructional Materials	$ 1,743,908	$ -	35%	$ -	$ -	$ -
Tuition	$ 15,421,822	$ -	35%	$ -	$ -	$ -
Contracts	$ 9,343,843	$ 9,343,843	35%	$ 3,270,345	$ 2,452,759	$ 1,226,379
Total	$ 247,256,858	$ 67,268,901		$ 23,544,115	$ 17,658,086	$ 8,829,043

Column markers: 1 (Medicaid-Eligible Expenses Used for Medicaid-Eligible Children), 2 (% Expenses Correctly Categorized), 3 (Federal Share), 4 (Total Federal Share: 8,829,043)

Key Savings Assumptions:

- Based on cost data provided by WDE, A&M used the average total SPED expenditures over the last three years to calculate the portion of salary, benefits and contracts expenses categorized as Medicaid eligible used for Medicaid-eligible SPED students.

1. 35% of SPED students are Medicaid-eligible (peer states and NSCH)
2. 75% of expenses are correctly categorized
3. 50% Wyoming FMAP
4. Annual Medicaid Reimbursement = $8.8M

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Medicaid for SPED Financial Investment and Ongoing Ops

Investments: $1.2M (2019 & 2020)

- Ongoing A&M support (Planning, Analysis, Design, Vendor Selection):
    - 2019: $500,000
    - 2020: $400,000
- School District System Modifications: $150,000
- MMIS System Modifications: $150,000

Ongoing Annual Operations: $1.075M (Starting 2020, phase in half the cost for 2019)

- WDH Medicaid Staff: $92,000
- WDE Staff: $183,000
- Local Support for Random Moment Time Studies (RMTSs): $50,000
- WDE Contractors for Claims Processing and Billing : $500,000
- WDH Contractor for Rate Setting, Claims Processing, and Provider Enrollment: $250,000

Annual Revenue: $8.8M

- Medicaid Reimbursement (Federal Funds): $8.8M

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Ongoing Planning Considerations

- SPA and Medicaid Considerations and Questions

    o Nursing Services

    o CMS Approval

    o Fully map SPED providers and Medicaid taxonomy

    o Provider enrollment

- Further clarification of certain SPED personnel/providers roles and responsibilities

- Furthering detailing roles and responsibilities of WDE, WDH and LEAs

- Special education funding cap

- Attempt to further unify IEP data collection systems to streamline both IDEA and Medicaid reporting requirements

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Enabling Legislation and Recommendations

Enabling Legislative Changes

- Legislative action may be needed to authorize Medicaid funding for special education services. SBSs were discussed in recent legislative sessions, but no legislation successfully passed.

Enabling Recommendations

- Changes must be approved by the Centers for Medicare & Medicaid Services (CMS) in a Medicaid State Plan Amendment (SPA) before Wyoming can begin claiming reimbursement for SBSs. Drafted and submitted by Wyoming Medicaid, the SPA must describe the services covered and the reimbursement methodology.
- Collaboration and cooperation with LEAs to ensure business needs or capacities are met through proposed solutions.

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Risks Summary

	Risk Description	Probability (Low, Medium or High)	Potential Impact (Low, Medium or High)	Mitigation
A	School districts may not see an incentive to participate when the state had previously provided 100% funding.	High	High	Work with WDE and LEAs to create an understanding and agreement now that WY no longer reimburses 100%.
B	School districts have never billed Medicaid for eligible services.	High	High	Staff will need to be trained on process and documentation requirements.
C	Wyoming school districts do not consistently document provision of health related services provided, nor do they all use the same data systems.	High	Medium	Final implementation approaches will need to consider ways to adapt to different LEA approaches and systems to create a cohesive workflow.
D	CMS must approve and Wyoming legislature may need to approve the reimbursement model.	Medium	High	Work closely with legislators to create understanding and agreement; educate CMS Regional Office.
E	CMS oversight and expectations may be high due to increased OIG audits of Medicaid spending for school health services.	Medium	Medium	Work closely with CMS Regional Office to track and understand any potential concerns.

Risk Probability-Impact Matrix

Project Risks
(Probability and Impact)
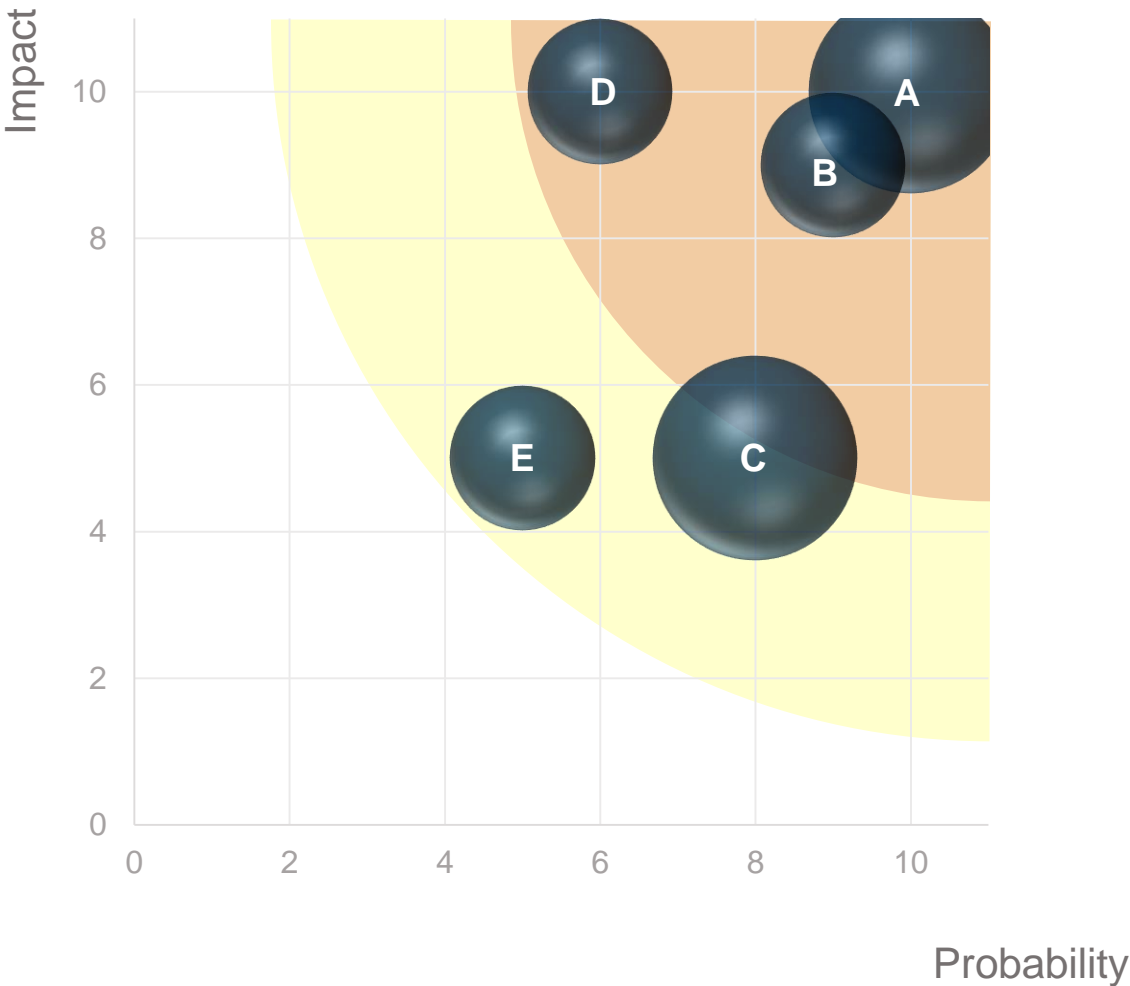
	Risk Description
A	History of State Supporting 100% of SPED Services
B	School Districts Lack Billing Experience
C	Lack of Standardized Documentation Practices
D	CMS and Legislative Approval is Required
E	CMS Oversight

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Assumptions and Constraints

Assumptions

- Wyoming school districts will be willing to implement the changes necessary to support federal reimbursement for school based health services.
- The Wyoming legislature will approve the reimbursement model and implementation plan for school based health services.
- Wyoming Medicaid will be successful in getting a State Plan Amendment approved by CMS.

Constraints

- As we move closer to finalizing the reimbursement model and implementation roadmap, close collaboration and cooperation with Wyoming Medicaid, Wyoming Department of Education and LEAs will be critical for accurate funding projections in year 1 of implementation, as well as mapping any new data requirements or workflows.

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Financial Savings Overview

| $ | **Total Investment:** $1.2M | 🐷 | **Biennium Savings:** $17.1M | 📈 | **Total 5 yr Savings:** $39.8M |

Description:
Costs for planning and design, software, and implementation.

Key Cost Assumptions:
- School district system modifications
- Medicaid MMIS system modifications
- WDE/Medicaid hire staff to maintain program: two senior positions and one junior position
- Contractors to run rate setting, claims processing, and provider enrollment
- Funding pool for District SPED provider time

Description:
A&M used the average total SPED expenditures over the last three years to calculate the portion of expenses categorized as Medicaid eligible used for Medicaid-eligible SPED students.

Key Savings Assumptions:
- 35% of SPED students are Medicaid-eligible
- 75% of expenses are correctly categorized
- 50% Wyoming FMAP

Description:
The generation of federal funds through Medicaid reimbursement will offset the investment and O&M costs.

Key Assumptions:
- Legislative mandate requires all school districts and school providers to participate.

Year	Investments	Savings
Total	-$1.80	$41.60
2024	$0.00	$8.60
2023	$0.00	$8.50
2022	$0.00	$8.30
2021	$0.00	$8.20
2020	-$0.60	$8.00
2019	-$1.20	$0.00

■ Investments ■ Savings

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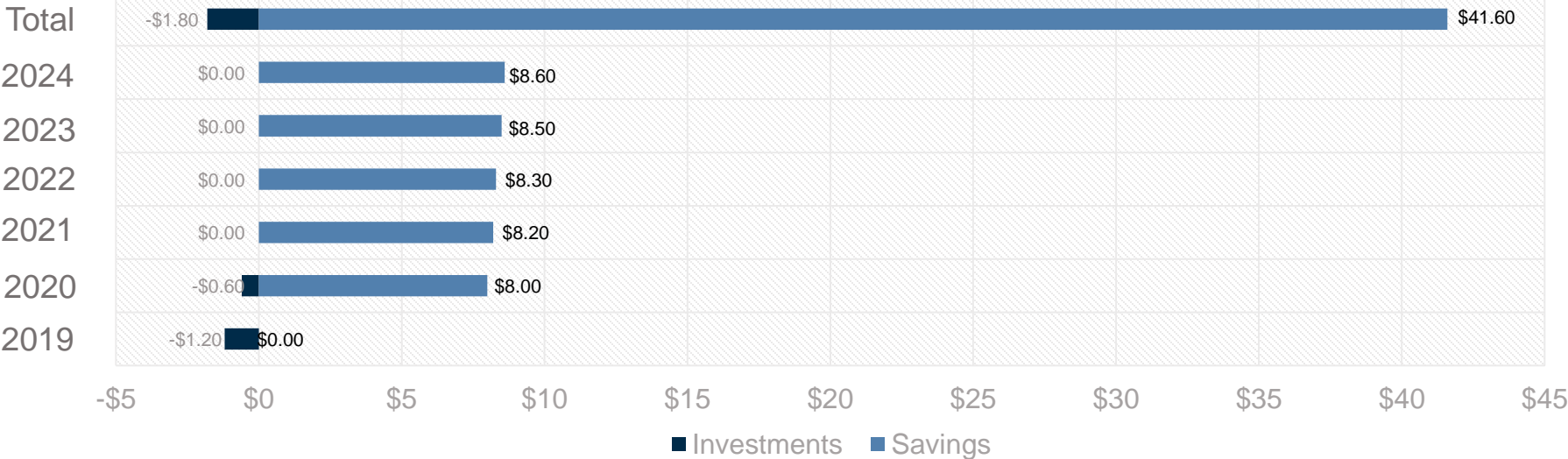
Business Case Summary

The recommended alternative is forecast to have a 77% ROI and 2 year payback period.

	Baseline Status Quo Alternative	Alt. №1 Alternative 1: LEA Actual Cost-Based Model	Alt. №2 Alternative 2: Medicaid Fee Schedule-Based Model
Summary of Life Cycle Cost Estimate			
(A) Investment (Inflated Dollars)	$0	($1,231)	($1,231)
Investment Period	2019 to 2019	2019 to 2021	2019 to 2021
(B) Recurring Costs (2019 to 2024)	$0	$40,981	$36,568
(C) Total 6-Year Inflated Alternative Costs (Inflation =2.1%) (A+B)	$0	$39,750	$35,337
Net Present Value (NPV)			
(D) NPV (Nominal Discount Rate = 2.3%)		$33,707	$29,951
Return On Investment (ROI)			
(E) Net Discounted Investment		($1,161)	($1,161)
(F) Net O&M Savings	$	34,868 $	31,112
(G) Return On Investment (ROI) (F/E) (6-Year Annualized)		77%	74.0%
Internal Rate of Return (IRR)			
(H) Internal Rate of Return (2019 to 2024)		613%	567%
Payback Period			
(I) Year of Analysis when NPV is equal to zero		2 Years	2 Years
Average Risk	0	669	754
Average Benefit	0	36	25

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Recommendation Summary

The chart below summarizes the efficiency recommendations from Phase 1 and Phase 2 related to Medicaid for special education services.

Recommendation	Description	Estimated One-time Investment		Estimated Net Biennium Savings	
		Low	High	Low	High
Phase 1 Recommendations					
N/A		$0	$0	$0	$0
Phase 1 Subtotal		*$0*	*$0*	*$0*	*$0*
Phase 2 Recommendations					
Medicaid Funding for School Based Services	Adjusting the state's Medicaid plan to allow for Federal reimbursement for Medicaid-eligible services provided to students	$1,108,000	$1,354,000	$15,347,000	$18,758,000
Phase 2 Subtotal		*$1,108,000*	*$1,354,000*	*$15,347,000*	*$18,758,000*
TOTAL		**$1,108,000**	**$1,354,000**	**$15,347,000**	**$18,758,000**

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Measuring the Impact of Medicaid Reimbursement Implementation

Assuming the Wyoming legislature passes a mandate for all school districts to participate in receiving Medicaid funding for school-based services, Wyoming should expect revenue generation through federal funds for the maximum amount possible through Medicaid reimbursement. Medicaid reimbursement amounts will be reported by WDE annually or quarterly—depending on final methodology approval and requirements of CMS.

Key Performance Metrics

Metric	2018 Baseline	2019	2020	2021	2022	2023	2024
Medicaid-Eligible SPED Spend	$67M	$67M	$67M	$67M	$67M	$67M	$67M
% SPED Students Medicaid Eligible	N/A	35%	35%	35%	35%	35%	35%
Expenses Correctly Categorized	N/A	75%	75%	75%	75%	75%	75%
Medicaid Reimbursement	$0	$0	$8.8M	$8.8M	$8.8M	$8.8M	$8.8M

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Implementation Roadmap

The implementation plan is forecast to begin in January 2019 and last for a period of 30 months.

Work Step	Yr / Mo	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
		2019												**Post CMS Approval of SPA**																	
1. Legislative Session & Engagement		▓	▓																												
2. State Plan Amendment (SPA) Development				▓	▓	▓																									
Additional analysis / research				▓	▓																										
Working sessions with WDE, WDH/Medicaid and School Districts				▓	▓																										
Draft SPA and submit to CMS for approval						▓																									
3. CMS Engagement & Negotiations						▓	▓	▓	▓	▓	▓	▓	▓																		
4. Operational Capacity Building Planning														▓	▓	▓	▓														
Review current WDE reimbursement process, reconcile gaps, write new process														▓																	
Define roles and responsibilities and identify staffing req's for WDE/Medicaid															▓																
Evaluate need for software / software modifications; select vendor and contract																▓															
Select and contract with vendor to run claiming process for school districts																▓															
Staff training																	▓														
5. Implementation																		▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓
Pilot Implementation																		▓	▓	▓											

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Other Areas

Enabling Legislation to Investment in Other Areas for Efficiency

Senate File SF012 – Government Efficiency Project, includes a provision for the Governor to evaluate additional efficiency projects not explicitly designated in the legislation. The Governor's Office may accept proposals for savings and efficiency related projects that, upon the Governor's approval, shall be funded from the Savings and Efficiency Initiatives Account.

Criteria for Approving Project Funding from the Savings and Efficiency Initiatives Account

Existing biennium budgets or current biennium cost savings from the operation of the approved project are insufficient to fund the project	Projects must be identified as priority items by the Wyoming Government Efficiency Commission	Projects must demonstrate reasonable likelihood for providing savings or increasing efficiencies in government operations

Transparency Purpose and Objectives

Project Purpose

The Transparency Project is designed to acquire transparency technology services for the State of Wyoming. This platform will integrate with the uniform accounting system and provide citizens with a single portal to access government financial information. This transparency platform will assist in the publishing of statewide financial data to be utilized by internal and external users. The State Auditor's Office is seeking a governmental cloud-based platform that simplifies data indexing, data retrieval, data management and data presentation along with eliminating on-premise infrastructure.

Problem/Opportunity Statement

A single point of reference is needed in the State of Wyoming for the public to review spending on government programs. The State Auditor's Office is requesting technical capability and resource capacity to efficiently administer posting of the State of Wyoming's financial data on a central, online transparency platform.

Goals & Objectives

- Establish a built-for-government software as a service (SaaS) transparency platform.
- Offer "anywhere, anytime" access to statewide financial transactions
- Provide a comprehensive one-stop portal for access to financial transactions with search and download capabilities
- Allow flexible and adaptable configuration to meet unique business requirements and take advantage of pre-set rules
- Replace time-consuming, manual data manipulation for posting financial data online with automated data transmission technology to reduce the cost of public data requests

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Transparency Project Alternatives

The State of Wyoming should acquire a proven, browser agnostic, software as a service (SaaS) platform to serve as the transparency portal.

Alternative	Description	Assumptions	Project Success
Status Quo	This alternative represents maintaining current level of operations.	No changes made to the existing structure.	Continued service delivery at the current level.
Alternative #1 – Financial Transactions (Recommendation)	Invest in technology to provide citizens access to their government's financial information. With technology platforms readily available to governments, financial information must also be readily available. Citizens expect the ability to have on demand access and data visualization.	• The state will procure a third party SaaS software designed for government financial data • Availability of data will facilitate reduced procurement costs through improved competitor insights	• More efficient government administration • Increasing competitive bidding in procurement • Fewer staff resources spent on information requests
Alternative #2 – Health Transactions	Invest in technology to provide citizens access to their government's health information. With technology platforms readily available to governments, financial information must also be readily available. Citizens expect the ability to have on demand access and data visualization.	• The state will procure a third Party SaaS software designed for government health data • Availability of data will facilitate improved efficiency through watchdog analysis into health efforts	• More efficient government administration • Fewer staff resources spent on information requests

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Transparency Project Scope and Deliverables

Recommended Project Scope

- Project Management: implementation of a transparency platform will require significant partnership between the awarded vendor and the state.
- Project Management Plan: the plan must maintain scope, schedule, cost, risk, change control, quality, and communications.
- Change Management: the vendor will develop an organizational change management strategy including outlining the organizational changes that the initiative will bring, developing specific transition and communication strategies for the various stakeholder groups, and developing strategies for mitigating and managing major barriers for implementation.
- Status Reporting: Reports will include actual delivery against contract requirements, service level agreement compliance, financial and budget, time and resources, usage reports of solutions provided, customer feedback, open items, and those criteria associated with best practice project reporting.
- Testing Strategy and Execution: the vendor will develop a testing strategy and execute against that strategy.
- Maintenance and support: the vendor will provide ongoing maintenance and support during the contract.
- Service Level Performance: the vendor must demonstrate its ability to meet the service level and performance measurement requirements.

Project Requirements

- The project should include a design and envision phase to collect requirements, an evaluation and mapping of the state's Chart of Accounts, build and configuration of the transparency platform, integration with the state's data transmission technology, conducting the data transmission and load processes, deployment of the solution, and end user training.

Key Deliverables	Estimated Timing
Issue RFP for Financial Transparency Platform	3 months
Receive responses and select vendor	2 months
Implement Transparency Platform	4 – 6 months

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Transparency Enabling Legislation and Recommendations

Enabling Legislative Changes

• No legislative changes are needed to enact this recommendation.

Enabling Recommendations

• Dedicated resources from the State Auditor's Office (SAO) are needed for project oversight.

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Transparency Risks Summary

	Risk Description	Probability (Low, Medium or High)	Potential Impact (Low, Medium or High)	Mitigation
A	Schedule risks due to delayed project implementation	Medium	Medium	Establish a project plan with project management tasks, duration, and activities specified
B	Initial costs exceed budget request	Medium	Medium	Thorough RFP, market analysis, research of other states' maintenance, support, and operations of transparency sites were used to estimate what the costs will be
C	Data / information requires manipulation in order to facilitate posting to the transparency platform	Medium	High	Utilize the envision phase, test plan, user acceptance plan, data transmission and load, and data mapping to manage the risk throughout the project lifecycle
D	Privacy	Medium	High	Utilize the envision phase, test plan, user acceptance plan, data transmission and load, and data mapping to manage the risk throughout the project lifecycle
E	Project Resources	Medium	High	Ensure project resources are identified before beginning the project and track cost, scope, and schedule during the project

Transparency Risk Probability-Impact Matrix

Project Risks
(Probability and Impact)
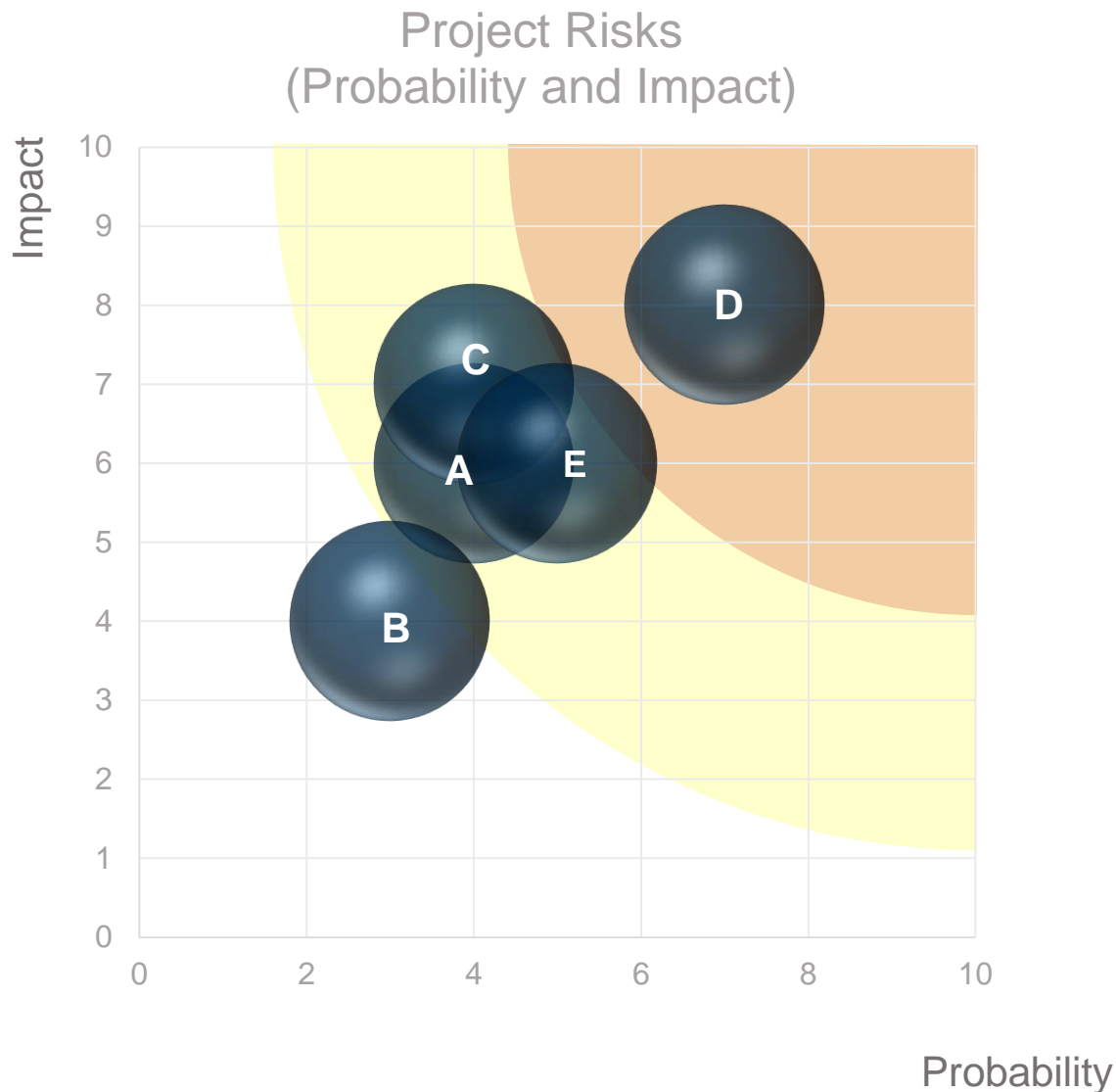
	Risk Description
A	Schedule Risks
B	Initial Costs Increases
C	Data / Information Risks
D	Privacy Risks
E	Project Resources

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Assumptions and Constraints

Assumptions

- Governor's Office, Legislature, and SAO Leadership will support the initiative.
- SAO subject matter experts (SMEs) will be identified and dedicated to the procurement efforts from start to finish.
- Current transparency data is reviewed without exposure to sensitive data.
- Proper communications with agency stakeholders will occur to share objectives and status of the procurement efforts.

Constraints

- Funding required to support project effort would need to be included in the budget.
- Underlying data requires significant manual effort to prepare for external presentation.
- Lack of alignment between SAO and vendor would limit results.
- Resistance to implementing new transparency platform could cause delays in the project timeline and post-implementation adoption.

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Transparency Financial Savings Overview

Total Investment:
$0.46M

Biennium Savings:
$0.30M

Total 5yr Savings:
$0.12M

Description:
Costs include procurement of a transparency platform, data transmission costs, and implementation costs.

Key Cost Assumptions:
Costs span from 2019 to 2020.

Description:
Full run-rate savings ~$160,000/year starting FY2024 after transparency platform has been up and running and vendor use of the platform drives competition.

Key Savings Assumptions:
Tracking of competitor intelligence from $647 million in vendor spend annually could drive up to 2.5% savings by contract after the platform reaches steady state operations where competitive intelligence is a mainstay.
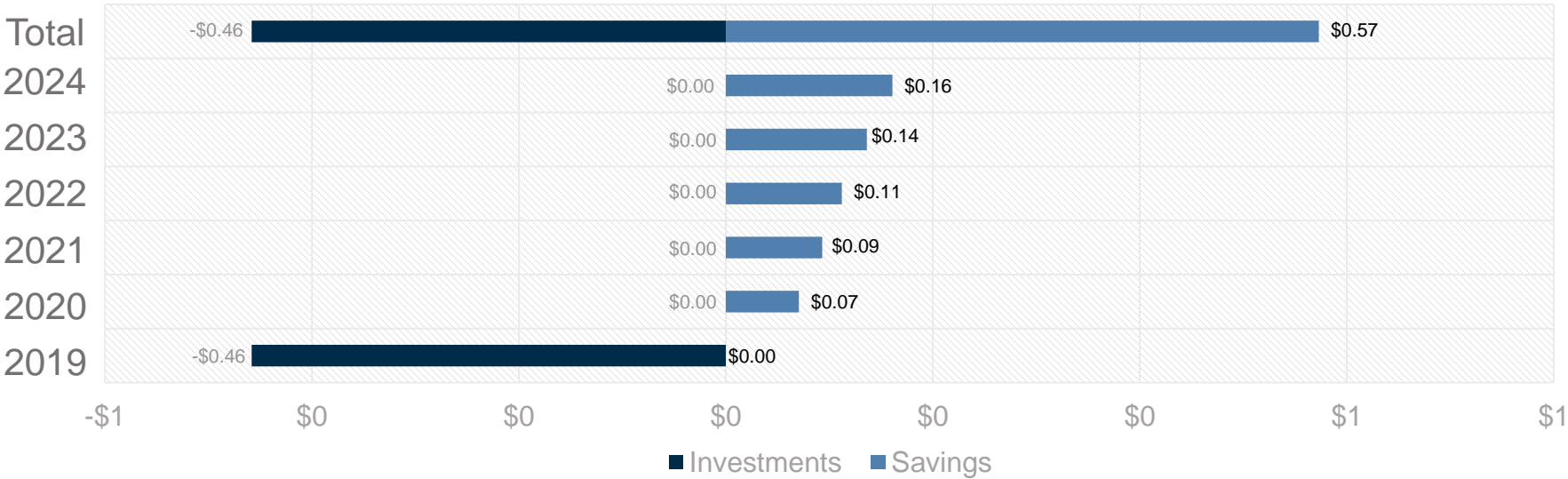
Description:
Total net savings derived from the savings estimates above and beyond the ongoing platform costs.

Key Savings Assumptions:
Ongoing identification of waste, fraud and abuse by watchdog groups along with key competitive intelligence gained by vendors seeking to unseat incumbents should drive long term savings.

Year	Investments	Savings
Total	-$0.46	$0.57
2024	$0.00	$0.16
2023	$0.00	$0.14
2022	$0.00	$0.11
2021	$0.00	$0.09
2020	$0.00	$0.07
2019	-$0.46	$0.00

■ Investments ■ Savings

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Transparency Business Case Summary

The recommended alternative is forecasted to have a 13% ROI and 6 year payback period.

		Baseline Status Quo Alternative	Alt. №1 Implement Financial Transparency Program	Alt. №2 Implement Non-Financial Transparency Program
Summary of Life Cycle Cost Estimate				
(A)	Investment (Inflated Dollars)	$0	($458)	($458)
	Investment Period	2019 to 2019	2019 to 2020	2019 to 2020
(B)	Recurring Costs (2019 to 2024)	$0	$573	($1,007)
(C)	Total 6-Year Inflated Alternative Costs (Inflation =2.1%) (A+B)	$0	$115	($1,465)
Net Present Value (NPV)				
(D)	NPV (Nominal Discount Rate = 2.3%)		$41	($1,300)
Return On Investment (ROI)				
(E)	Net Discounted Investment		($440)	($440)
(F)	Net O&M Savings		$481	($859)
(G)	Return On Investment (ROI) (F/E) (6-Year Annualized)		13.1%	No ROI
Internal Rate of Return (IRR)				
(H)	Internal Rate of Return (2019 to 2024)		7%	No IRR
Payback Period				
(I)	Year of Analysis when NPV is equal to zero		6 Years	7 Years
Average Risk		0	0	0
Average Benefit		0	7	10

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Other Areas Recommendation Summary

The chart below summarizes the additional recommendations from Phase 1 and Phase 2 to be considered for funding from the Savings and Efficiency Initiatives Account.

Recommendation	Description	Estimated One-time Investment		Estimated Net Biennium Savings	
		Low	High	Low	High
Phase 1 Recommendations					
Electronic Pension Payments	Evaluate the benefits payment options provided by Northern Trust that may allow for consolidation of other services currently provided by multiple vendors under a single contract	$0	$0	$514,000	$628,000
Direct Employee Deposits	Establish processes for immediate transfer of deposits made to the Retirement System to the account with Northern Trust to maximize interest returns	$0	$0	$1,278,000	$1,562,000
Phase 1 Subtotal		*$0*	*$0*	*$1,792,000*	*$2,190,000*
Phase 2 Recommendations					
Transparency	Consider RFP issued by the State Auditor's Office to develop a platform to increase financial transparency with citizens and reduce the effort and expense associated with public records requests	$412,000	$504,000	$267,000	$327,000
Phase 2 Subtotal		*$412,000*	*$504,000*	*$267,000*	*$327,000*
TOTAL		**$412,000**	**$504,000**	**$2,059,000**	**$2,517,000**

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Measuring the Impact of Transparency Platform Implementation

The state expects to recognize a return on investment (ROI) by implementing automated processes in order to have more efficient government administration, increasing more competitive bidding on procurement, and less staff resources spent on information requests.

In addition, the state expects a transparency platform to provide citizens and public officials the ability to monitor the state's financial transactions in order to save taxpayer dollars, prevent corruption, reduce potential waste, fraud, and abuse of public dollars.

Key Performance Metrics

Metric	2019	2020	2021	2022	2023	2024
Total Available Financial Spend Online	$647M	$647M	$647M	$647M	$647M	$647M
Percentage Savings on contracts	-	0.025%	0.025%	0.025%	0.025%	0.025%
Usage of the Platform for Competitive Intelligence	-	40%	52.5%	65%	78.5%	90%
Savings from Competition	-	$65k	$85k	$105k	$125k	$145k
Public Records Requests hrs		168	168	168	168	168

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Implementation Roadmap

The implementation plan for the transparency project is forecast to begin in January 2019 and last for a period of nine months.

Work Step	Yr	2019												2020												2021					
	Mo	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Start of Project- Request for Procurement Released		■	■																												
Vendor Selection Made				■	■																										
Project Implementation						■	■	■	■																						
Acceptance Testing										■																					
End of Project Wrap Up											■																				

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