



Efficiency Commission Update

Progress Update

ALVAREZ & MARSAL

July 15, 2019





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- I. Summary of Efficiencies Implemented To Date
- II. State Strategic Purchasing
- III. Options for Implementing Efficiency Recommendations
- IV. Commission Recommended Efficiency Project Portfolio

Government Efficiency Savings To Date

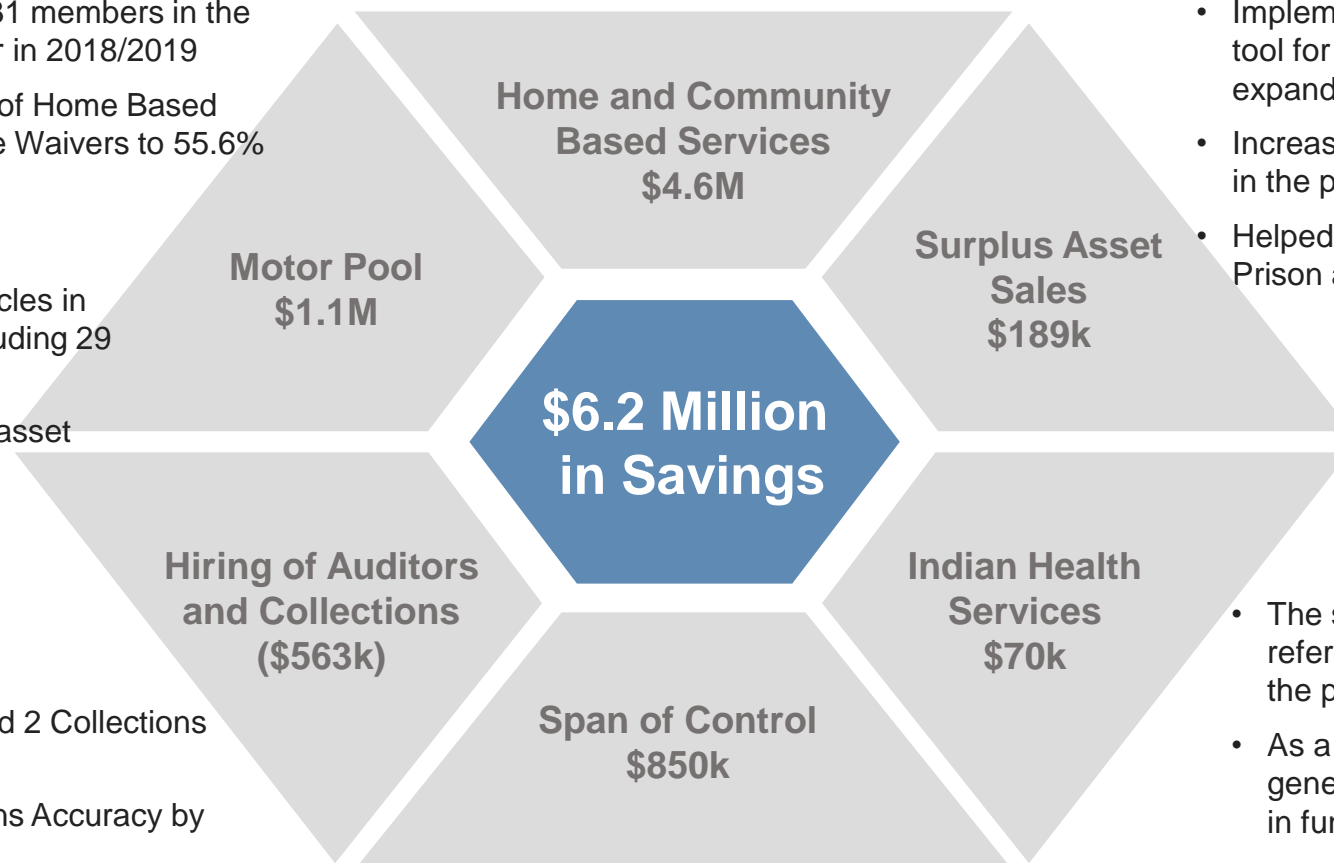
The State is in the process of implementing several initiatives relating to the Government Efficiency Commission

12 efficiency, cost savings and new revenue opportunities exceeding
\$6.2 MILLION (General Fund savings to date)

- **Ten projects are currently underway:**
 - Telehealth
 - Indian Health Services
 - Home and Community Based Services
 - Auditors (Hired)
 - Collections (Hired)
 - Corrections: Substance Abuse
 - Surplus Asset Sales
 - Motor Pool Reductions
 - Span of Control – Org LOS
 - Electronic Pension Payments
- **Two projects are in active planning:**
 - Electronic Visit Verification
 - Medicaid for School Based Services

Key Successes by Recommendation

State Savings and Key Successes by Recommendation Savings from 2018 and 2019



**\$6.2 Million
in Savings**

**Home and Community
Based Services
\$4.6M**

**Motor Pool
\$1.1M**

**Surplus Asset
Sales
\$189k**

**Hiring of Auditors
and Collections
(\$563k)**

**Indian Health
Services
\$70k**

**Span of Control
\$850k**

- Improved Supervisor to Staff Ratio from 4.78 to 4.84 in the past year
- Net result was a reduction of 13 supervisors

- Drove reduction of 231 members in the Nursing Home waiver in 2018/2019
- Increased the usage of Home Based versus Nursing Home Waivers to 55.6%

- Reduction of 72 vehicles in the past 3 years including 29 in the past 2 years
- Generated \$637k in asset sales since 2017

- Hired 3 Auditors and 2 Collections staff
- Improved Collections Accuracy by \$2million
- Generated \$53k in new audit findings

- Implemented a new online sales tool for Nationwide Reach and expanded use across the state
- Increased sales by over 25 times in the past two years
- Helped to cleanup Rawlins Prison and prepare it for sale

- The state has increased referrals off the reservation in the past 18 months
- As a result, the state generated an additional \$70k in funding



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Strategic Sourcing Opportunity for the State

The State has an opportunity to realize \$8.4M in 2021 – 2022 Biennium savings to the state budget while maintaining or improving the same level of quality in its purchased goods and services.

Strategic Sourcing Statewide Opportunity

	Description
What is the opportunity?	<ul style="list-style-type: none">▪ The State has the opportunity to leverage its collective buying power to reduce costs of select spend categories through the sourcing of commonly purchased goods and services.
How long will it take?	<ul style="list-style-type: none">▪ Sourcing events for the first waves of spend categories is estimated to take 16 weeks. The savings from newly sourced categories are realized over the life of the awarded contracts and may continue in perpetuity as the Office of Procurement improves its supplier management and sourcing strategy.
How do we go get it?	<ul style="list-style-type: none">▪ We recommend an A&M team to run sourcing events for the spend categories with the highest dollar savings and least complexity. Through this process, the A&M team would assist the Office of Procurement in transitioning into a more strategic approach to sourcing.

What is the Impact?

Waves I and II would occur across both materials and service categories to generate the savings estimates for the 2021 – 2022 Biennium of \$8.4M in State General Fund Savings and \$5.4M in Federal Fund Reductions

Key Findings

- Overall savings impact is estimated at \$4.2M Annually and \$8.4M Biennially
- Savings across these **materials** categories
 - MRO Consumables
 - Food and Beverage
 - Equipment Machinery / Parts
 - Facilities Maintenance
 - Office Supplies
 - MRO Consumables
 - Fuels & Gases
- Savings across these **service** categories
 - Engineering
 - Legal
 - Human Resources
 - Travel
 - Facilities & Maintenance
 - Small Parcel

Biennium Strategic Sourcing Opportunity (Waves I and II)

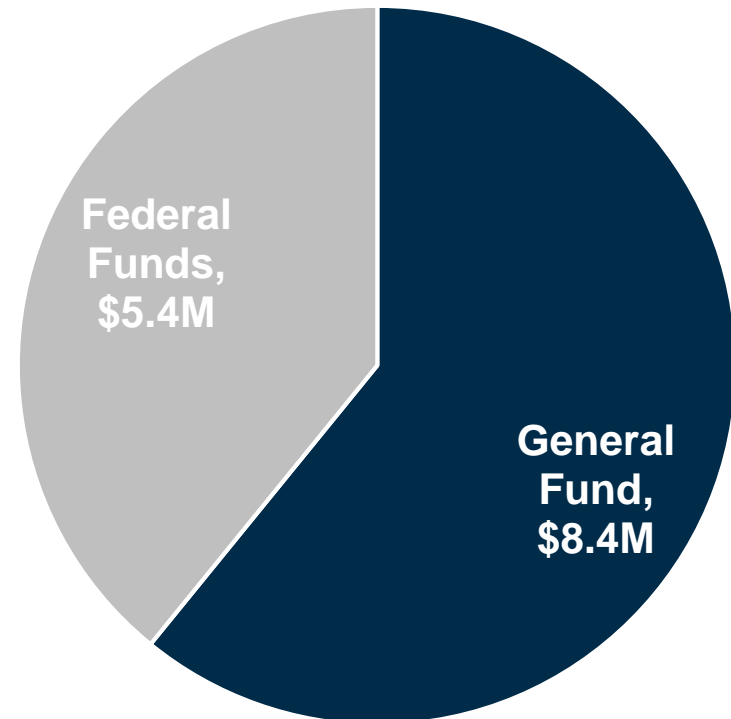




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Table of Savings by Agency Led Initiatives

Agency Led Initiatives are estimated to generate \$37M in total savings with \$15.8M in Budget Impact

Agency Led

Recommendation	FY2020 - 2021 State Savings	FY2020 - 2021 Local Savings	FY2020 - 2021 Avoidance	FY2020 - 2021 Total Savings
PMO	\$ -	\$ -	\$ -	\$ -
Program Management Office FY2019	\$ -	\$ -	\$ -	\$ -
Technology Integration	\$ 2,779.16	\$ -	\$ -	\$ 2,779.16
ISV	\$ 1,713.27	\$ -	\$ -	\$ 1,713.27
EVV	\$ 1,065.88	\$ -	\$ -	\$ 1,065.88
Medicaid Funding for School Based Services	\$ -	\$ 16,474.10	\$ -	\$ 16,474.10
Shared Services for State Agencies	\$ (261.36)	\$ -	\$ 400.52	\$ 139.16
Motor Pool: Expansion	\$ 60.08	\$ -	\$ 400.52	\$ 460.60
Surplus Assets	\$ (321.44)	\$ -	\$ -	\$ (321.44)
Organizational Line of Service Review	\$ 13,308.29	\$ -	\$ 3,981.81	\$ 17,290.10
Auditors (Hired)	\$ 3,445.12	\$ -	\$ -	\$ 3,445.12
Collections (Hired)	\$ 4,306.40	\$ -	\$ -	\$ 4,306.40
Corrections: Substance Abuse	\$ -	\$ -	\$ 521.13	\$ 521.13
Home and Community Based Services	\$ 1,960.23	\$ -	\$ 2,301.14	\$ 4,261.37
Indian Health Services	\$ 3,210.02	\$ -	\$ -	\$ 3,210.02
Span of Control - Org LOS	\$ 329.30	\$ -	\$ 987.89	\$ 1,317.19
Telehealth	\$ 57.22	\$ -	\$ 171.65	\$ 228.87
Other Areas	\$ -	\$ -	\$ 551.51	\$ 551.51
Phase 1 -- Electronic Pension Payments	\$ -	\$ -	\$ 551.51	\$ 551.51
\$ -	\$ 15,826.09	\$ 16,474.10	\$ 4,933.84	\$ 37,234.03

Table of Savings of In Portfolio Initiatives

In Portfolio Investments can add \$45M in total savings with \$37.8M in Budget Impact

In-Portfolio

Recommendation	FY2020 - 2021 State Savings	FY2020 - 2021 Local Savings	FY2020 - 2021 Avoidance	FY2020 - 2021 Total Savings
K-12 Shared Service Centers	\$ -	\$ 1,407.69	\$ -	\$ 1,407.69
Federal Funds (Education)	\$ -	\$ 1,407.69	\$ -	\$ 1,407.69
Organizational Line of Service Review	\$ -	\$ -	\$ -	\$ -
Governor's Grants Office	\$ 6,373.75	\$ -	\$ -	\$ 6,373.75
Employee Benefits	\$ 5,001.26	\$ -	\$ 5,001.26	\$ 10,002.51
Ideas Festival	\$ 256.01	\$ -	\$ 256.01	\$ 512.02
Reimbursement Accuracy	\$ 7,535.35	\$ -	\$ -	\$ 7,535.35
Shared Services for State Agencies	\$ 9,860.92	\$ -	\$ 812.00	\$ 10,672.91
Phase II Recommendations (minus SPOC)	\$ 7,424.93	\$ -	\$ -	\$ 7,424.93
Span of Control	\$ 2,435.99	\$ -	\$ 812.00	\$ 3,247.98
Strategic Sourcing	\$ 8,753.28	\$ -	\$ -	\$ 8,753.28
Total	\$ 37,780.56	\$ 1,407.69	\$ 6,069.26	\$ 45,257.52



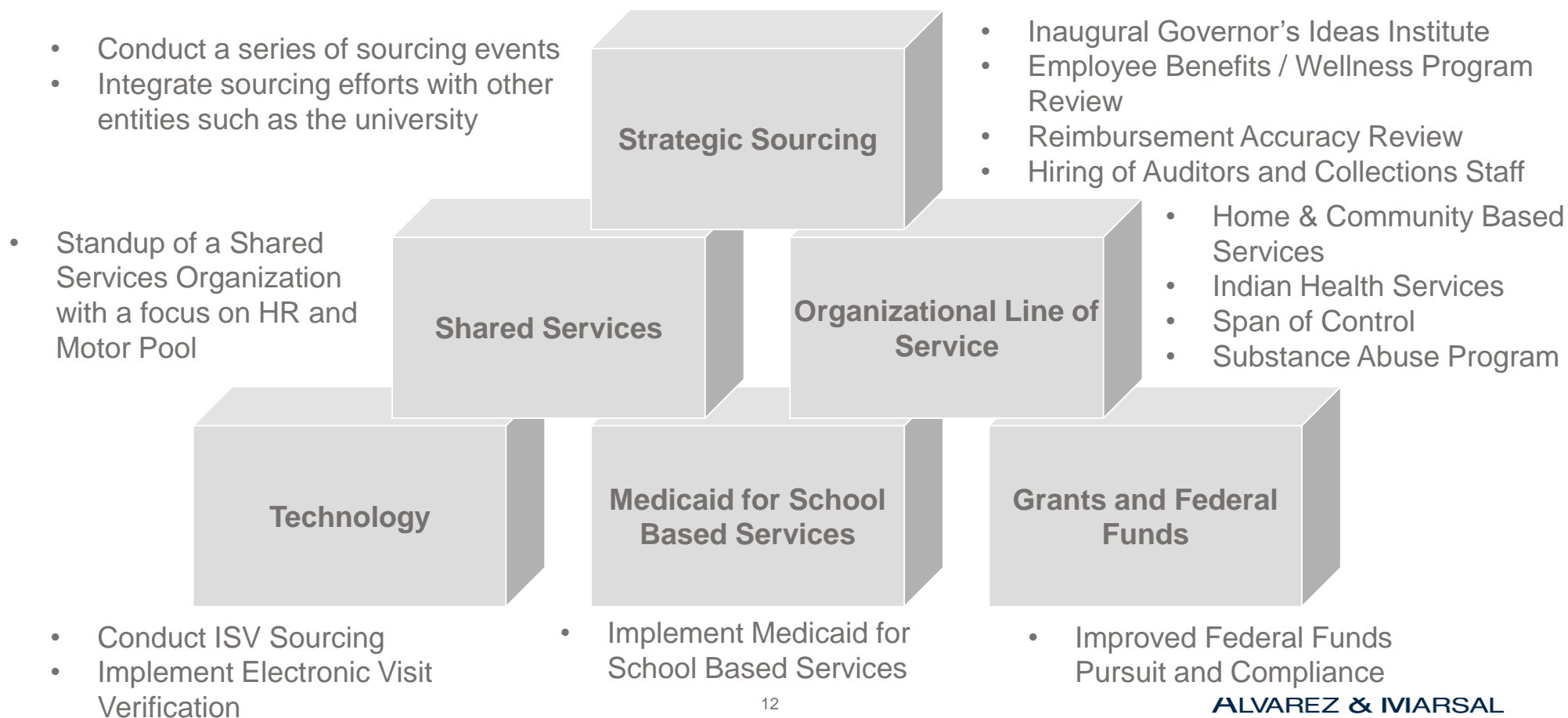
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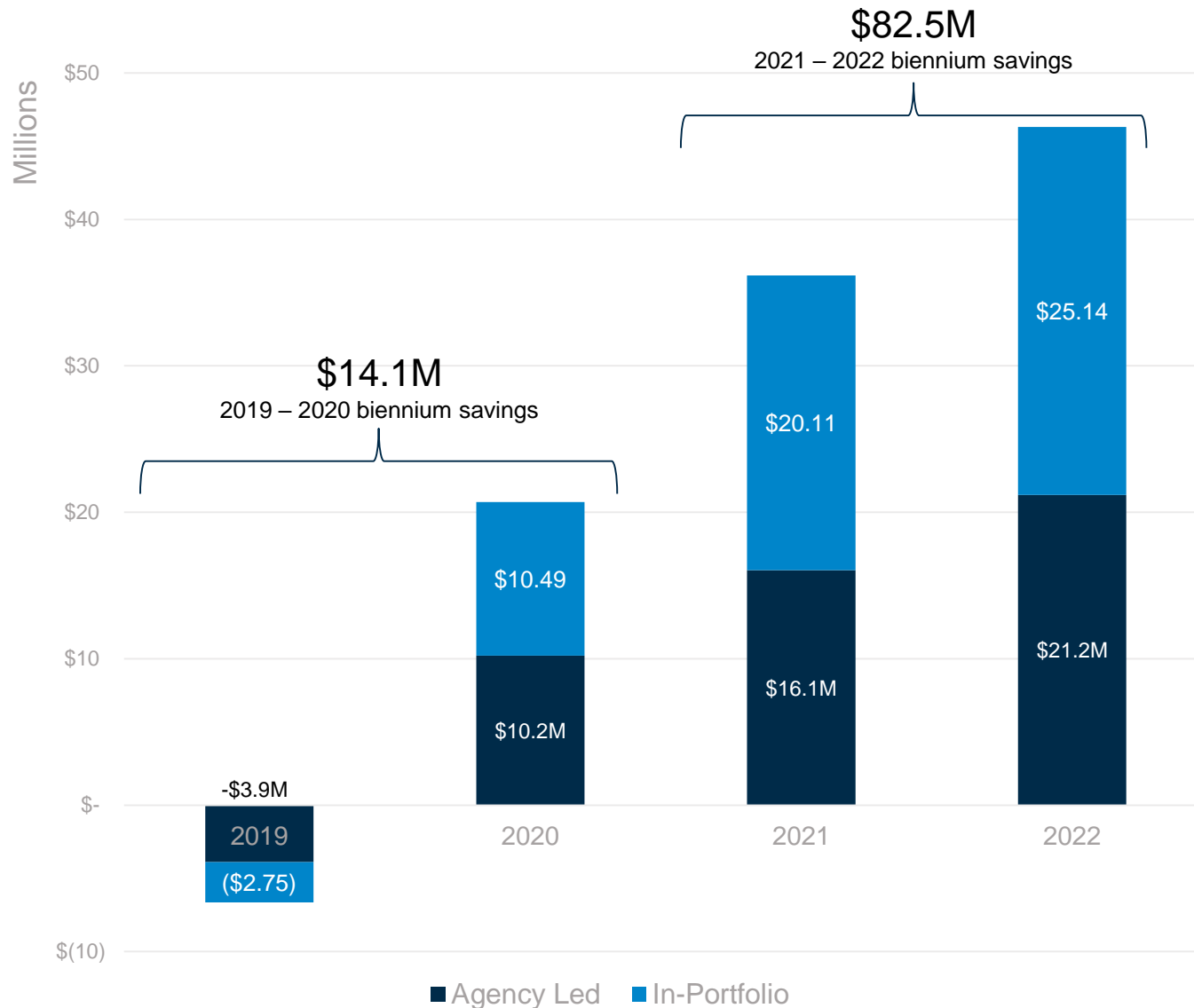
Commission Recommended Efficiency Portfolio

Commission Recommended Efficiency Portfolio

Highlighted Opportunities



Forecasted Annual Savings 2019 - 2022

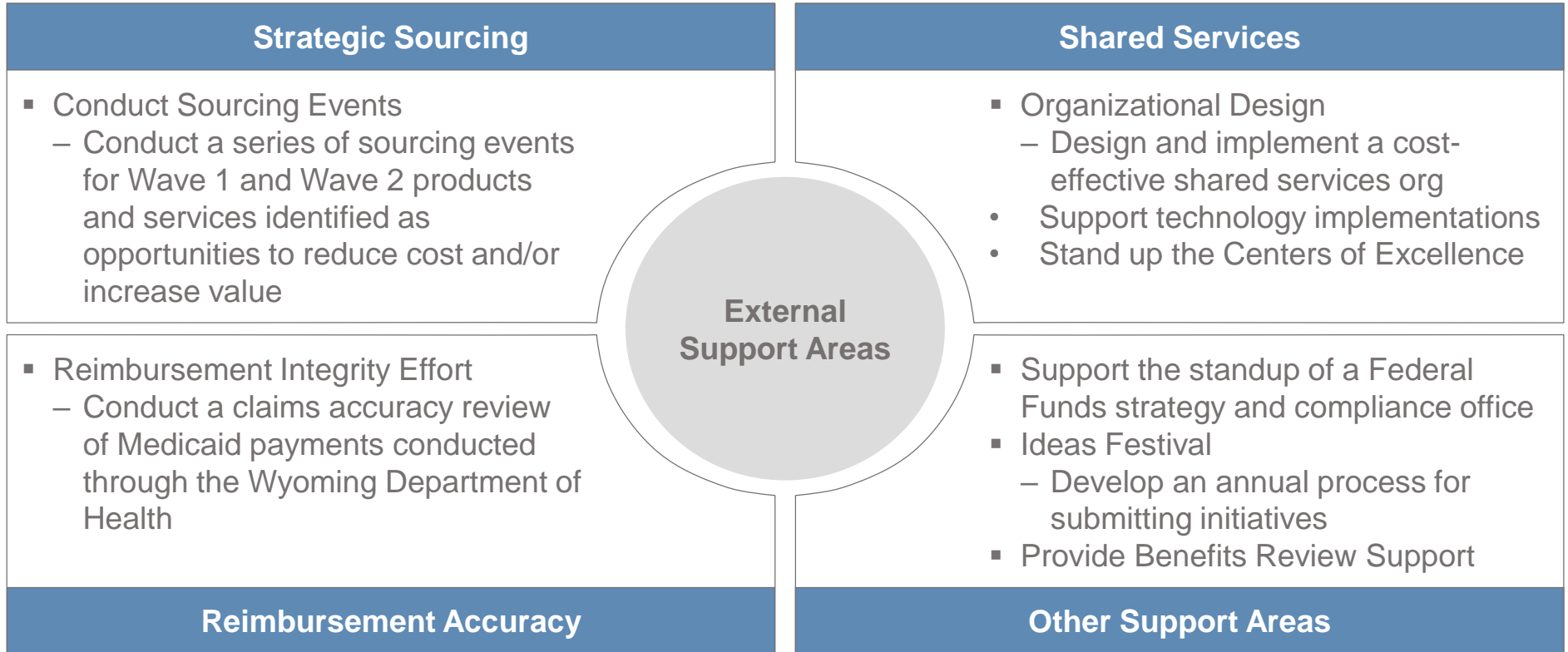


- Through the Government Efficiency program A&M estimates that in the next 18 months **\$82.5M in savings could be achieved by next biennium** by implementing the already in progress agency led initiatives and the outside supported recommendations
- With the Government Efficiency policy to generate a share in savings with the Agencies, we estimate that there is the **potential for \$27 - 35M in permanent budget impact in 18 months****

**Budget impact is based on total savings of \$71.5M and assumes 50% of savings are retained.

Recommended Areas for External Support

Activities and External Support Functions



• ***Benefits of External Support***

- ***Speeds completion of the project and accelerates realization of savings***
- ***Allows State Employees to continue day to day operations***
- ***Provides for a sunset mechanism without the need to hire ongoing support***
- ***Provides needed resources to expanded the capabilities of the state***

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