

Question: Why is a consultant for Alvarez and Marsal reporting this to us?

Where is the value-add from A & M?



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- I. Summary of Efficiencies Implemented To Date
- II. State Strategic Purchasing
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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
- Many of these initiatives were already in process.

Key Successes by Recommendation

A&M is trying to take credit here.

Selling surplus assets was A&M's ONLY initial recommendation for immediate savings. WHO did not already know this would generate income?

State Savings and Key Successes by Recommendation

Savings from 2018 and 2019

This \$4.6 million is a real stretch.

Home and Community
Based Services
\$4.6M

Surplus Asset
Sales
\$189k

Indian Health
Services
\$70k

**\$6.2 Million
in Savings**

Span of Control
\$850k

Hiring of Auditors
and Collections
(\$563k)

Motor Pool
\$1.1M

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

- 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

Did A&M consultants show up with a mop and bucket and actually clean? Or just tell us to clean it?

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

I heard Dean Fausset say it took him and his "top people" 600 man hours to get through your initial \$280,000 Span of Control recommendations. What did that cost the state, in addition to your excessive fees?

ALVAREZ & MARSAL

I don't believe you. At least I do not believe A&M had anything to do with this, nor do I believe that these numbers are accurate.

But they sure sound good. Lorem ipsum

- 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%

This initiative was already in process!

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

What????

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

A & M is way under estimating the savings potential, but this could be because this is not their area of expertise.



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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?

- 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?

- 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?

- 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.

Of course you do.

How is the price tag for all of this NOT in your presentation?

What is the Impact?

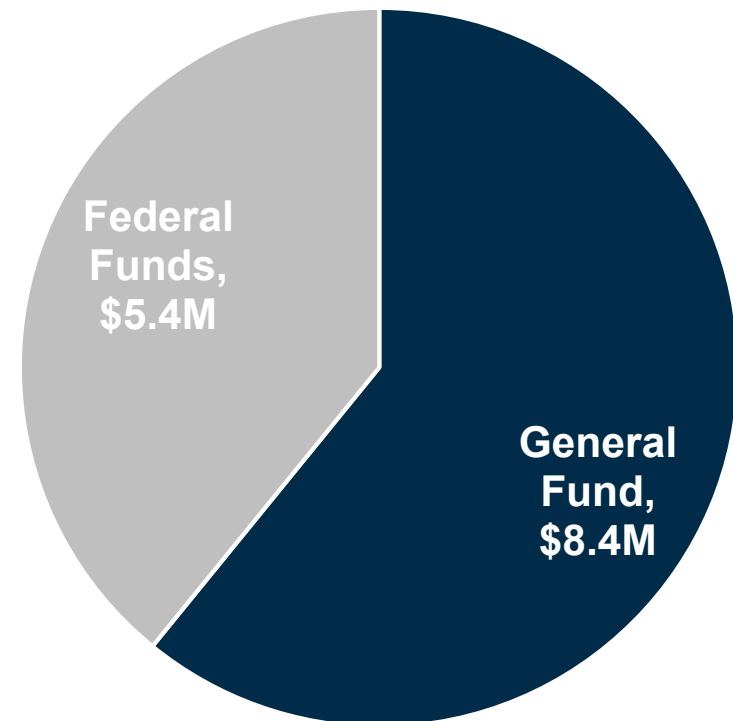
Never, never, ever a single guarantee!

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)



Lorem ipsum

Note that “consultant fees” are missing from this list of ways to save money.



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Questions for A & M:

1. Have your estimates and targets EVER been met in any other state? Remember that “\$120 million” Kansas “example” from the last meeting!
2. How much did you save other states?

Table of Savings by Agency Led Initiatives

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

Never, never, ever a single guarantee!

Agency Led

	FY2020 - 2021	FY2020 - 2021	FY2020 - 2021	FY2020 - 2021
Recommendation	State Savings	Local Savings	Avoidance	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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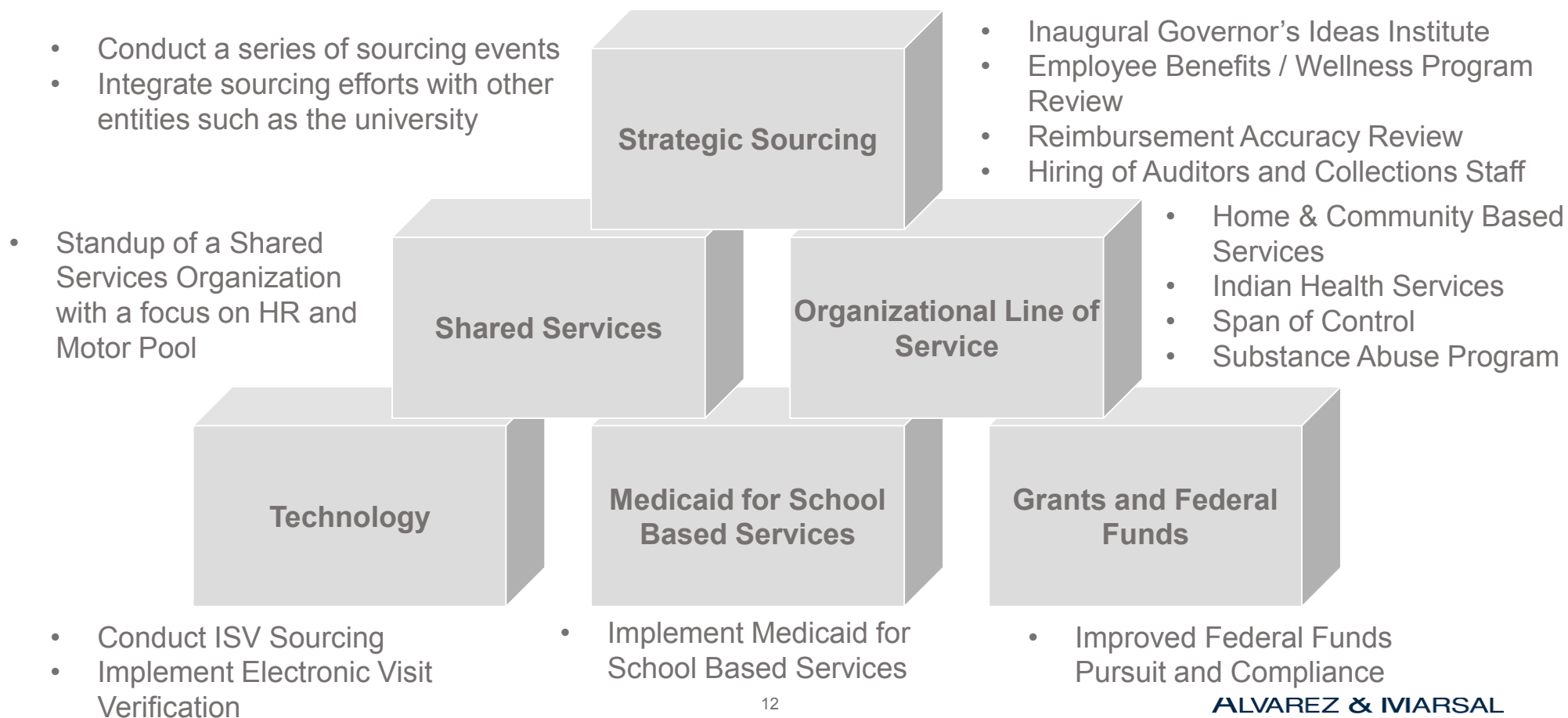


Commission Recommended Efficiency Portfolio

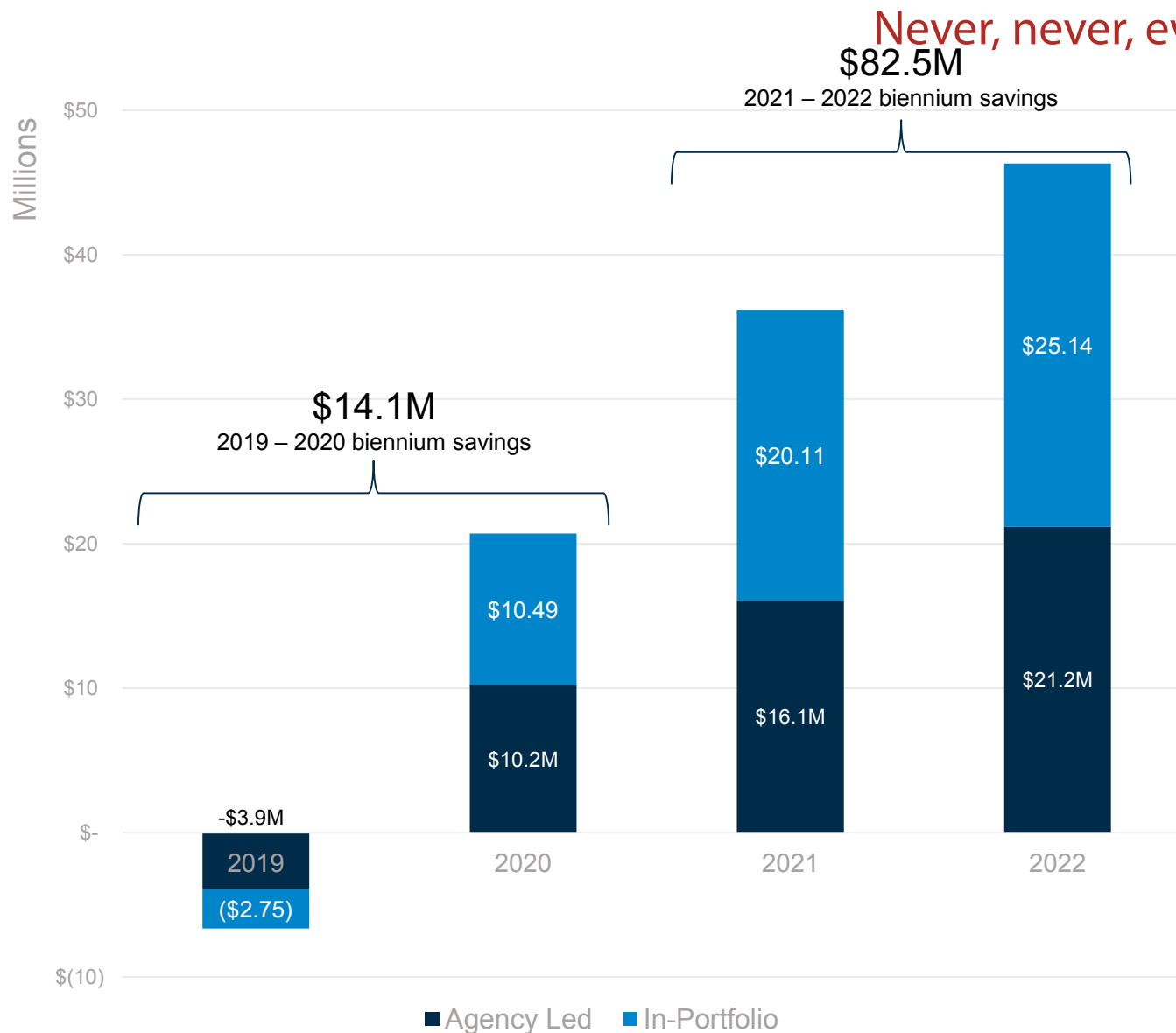
This page is chock full of words like “review”. I would like to see words like “guaranteed”, because we need actual results!

Commission Recommended Efficiency Portfolio

Highlighted Opportunities



Forecasted Annual Savings 2019 - 2022



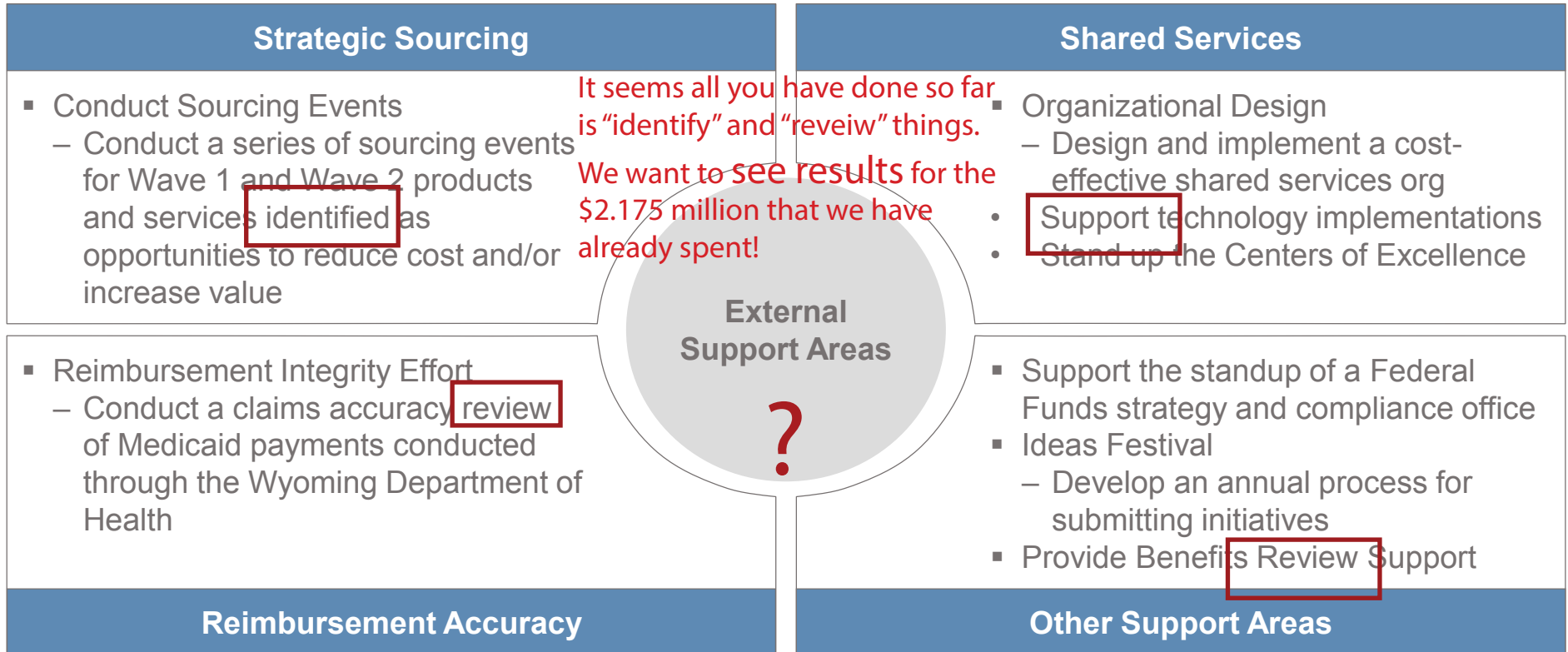
- Through the Government Efficiency program A&M estimates that in the next 18 months **\$82.5M in savings could be achieved by next biennium** by implementing the already in progress agency led initiatives and the outside supported recommendations
- With the Government Efficiency policy to generate a 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***

In response to your “Benefits for External Support”:

1. I did not realize that there were any options on the table that included state employees NOT continuing their day to day operations.

2. *Provides for a sunset mechanism without the need to hire ongoing support*

What????? So you are saying that if we hire you , there can be an end date, but otherwise someone else might continue on forever? Are we unable to control this?

3. A & M is saying they provide “needed resources” to expand the state’s capabilities, but the only example they gave in the last meeting from Kansas was never implemented.

ALVAREZ & MARSAL

I have been asking this question for three years:

How much did A & M save any other state? Generating a report that says “sell surplus assets” does not give you all the credit now when we sell something. It seems your reports constantly include many suggestions that are already in process or suggestions that are unrealistic.

I AM NOT IN FAVOR OF PAYING ANYONE FOR REPORTS! WE NEED TO PAY FOR RESULTS!