

# FORWARD

SAVE MONEY. IMPROVE SERVICES.

# \$300 MILLION

IN COST-SAVINGS AND COST-AVOIDANCE

*over the next six years*

## PLANS FOR COST-SAVINGS AND EFFICIENCY

*Over 300 initiatives across 15 departments*

### INFORMATION TECHNOLOGY

Integrate IT systems across all state agencies to save taxpayer money and improve citizen experience

### STATE PURCHASES

Centralize state procurement processes to save money for Arkansas taxpayers  
Renegotiate statewide contracts for better pricing

### STATE VEHICLES

Sell old vehicles to lower maintenance costs and reduce fleet size,  
Centralize vehicles to create efficiency

### STATE EMPLOYEES

Implement Pay Plan proposal to help recruit and retain great employees  
Centralize training and professional development to save money and grow employee skills

### STATE GOVERNMENT BUILDINGS

Reduce state government's physical footprint to save taxpayer money  
Create database of existing real estate to identify areas of cost savings



## **ARKANSAS FORWARD: IT STRATEGIC PLAN**

### **THE ARKANSAS FORWARD IMPERATIVE**

Governor Sanders launched Arkansas Forward with the aspiration for the State of Arkansas to set the standard for government efficiency and effectiveness through enterprise-wide operational change.

Achieving such an aspiration will include delivery of better state government services, at less cost, for all Arkansans. To do so, state employees, teams, and departments will need to work together in new ways and with new skills. Delivering Arkansas Forward's potential, therefore, will require improving the state government's competitiveness and enterprise IT capabilities to fulfill departmental needs quickly and efficiently.

For these reasons, Governor Sanders has called for a redesign of Arkansas state government's approach to IT focused on modernizing delivery of state services in pursuit of operating efficiency and speed, cybersecurity, improved user experience, and greater value for taxpayer dollars. A new strategy centered on partnership with department leaders to identify and fulfill department needs across the enterprise aims to unlock immediate efficiency gains while also laying the foundation for modern IT infrastructure and capabilities across the enterprise.

This memo:

- Provides a diagnostic overview of Arkansas' current state of IT operations and opportunities
- Introduces the main elements of a "future state" for DIS driven by value, security, experience, department alignment, and a portfolio approach to managing enterprise IT activities
- Highlights interventions and initiatives to capture savings as well as pathways to the future state through a phased rollout plan and change management practices to ensure a successful transformation

### **EXECUTIVE SUMMARY**

Arkansas has an opportunity to improve IT administration across the state to improve customer experience for residents of the state, reduce cybersecurity risk, generate up to ~\$130M in annual cost savings and deliver on CIOs' expressed need to modernize the state's IT capabilities to better support executive departments. Capturing this opportunity depends on the state's ability to coordinate efforts across the enterprise, build new capabilities, and make one-time financial investments (e.g., for infrastructure modernization, project governance).

CIOs shared that the biggest challenges for the state are found in IT program management and governance, managing technical debt of legacy systems, vendor procurement, and resiliency and cybersecurity. Arkansas Forward created a consolidated view of IT spending across the state, revealing a total annual IT spend of ~\$680-700M. This annual expenditure positions Arkansas in the second quartile relative to peer state spend. Arkansas' IT spending today is particularly skewed toward applications over infrastructure (Arkansas spends ~\$150-170M more than peers on applications) with 80% of total spend on vendors. In contrast, Arkansas spends only \$6M on cybersecurity compared to ~\$60M among peers.

Depending on the state's level of coordination, capability-building, and financial investment, the state could expect to capture between ~\$65-\$130M annual IT savings by taking actions including:



October 9, 2024

- **Reducing volume of work** by retiring/consolidating apps (~\$40-45M) and de-prioritizing projects (~\$5-10M) that may be less critical and/or duplicative
- **Increasing IT resource efficiency** through large IT program governance and management improvement (up to \$45M), app modernization to reduce legacy tech risks (see p15), and increased enterprise offerings (up to \$5M)
- **Negotiating better prices** from IT vendors through consolidated statewide procurement (~\$20M-25M)
- **Building new capabilities** such as enhanced statewide cybersecurity and data and analytics capabilities (captured through cost avoidance and business value delivery, such as reducing fraud through analytics)

After establishing foundational enterprise capabilities, including greater governance and coordination across departments, DIS will continue to pursue opportunities to advance the state's IT infrastructure and analytics capabilities (e.g., generative AI applications, cloud migration) and partner with department leaders to enable efficient, effective state operations through modern data and technology resources.

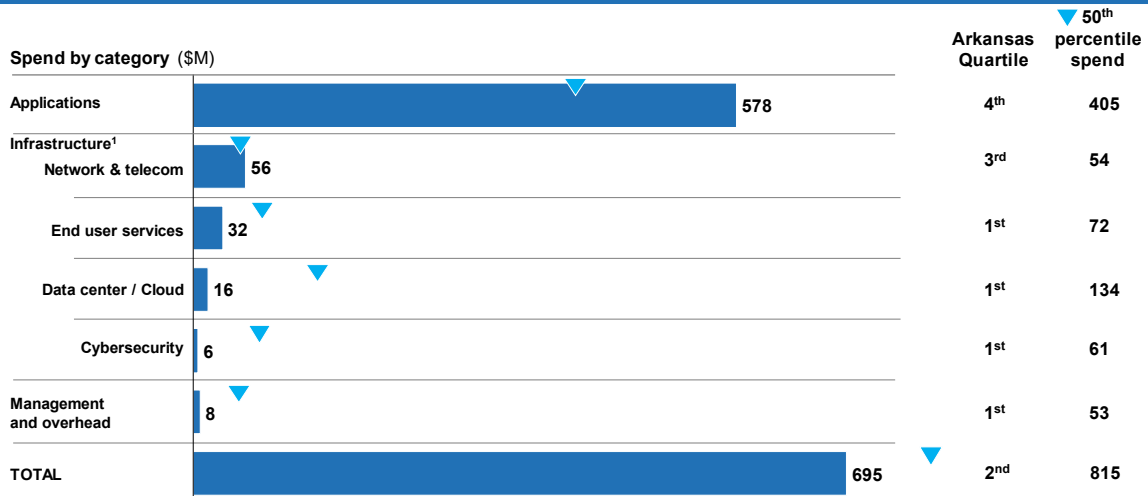
## **SUMMARY OF CURRENT STATEWIDE IT INFRASTRUCTURE, SYSTEMS, AND ORGANIZATIONAL STRUCTURE**

### ***A. Fact base and feedback from IT and department leaders on the current state of IT capabilities***

Arkansas' existing IT infrastructure, capabilities, and operating model introduces inefficiencies in spend and deficiencies in cybersecurity and end user experience. Arkansas Forward represents an opportunity to capture significant IT efficiencies while also taking bold steps to coordinate IT applications across the state and modernize IT infrastructure for improved interdepartmental and end user experience.

In 2023, Arkansas' IT spend report calculated that the state manages ~\$680-700M of IT spend, with a greater relative concentration of spending on applications and relatively less on infrastructure, end user services, and related capabilities. Compared to benchmarks of 19 other public and relevant private sector organizations, Arkansas spends 40% more on applications and 65% less on infrastructure, including end user services, data center and cloud capabilities, and cybersecurity. Arkansas Forward represents an opportunity to increase the effectiveness of existing IT resources, including for improved user experience and cybersecurity, while introducing greater visibility and management of the state's portfolio of IT applications to optimize spend.

## Arkansas FY23 IT spend benchmarking



1. Data is self-reported and categorized by CIOs for their respective divisions

2. Data is self-reported and categorized by CIOs for their respective divisions; some CIOs mentioned a portion of infrastructure (Data center / Cloud) may be included in the application category

SOURCE: Spend data – Arkansas Cabinet CIOs reported FY23 IT Spend; Benchmarks – Internal Peer Benchmarking Set, N=19. Industry mix: Public Sector, Financial Services, Transport, HSS / Insurance, IT spend \$120M to 3.5Bn; Total Expenses – <https://www.dfa.arkansas.gov/images/uploads/budgetOffice/fy2023ActualExpenditures.pdf>

### Exhibit 1

Department CIOs highlighted five main opportunities to improve efficiency and effectiveness of Arkansas’ IT service delivery: optimizing spend, reducing tech debt, improving risk posture, enhancing enterprise-wide services, and developing and retaining top talent. In particular, CIOs indicated an opportunity to introduce clearer enterprise-wide standards and services to support infrastructure hosting/management, disaster relief capabilities, cybersecurity standards, portfolio governance, and procurement & vendor management. The state’s current compartmentalized model of IT service management limits visibility into the broader portfolio of existing capabilities, assets, and needs across departments, which constrains DIS’s ability to share best practices across departments and enforce common standards, e.g., in security and procurement processes.

## CIO-identified opportunities and challenges for Arkansas IT

Opportunity	Quotes from CIO interviews	Where CIOs generally expressed interest in more enterprise-wide standards and services
Improve results of major IT programs to optimize spend	"We had to develop an entirely new system to keep track of and rank our different project priorities"	<ul style="list-style-type: none"> <li>Infrastructure hosting &amp; management</li> <li>Disaster recovery capabilities</li> <li>Cybersecurity standards</li> <li>Portfolio governance (across departments)</li> <li>Procurement &amp; vendor management</li> </ul> <p><b>Where CIOs were less excited about enterprise-wide services:</b></p> <ul style="list-style-type: none"> <li>End-user services</li> <li>Project management of their own departments' timelines and schedules</li> <li>Application development</li> <li>Technology talent hiring</li> </ul>
Reduce tech debt and maintenance spend	"Many legacy systems are reaching end of life, and there is a big push to modernize what we can"	
Improve risk posture by enhancing resiliency and cybersecurity	"It is not a question of 'if' there will be an attack, but 'when' and we need to be ready"	
Enhance enterprise-wide services for departments	"Our team spent much time going back and forth with procurement due to various nuances we wished were documented at the time"	
Develop and retain top talent	"Our biggest problem is people; we cannot afford to pay for the skills we truly need, especially for core technical skills"	

Source: Workshops and interviews with Cabinet CIOs



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*Exhibit 2*

### ***B. Opportunities in Arkansas IT***

Enabled by greater coordination, capability-building, and financial investment across the enterprise, Arkansas Forward outlines a path for the state to capture ~\$65-130M in annual IT savings across four opportunity categories: reducing the volume of work, increasing the efficiency of IT resources, securing better pricing, and building new capabilities. In pursuit of capturing efficiency opportunities and establishing a foundation for ongoing enterprise IT modernization, DIS has developed a suite of prioritized initiatives across 8 actions:

- Retire and consolidate applications
- De-prioritize non-critical projects
- Standardize & improve large IT programs governance & management
- Modernize legacy application portfolio
- Increase enterprise-wide standards and services
- Get better rates for IT services contracts
- Standardize and improve cybersecurity statewide
- Build data & analytics capabilities

DIS will also pursue additional initiatives (e.g., consolidating and standardizing the infrastructure used across departments) to support the change management and operating model activities required to deliver and sustain the future state vision for enterprise IT governance and adopt best-in-class enterprise IT practices.

Potential opportunities for IT effectiveness & efficiency				
Effectiveness & Experience <sup>1</sup> :		decreases	neutral	increases
Efficiency:		\$0 – 0.5M	\$0.5 – 5M	\$5M+
Actions	Effectiveness/ Experience <sup>1</sup>	Efficiencies (\$M), annual		Major one-time cost <sup>2</sup> (\$M)
Reduce volume of work	Retire and consolidate applications		\$40 - \$45	
	De-prioritize noncritical projects		\$5 - \$10	
Increase efficiency of IT resources	Standardize and improve large IT program governance and management		\$0 - \$45	\$3.5-4M <sup>4</sup>
	Modernize legacy application portfolio to reduce tech debt		Multi-year program	
	Increase enterprise-wide standards and services		\$0 - \$5	Pending confirmation of common standards <sup>5</sup>
Get better pricing	Get better rates for IT services contracts		\$20 - \$25	
Build new capabilities	Standardize and improve cybersecurity state-wide		Enabling lever	Pending selection of cybersecurity and data analytics assets <sup>5</sup>
	Build data and analytics capabilities		Enabling lever	
<b>Total:</b>			<b>~\$65M – 130M</b>	

<sup>1</sup> Employee and program effectiveness; citizen and employee experience  
<sup>2</sup> One-time cost is aggregated upfront cost, but would be broken down into individual cost and timing for each app modernization / capability investment  
<sup>3</sup> Depends on individual applications and should be sized in more depth. Current range assumes ~\$10 –20M each for large / complex apps, ~\$70-80k for smaller apps, and good project governance to prevent overruns  
<sup>4</sup> Assumes 5% of CIO time at \$500k, and 19 FTEs at \$200k each (1 general portfolio manager, 18 project managers for the largest 18 projects) to give a range of ~\$3.5 -4M  
<sup>5</sup> Depends on specific areas and degree of investment the state chooses for these levers  
 Source: Arkansas Cabinet CIOs reported FY23 IT Spend, Cabinet FY24 –25 IT Reports, Portfolio & Application Rationalization Exercises conducted with DIS, DHS, and ACOM

Exhibit 3

**Reduce volume of work**

Arkansas IT departments are oversaturated with applications written in legacy languages and have decades of data hosted on-premises. Almost half of departments have 20% more apps per user compared to peer benchmarks and nearly half of Arkansas’ apps are hosted on end-of-life or on extended support servers. By avoiding duplications in IT spend and significantly reducing maintenance spend, Arkansas can free up budget for value-add development. Reducing the volume of work by retiring and consolidating apps has the potential to save between ~\$40-45M annually, with de-prioritizing projects potentially saving an additional \$5-10M annually.

## Breakdown of application use by department

7 of 15 departments have 20%+ more apps-per-user compared to peer benchmarks, indicating an opportunity to rationalize an additional ~135 applications

Applications by department	# of applications at benchmark <sup>2</sup>	Difference to benchmark
ADH	86	+32
DPS	60	+41
ADE	38	+54
ACOM	50	+24
ADPHT	35	+17
E&E	17	+23
ADLL	10	+10
Duplicates identified		-66
<b>Total apps to retire / consolidate</b>		<b>135</b>

To validate this estimate, ACOM took an in-depth look at their applications and found 22 to be consolidated / retired

1. TSS was not considered for rationalization to benchmark due to their role in maintaining apps for other departments  
 2. Benchmark compares # of applications per number of FTEs in the department  
 SOURCE: App Data: Ensono, FTE data: OPM HR Database, Benchmarks: Internal Peer Benchmarking Set, N=19. Industry mix: Public Sector, Financial Services, Transport, HSS / Insurance, IT spend \$120M to 3.5Bn; Spend data: Cabinet FY24 -25 IT Reports, Arkansas Cabinet CIOs reported FY23 IT Spend

*Exhibit 4*

In addition, Arkansas’ project spend across executive departments is highly fragmented: ~85% of total projects make up just ~9% (\$45M) of total project spend, while just 18 projects make up 91% (~\$430M) of total project spend. DHS and Commerce’s project analysis categorized ~50-70% of the current project pipeline as “high priority” due to regulatory, criticality, or timeline reasons, leaving ~30 to 50% of projects available to de-prioritize or rationalize. This is roughly double the share of low-priority projects in similar states where roughly ~15-20% of projects are able to be deprioritized.

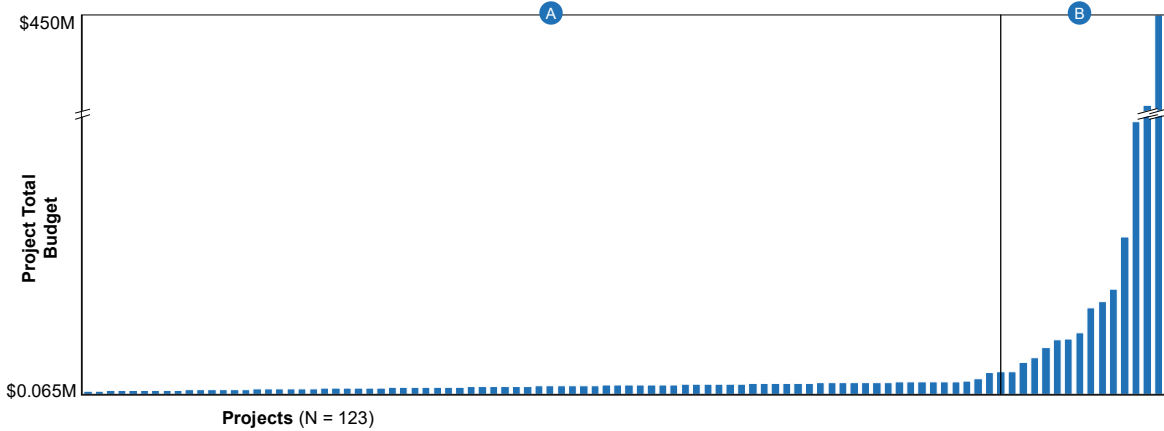


## Project spend breakdown across AR cabinet agencies

### Project breakdown by spend across all cabinet agencies

**A** Small Projects    **B** Large Projects

*Non-linear y-axis scale to illustrate variation*



1. Annualized spend based on total contract budget divided by number of years in contract  
SOURCE: Cabinet FY24-25 IT Reports

#### Exhibit 5

### Increase efficiency of IT resources

Across Arkansas IT, there are many projects demanding resources, with limited prioritization to allocate resources and limited project management to address roadblocks and manage budget/schedule overruns. The limited statewide visibility into large project and contract spend across departments introduces inefficiencies in project budgeting and management of the pipeline of planned and active IT projects (e.g., \$300M for FY23 is tied to amendments). By standardizing IT program governance and management and making one-time investments in modernizations, Arkansas can optimize value and reduce total cost of ownership via portfolio governance (i.e., application and infrastructure), improved efficiency of business processes, and decreased M&O costs year-over-year. This improvement in large IT program governance and management has the potential to save up to \$45M annually while reducing legacy tech risks, yielding a positive return after 5-10 years with vigilant portfolio and project management. In addition, increasing enterprise-wide standards and services has the potential to save up to \$5M per year.

Arkansas' large IT projects are distributed across departments, with limited formal project governance processes linking DIS, department CIOs, and operating leaders to track results and overcome implementation barriers. With greater visibility into project contract spend, DIS will consistently and centrally track performance metrics, such as status, schedules, risks, and budget overages. Standardized and improved governance has the potential to unlock 10-20% savings across the state (i.e., up to \$45M in savings per year) based on similar efforts in other organizations. Additional capabilities and capacity, including dedicated CIO attention and project managers aligned to the largest projects, will likely be required to manage IT projects. Based on the current pipeline of projects with annualized budgets >\$1M, DIS and department IT divisions would require \$3.5M-4M in funding to staff dedicated project managers overseen by a general portfolio manager.

## Large project governance overview

U = Unknown / Difficult to source centrally

● On schedule ● Behind schedule

Top 18 projects	Dept.	Annualized budget (\$M)	Reported status	FY23 Contract amendments	Schedule overage	Risks tracked
1 IT PMO <sup>1</sup>	DHS	188M	Multiple	U	U	Yes
2 Classwallet	ADE	56M	U	U	U	U
3 Integrated Elig. (ARIES)	DHS	49M	●	U	U	Yes
4 UI System Modern.	ACOM	20M	●	U	U	U
5 Indep. Assessments	DHS	18M	●	U	U	Yes
6 Cisco K/12 Refresh	TSS	18M	U	U	U	U
7 AASIS / S4 Upgrade	DFA	17M	U	U	U	U
8 CCWIS	DHS	14M	●	U	U	Yes
9 AWIN Upgrade	DPS	12M	U	U	U	U
10 Data Center Modern.	TSS	10M	U	U	U	U
11 Deloitte Non-M&O	DHS	8M	●	U	U	Yes
12 PCMH Portal	DHS	5M	U	U	U	U
13 ADH Workforce Dev.	ADH	5M	U	U	U	U
14 IV&V for MMIS	DHS	4M	U	U	U	U
15 E-Visit & Verification	DHS	3M	●	U	U	Yes
16 Pulsara Mobile	ADH	2M	U	U	U	U
17 MOVE (Mobile Officer)	DPS	2M	U	U	U	U
18 In-Car Video	DPS	1M	U	U	U	U
<b>Total</b>		<b>432M</b>		<b>~300M</b>		

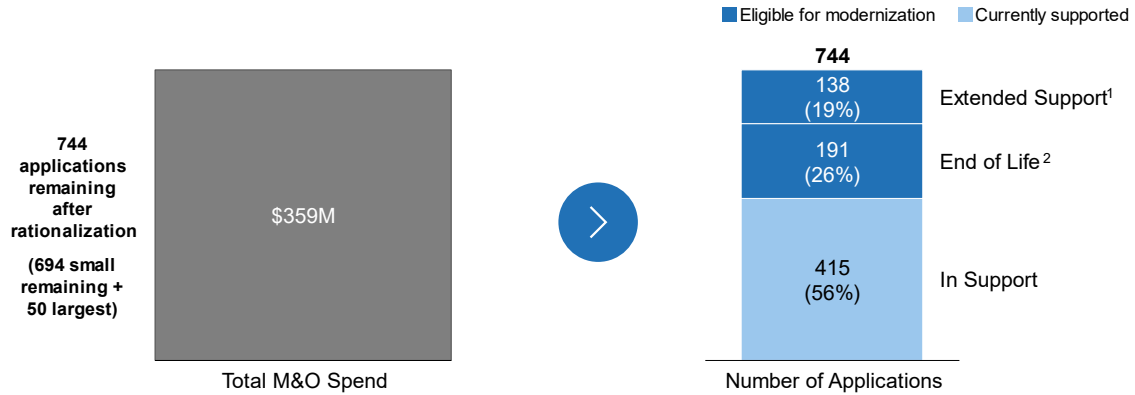
1. "IT PMO" is tracked as a single project for budgeting and management purposes; however, it is a conglomeration of several component project parts and managing them may require tailored approaches  
 2. Assumes 5% of CIO time at \$500k, and 19 FTEs at \$200k each (1 general portfolio manager, 18 project managers for the largest 18 projects) to give a range of ~\$3.5 -4M  
 SOURCE: Cabinet FY24 -25 IT Reports, Tracking information from CIO data requests, Amendments data from PCS / TGS report published in EASE

*Exhibit 6*

In addition, Arkansas’ legacy applications and infrastructure may introduce unnecessary costs and risks. Nearly half of Arkansas’ apps are hosted on end-of-life or on extended support servers, introducing potential business continuity risks, cybersecurity breach risks, reduced efficiency of business processes, and increased M&O costs. As a part of this strategy, DIS will explore opportunities to upgrade the ~45% of IT applications eligible for modernization to improve service delivery, reduce long-term operating costs, and mitigate risks presented by continued use of legacy systems.

## Application modernization analysis

### Applications by server endof-life stage



1. Running Windows Server '16 / '19 which has finished mainstream support;  
 2. Running Windows Server '08 / '12 which has finished extended support;  
 3. Individual app testing found same approx. 45% of apps with an EoL server held true in both large and small application pools  
 SOURCE: Server to app mapping: Ensono assessment, Server OS information: DIS network server scanning, run April 18<sup>th</sup> 2024, Spend data: Cabinet FY24 -25 IT Reports

### Exhibit 7

#### Get better pricing

From a procurement perspective, Arkansas faces long approval cycle times for large orders, limited resources to actively manage vendors within departments, missed opportunities to increase buying power state-wide and reduce rates, and an unclear delineation of procurement responsibilities between the central procurement function, OSP, and DIS. An analysis of DHS IE-BM contract's workforce mix showed Arkansas is spending 23% on management and overhead compared with the 10% benchmark. In addition, DHS IE-BM contract's rate cards showed Arkansas is paying about 10% more than the typical GSA rate on average. By improving pricing for IT service contracts, Arkansas can provide high-quality enterprise-wide offerings and standards to free up department resources for department specific needs and provide a faster and easier employee experience. As seen in Exhibit 8, the analysis of 2 procurement optimization levers (i.e., aligning labor rates with market rates and optimizing workforce mix) on the \$250M DHS IE – BM contract revealed Arkansas has the potential to save at least 10-15% of current costs. IT contracts not assessed as part of the procurement stream total to ~\$210M, for which the potential annual savings opportunity would be approximately \$20-25M.

# Pricing analysis of large IT services contracts

## Levers for effective procurement optimization

- Supplier management**
  - Align contract structures to workloads
  - A** Align labor rates with market rates
  - B** Optimize workforce mix (e.g., rationalize overhead costs to industry benchmark)
  - Innovate **purchasing models/ tools**
  - Consolidate** landscape of vendors
- Demand management**
  - Enhance utilization by eliminating / unbundling services** not consumed
  - Optimize SLAs / specs**
  - More stringent **governance / change management processes**
- Governance**
  - Adopt **modern environments** (e.g., cloud)
  - Improve tools for creating transparency & chargebacks**

## Analysis of select IT contracts [Example: DHS IE -BM Contract, \$250M spend]

### A Align labor rates with market rates

Comparing DHS IE -BM contract's rate cards showed Arkansas is paying ~10% more than typical GSA rates on average, for example:

Role	AR Rate (/hr.)	GSA Rate (/hr.)	# hours	Potential savings
Programmer	\$113.33	\$89.79	~600k	~\$14M
Proj Mgr.	\$260.00	\$156.53	~43k	~\$5M
Ops Mgr.	\$220.00	\$126.25	~24k	~\$2M
Project Dr.	\$320.00	\$193.69	~18k	~\$2M

### B Optimize workforce mix

Comparing DHS IE -BM Contract's workforce mix showed Arkansas is spending 23% on management & overhead compared with benchmark of 10%, indicating 10%+ savings opportunity

1. Only accounts for largest IT contracts excluded from Procurement workstream analysis: 4600049739, 4600043554, 4600037415, 4600039763, 4600040560, 4600047702  
 SOURCE: Benchmark rates: [GSA.gov Labor Ceiling Rates](#) ; Contract rates for: 4600040560 and 4600043554 (ARIES IE -BM and Deloitte ISS)

## Exhibit 8

### Build new capabilities

Arkansas has limited state-wide standards for cybersecurity across its departments and needs greater disaster recovery capabilities. Compared to peer states, Arkansas spends about \$50M less annually on cybersecurity and during interviews, nearly all CIOs mentioned the need for improved cybersecurity capabilities. In addition, the state has high levels of attrition from retirement and private industry, and typically cannot match salary for positions in the private sector, especially for technology roles. By building new capabilities, such as investing state-wide in cybersecurity and data analytics talent, Arkansas can drive program effectiveness and efficiency across all departments. This can also serve to improve employee and citizen digital experiences, and standardize and improve cybersecurity state-wide.

## Cybersecurity Capabilities Needs

Cyber attacks increasingly target state and local government, causing major losses

**+38%** increase in ransomware attacks against state and local governments year over year in 2022

**13.5%** of all ransomware attacks tracked by cybersecurity firm RiskRecon in January 2023 targeted state and local governments

**~\$1.9B** in losses to state and local governments in 2022 from email compromise

... and governments are struggling to cope with the disruption

**72%** of ransomware attacks succeeded in encrypting data

**82%** of ransomware attacks caused operational disruption

**7.3 days** average downtime from a ransomware attack

**27%** of state / local governments took >6 months to recover

**\$2-2.5M** average cost to recover from a ransomware attack in 2021

### Cyber capabilities and standards

- 1 Governance, risk, and compliance
- 2 Data protection and privacy
- 3 Architecture and engineering
- 4 Identity and access management
- 5 Cyber resilience and recovery
- 6 Strategy, program management, and performance
- 7 Security operations and response

Source: CISA StopRansomware.gov; Sophos "The State of Ransomware in State and Local Government 2022"; KnowBe4 "The Economic Impact of Cyber Attacks on Municipalities"

Exhibit 9

## FUTURE STATE VISION FOR IT ORGANIZATION AND INFRASTRUCTURE

### A. Guiding design principles for defining the future state

The target “future state” for state IT capabilities is centered on five fundamental design principles, which represent the strategic priorities of Arkansas state government. Each IT initiative is intended to improve Arkansas’ IT operations with respect to one or more of these design principles: value, security, experience, department-alignment, and adoption of a portfolio approach.



## IT Future State: Guiding Design Principles



Exhibit 10

### Value

DIS will focus on realizing value from state IT investments across the enterprise, including through scale benefits from common procurement standards and gains in operating efficiency made possible by greater visibility and coordination of projects and applications across the enterprise.

### Security

The future IT operating model will enable development of integrated, enterprise-wide cybersecurity standards, as well as capabilities within DIS and departments to enforce modern risk management practices and promote resiliency against potential cyber risks that may result in data breaches or impede state operations.

### Experience

DIS will develop, and support departments in developing, positive digital experiences for state employees and Arkansans, with a focus on ease-of-use, reliability, and clear communication channels for troubleshooting. Clearly defined roles, responsibilities, and governance between DIS and departments will further facilitate positive IT engagement experiences.

### Department Aligned

DIS will partner with department leaders to best support (and understand) the strategic and operational priorities of each department. IT engagements will complement and advance strategic objectives determined by each department, with DIS available as a proactive thought partner, enabler, and source of expertise for department leaders and department CIOs.

## **Portfolio-Approach**

DIS will develop an integrated, enterprise-wide view of state IT assets to identify and pursue opportunities for efficiency and cross-pollinate best practices across departments. By developing and managing a holistic perspective of enterprise IT activity and proposals, DIS will be able to align state IT resources to their highest-value use case.

### ***B. Delivering the Arkansas IT strategy: Best-practice operating model and aligned organization***

Arkansas will draw on best practices from IT organizations in peer states and the private sector to inform the future state IT organization and operating model design. In particular, organizations that pursue integrated IT operating models<sup>1</sup> often realize greater process efficiencies through the elimination of redundant activities, with faster delivery of products and services to end users. Under an integrated IT operating model, Arkansas department IT teams will operate under one combined collaboration model with DIS. DIS will act as the application and infrastructure broker and will own the common IT resources and functions (e.g., infrastructure, architecture, cybersecurity). Departments will own application management and database administration, both of which will be governed by DIS, and DIS and department CIOs will collaborate in the form of a central governing committee to set project management standards and strategic goals for statewide IT organization.

To better enable departments to deliver on their missions with technology, DIS will pursue eight best practices emblematic of best-in-class integrated IT operating models:

- **Business-backed technology strategy:** DIS will outline a business-backed technology strategy, with clear value-at-stake, to identify technology investments that improve productivity, manage inherent risk and drive ROI
- **Modern organization and operating model:** Centralized IT activities will be organized into infrastructure service clusters, and DIS COE teams will be held accountable for business and technology outcomes through SLAs.
- **Engineering excellence:** DIS will create cross-functional teams with clear, accountable roles and hands-on governance. The teams will be empowered to make fast, autonomous decisions and will embrace agile ways of working by breaking projects into phases and emphasizing continuous collaboration and improvement.
- **Talent, partnerships, and capabilities:** DIS will build internal talent and will foster a culture of talent attraction and reskilling. The centralized IT function will harness adaptable, outcome-based technology partnerships with departments and source external IT support and expertise when needed.
- **Platform-oriented architecture:** DIS will employ modular, API-driven (i.e., application programming interface-driven) architecture to promote innovation and renewal of the core tech stack, implement next-gen capabilities, and reduce tech debt.

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<sup>1</sup> An integrated IT operated model refers to an operating model in which there is one operating model and one view of how technology capabilities are delivered by both digital and conventional IT groups. Under this combined model, IT teams organize around technology capabilities (e.g., applications, infrastructure, expert services) rather than specific technology assets and functions, and they often use a project management approach that involves breaking the project into small phases called “sprints” to speed up the provision of IT services.

- **Infrastructure including cloud:** DIS will migrate and manage its core infrastructure and architecture to the cloud.
- **Data capabilities:** DIS will develop data capabilities and unlock insights driven by data pipelines, real time events, and external data. It will look to adopt advanced analytics tools (e.g., machine learning, artificial intelligence) where possible, own database administration, and set enterprise data governance standards. It will also promote the use of the AR data hub across the state.
- **Cybersecurity:** DIS will also build robust cybersecurity capabilities so Arkansas can grow and transform with speed, security, and scale. Cybersecurity will be integrated into statewide enterprise and governance processes to equip DIS to respond to cyber threats in real time.

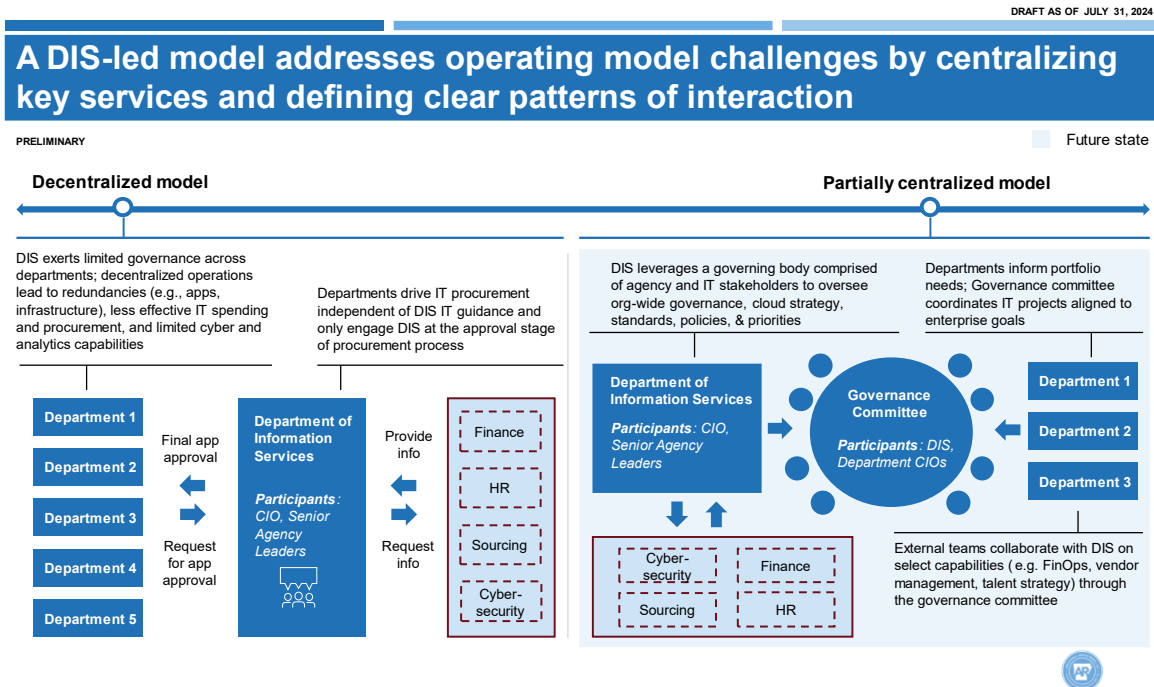
See Appendix 2A for more information on how to execute across the eight technology best practices.

Success of a renewed integrated IT operating model depends on strong cultural alignment, talent capability, and extensive partnership between DIS and departments. As DIS and department IT departments begin to transform, DIS and partners will improve the odds of a successful, sustainable transformation by managing talent and cultural change management, strengthening department partnerships, and defining and monitoring business value enabled by IT and technology services.

- DIS will manage talent and culture modernization with the same rigor as technology modernization. Talent- and culture-related issues stand out as top challenges for IT organizations and highlight a critical need for retraining, but few technology organizations undertake talent transformations. To begin, Arkansas will take inventory of the skills employees possess and compare the results with the technology skills the company will need to attain its goals. Understanding the gaps can help DIS direct talent-development efforts to where they will be most useful.
- DIS leadership will develop new, collaborative processes and structures, including a cross-departmental governance board, to strengthen relationships with department IT teams and lay a foundation for ongoing partnership. DIS will increase its alignment with departments not only by including CIOs in strategy discussions but also by bringing employees from DIS and other departmental functions together on cross-functional teams that are jointly responsible for delivery of new projects.
- DIS project managers will measure the business value created with IT and share it broadly. IT-performance measurement often focuses on cost and risk, rather than value generation. As the new operating model begins to unfold and value is captured through IT initiatives, DIS will ensure it measures and shares improvements with CIOs across the State. Frequently measuring, reporting, and reviewing IT performance in joint DIS and CIO IT Governance Committee meetings (see next section) will also help the organization to highlight and pressure-test the value created by IT teams and revise the IT organization's strategy as needed.
- DIS performance will be monitored by departments and the IT Governance Committee through SLAs. Service Level Agreements will be established between DIS teams and departments to track DIS solution delivery against timelines, budgets, and scope. The use of SLAs will encourage partnership and alignment between DIS and departments, and DIS's adherence to service levels will gradually establish DIS's role as a trusted, central source of expertise.

**C. Defining the future state**

Future IT operations for the state of Arkansas will not only protect the resource and security interests of the state, but also lay the foundation for best-in-class technology and information management providing departments with greater access to the requisite capabilities, assets, and expertise to deliver on their missions for Arkansans. DIS will establish an enterprise governance model to provide greater centralized visibility into the state’s application portfolio and IT infrastructure, in which DIS serves as a broker, providing certain services (e.g., desktop services) and establishing common standards (e.g. cybersecurity) across departments while preserving autonomy and opportunity for innovation within and among departments.



*Exhibit 11*

In particular, DIS will assume greater governance and oversight of select IT infrastructure, application management and enterprise-wide services, detailed below, and partner with department CIOs and operating leaders to further refine the degree of centralized IT shared services that best advances department priorities. As DIS expands its governance role across select IT activities, the DIS approach will continue to be one of partnership with and service to state departments. Early efforts for the shared services model will begin with rollout of the centralized cybersecurity function. To be considered compliant with statewide cybersecurity standards, departments will be required to comply with enterprise security standards, as well as utilize other centralized functions like disaster recovery services and storage and backup services.

## IT - current and future state operating model

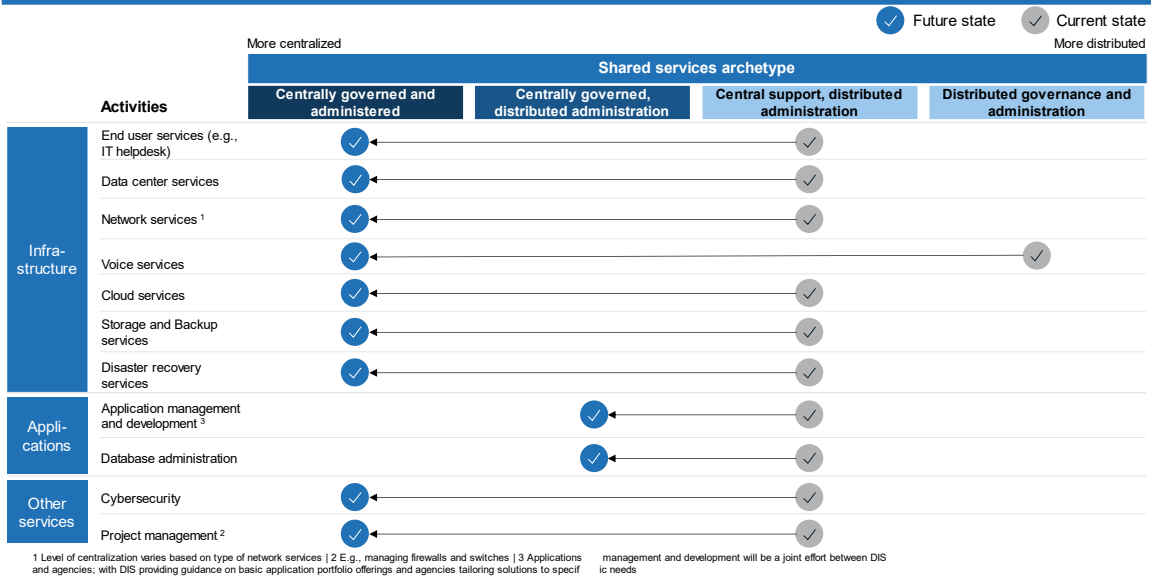


Exhibit 12

To more effectively link technology resources to department needs, Arkansas’ IT services teams will evolve into an integrated IT organization. Arkansas will focus on three key actions, informed by case studies of exemplary IT organizations, to develop the requisite structure, processes, and capabilities to serve departments and their beneficiaries:

- Establishing a deeper enterprise partnership between DIS and departments
- Creating a governance structure to keep the IT organization focused on the state’s strategic priorities, and
- Establishing a rigorous system for prioritizing and delivering IT projects

### Establishing a deeper enterprise partnership between DIS and departments

Under the new operating model, DIS will act as an integrated digital and technology unit that advises departments on application dependencies and owns the state’s core infrastructure. Applications refer to the technology-enabled offerings used by departments and DIS. Their immediate and primary purpose is to enable departments to perform activities that create value, in line with the department’s objectives. Infrastructure includes the back-end technology capabilities that power applications and the state more broadly (e.g., end user services, data center services, network services, voice services, cloud services, storage and backup services, disaster recovery services). The central IT function will focus on creating and improving infrastructure through the formation of agile COEs, advising departments on application dependencies, providing expertise and capabilities (e.g. cybersecurity, data and analytics), and working closely with department CIOs in the form of the IT Governance Committee to define project management standards.

In accordance with one of its primary responsibilities, DIS will act as an infrastructure services team, where it will be responsible for provisioning and managing the underlying technology infrastructure in



ways that make it efficient, easy to use, reliable, and consistent. By automating activities and promoting standards development, operations, and engineering practices across departments, DIS will continuously streamline its work and that of the wider organization.

Departments will retain specialized application development and maintenance teams while utilizing DIS solutions to departmental-specific use cases where appropriate. DIS will advise departments on available solutions, handle specialized application procurement requests, navigate application dependencies between departments according to departmental roadmaps, and work to make improvements to the statewide application portfolio as needed.

### **Creating a governance structure to keep the IT organization focused on strategic priorities**

DIS will also act as a central delivery office that performs coordinating functions for the IT organization (e.g., cybersecurity, data and analytical capabilities, performance tracking, and governance). Within this collection of responsibilities, DIS will partner with the IT Governance Committee to hold departments and internal DIS team accountable through a series of actions, including:

- Defining value-focused performance metrics: Defining performance metrics for the IT organization will help DIS and the IT Governance Committee stay informed on whether projects and developing teams are on track. Such metrics should measure both value creation in DIS (“Is the effort creating expected value in operational savings, resident experience or employee experience?”) and the delivery of work (“Is the team meeting its commitments?”). See Appendix 5D and Section 3 for more detail on metrics.
- Creating processes for tracking and reporting: DIS should have consistent workflows for collecting performance updates from departments and internal DIS teams (with particular interest in whether value and other targets are being met and whether any interdependencies are causing delays) and synthesizing those into reports that can inform the IT Governance Committee’s strategic decisions.
- Establishing a mechanism for intervening to prevent or resolve challenges impeding project success: Since unexpected difficulties can slow down work on technology projects, DIS can implement solutions to minimize project delays and implement an escalation mechanism to surface conflicts to the IT Governance Committee, which resolves them.

### **Establishing a rigorous system for prioritizing and delivering IT projects**

Coordinating and prioritizing IT projects and funding requirements across a statewide enterprise can be difficult due to the many stakeholders, competing projects, and limited funding available. As such, DIS can partner with a cross-departmental IT Governance Committee to maintain order in how DIS and departments respond to the statewide demand for technology services. The IT Governance Committee will be comprised of DIS leaders and department CIOs and will coordinate project delivery based on department needs and enterprise goals. The Committee will set the overall strategic direction for the IT organization and allocate funding to projects based on the State’s strategic objectives and needs.

Each CIO will act as a departmental representative and will be responsible for understanding and communicating the department’s priorities to the larger committee. The Committee will hold regular meetings to review the value and feasibility of the proposed projects, identify interdependencies, and negotiate departments’ competing interests. DIS will then work with the CIOs to balance project priorities and resource requirements and coordinate any overlapping or related activities, particularly when it comes to prioritizing infrastructure changes. While reviewing and prioritizing departmental project requests, the Committee will also review opportunities to modernize IT applications and infrastructure. Modernizing

core systems ensures that infrastructures services remain capable of meeting increasingly sophisticated technical requirements from departments and application teams.

Moving to an integrated technology operating model will require significant change management activities and potential talent considerations (e.g., reskill existing employees, hiring additional talent, shifting capacity into DIS, etc.). See Section 3 for more information on change management activities and organizational considerations.

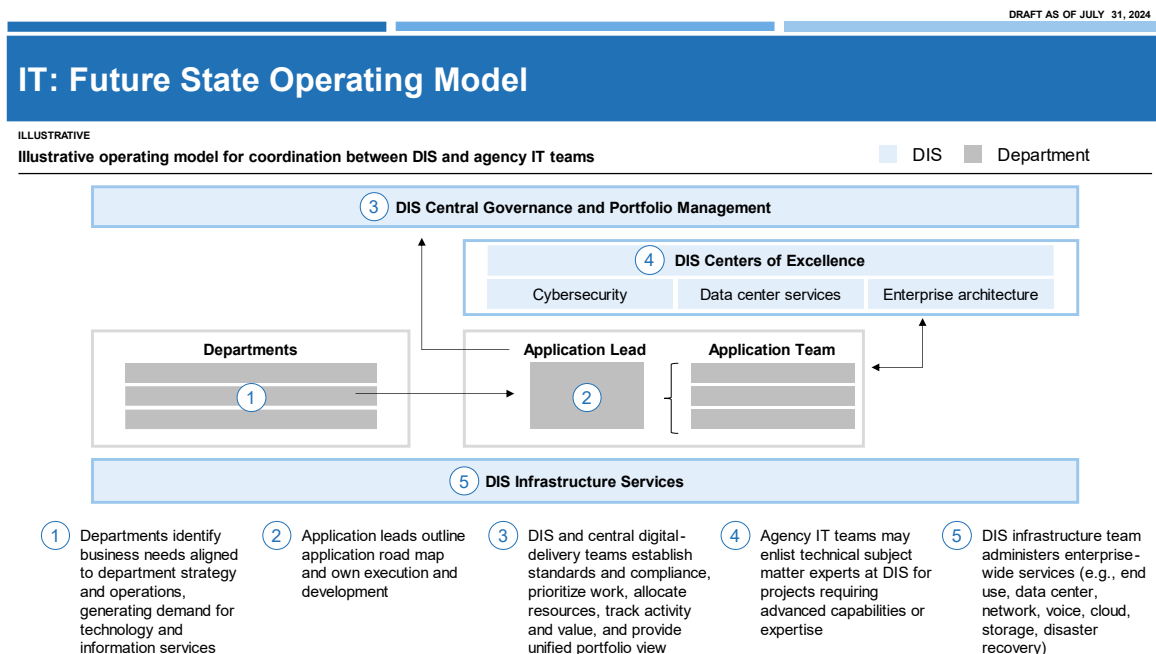


Exhibit 13

### D. Prioritized initiatives

Arkansas has the potential to capture up to \$130M in annual IT savings across four IT value levers by implementing 34 near term and long-term initiatives aimed at modernizing Arkansas' IT applications, infrastructure, cybersecurity, and data analytics capabilities as well as its program governance structure. Initiatives have been refined with input from state leadership, including Chief Information Officers across state departments, and are divided into four categories: (1) Reducing the volume of work, (2) Increasing efficiency of IT resources, (3) Getting better pricing, and (4) Building cybersecurity and data analytics capabilities.

Opportunity Category	Description	Total Initiatives
Summary	Develop an integrated shared services model centered around DIS as a centralized IT service and governance provider	n/a
Reducing volume of work	Retire and consolidate applications to reduce maintenance costs, freeing up budget for value-added development.	9
Increasing efficiency of IT resources	Robust IT governance and management processes enable teams to prioritize projects and allocate resources effectively, modernizing IT infrastructure to optimize value and total cost	14

	of ownership while adhering to best practice project management.	
<b>Getting better pricing</b>	High-quality enterprise-wide offerings and standards free up department resources for department-specific needs and enable a faster and easier employee experience.	2
<b>Building cybersecurity and data analytics capabilities</b>	Match or exceed peer state spending on cybersecurity and focus on recruiting and retaining top data analytics talent to enhance the state's IT infrastructure and departmental services.	9
<b>Change management</b>	Implement a series of processes and strategies aimed at nurturing understanding & conviction, reinforcing change, instilling confidence and building skills, and role modeling behaviors to encourage uptake and sustain the impact of Arkansas Forward IT imperative	n/a

This implementation of these 34 initiatives will unlock and sustain ongoing efficiency opportunities for the state and will help Arkansas to realize its future state vision across the four value capture opportunities mentioned above:

**Reducing volume of work:** In the future, applications will be retired and consolidated where possible and application maintenance spend will be significantly reduced to free up budget and improve the baseline for value-add development.

**Increasing IT resource efficiency:** With robust IT governance and management processes in place, teams will understand how to prioritize projects and allocate resources adequately across project types. Such an approach will involve embracing total cost of ownership (TCO) enabled by portfolio governance (i.e., application and infrastructure) and delivering programs consistently with best practice project management methods. Arkansas will also look to optimize value by modernizing its IT infrastructure through migrating its core infrastructure and architecture to the cloud, retiring legacy systems, and reducing its data center footprint.

**Get better pricing:** High-quality enterprise-wide offerings and standards will free up department resources for department-specific needs and enable a faster and easier employee experience.

**Build new capabilities:** Arkansas will meet or exceeds peer state spending on cybersecurity, creating a low risk of cyber events and significantly reducing near misses. This approach will also emphasize recruiting and retaining top data analytics talent and capabilities, spreading high quality talent throughout the state’s IT infrastructure to better serve department needs.

The table below outlines the vision for Arkansas’ IT organization across each opportunity category:

Summary		
Capability	From...	To...
Operating model	Decentralized operations leading to redundancies (e.g. apps, infrastructure), inefficient IT spending and procurement, and limited cyber and analytics capabilities	Shared services and/or central governance model oriented around value and portfolio governance (i.e. application and infrastructure) where central IT provides certain services (such as infrastructure) and standards for other departments to follow (e.g. cybersecurity, user experience, vendors and their rate cards for app build/testing)
<b>Reduce volume of work</b>		

<b>Capability</b>	<b>From...</b>	<b>To...</b>
Application Consolidation	Oversaturation of applications with ~50% of departments having 20%+ more apps-per-user compared to peer benchmarks	Applications are retired and consolidated where possible; maintenance spend significantly reduced to free up budget for value-add development; development protocols established to mitigate application proliferation
Tech debt and maintenance spend	Accumulation of decades of data & applications written in legacy languages / hosted on-premises, unsuccessful efforts to rationalize applications across departments	App maintenance spend significantly reduced to free up budget for value-add development; improved baseline for new development and balanced departments meeting peer states' volume of work
<b>Increase IT resource efficiency</b>		
<b>Capability</b>	<b>From...</b>	<b>To...</b>
IT governance and management	Limited IT governance to manage large project volume and resource allocation; few prioritization processes in place to allocate resources to highest value-add projects	Robust IT governance and management processes in place; teams understand how to prioritize projects and allocate resources adequately across project types
Legacy application portfolio	Outdated application portfolio with nearly ~45% of apps hosted on end-of-life or extended support servers	Modernized IT infrastructure that optimizes value and TCO according to portfolio governance (i.e., application and infrastructure)
Standards and services	Limited project management standards to address roadblocks and manage budget/schedule overruns	Consistent and disciplined program delivery with best practice project management
<b>Get better pricing</b>		
<b>Capability</b>	<b>From...</b>	<b>To...</b>
IT service contracts	Long approval cycle times for large orders, limited resources to actively manage vendors within departments, and missed opportunity to increase buying power and reduce rates	High-quality enterprise-wide offerings and standards to free up Dept. resources for Dept-specific needs and faster and easier employee experience
<b>Build new capabilities</b>		
<b>Capability</b>	<b>From...</b>	<b>To...</b>
Statewide cybersecurity	Trails peers on cybersecurity spend (i.e., spends ~\$50M annually less on cybersecurity), lacking enterprise approach to cyber risk	Arkansas establishes enterprise cybersecurity protocols and meets investment needs in cybersecurity to create conditions for low risk of cyber events and significantly reduced near misses
Data and analytics capabilities	Limited data analytics capabilities relative to peer states and high attrition to private sector	Departments recruit and retain top data analytics talent; capabilities are spread throughout Arkansas IT infrastructure; AR data hub is utilized statewide
IT Orientation	Focus on delivering applications and infrastructure	Understanding department needs and adopting a service orientation to meet them
<b>Change management</b>		
<b>Capability</b>	<b>From...</b>	<b>To...</b>
Department and IT alignment	Limited alignment between department needs and IT strategy and policies	IT is a trusted organization across state departments; department needs inform IT projects, and IT enables efficient and effective processes across departments
Collaboration	IT teams work predominantly within departments	IT regularly works with others on cross-departmental working teams

Vision	Stakeholders do not know about or understand Arkansas Forward	Stakeholders understand the potential impact and are excited for the future
Adaptability	Teams are comfortable with legacy ways of working and aren't motivated to change	IT is excited about new approaches and methods and regularly communicates about what does and does not work

The 34 initiatives identified during Wave 1 have also been prioritized according to expected annual impact, feasibility to execute, and timeline to implementation and are grouped into categories by opportunity-type. Initiatives that are easy to execute, or “familiar”, to the IT organization, are considered quick wins and have been mapped to a near-term implementation horizon. Similarly, initiatives that require additional support or more time to execute have been mapped to medium-term or long-term horizons, depending on their level of complexity and pathway to execution. Appendix 4 contains more information on how the initiatives were prioritized and mapped across horizons.

The table below outlines the IT initiatives that were identified during Wave 1 of Arkansas Forward. The list contains the initiative name and tracking number, and the initiatives have been grouped by opportunity category. The initiatives, which link to the master initiative file and TSG initiative charters, are mapped to owners across TSS, DFA, DHS, and ADE and are managed under the Arkansas Forward project management organization’s regular weekly and monthly meetings. The following pages of the document outline the pathways to implementation for these initiatives and the potential change management and enablement activities that may be actioned to capture value across the procurement organization. See Appendix 4, and the Master Initiative List for more detail on the initiatives.

<b>Opportunity Category</b>	<b>Number</b>	<b>Priority</b>	<b>Initiative</b>
<i>Reducing volume of work</i>	ADE-9	High	Coordinate identification and retirement of non-business critical/duplicative applications across all departments
	5	High	Coordinate identification and retirement of non-business critical/duplicative applications across all divisions of Commerce
	ADE-3	Medium	Leverage AI to automate the first review of the AR App
	ADE-29	Medium	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming IT projects
	TSS-28	Medium	Evaluate relationship with INA
	TSS-40	Medium	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming projects in all departments
	DFA-28	Medium	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming IT projects
	DHS-1000	Low	De-prioritize noncritical IT projects
<i>Increase efficiency of IT resources</i>	26	Low	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming IT projects
	TSS-30	High	Create an IT procurement center of excellence
	TSS-36	High	Establish a statewide data hub
	TSS-39	High	Deploy Arkansan- and employee-facing platforms to leverage statewide data hub
	FUNC-73	High	Standardize and improve large IT program governance and management
	7	High	Develop an internal IT shared services team to provide improved support and unified standards
	ADE-11	Medium	Migrate to common IT platforms across divisions
TSS-31	Medium	Create a cybersecurity center of excellence	



	FUNC-90	Medium	Deploy a central IT applications catalog
	TSS-38	Medium	Deploy LAUNCH program
	FUNC-74	Medium	Consolidate department servers into DIS datacenter
	FUNC-72	Low	Modernize legacy application portfolio to reduce tech debt
	15	Low	Finalize UI Mod & cut expenses with DIS
	18	Low	Collaborate with NASAA to ease administrative burdens on issues
	DHS 113	DHS ongoing	Coach other departments and DIS based on DHS IT excellence
<i>Get better pricing</i>	FUNC-76	Medium	Build large IT project vendor management and procurement capabilities within DIS
	FUNC-75	Low	Conduct “quick wins” analysis to identify and capture value in upcoming procurements
<i>Build new capabilities</i>	DFA-45	High	Assess opportunity for implementing data-driven audits
	ADE-23	Medium	Offer Data as a Service (DaaS)
	FUNC-77	Medium	Implement cybersecurity quick wins
	FUNC-78	Medium	Standardize and improve cybersecurity Statewide
	FUNC-79	Medium	Identify and prioritize the top 2-3 analytics use cases across the enterprise and launch those use cases
	DFA-29	Medium	Evaluate software to detect tax evasion
	DFA-30	Medium	Improve information sharing across departments
	6	Low	Identify fraud and abuse through detection software
	16	Low	Improve lead identification and conversion

## IMPLEMENTATION AND CHANGE MANAGEMENT PLAN

### *A. Pathways to future state*

DIS and executive departments will progress towards the future state IT operating model across three horizons: “Prepare and Launch”, “Scale”, and “Continuously Improve.” Within each horizon, DIS will lead a suite of projects – summarized in Appendix 5A. Each horizon is characterized by a period of time and by the maturity of the state IT operating model across three dimensions:

- **Opportunities for efficiency and value:** DIS will pursue activities, particularly in Horizon 1, focused on capturing IT savings across four high-opportunity levers, i.e., the volume of IT work, increasing IT resource efficiency, negotiating better prices, and building new IT capabilities.
- **Governance:** Across horizons, DIS will design, establish, and iterate on an integrated operating model, including structure for inter-departmental cooperation and mechanisms for accountability (e.g., roles and responsibilities, portfolio management, prioritization criteria, cybersecurity standards, and data administration).
- **Services:** As DIS demonstrates the proof-of-concept of the new model through early pilots of central services (e.g., end user services) and maintaining satisfactory service levels for department partners, DIS’s service remit will expand across horizons, including, for example, data center services, network, voice, cloud, storage and backup, and disaster recovery services, thus freeing department IT teams to focus on critical mission-delivery activities.

### **Opportunities for efficiency and value**

Three transformation “horizons” act as guideposts to track and manage initiative progress towards the target IT future state. Exhibit 14 summarizes initiatives by opportunity type and horizon, including:

**Horizon 1: Prepare and Launch.** The “Prepare and Launch” phase reflects the first 12 months of implementation. In this phase, DIS will lay the foundations for its transformation by developing a robust understanding of department strategic goals and the technology changes needed to deliver on them, identifying key IT dependencies, and outlining aggressive, but manageable transformation timelines.

**Horizon 2: Scale.** The “Scale” phase reflects the next 18 months of implementation. In this phase of work, DIS will build a flexible, fast technology delivery model using agile methods to prioritize and carry out activities with the greatest potential to realize performance and savings gains.

**Horizon 3: Continuously Improve.** The “Continuously Improve” phase reflects implementation 30+ months into the future and focuses on continuous improvement. During this phase, IT will continue to pilot programs and periodically renew core systems to support digital functionalities. Additionally, DIS will build flexible architecture around platforms and products to serve departments and will integrate data and analytics systems and security and privacy protections into solutions as they are developed.

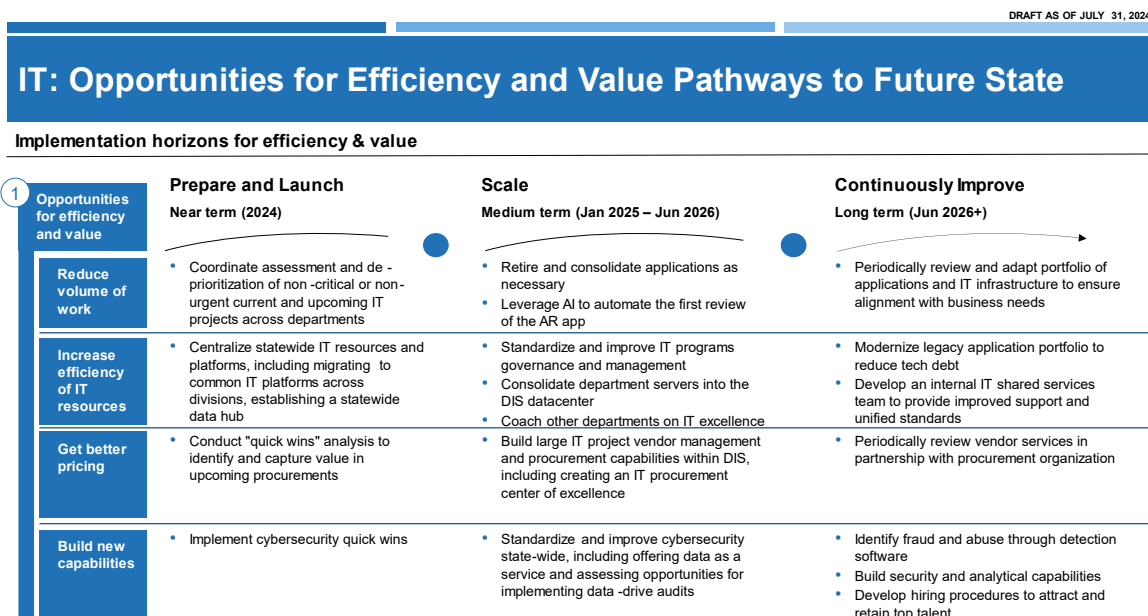


Exhibit 14

### Governance and Services

By incorporating activities beyond the “opportunities for efficiency and value” initiative-based activities, Arkansas will create a new, integrated operating model and shared services approach that generates long-lasting value in the IT organization, beyond dollar efficiency improvements. Governance and service-related activities will help DIS acquire central visibility into application value across departments, avoid duplicative investments, and coordinate related procurement activities, as well as enable DIS to establish statewide cybersecurity standards and modernize applications. Additionally, DIS will be able to monitor funding/resource requirements and project status, and reallocating resources to highest-impact use cases,

and intervening to help progress projects along key milestones. In order to align service goals to department priorities, DIS services will be supported by agreed-upon SLAs, performance management KPIs, and a funding model that both supports expanded DIS capabilities and ensures those capabilities are accessible to departments.

Changes in governance and services will require additional capacity and capabilities internally. As DIS takes a more prominent role in governance and begins to deliver more services centrally, it may consider additional funding approaches. Among the options are (1) cost recovery or chargebacks to departments receiving DIS services, (2) direct appropriations, and (3) establishment of a central technology fund that allows for year-to-year rollover of funds. These mechanisms serve different purposes and should be used fit for purpose. For example, cost recovery and chargebacks are best for services that are provided to departments that have a defined scope and/or volume (e.g., desktop services, network services, voice services). Direct appropriations to DIS are most appropriate to fund capabilities that are not directly related to specific services, but instead are capabilities important for the state to sustain (e.g., central oversight and governance of the IT infrastructure and application portfolio). In some cases, states have established a technology fund that has the ability to rollover unused funds year-to-year. This funding mechanism is helpful to allow for a multi-year modernization mindset and buttress DIS application portfolio management efforts. See Appendix 3 for more considerations on future-state funding approaches.

DRAFT AS OF JULY 31, 2024

## IT: Strategy & Transformation Pathways to Future State

### Implementation horizons for strategy & transformation activities

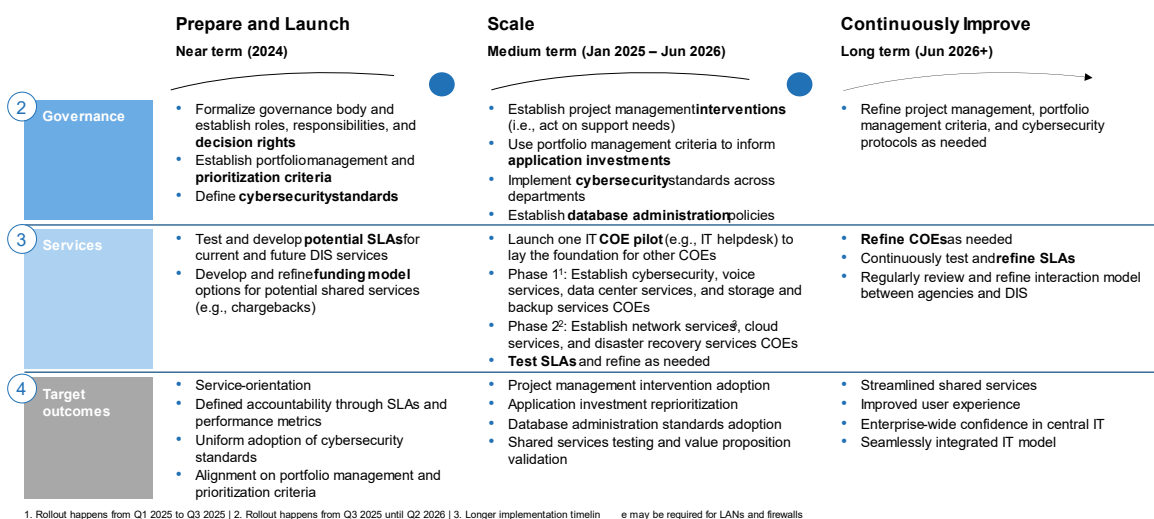


Exhibit 15

### B. Sequencing of initiatives and key performance metrics

To realize future state outcomes, Arkansas can organize its 34 IT initiatives and supporting implementation activities into a comprehensive phasing plan. The plan, outlined in Exhibit 16, organizes initiative-based activities across three phases, spanning over the next 30+ months. The phased approach allows Arkansas Forward to build capacity and capability to deliver in the new operating model, build trust as service levels are established and met and identify opportunities for additional technology and information-enabled value creation within the state.

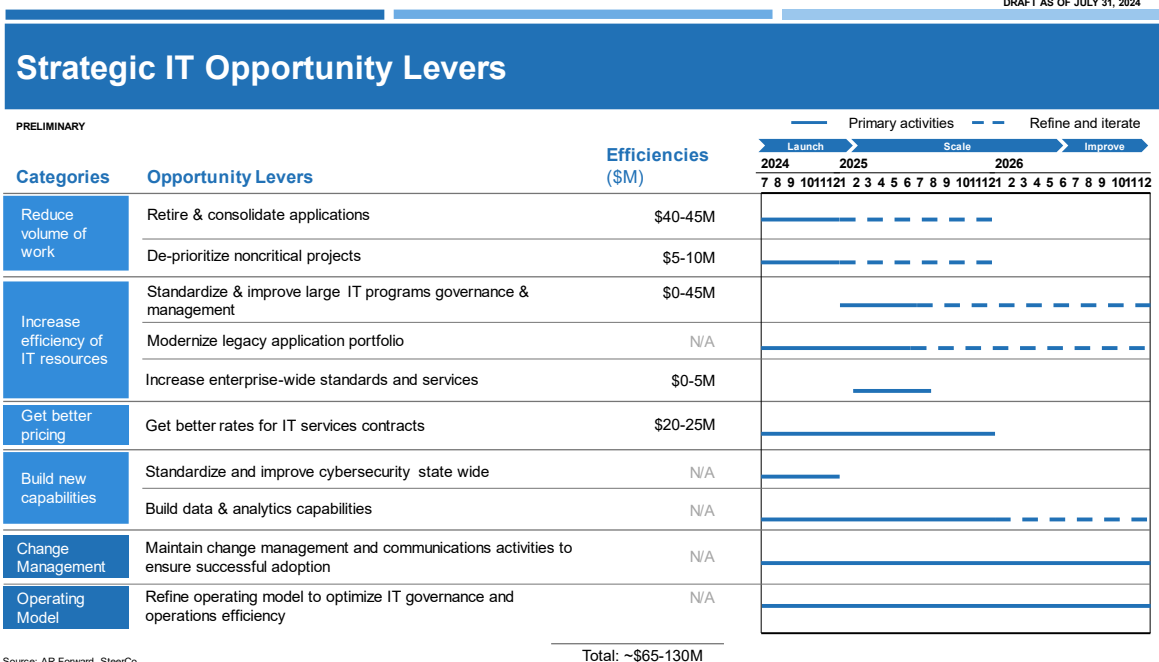


Exhibit 16

As initiatives progress, DIS and the inter-departmental governance board will monitor progress toward both value capture (i.e., estimated savings realized) and organizational goals. DIS will establish metrics for evaluating progress toward transformation goals according to the following dimensions: “run” metrics, which evaluate the efficiency and quality of existing operations and systems, “grow” metrics, which are linked to strategic initiatives, and “health” metrics, that assess forward-looking metrics related to talent and user experience.

**Run:** Run metrics are required to keep existing products and services running and may include measures of efficiency of current systems and operations, quality of current systems and operations, and operational risk.

**Grow:** Grow metrics are linked to transformation initiatives and may include measures of productivity (e.g., costs per developer hour), quality (e.g., number of priority 1 defects), project management (e.g., schedule accuracy, cost accuracy, budget, number of projects by estimated spend quartile), and level of innovation (e.g., time to deployment, expected revenue/cost impact).

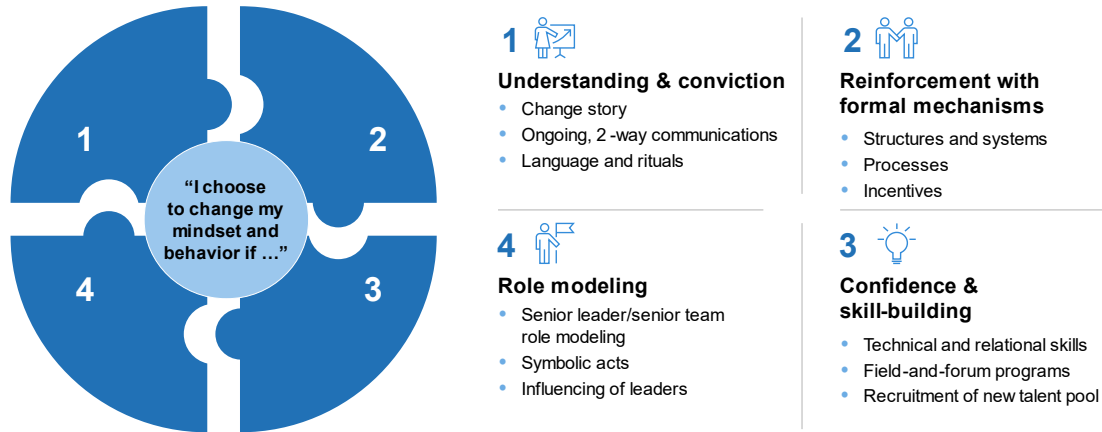
**Health:** Health metrics are to be agreed upon and evaluated with inter-departmental IT leaders and may include organizational health figures (e.g., retention, number of open positions, employee satisfaction survey results) and technological health statistics (e.g., obsolescence).

Appendix 5D contains additional run, grow, and health metrics.

### C. Change management horizons

Realizing the opportunity of Arkansas Forward requires mindset shifts in the way IT professionals and department operators view and interact with DIS. To encourage uptake and sustain the impact of Arkansas Forward IT initiative, DIS will implement a series of change management practices aimed at nurturing understanding and conviction, reinforcing change, instilling confidence and building skills, and role modeling behaviors aligned to the DIS future state.

## Successful change programs address all four levers to influence behaviors



Successful change programs are **8 times more likely** to use all four areas of behavioral influences than just one

Exhibit 17

- **Understanding and conviction:** Department leaders will employ a series of communication mechanisms to inspire understanding and conviction for the Arkansas Forward imperative and keep IT professionals informed on key policy and process changes. For example, DIS leaders can help departments understand the benefits of proactive partnership with departments by showcasing projected savings and lower volume of ad-hoc support requests.
- **Reinforcement with formal mechanisms:** DIS leaders will also implement formal mechanisms to track implementation progress and reinforce behavior, mindset, and process shifts. Mechanisms may include dedicated impact tracking of implementation progress, routine implementation progress dialogues (e.g., through surveys, progress updates), award and recognition programs for exemplary initiative owners, and feedback mechanisms to refine current procurement initiatives and identify new initiatives.
- **Confidence and skill building:** DIS leaders will inspire confidence and competency among IT professionals through support of experienced-based training pathways. DIS will also improve the training and support for those who work alongside the procurement workforce through online repositories of best-practice contract documents and designation of clear points of contact for more complex procurement questions.
- **Role modeling:** Department leaders will also implement a series of role modeling activities to drive cultural change. Activities may include highly visible demonstrations of partnership between DIS and department leaders to prioritize key projects, and informal “pulse checks” with employees and change champions to listen, coach, role model, and explain change.

Additional examples of change management activities are listed in Appendix 5F.

#### ***D. Implications for IT-related processes***

While implementing initiatives, Arkansas will need to monitor interdependencies between the IT organization, other domains within the Transformation and Shared Services department (e.g., Procurement, Fleet, Real Estate), and other State of Arkansas departments and proactively mitigate disruptions.

Based on conversations with DIS, governance is among the highest priority interdependencies, affecting all departments and stemming from IT. To mitigate disruptions, governance can be divided into two components:

- **Project/program management governance:** Programs can be run robustly and consistently through program governance best practices, including developing a governance structure, standardizing business processes, and proactively managing events and risk. Refer to Appendix 5C for more information on project management best practices.
- **Shared service governance:** At present, Arkansas IT is characterized by a decentralized IT approach, limited IT governance, and few prioritization processes, leading to redundancies in apps and infrastructure. Using shared services best practices, IT would be organized around a central governance model oriented around value and portfolio governance, with robust processes to allocate resources and prioritize projects. Refer to Appendix 5C for more information on IT governance best practices.

Additional interdependencies also exist across the IT organization, including:

- **Managing cross-functional initiatives:** Several IT initiatives are owned by departments other than DIS (e.g., DFA, DHS, DFA,) and will require cross-departmental and cross-functional collaboration. For example, initiative FUNC-74 pertains to consolidating department servers into a DIS data center and will require close coordination with department IT teams.
- **Allocating cost savings from Wave 1 initiative efficiencies to shared services operating model shift:** The initiatives identified in Wave 1 of Arkansas Forward will result in dollar efficiencies savings that can be used to implement the new Arkansas operating model, build cybersecurity capabilities, and centralize infrastructure services.
- **Building trust between departments and DIS:** DIS is not currently viewed as a central source of IT excellence and expertise. As such, DIS authority and shared services buy-in will need to increase through the tracking of DIS performance relative to agreed-upon SLAs, frequent cross-functional meetings with departments to review and refine governance policies, and proven success of centralized IT service delivery.
- **Shifting operating model and capacity needs:** Currently, ~352 IT professionals across the state support infrastructure, application management, and end user services. Of this number, ~186 FTEs are located within DIS. To manage increased responsibilities in DIS, existing IT professionals within departments focused on similar infrastructure and general end user services may be moved or consolidated into DIS support teams.

- Structural operating model changes: Arkansas’ new integrated operating model may also require structural changes to the central IT organization (e.g., reporting structures, team organizations). Other state IT organizations, for example, incentivize and role-model certain behaviors or capabilities through dedicated representation on the IT leadership team. Virginia’s central IT organization, for example, includes a “Chief Customer Experience Officer” to manage to positive user experience targets. Texas uses a dotted and solid line reporting structure for select IT roles, including a dotted line reporting between the Executive Director and CIO and procurement teams. California’s IT organization includes both an “Office of Statewide Project Delivery” and a “Strategic Initiatives” team, each reporting to the Deputy State Chief Information Officer to coordinate resources across the state’s project portfolio and advance organization-specific strategic priorities. See Appendix 5G for details on state IT organizations.

## ARKANSAS FORWARD: STRATEGIC PROCUREMENT PLAN

### THE ARKANSAS FORWARD IMPERATIVE

Governor Sanders launched Arkansas Forward with the aspiration for the State of Arkansas to set the standard for government efficiency and effectiveness through enterprise-wide operational change.

Achieving such an aspiration will include delivery of better state government services, at less cost, for all Arkansans. To do so, state employees, teams, and departments will need to work together in new ways and with new skills. Delivering Arkansas Forward's potential, therefore, will require improving the state government's purchasing power through improved procurement capabilities fulfilling departmental needs quickly and efficiently.

For these reasons, Governor Sanders has called for a redesign of Arkansas state government's approach to procurement focused on efficiency and speed, user experience, collaboration, analytics, and value. A new approach centered upon *partnership with department leaders to identify and fulfill procurement needs* can foster an efficient, effective procurement strategy for the state of Arkansas.

This paper:

- Summarizes challenges with the state's current approach to procurement and the imperative for systematic change to deliver Arkansas Forward's potential
- Introduces the main elements of a new system for public sector procurement that prioritizes partnership with departmental leaders and use of analytics to understand and deliver state needs
- Emphasizes the importance of internal capability building and ongoing change management practices to engage the statewide procurement workforce

### EXECUTIVE SUMMARY

Arkansas executive departments have ~\$1.7B of PO and P-card spend across a broad set of commodities and services. Today, Arkansas does not capture the potential benefit of scale the spend base offers. Procurement leaders across departments cite challenges, including low percentages of in-focus spend flowing through statewide contracts, limited capacity for strategic category management, manual solicitations processes, and inefficient division of resources between oversight and strategic tasks.

Based on a review of Arkansas' existing contracts and an assessment against peer state and private sector procurement practices, Arkansas may realize a ~\$140-230M savings opportunity by making a series of changes to its procurement practices, centered on three priorities — getting the “right stuff”, at the “right (total) price”, through the “right processes”. Getting the “right stuff” includes making product categories consistent across departments, aligning product specifications, and proactively managing demand to right-size purchasing. Procuring at the “right (total) price” includes consolidating contracts for commodities and services and enhancing rigor of the RFP negotiation process for major solicitations to achieve better rates and terms. Implementing the “right processes” includes optimizing procurement processes for speed and value by deploying a user- and supplier-friendly end-to-end e-procurement system and enhancing capabilities of our procurement staff, e.g., through expanded professional development programs, trainings, modified governance processes, and enhanced procurement solutions.



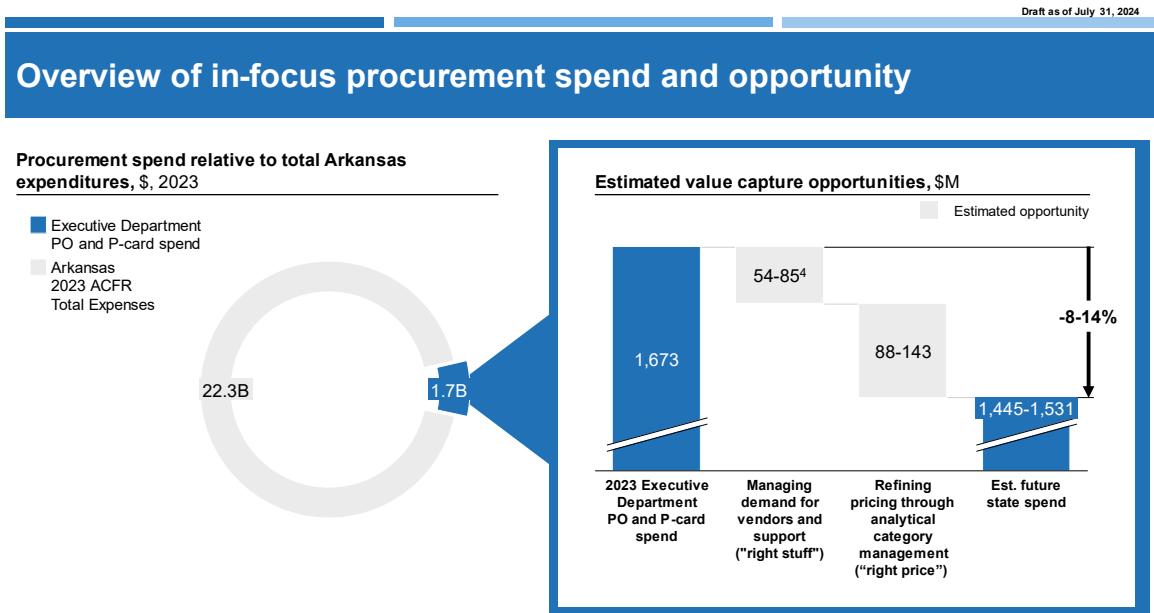
Pursuing potential efficiency and effectiveness opportunities across the procurement system will require a shift in the current operating model and a statewide commitment to a standardized, consistent, data-driven, and cooperative procurement processes across departments. In order to facilitate this shift, 40 initiatives have been prioritized and aligned to each of the three procurement priorities: managing demand for vendors and support (“right stuff”), refining pricing through analytical category management (“right price”), and optimizing processes for speed and value (“right processes”).

Preliminary initiatives the Arkansas Forward team prioritized include, for example, developing and executing a standard negotiation process for upcoming large contracts; consolidating select services contracts across the state; awarding state contracts for commonly purchased commodities; designing a user- and supplier-friendly e-procurement system; and launching a robust certification for procurement personnel across departments, roles, and tenures. A list of initiatives with initial prioritization and sequencing as well as a supporting change management and implementation plan are presented in the final section of this document.

**SUMMARY OF CURRENT STATE PROCUREMENT ACTIVITY, OPERATIONS, AND PERFORMANCE**

**A. Current procurement spend activity**

In 2023, Arkansas’ Annual Comprehensive Financial Report revealed the state handled ~\$22.3B in total expenses. Of the roughly \$22.3B in expenses, Arkansas’ executive department PO and P-card spend accounted for ~7%, or \$1.7B, of spend across a wide array of commodities and services, including IT commodities, rentals and leases, administrative services, professional services, and facilities management. Small percentage point reductions to the \$1.7B in executive department spend have the potential to translate into millions of dollars of efficiency improvements for Arkansans. As such, PO and P-card spend is the focus for the Arkansas Forward procurement spend efficiency and effectiveness effort.



1 Total expenditures exclude Higher Education business -type expenses, Public School Employee Health & Life Benefit Plan, and revolving loans | 2 Spend totals for legislative, judicial, and constitutional branches pulled from Transparency Arkansas data | 3 Data sourced from DFA and DHS finance teams | 4 Range may vary slightly from "Right stuff" improvement ranges on next page due to rounding | 5 Additional efficiencies can be captured through optimizing procurement processes for speed and value  
Source: Arkansas DFA, Arkansas ACFR 2023, Transparency Arkansas FY2023 checkbook data



## ***B. Spend benchmarking***

Analyzing Arkansas' spend relative to peers on the largest services and commodity spend categories reveals several potential savings opportunities. High-level category analysis on Arkansas' in-focus spend revealed clear groupings of similar products/services, including professional services, IT services, facility management, IT commodities, rental / leases, as well as medical, education, equipment, insurance, building and construction, accommodations and hospitality, administration and staffing, food and edibles, and other commodities and services. Together, these spend categories account for roughly \$1.7B in procurement spend. Analysis within each spend category identified opportunity to optimize pricing and the quantity and grade of commodities purchased.

Benchmarking analysis of the spend categories revealed ~\$140-230M in savings potential across three opportunity categories: (1) managing demand for vendors and support, (2) refining pricing through analytical category management, and (3) optimizing procurement processes. See Exhibit 2 for a breakdown of estimated value opportunity per spend category, and reference Appendix 1 (pg. 5) for example products and services within each spend category. Appendix 1 (pg. 4-9) also contains more detail on category opportunities by spend type.

### *1. Getting the "right stuff" (Managing demand for vendors and support):*

A review of product-focused spend categories revealed opportunities to capture value through economies of scale (i.e., leveraging the state's large purchase volumes to negotiate better rates) and sourcing the correct quantity and grade of materials. These spend categories were grouped into one larger opportunity lever—"managing demand for vendors and support"—for opportunity analysis. As seen in the exhibit below, estimated improvement ranges, which are based on best-in-class procurement transformations, were applied to each product-focused category's 2023 spend total to estimate the potential improvement range. The lower end of the improvement range represents the conservative full potential of improvement, whereas the top end of the improvement range represents the maximum improvement range, assuming no resource constraints. Arkansas should aim to capture at least the median value of the improvement range. As such, pursuing efficiency and effectiveness improvements through the management of demand has the potential to produce ~\$54-85M in savings opportunity.

### *2. At the "right (total) price (Refining pricing through analytical category management):*

Service-focused spend categories, including professional services, IT services, and facility management services, revealed opportunity to capture value through price renegotiations and the review of contract terms. These categories were therefore grouped into one larger opportunity bucket—"refining pricing through analytical category management"—for opportunity analysis.

Using the same estimation method discussed above, estimated improvement ranges, which are based on best-in-class procurement transformations, were applied to each service-focused category's 2023 spend total to estimate the potential improvement range. As seen in Exhibit 2, refining pricing through analytical category management represents a potential savings opportunity of ~\$88-143M. The lower end of the improvement range represents the conservative full potential of improvement, and the top end of the improvement range represents the maximum improvement range, assuming no resource constraints.

### *3. Through the "right processes" (Optimizing procurement processes for speed and value):*

Further analysis of Arkansas' procurement processes revealed additional efficiency and effectiveness opportunities exist through adopting an end-to-end e-procurement system and enhancing professional development programs. These opportunities, and other enablement activities like renewed governance and

data management, were aggregated under the “optimizing procurement processes for speed and value” opportunity lever. While enablement solutions like these do not have direct ties to monetary savings, they do facilitate speed and efficiency improvements and are critical to empowering Arkansas procurement teams to realize the potential of Arkansas Forward.

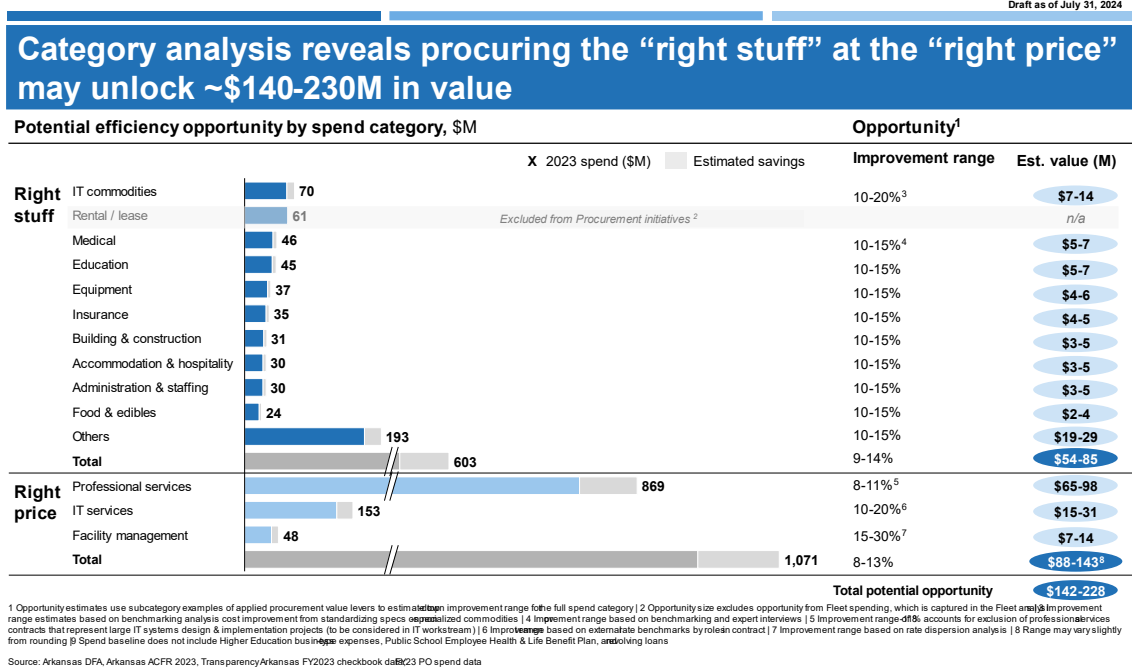


Exhibit 2

### C. Diagnostic of spend opportunities

Working sessions with department leaders and benchmarking analyses surfaced significant opportunities for additional procurement value capture. Less than 10% of the \$1.7B targeted spending is currently conducted through statewide contracts, limiting potential to leverage scale as a procurement advantage. Furthermore, only two OSP managers oversee all statewide contracts, limiting the organization’s capacity for strategic category management. Only 1 out of 15 executive departments utilizes a fully electronic solicitation process, which would offer both efficiency and effectiveness advantages if deployed statewide. Across procurement functions, most time and resources are devoted to compliance with procurement laws and review processes, with limited capacity for broader strategic initiatives focused on unlocking value, understanding the state’s procurement needs, and facilitating an effective, efficient process to fulfill those needs.

Similarly, a Global Procurement Excellence 360 survey assessed Arkansas’ procurement performance relative to best practices and revealed strengths and weaknesses in the state’s procurement strategy. The assessment, as outlined in Exhibit 3, evaluated Arkansas’ current procurement maturity across 13 elements of a next generation procurement operating model and ranked its performance relative to peer and all industries averages. Relative to peer benchmarks, the Arkansas procurement organization has several advantages:

- Arkansas’ procurement organization exhibits some level of centralization through statewide procurement and some procurement activities taking place at the department level.

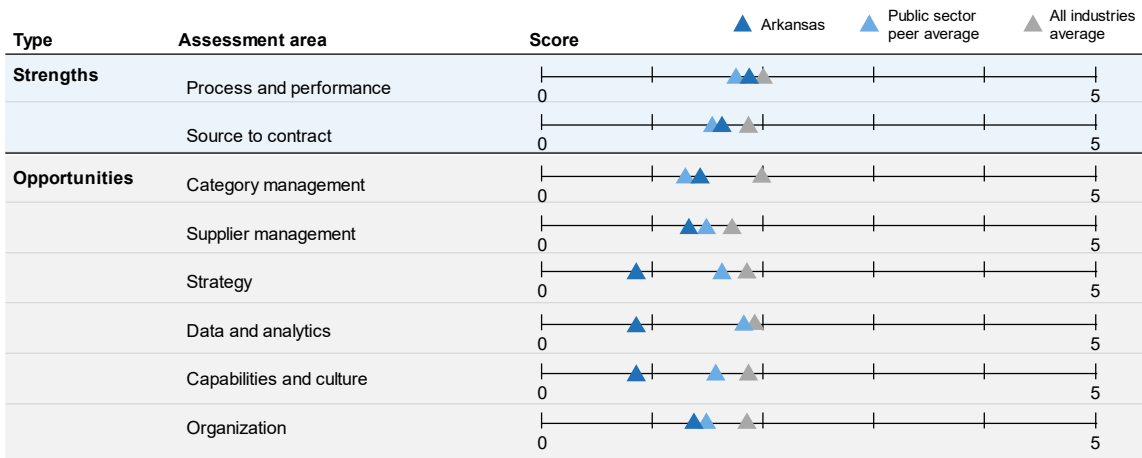
- The state’s current procurement policies and process standardization lay the groundwork for operational effectiveness between departments.
- Source-to-contract and procure-to-pay processes have a clear separation of roles.

The assessment also revealed several gaps in the state’s procurement maturity:

- Arkansas scored slightly below the public sector average in overall procurement assessment and lagged top-performing peers across several categories.
- The lack of overall procurement strategy creates suboptimal sourcing, limiting value capture.
- Categories, performance metrics, and KPIs could be further defined and tracked to boost procurement performance.
- Supplier development and management functions could be strengthened and formalized.
- Adoption of digital capabilities could be increased to standardize and monitor spend, and talent development mechanisms could be improved to boost internal knowledge and capabilities.

### Current state of Arkansas’ procurement processes based on GPE360 assessment

GPE360 assessment results



Source: Global Procurement Excellence (GPE360) benchmarks and assessment based on interviews with Arkansas procurement officials

Exhibit 3

Overall, Arkansas’ current procurement organization reflects a decentralized structure and compliance-oriented culture, with fragmented approaches to category and contract management, governance, and internal capability building. Arkansas Forward represents an opportunity for the current procurement system to 1) better manage demand for vendors and support, 2) refine pricing through analytical category management, and 3) optimize procurement processes for speed and value. See Appendix 1 (pg. 3) for the methodology used to assess procurement opportunity.

- **Managing demand for vendors and support:** Arkansas experiences inconsistent product categories and specifications across departments leading to difficulties tracking spend, demand, and vendor utilization.
- **Refining pricing through analytical category management:** Arkansas exhibits inefficient vendor identification and contracting processes, and the lack of analytical capabilities hinders its ability to achieve better rates. To realize better terms with vendors and improve spend performance, the procurement organization will need to bolster procurement-related knowledge and skills (e.g., negotiation, vendor management, category management, analytics, etc.). Additional information about capabilities of focus can be found in the next section.
- **Optimizing procurement processes for speed and value:** Currently, no standard spend data categorization hierarchy is used, and departments rely on antiquated infrastructure to track procurement performance and demand over time. Procurement processes are managed manually and across multiple systems with little data to inform preemptive negotiation due diligence. Additionally, there are unclear divisions of procurement responsibilities across operating activities and capability building mechanisms (e.g., negotiation), limiting Arkansas’ ability to capture value.

## VISION FOR FUTURE STATE

### A. Guiding design principles for defining the future state

The target “future state” for state procurement capabilities is centered on five fundamental design principles, which represent the strategic priorities of the organization. Each procurement initiative will improve Arkansas’ procurement function with respect to one or more of these design principles: efficiency and speed, user experience, collaboration, analytical foundation, and value.

## Procurement Future State: Guiding Design Principles



### **Efficiency and Speed**

An upgraded e-procurement system, clearly defined roles and responsibilities, and analytical procurement tools will enable timely solicitation processes and contract reviews and will help the procurement organization become more efficient and streamlined.

### **User Experience**

The procurement workforce will benefit from clearly defined roles, responsibilities, and procurement governance processes (e.g., data categorization hierarchy, mandatory contract guidelines, shared services model) to reduce confusion and rework. Procurement training and professional development programs will be widely used to boost internal capabilities and encourage talent motivation and retention.

### **Collaboration**

Departments will partner with the Office of State Procurement throughout the procurement process and elicit support and insight from DFA and other supporting organizations, where needed. Collaboration of procurement professionals and supporting organizations will be fostered through regular cross-functional meetings and communications.

### **Analytical Foundation**

Arkansas will build an analytical foundation featuring clearly defined data categorization hierarchies and data governance practices. The organization will use a strong foundation of KPIs and SLAs (e.g., year on year savings, percent compliance with specs, on time delivery, etc.) to track internal and external performance and support insights-driven decision making. Data will be easily digestible and understood across the procurement organization and exist within a single platform or dashboard.

### **Value**

Arkansas will focus on driving value across the procurement organization using economies of scale. Contracts will be frequently renegotiated and exited as needed to capture more value per dollar of spend, and mandatory contracts will be used to regulate spend and the quality of procured goods and services.

In pursuit of these five tenets, Arkansas' future procurement organization will feature streamlined processes to enable departmental efforts; simplified procurement processes that are easy to understand and manage; collaborations with department leaders and procurement professionals to identify and fulfill needs; decisions supported by data-driven insights; and utilization of economies of scale to maximize value.

### ***B. Considerations for transforming Arkansas Procurement***

To guide its future state vision for the procurement organization, Arkansas will implement a step-by-step approach to transformation based on best practices from other states. States with exemplary procurement organizations take a strategic approach to customer (i.e., department) segmentation, category grouping, spend transparency, structure, people, processes, and technology. More details on initiatives and implementation steps to activate these best practices are outlined in Sections 3 and 4.

### **Managing demand for vendors and support**

Customer segmentation and category grouping will help Arkansas manage demand for vendors and support by optimizing service levels and focusing support.

By implementing customer (i.e., department) segmentation best practices, Arkansas will balance trade-offs between speed, cost, and quality to accommodate individual departments, each of which may have different priorities, while maintaining compliance. Understanding the inherent procurement capabilities within each department will dictate the level and type of support needed from Arkansas' central procurement function.

Beyond understanding its departments, Arkansas will build procurement processes and vary the level of centralized support based on the risk, cost, commonality, and level of innovation needed for each type of good or service. For example, the compliance requirements and level of detailed technical knowledge needed to procure IT service providers handling sensitive state data is very different from the purchase of commodity goods from well-established vendors.

Additionally, grouping similar goods and services into clearly defined categories based on risk, cost, commonality, and level of innovation will aid Arkansas in procurement analysis, sourcing strategy, and governance. Illustrative examples of category groupings include office supplies, facilities maintenance, and IT equipment. The category approach will allow Arkansas to view its entire spend in a common language across departments and target effort where it is most needed to achieve the desired procurement posture.

### **Refining pricing through analytical category management**

Spend transparency will help Arkansas refine pricing through analytical category management. Arkansas' central procurement function will establish a full, enterprise-wide view of spend broken down by department, suppliers, and category, which will provide a fact-base for resourcing decisions by the central procurement function or by individual departments and will provide the data needed to drive improvements across each dimension of its balanced procurement posture.

Maintaining a centralized view of who is purchasing what across departments will enable the centralized procurement function to implement core procurement processes tailored by department, the procured item's complexity, and potential value to be gained by pooling demand and combining bids for similar procurements across the state. In practice, this customization is typically reflected in variable decision rights between the requirements owner and the central procurement function for requirements definition, category-strategy creation and enforcement, negotiation and procurement approval, and ongoing supplier management.

### **Optimizing procurement processes for speed and value**

Implementing a series of organization and governance structural elements, processes, people-focused programs, and technology systems will help Arkansas optimize procurement processes for speed and value.

Within organization and governance, improved category strategies and clear ownership will promote agility and a strong foundation for transparency and value capture across Arkansas' procurement organization.

Arkansas will develop thoughtful and dynamic category strategies, refreshed at regular intervals. Category strategies, resulting from rigorous analysis of requirements, spend, and suppliers, outline the ideal acquisition approach and provide guidance to requirements owners and contracting officers in all components. They include detailed guidance on supplier strategies, risk management, approaches for maximum value capture, performance management, and contracting vehicles. The strategies are typically

developed by a cross functional team led by the category “owner” and are refreshed on an annual or semiannual basis. See Appendix 3B (pg. 36-44) for more information on category strategies.

The state will also assign clear ownership and accountability for each category. Categories are managed by an accountable individual or team and are aligned to the department that is the natural owner. Category owners develop category strategies, provide guidance, and help ensure the department adheres to the guidance.

Arkansas will also ensure processes are streamlined and standardized enterprise-wide by implementing the following features:

- Streamline end-to-end processes from requirements definition through to contract close. Arkansas will deploy a full set of levers to make core procurement and acquisition processes user-friendly, fast, and compliant. End-to-end processes will be designed through value-stream mapping and optimized to improve end-user experience. Arkansas may consider implementing customized or tiered processes based on the procurement size, risk, and procuring entity. For example, Georgia’s central procurement function utilizes a tier-based procurement system to help its departments determine what type of contract to use. See Appendix 3B (pg. 45) for more information.
- Develop rigorous contractor-performance management processes. To enable high-performance in its procurement organization, Arkansas will integrate contractor performance management in its processes, have clear performance-management processes, and provide appropriate training.
- Implement efficient and effective internal acquisition review processes that help ensure acquisitions align with category strategies and meet organizational objectives. Arkansas will adopt one quick review process at the department level (with lower thresholds) and one at the enterprise level, providing clear guidance as to what’s required and time to allow appropriate change of course.
- Develop a regular process to assess the value and performance of major contracts to ensure they are optimized for speed, cost, quality, and compliance. Arkansas will conduct cleansheet analyses based on real performance data and best practices ahead of new acquisitions, when contracts come up for renewal, and periodically throughout the life of long-duration contracts. Cleansheet analyses are a strategic procurement tool used to gain a detailed understanding of the cost structure of a product or service. Specifically, OSP will calculate the lowest feasible price of a product or service by evaluating all cost components involved in its production and delivery. See Appendix 3B (pg. 61-63) for more information.

Arkansas will build a talented and motivated workforce by prioritizing continuous skill building and a culture that prioritizes citizen and government outcomes. Key elements include the following:

- Establish training and capability building for the core procurement workforce across all elements of the procurement value chain. Arkansas will invest in training and development opportunities for its procurement workforce to help with overall performance and employee retention and motivation. Investments in training may include hiring external vendor support, hiring new talent, or developing new tools internally.
- Provide accessible, timely training and support for those who work with the procurement workforce. Much of the end-to-end procurement process happens outside of the official procurement office. As such, Arkansas’ central procurement function will act as an advisor to requirements owners, offering easy-to-access support.



- Build a culture of collaboration. Arkansas will view procurement professionals as critical to every element of the organization’s performance, treat them as important collaborators, and allow the procurement workforce opportunities to embed with non-procurement offices. Arkansas will build an appropriately risk acceptant workforce that balances cost, speed, and quality with compliance.

Most importantly, within technology, Arkansas’ procurement organization will rely on supporting IT systems to implement a best-in-class procurement model. Arkansas’ procurement IT system will include the following features:

- Maintain a single procurement data source. Arkansas will maintain a single source of procurement data, either through a single enterprise contract-management system (ideally) or a reporting process that feeds data from disparate systems into a central, frequently updated hub.
- Clarify data standards for procurement data. Arkansas’ procurement information will be supported by an infrastructure of common data and reporting standards—for example, material codes—that make it easy to match contracts to categories and perform comparative analyses.

**C. Defining the future state**

The vision for Arkansas’ future state procurement organization is based on interviews with procurement leaders, diagnostic benchmarking analyses, a review of procurement best practices, and the cornerstone design principles above. Overall, Arkansas Forward represents an opportunity to evolve procurement from a decentralized, compliance-oriented organization with various approaches to category and contract management, governance, and internal capability building to a shared-services and analytics-led organization centered around collaboration, with standardized approaches to category management and centralized governance and robust internal capability building mechanisms.

The transition goals are organized across three dimensions:

**Managing demand for vendors and support:** In its future state, Arkansas’ procurement organization will use consistent product categories, specifications, and taxonomies across departments and will proactively manage demand to right-size purchasing.

**Refining pricing through analytical category management:** Arkansas will efficiently identify opportunities for value capture in the procurement process and leverage its improved capabilities to enhance the rigor of its RFP negotiation process for major solicitations and achieve better rates and terms.

**Optimizing procurement processes for speed and value:** Arkansas will deploy user- and supplier-friendly end-to-end e-procurement systems and capabilities and use refined process and data governance measures to drive data-backed and timely solicitation processes.

The table below depicts the granular capability changes that will take place in Arkansas’ procurement organization across the three dimensions.

Summary		
Capability	From ...	To ...
Operating model	Decentralized, compliance-oriented procurement organization with various approaches to category and contract management, governance, and internal capability building	A shared services and analytics-led organization centered around collaboration, with standardized approaches to category management and centralized governance and robust internal capability building mechanisms

<b>Managing demand for vendors and support</b>		
<b>Capability</b>	<b>From ...</b>	<b>To ...</b>
Product categorization	Inconsistent product categories and specifications across department (e.g., IT commodities)	All executive departments are aligned to a standard category taxonomy that features visibility into commodities & services needed and purchased, and how vendors are being utilized
<b>Refining pricing through analytical category management</b>		
<b>Capability</b>	<b>From ...</b>	<b>To ...</b>
Opportunity identification	Inefficient vendor identification contracting processes, unitization and competitive intelligence hinder ability to achieve better rates	Early, more efficient, and analytics-driven identification of opportunities for vendor consolidation, statewide contracting opportunities, price harmonization, and other cost-savings actions
Professional development	Opportunity to grow knowledge and skills needed to optimize spend performance; difficulty engaging with procurement partners	Procurement employees, department leads, and related positions have the skills and knowledge needed to successfully execute across contract categories (e.g., RFB) and competently engage with procurement partners
<b>Optimizing procurement processes for speed and value</b>		
<b>Capability</b>	<b>From ...</b>	<b>To ...</b>
Data governance	No standard spend data categorization hierarchy is in place; departments rely on a customized material group codes	Outline agreements, purchase requisitions, and purchase orders all utilize the same, standard data categorization hierarchy derived from analytical reviews of purchasing data
Supplier and bid management	Bid and contract specifications are manually updated across multiple systems	Bids are managed in a consolidated e-procurement system and are automatically converted into systematized contract entries upon award
Accountability mechanisms	Insufficient infrastructure to track Procurement performance and demand over time	Strong foundation of actionable KPIs evaluate State procurement performance improvement over time; performance data is analyzed to identify key focus areas
Active contract management	Contract terms are managed offline by each department's procurement team, and contract expiry is checked manually. See Appendix 1 (pg. 13).	Contracts are routinely monitored and are automatically flagged by the e-procurement system when set to expire; procurement team uses data to make decision about renewal or re-bid
Proactive contract management	Little preemptive contract management with vendors; individual contracts lack SLAs and KPIs needed to monitor performance	Individual contracts include actionable, data-driven SLAs and KPIs to enable effective contract management and performance dialogues with vendors
Process governance	Unclear delineation of Procurement responsibilities and degree of centralization (e.g., shared services) across operating activities	Clear delineation of Procurement responsibilities and shared services across executive departments (i.e., which departments provide final contract review, technical insights, and negotiation support)
Mandatory contracts	Mandatory contracts are seldom used across the Procurement organization; little	Established guidelines for which commodities should be managed under mandatory

	precedent exists for review and syndication process	contracts; proven process for legislative review and syndication
Negotiation	Limited negotiation capabilities (e.g., knowledge, tools, and processes)	Robust negotiation capabilities resulting from training sessions, external vendor support, hiring, or tools
Change management		
Capability	From ...	To ...
Vision	Stakeholders do not know about or understand Arkansas Forward	Stakeholders understand the potential impact and are excited for the future
Collaboration	Procurement teams work predominantly within departments	Procurement regularly works with others on cross-departmental working teams
Strategic action	Procurement teams spend time ensuring adherence to policy, not necessarily thinking strategically	Procurement proactively identifies opportunities, and once aligned, ensures the right steps are taken to pursue value
Adaptability	Teams are comfortable with legacy ways of working and aren't motivated to change	Procurement is excited about new approaches and methods and regularly communicates about what does and does not work

Operationally, Arkansas' future state procurement organization will be centrally managed with department-led execution and input. The Office of State Procurement will provide overall direction and support throughout the procurement process, but activities will be executed at the department level. OSP will maintain training and standards for the procurement function and manage cross-functional interactions with support functions.

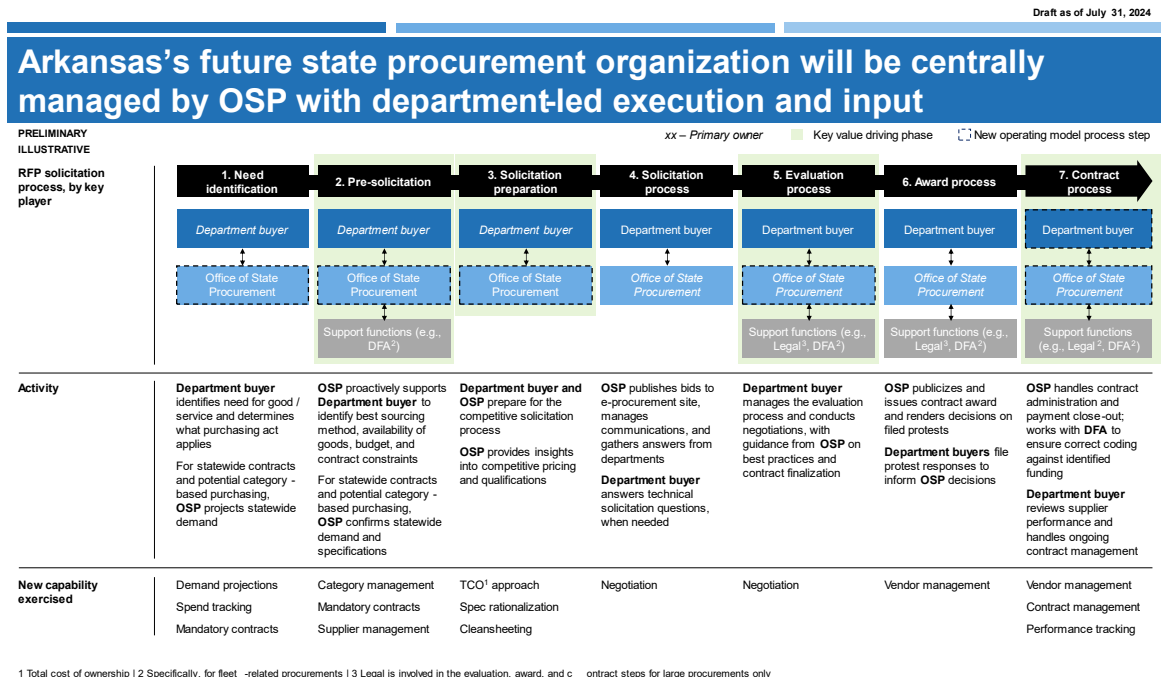


Exhibit 5

Under the future state operating model, key procurement sub-functions will move from being primarily governed and administered by departments to being centrally governed and administered by OSP.

As seen in Exhibit 6 below, procurement sub-functions can be assessed across a scale of centralization:

**Distributed governance and administration** functions are managed and administered by departments, with little guidance from OSP. In the future state, procurement ordering processes (e.g., administrative contracting processes like handling vendor payments, facilitating communications with suppliers, updating records, and administering contracts) will be managed and executed by departments.

**Centrally supported, distributed administration** functions are managed and administered by departments with frequent support provided by OSP. In the future state, need analysis will be primarily owned by departments with guidance provided by OSP. However, for prioritized categories, based on criticality, scale or other identified value opportunities, OSP will provide greater governance and support. In most instances, departments will be responsible for tracking demand for department-specific items; whereas OSP will track demand for state-wide commodities and services. OSP will advise departments on demand forecasting strategies and will support the departments in their need analysis by managing the collection and distribution of procurement data in a shared, analytical format.

**Centrally governed, distributed administration** functions are managed by OSP, but day-to-day activities are executed by departments. Key sub-functions operating under this model in the future state include category management, negotiation, vendor management, P-card spend, department solicitations drafting<sup>1</sup>, and spend analytics. Policies, infrastructure, training, and guidelines for these functions will be managed by OSP, but the departments will be responsible for carrying out these activities. For example, as demonstrated in Exhibit 5 above, OSP will launch negotiation training programs and oversee negotiation finalization during the contract evaluation process, but departments will be responsible for driving the negotiations with suppliers and conducting supplier evaluations.

Category management is a particular capability of focus since little category management maturity exists in the current state. OSP will further develop its category management capabilities in the future state and will create category strategies for key products and service. See Appendix 3A (pg. 29, 33) and 3B (pg. 36-44) for more detail.

**Centrally governed and administered** functions are managed by OSP, and day-to-day activities are executed by OSP. In the future state, key sub-functions that will be managed and executed by OSP include governance related functions like drafting OSP contracts<sup>1</sup>, mandatory contracts, process regulatory standardization and documentation, policy making and compliance (including reporting), capability building and training, and performance management. Supplier market analysis, a solicitation-focused sub-function, will also be governed and administered by the central procurement function for at scale contracts.

In addition, OSP will be responsible for the central management and execution of Arkansas' analytics capabilities, owning the database management and data governance sub-functions. As mentioned previously, OSP is responsible for establishing a holistic, state-wide view of spend broken down by department, suppliers, and spend category.

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<sup>1</sup> OSP will determine procurements for central management on a spend-threshold basis, beginning with select large procurements and gradually expanding to lower-spend procurements as the central team build capacity and capabilities for multiple solicitations.

The data governance and database management functions are crucial to setting the strategic direction of OSP’s analytical focus, launching comprehensive procurement analytics tools, and standardizing data rules across departments to allow for a holistic view of procurement spend and performance. OSP will be responsible for setting the standards on what procurement-related data fields should be collected at the department and state levels, aggregating these KPIs and SLAs into an easily digestible format (e.g., dashboard), enforcing the use of analytics in procurement processes and decision making, and maintaining analytical standards across the procurement organization. For example, OSP will set standards on vendor performance and work with departments to collect data on how vendors are tracking relative to agreed upon SLAs. The departments will then leverage this data, which is easily accessible through an analytical platform, to track vendor performance and intercede with suppliers as needed to ensure contracted terms and service levels are being met. See Appendix 3B (pg. 57-60) for more guidance on performance management best practices.

Draft as of July 31, 2024

### Current and future state operating model

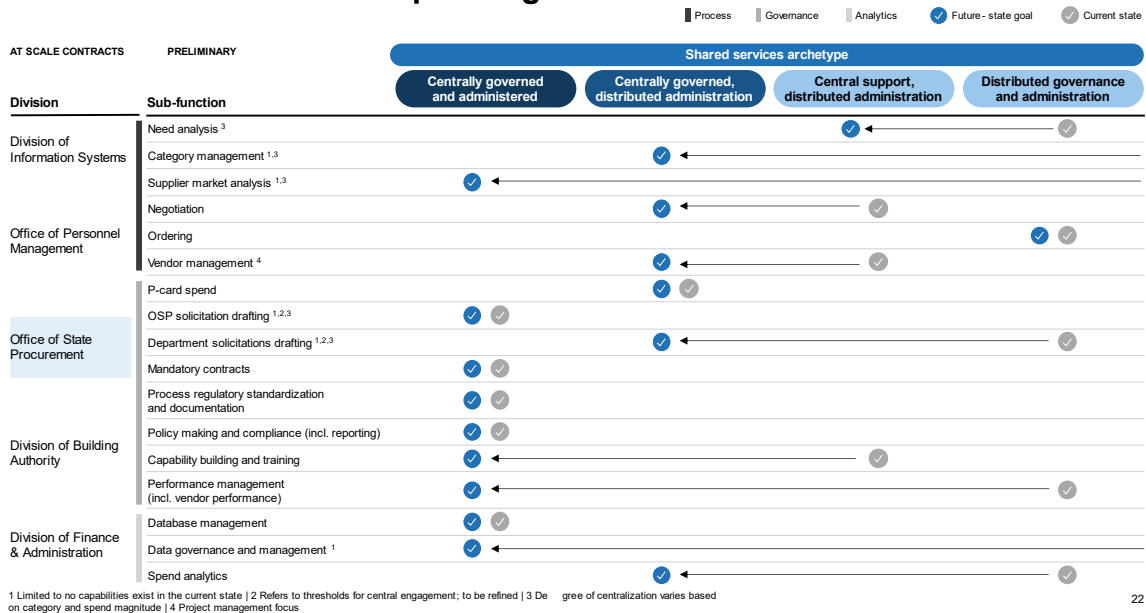


Exhibit 6

## EVALUATION OF FEASIBILITY AND IMPACT OF POTENTIAL INITIATIVES

### A. Summary of interventions

To realize its future state vision, Arkansas has identified a set of 40 near-term and long-term initiatives to be implemented over the next 30+ months. See Exhibit 7 for the comprehensive list of initiatives. By implementing these initiatives and key enabling activities, Arkansas plans to realize up to \$155M in estimated annual recurring savings. The 40 initiatives address key opportunities for additional value capture, including developing a standardized data taxonomy, setting a category management strategy, upskilling the procurement workforce, and engaging central procurement authority earlier in the P2P process. See Appendix 2 (pg. 18) for more details on the estimated annual opportunity per initiative category.

***B. Prioritized initiatives***

The 40 initiatives identified during Wave 1 have been prioritized according to expected annual impact, feasibility to execute, and timeline to implementation and are grouped into categories by opportunity type. Initiatives that are easy to execute, or “familiar”, to the procurement organization, are considered quick wins and have been mapped to a near-term implementation horizon. Similarly, initiatives that require additional support or more time to execute have been mapped to medium-term or long-term horizons, depending on their level of complexity and pathway to execution. Appendix 2 (pg. 19) contains more information on how the initiatives were prioritized and mapped across horizons.

Exhibit 7 outlines the list of 40 procurement initiatives that were identified during Wave 1 of Arkansas Forward. The list contains the initiative name and tracking number, and the initiatives have been grouped by opportunity category. The initiatives, which link to the master initiative file and TSG initiative charters, are mapped to owners across TSS, DFA, and Human Services Departments and are managed under the Arkansas Forward project management organization’s regular weekly and monthly meetings. The following pages outline the pathway to implementation for these initiatives and the potential change management and enablement activities that may be actioned to capture value across the procurement organization. See Appendix 2 (pg. 16-17, 21-25), and the Master Initiative List for more detail.

## Procurement initiatives for the near term and long term

	#	Priority	Initiative
Manage demand for vendors and support	FUNC-4	High	Standardize specifications for long tail purchases and award state contracts for those purchases
	FUNC-1	Medium	Standardize specifications for IT commodities and award state contracts for those purchases (excludes software subscription)
	FUNC-2	Medium	Rationalize demand for software subscriptions across the state
	FUNC-3	Medium	Standardize specifications for equipment and award state contracts for those purchases
	FUNC-5	Medium	Standardize specifications for fleet and award state contracts for those purchases
	DHS-21	Lower	Integrate Purchasing and Procurement strategy for Medicaid, State Employees Health and K -12 School Based Health Insurance
	DHS-1	Lower	Consolidate and improve value from subscriptions across divisions
Refine pricing through analytical category management	FUNC-11	High	Optimize professional services contracts
	FUNC-6	Medium	Optimize 10 large contracts up for bid
	FUNC-7	Medium	Optimize fleet contract
	FUNC-8	Medium	Optimize janitorial services contracts by consolidating contracts across the state and renegotiating rates
	FUNC-9	Medium	Optimize actuarial services contracts
	FUNC-10	Medium	Optimize contracts for long tail commodities
	FUNC-12	Medium	Optimize contracts for IT services
	FUNC-13	Medium	Optimize contracts for educational services
	FUNC-14	Medium	Optimize contracts for facilities management
	FUNC-15	Medium	Optimize contracts for administrative services
	FUNC-16	Medium	Optimize contracts for other (long tail) services
	FUNC-17	Medium	Deploy contract assessment system that leverages GenAI
	FUNC-18	Medium	Adopt TCO approach for IT commodities
	FUNC-19	Medium	Adopt TCO approach for rental / lease commodities
FUNC-20	Medium	Adopt TCO approach for fleet	
FUNC-21	Medium	Adopt TCO approach for equipment commodities	
FUNC-22	Medium	Adopt TCO approach for long tail commodities	
Optimize procurement processes for speed and value	FUNC-25	High	Host an OSP roadshow for state departments
	FUNC-27	High	Modify governance process for statewide contracted commodities
	DHS-1	High	Establish DHS contract oversight and vendor management unit
	FUNC-23	Medium	Optimize a consolidated vendor communication registry across all departments
	FUNC-24	Medium	Reduce untraceable P -card spend
	FUNC-26	Medium	Modify governance process for IT SaaS subscriptions
	FUNC-28	Medium	Establish structured contract terms database
	FUNC-29	Medium	Optimize spend data management practices
	FUNC-30	Medium	Conduct a statewide procurement planning effort for FY25 -FY27
	FUNC-31	Medium	Select vendor and design a user - and supplier -friendly e-procurement solution that integrates to core SAP (AASIS) data
	FUNC-32	Medium	Establish spend monitoring capabilities and program
	FUNC-33	Medium	Redesign procurement personnel pathways
	FUNC-34	Medium	Launch a robust certification for procurement professionals across roles, departments, and tenure
	FUNC-36	Medium	Redesign RFP process mapping to appropriately engage SMEs and execute the solicitation process
	DHS-2	Lower	Rationalize duplicative or low -impact provider contract initiatives
DHS-135	Lower	Conduct trainings on grants and contract management	

### ***C. Additional opportunities to capture value***

New innovations in Generative AI (GenAI) represent further opportunities to capture value in Arkansas' procurement processes. Common GenAI use cases that are increasingly being employed across public and private sector institutions to increase the speed, efficiency, and ease of procurement processes include category management co-pilot, RFP management system, negotiation coach and trainer, contract evaluation tool, contract drafting tool, supplier intelligence and management platform, proactive procurement risk management system, and P2P process automation. See Appendix 1 (pg. 14) for more information on next horizons GenAI-enabled procurement efficiencies.

High-impact solutions for Arkansas include a GenAI-powered contract optimization tool that can analyze large volumes of procurement contracts, compare contract terms to defined benchmarks, and generate recommendations for renegotiations to reduce contract value leakage, and an automated contract drafting system that creates RFPs with recommended terms and conditions. Similarly, a GenAI-powered price benchmarking tool can provide a comprehensive repository of real-time market, category intelligence, and price benchmarking data to inform the negotiation process. These types of solutions can help Arkansas boost its capabilities across the contract management lifecycle, embed data into its decision-making, and streamline procurement processes to optimize value.

The prioritized set of initiatives contains two notable initiatives that leverage GenAI solutions to enhance the procurement organization. Initiative FUNC-17 aims to deploy a contract assessment system that leverages GenAI to monitor contract terms and make recommendations for optimization. Initiative FUNC-28 seeks to establish a structured contract terms database by using GenAI to move contract language from unstructured files to consolidated database.

## **IMPLEMENTATION AND CHANGE MANAGEMENT PLAN**

### ***A. Pathways to future state***

Three transformation “horizons” provide guideposts to track and manage progress towards the target procurement future state. Exhibit 8 summarizes initiatives by opportunity type and horizon, including:

**Launch:** The “Launch” phase reflects the first 12 months of implementation and focuses on building momentum, establishing core enablement procurement processes and governance structures, piloting changes in select product categories, and rationalizing high priority spend categories.

**Scale:** The “Scale” phase reflects the next 18 months of implementation and focuses on scaling piloted improvements to more product categories, refining core enablement processes and governance structures, and bolstering internal capabilities through statewide use of best practices.

**Continuously improve:** The “Continuously improve” phase reflects implementation 30+ months into the future and focuses on continuous improvement, deployment of enablement tools, and coordination of procurement strategies across related departments.



## Pathways to Future State

### End state description across implementation horizons

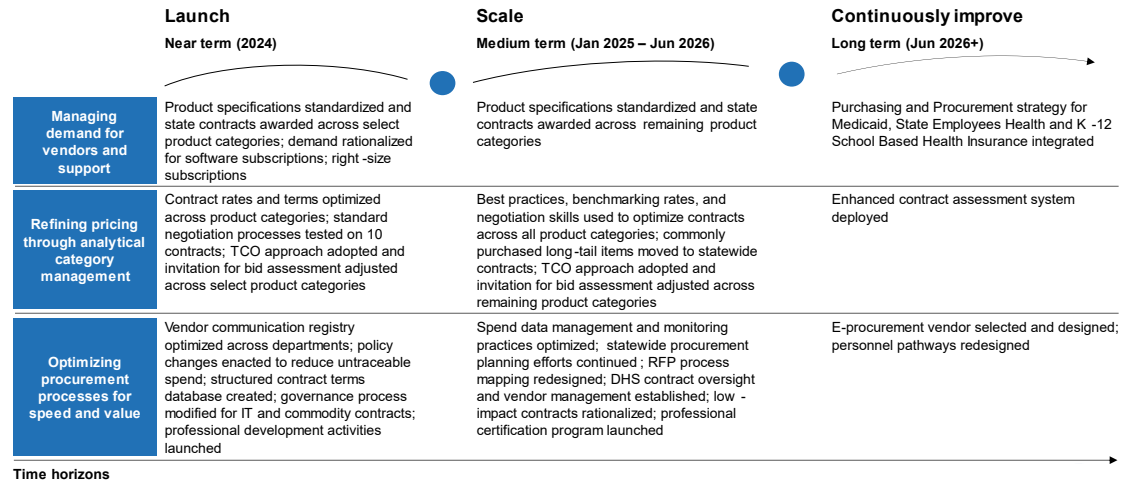


Exhibit 8

### **B. Sequencing over horizons and rollout plan**

To realize future state outcomes, Arkansas can organize its 40 initiatives and supporting implementation activities into a comprehensive phasing plan. The plan, outlined in Exhibit 9, organizes initiative-based activities across three interim phases, spanning over the next 30+ months. The sequenced view of opportunity levers can help Arkansas assess performance relative to future state goals, anticipate roadblocks, proactively schedule meetings for key decision points, and identify opportunities for additional opportunity-enhancing projects.

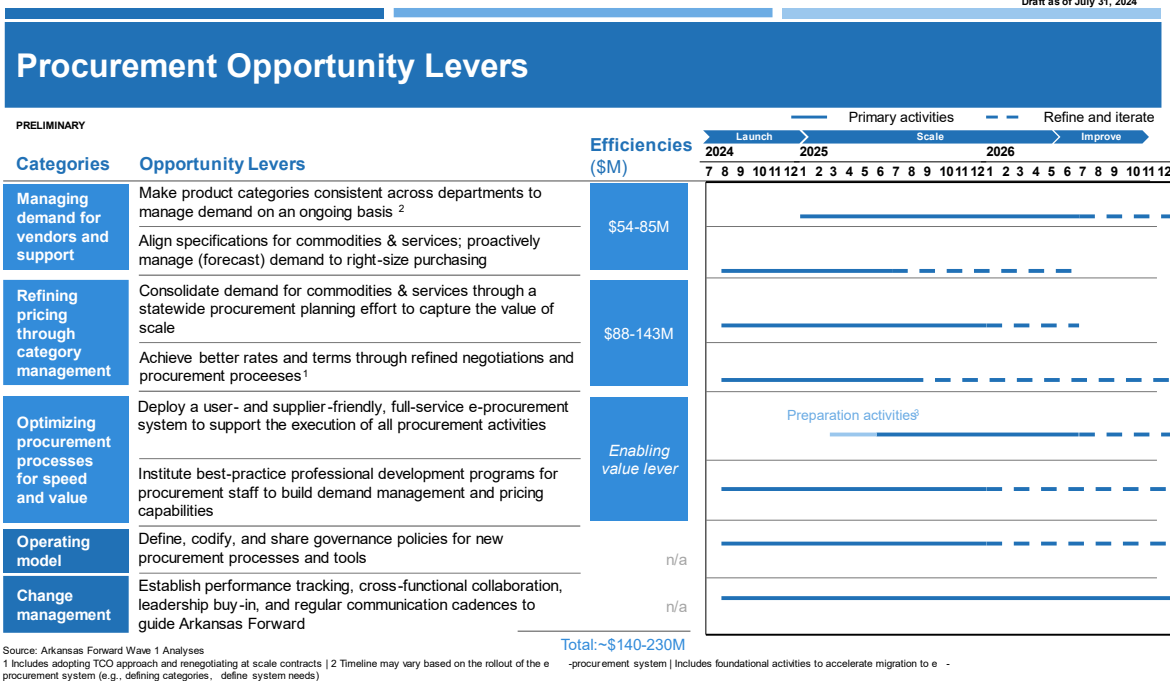


Exhibit 9

To achieve the future state vision, Arkansas will standardize product categorization and taxonomies across departments and create category strategies<sup>2</sup>; identify which commodities should be sourced via statewide contracts; implement mandatory contracts for commodity spend categories; renegotiate current contracts as they expire and optimize future contracts; establish a statewide e-procurement system to bolster analytical capabilities; establish trainings and professional development pathways; implement new governance policies, capacity shifts, and organizational designs; and establish change management activities to drive buy-in boosting behavior and mindset changes. See Appendix 3A (pg. 28-32) for detailed information about the key activities and strategies needed to realize future state outcomes.

Several key activities are considered critical to the transformation of Arkansas’ procurement organization. Most notably, in the first 6 months, Arkansas will need to:

- Begin building category strategies
- Identify the commodities eligible for mandatory contracts
- Establish negotiation best practices
- Adopt a Total Cost of Ownership (TCO) approach
- Define e-procurement system requirements
- Define KPIs and SLAs to track procurement performance

Successfully executing the 6-month critical activities will provide the procurement organization with a strong implementation foundation. Reference Appendix 3A (pg. 33-34) for more information on the 6-month critical activities and Appendix 3B (pg. 36-60) for best practice materials related to the critical activities.

<sup>2</sup> OSP will align product and service categories to UNSPSC codes by the end of FY 2025.

### C. Change management and enablement activities

Realizing and sustaining the opportunity from Arkansas Forward activities requires a broader, complimentary, change management and communications effort to promote adoption of new initiatives and buy-in into the new procurement operating model. In accordance with the guiding principles, the future state procurement organization will aspire to foster speed and efficiency, a seamless user experience, cross-functional collaboration, analytics-driven decision making, and maximized value through economies of scale. To achieve these qualities, Arkansas will adopt a collection of change management activities inspired by the guiding principles and best practice approaches to procurement change management.

Successful change programs utilize four key pillars to motivate mindset and behavior changes, including role modeling, understanding and conviction, confidence and skill building, and reinforcement with formal mechanisms.

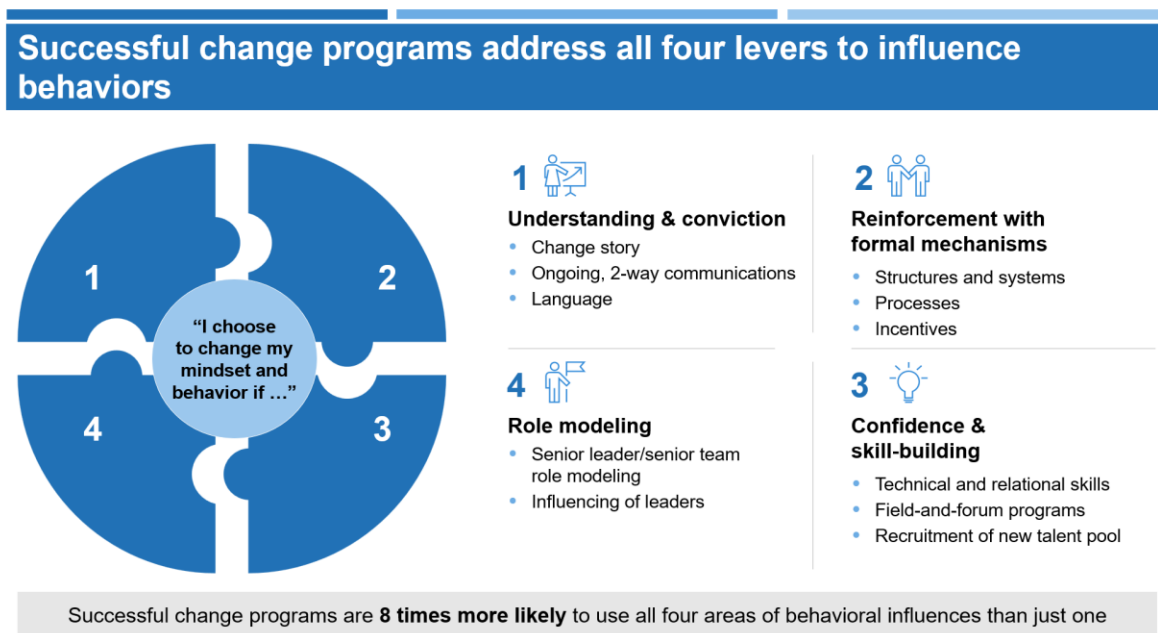


Exhibit 10

Arkansas will adopt change management practices across all four influence quadrants to boost implementation success.

- Department leaders will employ a series of communication mechanisms for the Arkansas Forward imperative and keep the procurement workforce informed on key policy and process changes. For example, OSP leaders can demonstrate the benefits of the analytical approach to procurement through showcasing projected savings from new statewide contracts.
- Procurement leaders will also implement formal mechanisms to track implementation progress and reinforce behavior, mindset, and process shifts. For example, OSP can establish mandatory strategic procurement meetings to reinforce partnerships between OSP and departments, and it can organize OSP and department procurement teams around category-specific goals and spend targets.

- Procurement leaders will inspire confidence and competency in the procurement organization’s core toolkit through robust training and coaching. Examples of confidence boosting change management activities include training the procurement organization on the new operating model and delineation of duties outlined by OSP and launching recurring training workshops for department procurement officers on solicitation best practices (e.g., negotiation, vendor management, need analysis, etc.).
- Department leaders will also implement a series of role modeling activities to demonstrate leadership buy-in, encourage procurement workforce buy-in, and ultimately drive cultural change. For example, OSP and department leaders can hold regular status updates with teams to understand implementation progress and challenges, and identify areas for improvement.

Additional examples of change management activities that relate to the five future state guiding principles can be found in Appendix 3C (pg. 65-66). Appendix 3C also sequences the detailed change management activities across the “Launch”, “Scale”, and “Continuously improve” horizons.

#### ***D. Implications for procurement-related processes***

While implementing its key activity phasing plan, Arkansas will need to monitor interdependencies between the procurement organization, other domains within the Transformation and Shared Services department (e.g., DFA, DIS, Fleet, Real Estate, etc.), and other State of Arkansas departments and proactively mitigate disruptions. Anticipated interdependencies include:

- Managing cross-functional initiatives: Several procurement initiatives are owned by departments other than TSS (e.g., DFA, Human Services) and will require cross-departmental and cross-functional collaboration. For example, initiatives FUNC-5, FUNC-7, and FUNC-20 pertain to standardizing fleet specifications and optimizing fleet contracts and will require close coordination with the fleet team.
- Allocating state and federal funding to new procurement costs: Several Arkansas Forward activities (i.e., establishing a statewide e-procurement system and instituting robust capability building and training programs) will require OSP to work with DFA to secure funding.
- Collaborating with Arkansas Legislative Council: Creating new procurement processes and governance policies will require OSP to work closely with the ALC as it navigates legislative reviews and deadlines. OSP will use data-driven procurement performance reports to inform the ALC on ongoing needs and performance of the procurement organization.
- Shifting operating model and capacity needs: [Pending benchmarking analysis to estimate implications of shared services model on procurement teams (e.g., range of FTE needs)]

## **ARKANSAS FORWARD: VEHICLE FLEET MANAGEMENT PLAN**

### **THE ARKANSAS FORWARD IMPERATIVE**

Governor Sanders launched Arkansas Forward with the aspiration for the State of Arkansas to set the standard for government efficiency and effectiveness through enterprise-wide operational change.

Achieving such an aspiration will include delivery of better state government services, at less cost, for all Arkansans. To do so, state employees, teams, and departments will need to work together in new ways and with new skills. Delivering Arkansas Forward's potential, therefore, will require optimizing the state's vehicle fleet, fulfilling organizational needs effectively and efficiently.

For these reasons, Governor Sanders has called for a redesign of Arkansas state government's approach to fleet management focused on utilization, user experience, coordination, and value. A new approach centered on partnership with agency leaders to identify and fulfill transportation needs can foster an efficient, effective fleet management strategy for Arkansas.

This paper:

- Summarizes challenges with the state's current approach and the imperative for systematic change to deliver Arkansas Forward's potential
- Introduces the main elements of a new system for fleet management
- Highlights the central importance of internal capability building and robust change management practices to sustain change

### **EXECUTIVE SUMMARY**

Arkansas' cabinet departments operate a fleet of 3,980 passenger vehicles costing ~\$21M annually. This fleet is managed in DFA by one full-time fleet manager, one part-time administrator, and one part-time assistant administrator.

Department fleet leaders have flagged multiple fleet pain points including:

- Limited volume of vehicles available on statewide contract, which can take up to 9 months to be delivered
- 600+ vehicles logged less than 100 miles in 2023, and vehicle funding mechanisms limit inter-department vehicle pooling
- Maintenance and refueling is sought out as-needed, often without comparing costs
- The fleet data ecosystem is fractured; four key data sources have been combined for the first time during this effort

In total, analysis shows an estimated annual efficiency opportunity of \$3M-5M, one-time revenue opportunity of \$1M-1.5M, a reduction in fleet size of at least 860 vehicles, and an opportunity to lower the average vehicle age from 9 to 4 years (which will decrease operating costs and increase trade-in value). This impact can be achieved through the following:

1. Buy lowest priced comparable vehicle within each vehicle class

2. Optimize vehicle holding period to minimize the total cost of ownership
3. Create inter-department vehicle pools and establish usage policies
4. Realign trips to the most cost-effective mode of transportation
5. Negotiate a statewide maintenance contract to obtain a preferred rate
6. Build bulk refueling stations at locations with sufficient fuel consumptions
7. Deploy fleet telematics to enable capturing value of actions above

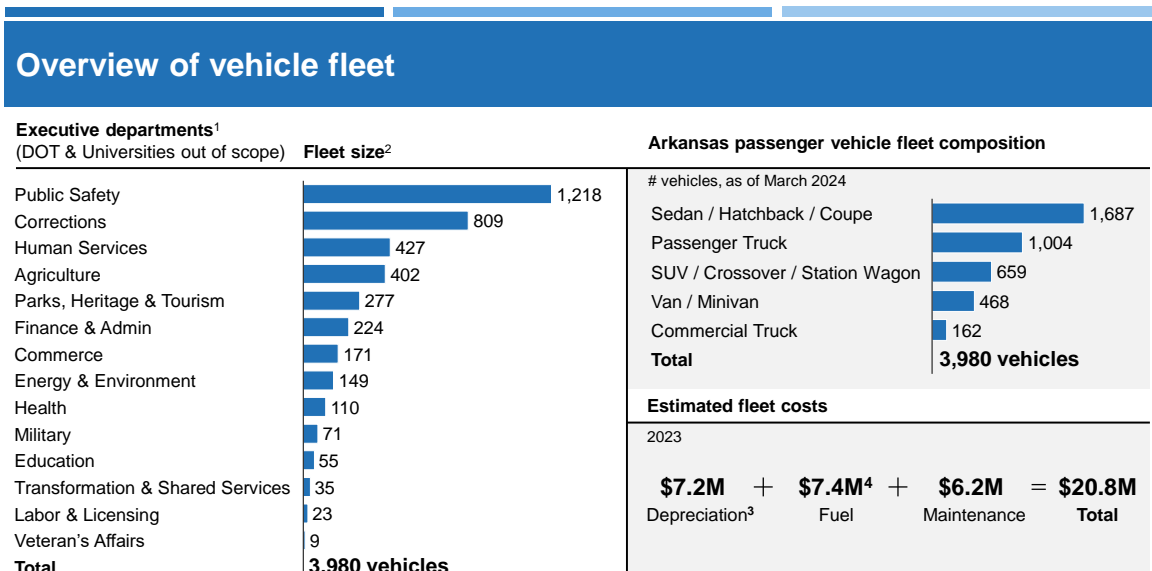
The implementation plan for these initiatives will feature initiative start and end dates, key decision points, initiative owners, enablement activities, and change management practices needed to successfully mobilize the organization. Key interdependencies between departments will also be highlighted to proactively avoid roadblocks.

Arkansas’ progress toward achieving its future state fleet can be assessed across a collection of operational capabilities and sub-capabilities based on peer benchmarks and best practices. This program will need to be backed by a centralized, well-staffed fleet function, requiring statewide cooperation to transition to a central fleet management system. In its future state, Arkansas will demonstrate maturity across its guiding design capabilities.

## SUMMARY OF CURRENT STATE FLEET ACTIVITY, OPERATIONS, AND PERFORMANCE

### A. Current state fleet activity & benchmarking

Arkansas’ cabinet departments operate a fleet of 3,980 passenger vehicles costing ~\$21M annually (see below). The fleet is managed in DFA by one full-time fleet manager, one part-time administrator, and one part-time assistant administrator.



1. Department of Inspector General does not list any vehicles in SAVA  
 2. Excludes buses and specialty equipment which are generally not tracked in SAVA  
 3. Estimated with DFA fleet team based on average purchase cost of existing vehicles and five-year accounting depreciation period  
 4. Revised from previous estimate to remove Game & Fish fuel spend  
 Source: State Agency Vehicle Application (SAVA), DFA interviews

Vehicles are procured, owned, managed, and maintained independently by department, with minimal central oversight. Divisions manage the reservations for their cars individually, with no centralized booking system or holistic fleet availability view. Because of this siloing, there is a wide distribution with respect to utilization of vehicles, maintenance standards, and types of vehicles in the fleet. For example, over 600 vehicles were driven less than 100 miles in 2023 and sit unused for months at a time.

When purchasing new vehicles, there is limited use of and long lead times on the statewide contract. As a result, there is a large variability in purchase price. The average price for the 35 four- and five-person sedans and compact utility vehicles purchased in 2023 was ~\$30k, with a maximum of \$45,600 and a 1<sup>st</sup> quartile price of \$25,400.

DRAFT AS OF APRIL 19, 2024

## Fleet procurement: Buy lowest price comparable vehicles

Price dispersion for State-procured sedans & compact utility vehicles (2023 purchases), # of vehicles



1. Calculated annual savings represents average difference in depreciation over the next five years, and does not apply any savings on Department of Public Safety procurement spend due to highly concentrated pricing on police vehicles and existing consolidation  
 2. Outliers removed from analysis  
 Source: OSP PO data

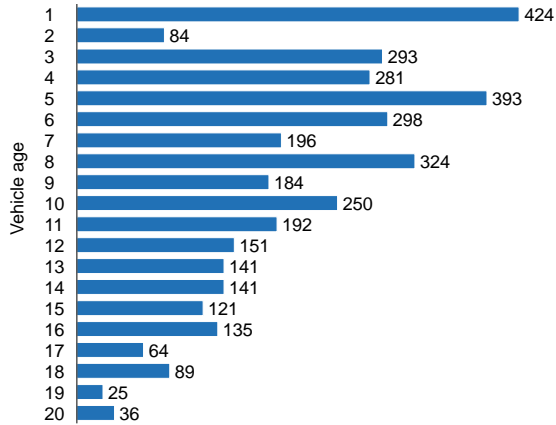
### Exhibit 2

Additionally, the aging fleet is expensive to maintain, with the average maintenance cost more than tripling between years 1-8 and years 9-20, from \$0.07 to \$0.25 per mile (see below). In most cases, fuel is purchased from retail stations at retail rates, without bulk-fueling stations.

## Fleet procurement: Optimize vehicle holding period

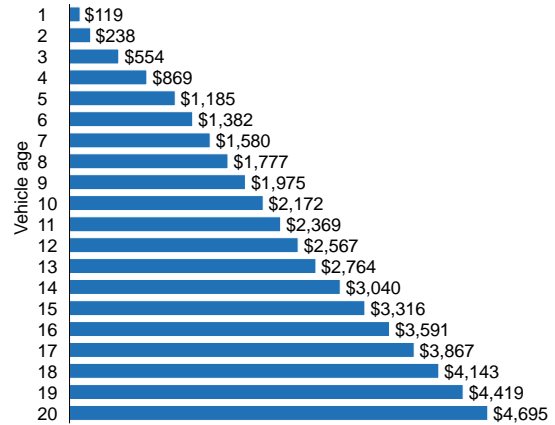
### As Arkansas's vehicle fleet ages...

# Vehicles in AR's fleet up to 20 years old



### ...its maintenance costs increase rapidly<sup>1</sup>

Avg. annual maintenance cost for AR's fleet



1. Average annual maintenance costs are calculated using SAVA data for vehicles that are 2, 5, 13, and 20 years old, selecting years based on sample size availability. Other annual maintenance costs are interpolated.  
 2. Sedans represent 42% of the existing vehicle fleet. Assumes a similar age distribution and operational parameters across vehicle classes.  
 Source: State Agency Vehicle Application (SAVA)

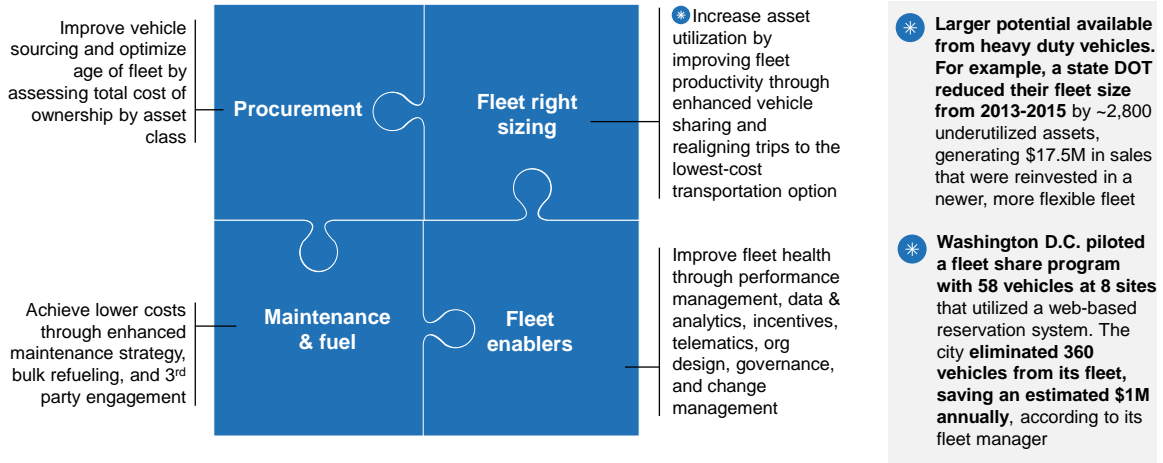
Exhibit 3

### B. Synthesis of best practices

Top performing fleet functions optimize across procurement, fleet size, maintenance & fuel, and fleet enablers. All four dimensions work together to yield operational, experiential, and financial improvements for the fleet.

## Top performing fleet functions optimize across four dimensions

PRELIMINARY



Source: Expert interviews; DC example from <https://www.govtech.com/budget-finance/green-initiatives-washington-dcs-vehicle-fleet.html>

Exhibit 4



Within procurement, best-in-class fleet management includes having a structured sourcing approach to leverage negotiated prices while optimizing the age of the fleet to minimize total cost of ownership by asset class. A centralized procurement approach leverages economies of scale to reduce prices and helps standardize models across the fleet, allowing for streamlined maintenance later. Minimizing total cost of ownership by optimizing the age of the fleet balances the increasing maintenance costs as vehicles age with the up-front capex required to purchase a new vehicle and the potential sale price of the existing vehicle. Evaluating these three values can minimize the total cost of ownership per vehicle for the state.

Best practice fleets also increase asset utilization and reduce costs by pooling vehicles and re-aligning trips to the lowest-cost transportation option. For example, a state DOT reduced their fleet size from over three years by ~2,800 underutilized assets, generating \$17.5M in sales that were reinvested in a newer, more flexible fleet. Washington D.C. piloted a fleet share program with 58 vehicles at 8 sites that utilized a web-based reservation system. The city eliminated 360 vehicles from its fleet, saving an estimated \$1M annually, according to its fleet manager.

Enhanced maintenance, bulk refueling, and 3<sup>rd</sup> party engagement can streamline maintenance and fuel processes. From a maintenance standpoint, an effective preventative maintenance program can both reduce costs and improve availability for vehicles, as well as improving staff experience overall (due to fewer emergency issues on the road). Bulk refueling can also improve experience from more convenience, being able to refuel where the vehicles are stored, as well as reduce costs from purchasing at wholesale rather than retail rates.

Performance management, data & analytics, incentives, telematics, org design, governance, and change management ensure that the organization can empower fleet managers with the information and capabilities to promote best-in-class fleet performance.

### ***C. Diagnostic of optimization opportunities***

Opportunities across procurement, right sizing, and maintenance & fueling, could reduce fleet spend by \$3M-5M annually, with an additional \$1.0M-1.5M one-time revenue opportunity, while simultaneously improving employee experience. These opportunities are supported by enablers which unlock the necessary data and capabilities for a successful change program.

Opportunities for fleet effectiveness and efficiency						
		Efficiency: 0 – 500K 500K-5M 5M+		Effectiveness & Experience <sup>1</sup> : decreases neutral increases		
PRELIMINARY	Actions	Effectiveness/ Experience <sup>1</sup>	Efficiencies (\$M)	One-time cost / revenue (\$M)	Enablers required to capture value	
Procurement	C1.1 Buy lowest priced comparable vehicle within each vehicle class		0.4		<ul style="list-style-type: none"> <li>Strengthen dedicated fleet team</li> <li>Establish chargeback system to fund central vehicle pool</li> <li>Expand partnerships on state vehicle contracts to broaden procurement options</li> <li>Implement vehicle demand forecasting</li> <li>Establish a governance approach that considers total cost of ownership when procuring and retiring vehicles</li> <li>Implement a central vehicle reservation system</li> </ul>	
	C1.2 Optimize vehicle holding period		2.8			
Fleet right sizing	C1.3 Create vehicle pools where there are shared vehicle use cases in the same location, and sell remaining vehicles		0	0.2 <sup>2</sup>		
	C1.4 Realign trips to the lowest-cost mode of transport (e.g., mileage reimbursement where ownership is not economical)		1-1.5	0.6-0.8		
Maintenance & Fuel	C1.5 Negotiate a statewide maintenance contract to obtain a 2-3% lower rate		0.1			
	C1.6 Build bulk refueling at locations with sufficient fuel consumption		0.04	(0.1)		
Fleet enablers	C1.7 Deploy fleet telematics to enable actions 1.2, 1.3, and 1.4		(0.6-1.1)			
		<b>Total:</b>		<b>~\$3M-5M</b>	<b>~\$1M-1.5M</b>	

1. Employee and program effectiveness; citizen and employee experience  
 2. \$405K in one-time revenue from vehicle sales, less \$250K to develop central vehicle pool reservation system

Source: Arkansas DFA fleet data; Arkansas State Government department data and interviews

Exhibit 5

Within procurement, optimizing the vehicle holding period could save \$2.8M annually, with reduced purchase price saving \$0.4M annually.

For fleet right sizing, creating vehicle pools could yield \$0.2M in one-time revenue (\$0.4M in one-time revenue from vehicle sales less \$250k to develop reservation system). Additionally, the average sedan must travel 16,100 miles per year for its operating cost per mile to be less than \$0.52 / mi (the current reimbursement rate for personal vehicle usage)<sup>1</sup>. In 2023, 795 non-pool vehicles were below this threshold. Realigning trips to the lowest-cost mode of transport could save \$1M-1.5M per year by reimbursing the trips taken in 50-75% of the 795 vehicles rather than owning and operating them. Selling 795 vehicles could generate additional one-time revenue of \$0.6M-0.8M depending on the sale value of each.

Within maintenance and fuel, negotiating a statewide maintenance contract could obtain a 2-3% lower rate, for \$0.1M annual savings, while bulk refueling locations could save \$0.04M annually.

**VISION FOR FUTURE STATE**

**A. Guiding design principles for defining the future state**

The future state for Arkansas fleet is based on four aspirational design principles for the fleet function:

<sup>1</sup> Calculations based on current estimates of vehicle efficiency – as average age and quality of fleet changes, operating costs should be re-evaluated

## Fleet future state: Guiding design principles

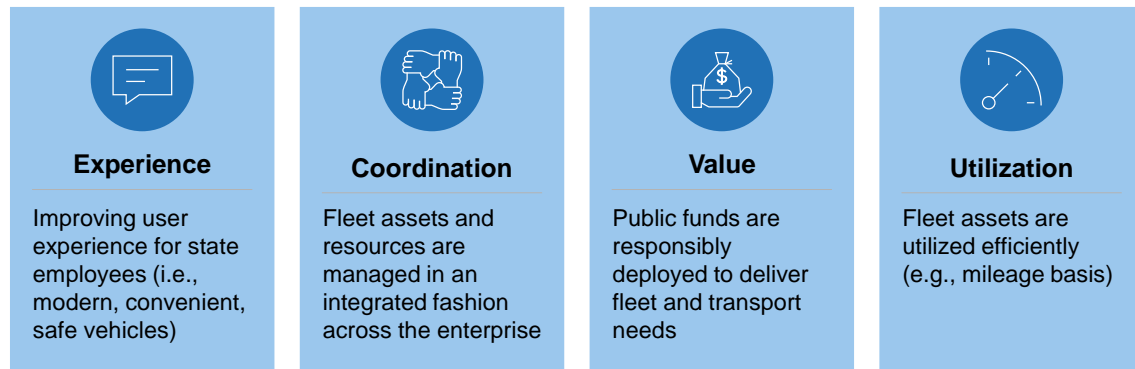


Exhibit 6

### Experience

With this transformation, the state will improve the user experience for employees using passenger vehicles. This includes ensuring vehicles are safe and don't break down, are modern & comfortable, and are convenient to reserve and use. This could also include aspects such as telematics to show live vehicle availability status and location.

### Coordination

The Fleet function will adopt a holistic approach to fleet management, coordinating assets and resources across departments and divisions to provide increased flexibility and economies of scale. This could involve vehicle pooling, a statewide procurement or maintenance contract, and standardized vehicle models.

### Value

The state will deploy state dollars to accommodate fleet and transport needs while reducing overall travel costs. This could include shifting trips to the lowest cost option that meets the needs of the trip (whether mileage reimbursement for a personal vehicle or using a fleet vehicle).

### Utilization

The Fleet function will promote utilization (e.g., mileage, availability, days used) of fleet assets to ensure that vehicles meet their breakeven point and provide net benefit to the state. This ensures that money invested in fleet vehicles is fiscally responsible and a net positive for the state.

These goals provide a holistic aspiration for what a best-in-class fleet function could achieve and of what Arkansas could aspire to with its own fleet.

### ***B. Defining the future state***

In its future state, Arkansas will demonstrate maturity across the guiding design capabilities, with more advanced capabilities and skills in four categories. This transformation will not only reduce the overall cost of transportation for the state, but also improve the staff experience for travel by providing a more predictable, higher-quality, and streamlined travel experience with fleet vehicles.

## Fleet optimization will focus on four categories

Category	From...	To...	PRELIMINARY
<b>Summary</b>	Agency-focused decision making with fragmented data and uneven asset allocation	Integrated state-wide fleet with data-driven decision making, centralized management, and empowered organization to minimize total cost of travel	
<b>Procurement</b>	Procurement contract without volume discounts and aging fleet with high maintenance costs	Centralized purchasing on statewide procurement contract, with curated vehicle selection and total cost of ownership approach	
<b>Fleet right sizing</b>	High rate of under-utilized vehicles with limited fleet-wide visibility and department-specific allocation	High asset utilization through enhanced vehicle sharing and realigning trips to the lowest-cost transportation option to minimize total cost of travel	
<b>Maintenance &amp; Fuel</b>	Maintenance and refueling sought out as-needed, often without comparing costs	Statewide maintenance contract negotiated with preferred rate Bulk refueling stations at locations with high fuel consumption	
<b>Fleet enablers</b>	Fractured fleet data ecosystem with limited staff capacity for oversight and highly manual processes	Improved fleet health through performance management, data & analytics, automation, telematics, talent, governance, and change management, backed by a central, well-staffed fleet function	
<b>Change management</b>	Limited inter-agency cooperation/coordination	State-wide, continuous improvement mindset with focus on cost reduction and staff experience improvement	

Exhibit 7

**Procurement:** In the future, the state’s approach to vehicle procurement will leverage scale benefits (i.e., greater negotiating power through large volume orders), with curated vehicle selection and total cost of ownership approach. Through centralized procurement, the state of Arkansas will realize scale benefits by negotiating its full spend with vendors and securing favorable terms given increased purchasing power. Curated vehicle selection ensures that vehicles meet the needs of state employees while minimizing potential for purchasing vehicles with excess features (and higher prices).

Taking a total cost of ownership (TCO) approach balances the up-front capex required to procure each vehicle with the ongoing maintenance costs which increase over time with the age of the vehicle. Beyond the absolute cost of the vehicles, a TCO approach leads to a more predictable retirement and procurement cycle, which in turn allows the state to smooth the capex requirements for the fleet rather than having a more “lumpy” cash requirement due to uneven vehicle ages. The more even capex needs allow for more consistent and predicable capital planning.

**Fleet right sizing:** In the future, the state will benefit from high asset utilization through enhanced vehicle sharing and realigning trips to the lowest-cost transportation option to minimize total cost of travel. While fleet vehicles are cheaper per mile on a marginal cost basis than reimbursing personal vehicle mileage, due to the high upfront cost for fleet vehicles, the fleet vehicles must maintain high utilization (mileage) to remain the lowest total cost option overall.

Right sizing the fleet allows the total mileage driven to be concentrated among fewer vehicles, ensuring that each vehicle remains above the breakeven mileage to be the lower cost option.

For vehicles below the breakeven threshold, the fleet function will evaluate the merits of selling the assets and shifting trips to alternative options. Care will be taken to ensure that there are sufficient spare vehicles for when vehicles break down, when employees do not have a personal vehicle (or have a vehicle that does not fit the needs of the trip), or when trips have specific requirements beyond just travel. Reducing the number of vehicles overall will further create savings for departments by reducing administrative overhead and ongoing O&M costs.

**Maintenance and fuel:** The fleet function will manage a statewide maintenance contract negotiated with preferred rate and bulk refueling stations at locations with high fuel consumption. Similar to the proposed procurement contract, a statewide maintenance contract will allow the state to leverage its purchasing power and economies of scale to negotiate a preferential rate for maintenance compared to individual, ad hoc maintenance procurement. Bulk refueling also provides economies of scale through purchasing fuel at below retail rates where there is enough trip volume and concentration to offset the administrative cost.

**Fleet management enablers:** The fleet function will support improved fleet health through performance management, data & analytics, incentives, telematics, org design, governance, and change management, backed by a central, well-staffed fleet function. Underlying many of these capabilities will be a fleet telematics system to enable data-driven decision making, providing live vehicle health information to allow for proactive maintenance, etc. To effectively make use of the data provided by the telematics, though, there will also be a central, well-staffed fleet function, empowered with the authority and capabilities to manage the fleet. Improved organizational design, governance, change management, and performance management drive the new ways of working and ensure value capture across the three other categories.

To effectively administer and sustain these changes, the fleet function will organize around a new operating model. Currently fleet activities have inconsistent approaches across departments, with some central support but remain largely decentralized. As the new fleet management strategy is adopted, activities will become more centralized as they are supported or governed by the newly empowered central fleet function.

For example, vehicle procurement today is only centrally supported with distributed administration (i.e., there is a state-wide contract from which agencies can purchase, but there is no coordination or negotiation to leverage purchasing power). Going forward, procurement will become more centralized, with pooled vehicle procurement being centrally governed and administered to reduce average cost while implementing vehicle demand management. Non-pooled vehicle procurement will be centrally governed with distributed administration, giving agencies the ability to manage their own demand while still providing benefits of scaled negotiation. Centralized capabilities and capacity will be established to improve demand forecasting and needs identification. Additionally, vendor contract management will go from a fully decentralized model, where departments contract and select vendors independently, to a fully centralized model, leveraging the state's full buying power to negotiate and manage relationships at the state level.

In managing vehicles, both vehicle reservation/disposition and fleet performance management/enablers (e.g., telematics and KPI tracking) are currently fully distributed, with no coordination between agencies. However, in the future state they will be more centralized, with performance management/enablers being fully centralized and managed by the fleet function, and non-pooled vehicle reservation/disposition becoming centrally supported, where the central function provides the processes and platforms, but demand/execution is managed by individual agencies. The new vehicle reservation/disposition for pooled vehicles will be fully centralized, where the vehicles are operated and managed by the central function. Given that current fleet sizes are authorized in state statute by legislation, efforts to create a centralized pool of vehicles will require legislative action.

Maintenance for all vehicles today is largely decentralized with efforts for savings from a statewide contract diminished by decentralized purchasing limited by subscale purchase volume. In the future, pooled maintenance will be fully centralized, with non-pooled maintenance having central governance. In

these cases, for non-pooled vehicles, departments will track and report the maintenance for their own vehicles to promote central visibility into fleet quality and total costs.

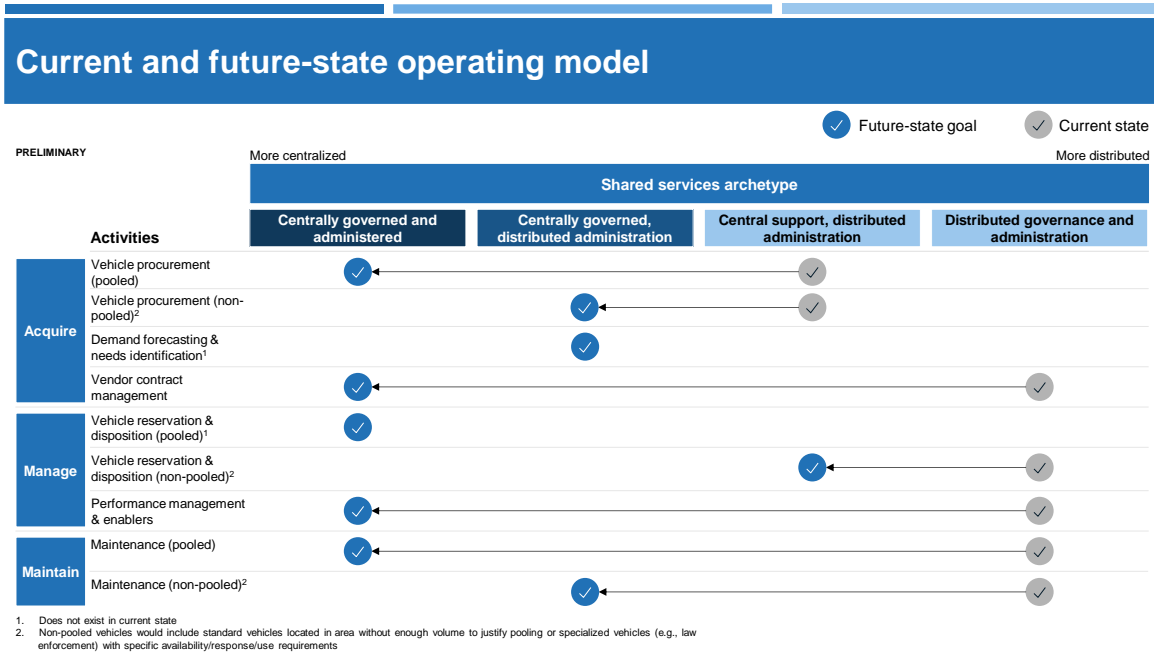


Exhibit 8

## EVALUATION OF FEASIBILITY AND IMPACT OF POTENTIAL INITIATIVES

### A. Summary of interventions

Arkansas can capture up to \$3M-5M in annual cost reduction from fleet optimization, in addition to \$1M-1.5M in one-time revenue, by implementing a set of 14 near-term and long-term initiatives (Exhibit 10).

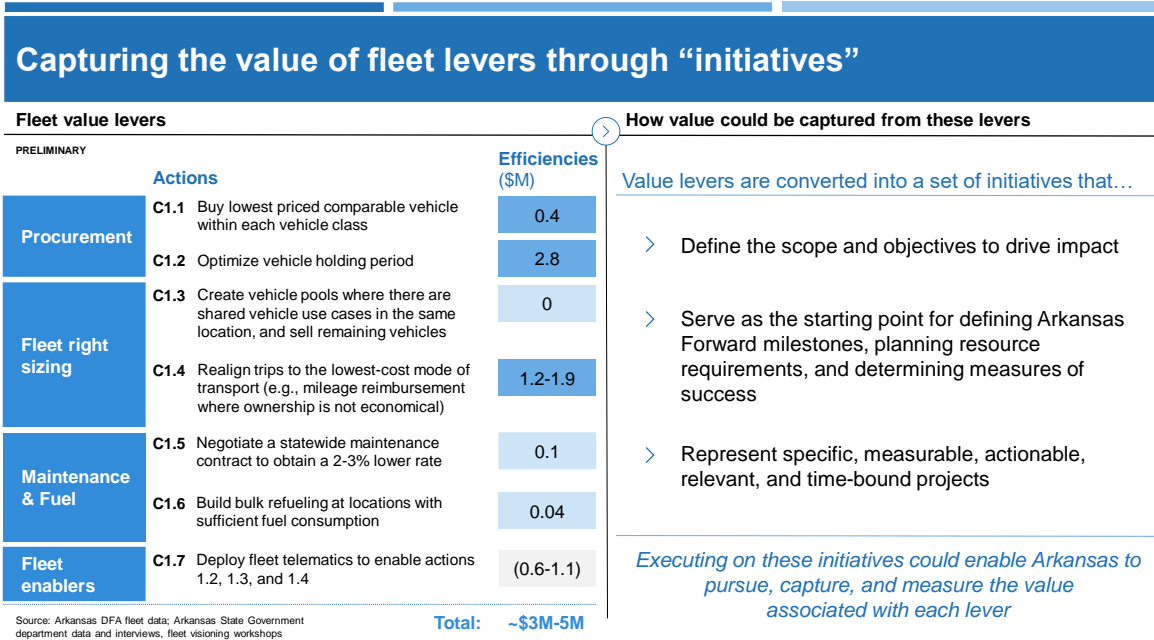


Exhibit 9

Initiatives address key opportunities for additional value capture across the four fleet value levers as well as major enablers that span levers as identified by Arkansas DFA fleet data, Arkansas State Government department data and interviews, and fleet visioning workshops.

**Procurement:** More effective and efficient procurement has the potential to unlock up to ~\$3.2M in value for the state through standardized vehicle specifications at purchase and optimizing the vehicle holding period. The state will pursue three initiatives to understand the future demand for vehicles, standardize and centralize procurement to leverage economies of scale in rate negotiations, and optimize the holding period to minimize TCO.

**Fleet right sizing:** Right sizing the state’s fleet has the potential to unlock up to ~\$1.9M in cost savings and a further ~\$1.3M in one-time revenue from vehicle sales. The state will adopt five initiatives focused on fleet right sizing, including establishing vehicle pools to improve utilization, realigning trips to the lowest-cost mode of travel, maximizing revenue from vehicle sales, and developing an integrated vehicle reservation system.

**Maintenance and fuel:** The state expects to unlock up to ~\$0.14M in recurring annual efficiencies through more rigorous maintenance and fuel management. The state will pursue four initiatives, summarized below, focus on negotiating statewide maintenance contracts, implementing preventative maintenance, and increasing use of bulk refueling stations.

**Fleet enablers:** To support the broader portfolio of initiatives on an ongoing basis, the fleet function will pursue two enabling initiatives to implement telematics to drive and track fleet optimizations and build capabilities in the central fleet management function.

## Fleet initiatives for the near term and long term

Initiatives are tactical actions that pursue fleet value levers:

QW "Quick Win" initiative

	#	Initiative name		#	Initiative name	
Procurement	602	Standardize vehicle specifications and consolidate procurement spend across asset classes (C1.1)	Maintenance & Fuel	610	<b>QW:</b> Negotiate a statewide maintenance contract and utilize OEM-dealer relationships to increase vehicle availability (C1.5)	
	603	<b>QW:</b> Implement vehicle demand forecasting (C1.1)		611	Undertake lean optimization of maintenance shops	
	604	Optimize vehicle holding period (e.g., assess total cost of ownership for key asset classes, instituting regulatory guidelines and governance approach to support retiring vehicles at the optimal age) (C1.2)		612	<b>QW:</b> Institute preventative maintenance cycle for asset	
Fleet right sizing	605	Maximize fleet trade in value by monitoring used vehicle indices and adopting auction best practices (C1.2, 1.3, 1.4)		613	<b>QW:</b> Open existing bulk refueling stations to adjacent departments / divisions	
	606	Create vehicle pools (e.g., size potential pools, establish chargeback system to fund central vehicle pool, embed telematics on pool vehicles, and implement a reservation system) (C1.3)		Cross-cutting enablers	615	Invest in expanded use of fleet telematics to optimize fleet operations and improve safety (1.7)
	607	<b>QW:</b> Sell underutilized vehicles (C1.3)			616	Build capabilities in central fleet management function
	608	<b>QW:</b> Create minimum viable tool to realign trips to lowest-cost mode of transport (e.g., mileage reimbursement vs pool vehicle) (C1.4)				
	609	Develop integrated vehicle reservation system (C1.3, 1.4)				

Source: Arkansas DFA fleet data; Arkansas State Government department data and interviews, fleet visioning workshops

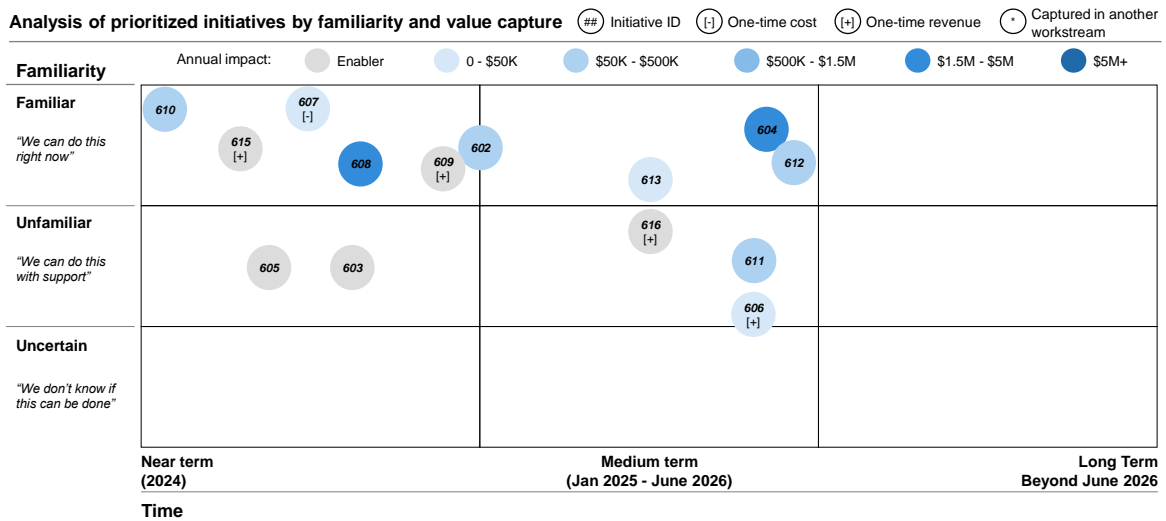
Exhibit 10

### B. Prioritized initiatives

Initiatives are prioritized according to expected annual impact, feasibility to execute, and timeline to implementation. Initiatives that are easy to execute, or “familiar”, to the organization, are considered quick wins and have been mapped to a near-term implementation horizon. Similarly, initiatives that require additional support, coordination, or more time to execute have been mapped to longer horizons, depending on their level of complexity and pathway to execution. This helps build momentum in the near term for the change program while allowing the team to still capture the full value of all initiatives over time.



## Fleet initiatives for the near term and long term



Source: Arkansas DFA fleet data; Arkansas State Government department data and interviews, fleet visioning workshops

Exhibit 11

### IMPLEMENTATION AND CHANGE MANAGEMENT PLAN

#### A. Pathways to future state

As the fleet management function evolves into its future state through the implementation of prioritized initiatives, it will progress across 3 implementation phases:

**Phase 1:** DFA will pursue quick wins to capture immediate opportunities for value. Specifically, initiatives to right-size the fleet and consolidate underutilized and/or high-maintenance-cost vehicles will unlock rapid cost reduction. DFA will further test and refine initiatives before broader roll-out to better define standardized vehicle classes and lay the groundwork for additional initiatives going forward.

**Phase 2:** DFA will begin building organizational capabilities to enable the implementation of additional initiatives. This includes building the capacity (whether internally or using out-sourcing) to manage the fleet effectively and implementing data-driven planning and decision-making processes (e.g., total cost of travel approach, trade-in value, proactive maintenance).

**Phase 3:** DFA will implement remaining initiatives, including a centralized model for procurement, fueling, maintenance, and vehicle pooling. In this phase, DFA will deploy expanded fleet telematic capabilities to track utilization and estimate value capture across other initiatives.

## Optimization will be phased across three strategic horizons

PRELIMINARY

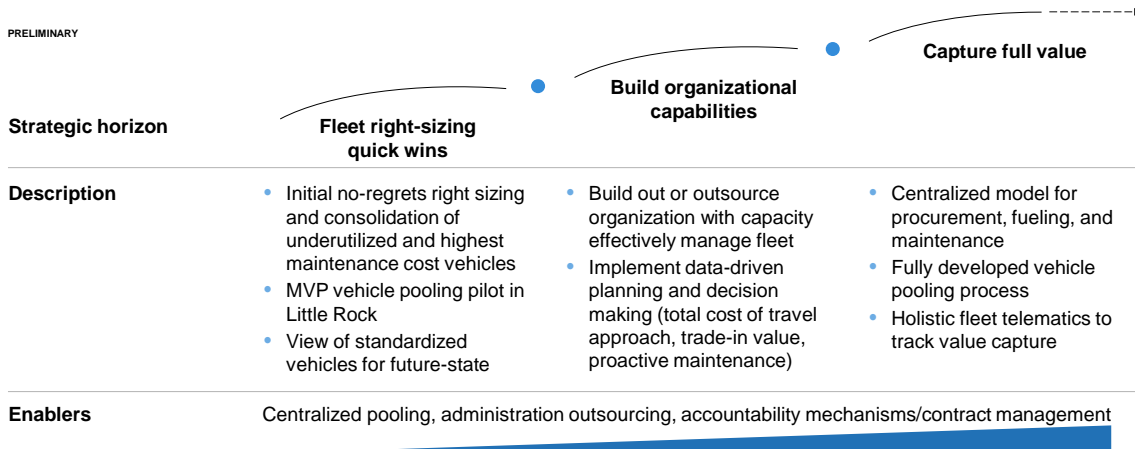
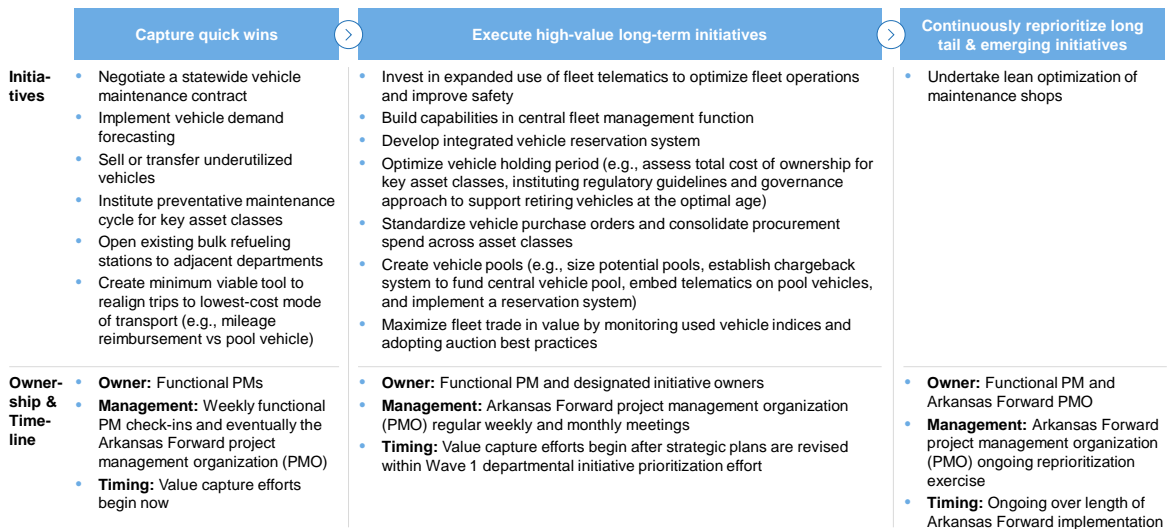


Exhibit 12

### B. Sequencing over horizons and rollout plan

To realize future state outcomes, Arkansas will organize its initiatives and implementation activities into an initiative phasing plan. This phasing allows for incremental, not overwhelming, improvement and growth in capabilities for staff and the fleet organization. It also provides an opportunity for the organization to apply learnings from previous phases to iterate on change management, reprioritize initiatives, and improve implementation plans for later phases.

## Horizons of fleet excellence



Source: Arkansas DFA fleet data; Arkansas State Government department data and interviews

Exhibit 13

The plan organizes activities into a series of interim phases spanning over the next ~12 months and categorizes activities by opportunity type with callouts for key timeline considerations, including key owners, decisions, milestones, and anticipated timeline to implementation. As Arkansas progresses across implementation phases, it can assess its performance relative to its future state goals, anticipate roadblocks, proactively schedule meetings for key decision points, and identify opportunities for additional opportunity-enhancing projects.

PRELIMINARY			Quick wins			Build capabilities			Capture value					
			2024			2025			2026					
Categories	Opportunity Levers	Efficiencies	7	8	9	10	11	12	1	2	3	4	5	6
Procurement	Buy lowest priced comparable vehicle within each vehicle class	\$0.4M	█											
	Optimize vehicle holding period	\$2.8M	█			█								
Fleet Right Sizing	Create vehicle pools where there are shared vehicle use cases in the same location, and sell remaining vehicles	\$0M				█								
	Realign trips to the lowest-cost mode of transport (e.g., mileage reimbursement where ownership is not economical)	\$1.2M-1.9M				█								
Maintenance & Fuel	Negotiate a statewide maintenance contract to obtain a 2-3% lower rate	\$0.1M	█											
Fleet Enablers	Deploy fleet telematics to enable actions 1.2, 1.3, and 1.4	(\$0.6M-1.1M)	█											
Operating Model	Implement new structure, processes, systems, technology, and resources, to execute the new strategy, with central fleet org	n/a	█			█			█			█		
Change Management	Maintain change management and communications activities to ensure successful adoption	n/a	█			█			█			█		
		<b>Total:</b>	█			█			█			█		

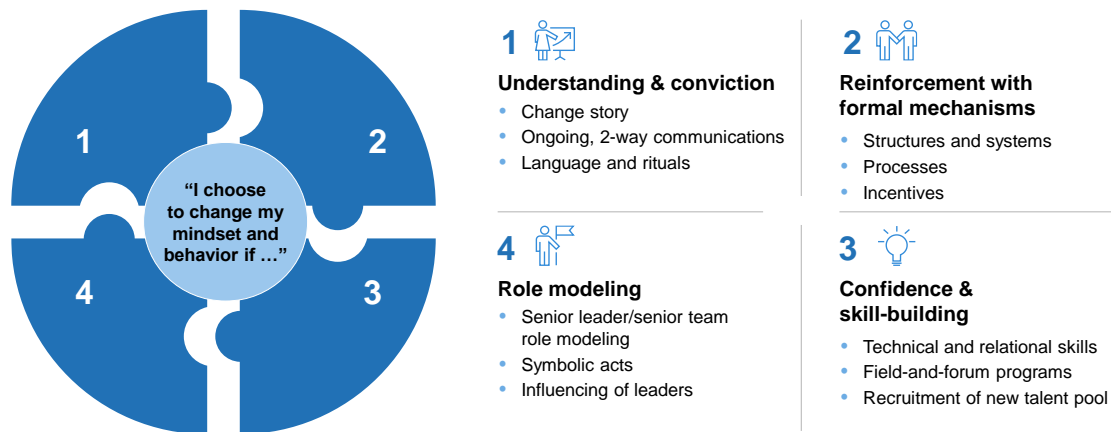
Exhibit 14

### C. Change management plan

To facilitate a successful mobilization and mitigate potential risks, the state will implement a series of efforts to improve adoption of the new approach and business processes. These processes and practices will help manage impacted stakeholders, build buy-in, and reduce friction in implementation.

Fleet leaders will manage several potential change management risks including challenges building capabilities and capacity to administer the new approach, as well as understanding by and willingness of departments to adopt the new approach. For example, the state may not have yet established an approach and practice of negotiating effectively with manufacturers and distributors/dealers during procurement, while at the same time, agencies may resist the smaller selection of standardized vehicles. In right sizing the fleet, agencies may resist pooling of vehicles and want to keep low-utilization vehicles or require clear explanations of potential travel reimbursement options. For maintenance, agencies may not adhere to the preventative maintenance schedule.

## Successful change programs address all four levers to influence behaviors



Successful change programs are **8 times more likely** to use all four areas of behavioral influences than just one

*Exhibit 15*

Across each category, the state will undertake measured efforts to ensure the change program is successful.

- **Understanding and conviction:** Department executives and their fleet leaders will be encouraged to message the change to employees while at the same time gathering feedback and insights from employees to improve the program. For example, this would include an education campaign on the new reservation system and process, feedback mechanism such as focus groups, and sharing the progress on increasing utilization and reduced costs.
- **Formal reinforcement mechanisms:** The fleet function will develop the new reservation process as well as the exceptions process for vehicle purchases outside of standard specs. It will also include items such as tracking KPIs to track progress (e.g., travel spend per mile, maintenance spend per vehicle, purchase price per vehicle, etc.).
- **Confidence & skill building:** Training programs for the new processes, for vendor management and negotiation, and business intelligence for fleet employees will create continuous improvement mindset and empower fleet employees to succeed in their new responsibilities.
- **Role modeling:** The organization will ensure that leaders are demonstrating new activities and actions to show their support. For example, this would include ensuring that leaders use the new pooled vehicles as much as possible.

### ***D. Implications for fleet processes and organization***

While implementing its initiative phasing plan, Arkansas will need to monitor interdependencies between the fleet optimization, other domains within the Transformation and Shared Services department (e.g., IT, Procurement, Real Estate), and other State of Arkansas departments and proactively mitigate disruptions. Anticipated interdependencies include:

- Fleet geographic distribution changes as real estate consolidation occurs

October 9, 2024

- Real estate for storage/pooling locations & parking availability for the pools
- New IT systems for vehicle pooling, reservations, telemetry, etc.
- Procurement involvement with fuel, vehicle purchase, and maintenance contract development and selection
- Funding mechanisms for the pooled vehicles and necessary changes to existing vehicle funding to enable pooling

Beyond interdependencies, further investigation will be done to understand what policies, promulgated documents, etc. may need to be updated to reflect the new procedures to ensure compliance and effectiveness.

Finally, the increased scope and responsibilities of the more centralized fleet function will necessitate a commensurate growth in the personnel assigned to the function. The 2 FTE<sup>2</sup> currently assigned to Fleet from DFA will likely not have sufficient capacity to take on the increased workload for the new operating model, despite anticipated increases to efficiency from improved process digitization and automation and overall reduction in fleet size. We expect to expand the number of fleet dedicated FTE to ~3. Given the increased use of data and analytics, this would likely encompass two fleet manager roles, along with one position more focused on data analysis.

As part of the change program and formalization of the fleet management organization, state leaders will also investigate whether DFA is the best owner for the fleet function. Many peer states maintain both their fleet management and real estate management organization in the same cabinet agency, primarily a Department of Administration or of Finance, or even the same group/division within the agency. Currently, Arkansas' real estate group sits within TSS, while the fleet management function exists within DFA.

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<sup>2</sup> Includes two personnel at 0.5 capacity, and 1 personnel at full capacity (0.5 + 0.5 + 1.0 = 1.0 FTE)

## **ARKANSAS FORWARD: STRATEGIC REAL ESTATE PLAN**

### **THE ARKANSAS FORWARD IMPERATIVE**

Governor Sanders launched Arkansas Forward with the aspiration for the State of Arkansas to set the standard for government efficiency and effectiveness through enterprise-wide operational change.

Achieving such an aspiration will include delivery of better state government services, at less cost, for all Arkansans. To do so, state employees, teams, and departments will need to work together in new ways and with new skills. Delivering Arkansas Forward's potential, therefore, will require optimizing the state's real estate portfolio, fulfilling organizational and citizen needs quickly and efficiently.

For these reasons, Governor Sanders has called for a redesign of Arkansas state government's approach to real estate management, focused on improving user experience, coordination, community, and utilization. A new approach, partnering with agency leaders to identify and fulfill real estate needs, can foster an efficient and effective real estate portfolio for Arkansas.

### **EXECUTIVE SUMMARY**

The Arkansas Forward effort has developed the state's first comprehensive view of its combined owned and leased real estate portfolio. The state has a currently documented real estate portfolio of ~11.8M square feet, ~5.5M of which is office space. 3.3M square feet of office space are in Little Rock (319 SF/FTE), 2.2M are outside Little Rock (279 SF/FTE), and statewide buildings do not currently provide "one stop shopping" for citizen services.

Analyses and departmental input have highlighted several effectiveness and efficiency challenges:

- Employee experience in many buildings is suboptimal and may hinder talent attraction, retention, and collaboration
- Little Rock has roughly double the footprint required to achieve SF/FTE benchmarks
- Departments are not required or encouraged to share information about space availability or land use with DBA
- Flexible work policies are inconsistent and unclear across State government

Given these challenges, Arkansas can consolidate and modernize its portfolio to provide world-class work environments and citizen service centers. Real Estate functions have out-sized impact on employee experience and are often one of the largest expenses after employee compensation. Workplace flexibility and experience are critical for top talent who have access to and demand for remote and distributed roles. Office space savings can be significant by aligning flexible work policies with location and workplace strategies.

The analysis shows an estimated potential annual savings opportunity of \$15-25M through several initiatives:

- Increasing occupancy in Little Rock office space, exiting leases or selling owned property
- Consolidating non-Little Rock office space within and between towns
- Selling or repurposing underutilized State-owned lands

- Centralizing some facilities and operations management processes, including implementing preventative maintenance practices

To enable the modernization and continual strategic management of the state’s real estate portfolio, DBA will need to be enabled with the right systems and capabilities to play a guiding role in sourcing, designing, and operating the portfolio.

**SUMMARY OF CURRENT STATE REAL ESTATE PORTFOLIO, OPERATIONS, AND PERFORMANCE**

**A. Current real estate portfolio and pain points**

Arkansas currently owns or leases 11.8 million square feet of space across the state. Of that, 5.5 million square feet are used as office space: 3.3m SF in Little Rock and 2.2m SF outside Little Rock. Within Little Rock, 2.4m SF (~75%) of office space is owned, while outside Little Rock, 80% of office space is leased. From a strategic perspective, there is little overarching or long-term analysis to optimize the portfolio as a whole for the needs of the state. Many buildings are operating at only partial occupancy, with spaces not optimized to the current way of working or needs of the organization. This is not only fiscally inefficient, but also can create cultural issues within organizations as well. For example, in interviews with PHT staff, they noted that physical separation may result in inconsistent approaches across divisions for services like fleet and IT.

Of Arkansas’ 81 DHS County Operations sites, 71 have more square footage per person than the estimated target. Among offices at or below the space threshold (e.g., Conway), there are undesirable configurations – for example, three desks in a closed room intended as single office space, rather than open flexible desks.

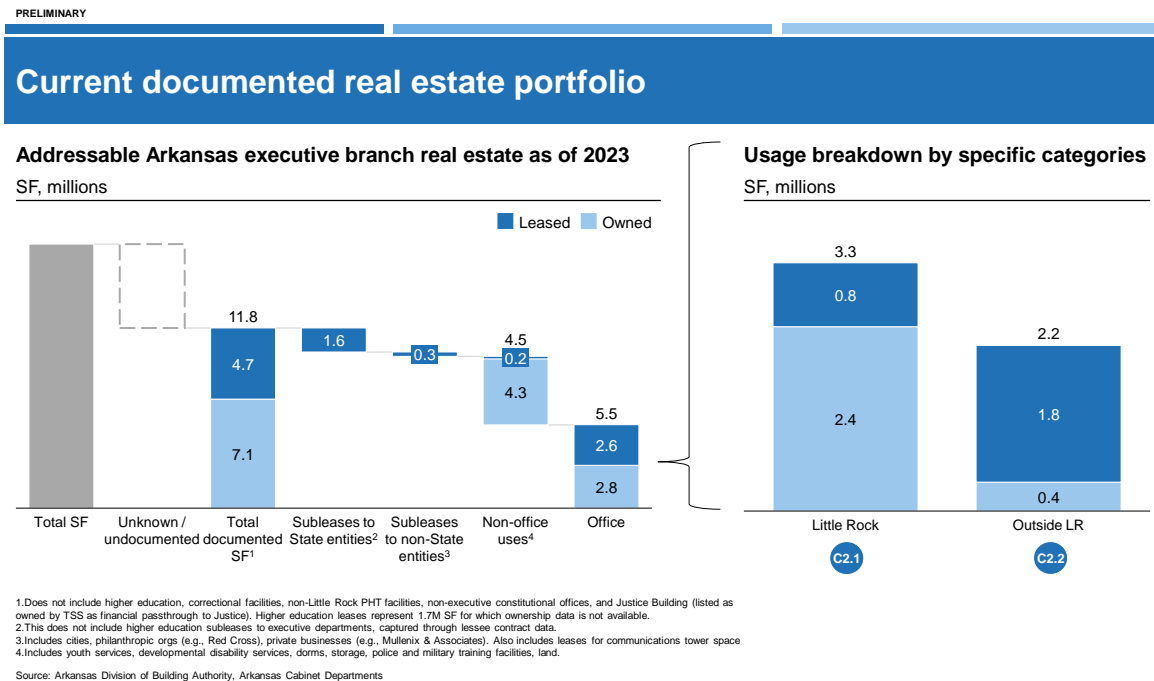


Exhibit 1

Much of the data regarding leases, property, personnel, and space design are either not collected, collected irregularly, or collected manually, making it difficult to track, manage, and evaluate the portfolio as a whole.

Real estate data mapping						
PRELIMINARY						
		Collection:	Update frequency	Data integration	Who manages the data?	Opportunities unlocked by improving data management
Buildings	Properties leased	●	2x per year	●	DBA	<ul style="list-style-type: none"> <li>Enable agencies to leverage available space across existing government facilities instead of initiating new leases</li> <li>Actively manage termination/sale possibilities to support business cases for consolidation</li> </ul>
	Properties owned	●	Upon request by Governor	●	Departments, Governor's Office	
Land	Land owned	●	Upon request by Land Commission	●	Land Commission, Counties, departments	<ul style="list-style-type: none"> <li>Identify opportunities to sell / repurpose unused land</li> <li>Support business cases for build-to-suit facilities on owned land</li> </ul>
Personnel	People assigned to location	●	Never	●	OPM	<ul style="list-style-type: none"> <li>Verify headcount/occupancy demand to size real estate needs</li> <li>Measure attrition and engagement by location</li> </ul>
	People using a location	●	N/A	●	N/A	<ul style="list-style-type: none"> <li>Further right-size demand for space (e.g., support desk-sharing)</li> <li>Identify groups that collaborate regularly</li> </ul>
Space design	Floor plans	●	Unknown	●	Leased – DBA Owned – Departments	<ul style="list-style-type: none"> <li>Support consolidation and restacking opportunities based on space type availability</li> <li>Benchmark current space against new and future standards</li> <li>Improve future design and construction cost estimates</li> <li>Inform future design standards based on what is used/not used</li> <li>Inform cross-site hoteling and reinforce policy for assigned seats</li> </ul>
	Space utilization	●	N/A	●	N/A	

Source: State of Arkansas Division of Building Authority, State of Arkansas Office of Personnel Management, State of Arkansas executive departments, expert interviews

Exhibit 2

### B. Synthesis of best practices

When designing and managing a real estate portfolio, there are four primary aspects to ensure workplace efficiency, effectiveness, and experience for both the employees and citizens as reflected below.

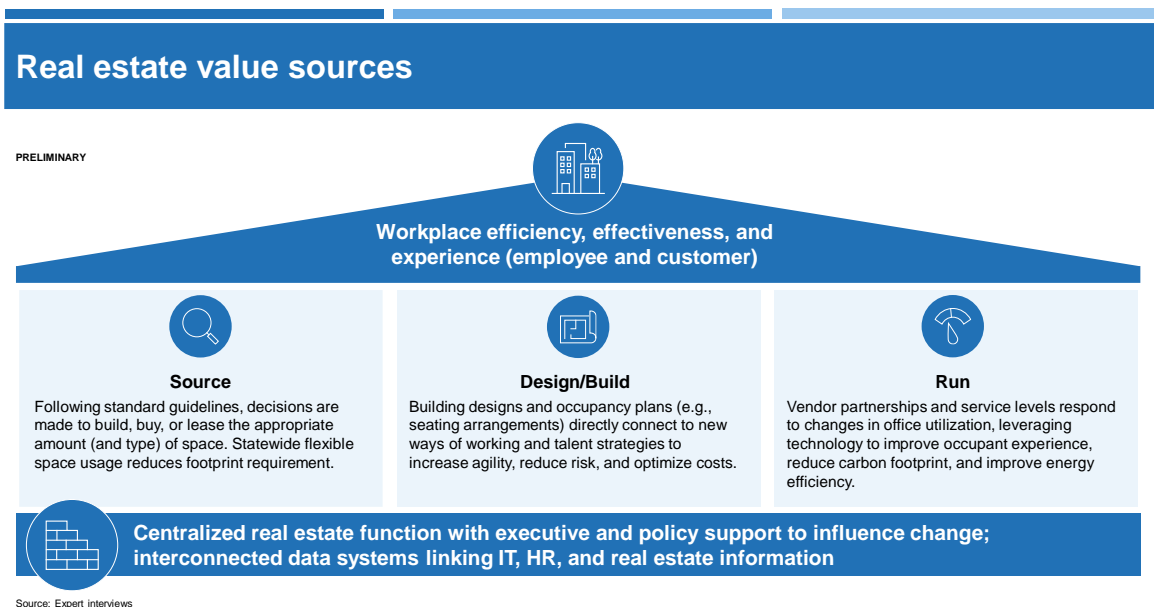


Exhibit 3



**Sourcing:** Following standard guidelines/criteria (e.g., transportation access, amenities, and potential for hybrid work models), decisions will be made to build, buy, or lease the appropriate amount (and type) of space. Statewide flexible space usage will reduce footprint requirements. A master plan with defined portfolio objectives will guide the overall sourcing approach. Creating a local master plan typically follows a 5-step process:

1. Assess current owned and leased office locations (e.g., function, employees assigned utilization)
2. Define Little Rock portfolio objectives (e.g., reducing real estate costs, improving workspace utilization, increasing downtown economic density/activity)
3. Collect and analyze data to inform consolidation decisions (e.g., employee distribution, commute times, real estate costs, remote work trends)
4. Develop criteria for selecting consolidated office location(s), considering factors like transportation access, amenities, and potential for hybrid work models
5. Execute transition plan, responding to changes in flexible work policies and monitoring progress

**Designing/building:** Building designs and occupancy plans (e.g., seating arrangements) will connect directly to new ways of working and talent strategies to increase agility, reduce risk, and optimize costs. Best-in-class real estate design practices include:

- Directly connecting future of work and/or flexible working policies with real estate portfolio
- Reducing office space based on lower daily utilization from increased digitization, mobility, and flexible work
- Implementing and/or expanding desk sharing programs to maximize utilization and reduce moves, adds, and changes
- Revising workplace guidelines to standardize space types, planning principles, and target space allocation
- Implementing new collaboration and building technologies to maximize workplace mobility and digital collaboration

**Running:** Service levels will respond to changes in office utilization, leveraging technology to improve occupant experience. This could include best practices such as:

- Consolidating suppliers, benchmark prices from RFP bids received
- Reducing demand with optimized, reactive/by demand processes
- Increasing replacement periods, setting material use guides, assessing capacity
- Using preventative maintenance and incident management
- Optimizing required building services levels over time (e.g., increased natural light)

**Organization:** Centralizing the real estate function will provide executive and policy support to influence change, as well as interconnected data systems linking IT, HR, and real estate information.

In terms of outcomes, the US GSA benchmark is 135 useable SF/person for new offices with 50+ people; however, given limited convertibility of existing buildings owned by the state and potential additional needs within state organizations, 200 SF per FTE represents a realistic near-term goal for the state within Little Rock, and 225 SF/FTE outside of Little Rock.

**C. Portfolio optimization opportunities**

Benchmarking analysis revealed \$15M-25M in savings opportunity across four dimensions. Consolidating Little Rock office space could save \$10M-20M annually by increasing occupancy in Little Rock office space from ~320 SF/FTE to 200 SF/FTE and exiting leases and/or selling buildings. Optimizing the statewide network could save \$3M-6M annually by consolidating non-Little Rock office space within and between towns to reach 225 SF/FTE and exiting leases and/or selling buildings. For both categories, final savings depend on the ultimate square foot per FTE achieved and profile of buildings removed (i.e., cost relative to portfolio average). Improving land use by selling or repurposing underutilized state-owned lands could yield additional efficiencies but requires better data quality to quantify. Operations and management improvement by applying best practices across facility management and operations (e.g., preventative maintenance contracting, centralization of vendor management) would generate procurement savings, and is analyzed in the procurement workstream.

Across these four dimensions, there are additional potential major actions required to capture value. First is increasing availability and integration of building data (e.g., allocated FTEs, utilization, space design). Data availability and accuracy is a key enabler to understand the current state of the portfolio and space utilization, and to track impacts from initiatives as they are implemented. Additionally, DBA should be empowered to manage or meaningfully influence real estate portfolio decisions. An empowered, centralized RE function can help ensure a cohesive strategy, fiscal responsibility of state spending, and consistency across the portfolio. Finally, securing senior state government leadership sponsorship, including Governor’s office and secretaries will be important to ensure full organizational support.

Real estate optimization strategies across four dimensions									
Efficiency:		0 – 500K	500K-5M	5M+	Effectiveness & Experience <sup>1</sup> :		decreases	neutral	increases
PRELIMINARY	Levers / more detailed approach	Effectiveness/ Experience <sup>1</sup>	Efficiencies (\$M)	One-time costs / revenue (\$M)	Potential major actions required to capture value				
Consolidate Little Rock office space	C2.1 Increase occupancy in Little Rock office space from ~330 SF/FTE to 200 SF/FTE and exit leases and/or sell buildings		10-20M	(10-21M)	<ul style="list-style-type: none"> <li>• Increase availability and integration of building data (e.g., allocated FTEs, utilization, space design)</li> <li>• Empower DBA to manage or meaningfully influence real estate portfolio decisions</li> <li>• Secure senior state government leadership sponsorship, including Governor’s office and secretaries</li> </ul>				
Optimize statewide network	C2.2 Consolidate non-Little Rock office space within and between towns to reach 225 SF/FTE and exit leases and/or sell buildings		3-6M	(8-16M)					
Improve land & facility use	C2.3 Sell or repurpose underutilized State-owned lands	Better data required							
Operations & management	C2.4 Apply best practices across facility management and operations (e.g., preventative maintenance contracting, centralization of vendor management)	Analyzed in procurement workstream							
		<b>Total:</b>		<b>~15-25M</b>	<b>~(20-35M)</b>				

1. Employee and program effectiveness; citizen and employee experience  
Source: Arkansas Division of Building Authority, Arkansas Cabinet Departments, US General Services Administration

Exhibit 4

## VISION FOR FUTURE STATE

### A. Guiding design principles for defining the future state

The state’s future vision for its real estate portfolio aims to improve performance across four strategic design principles:

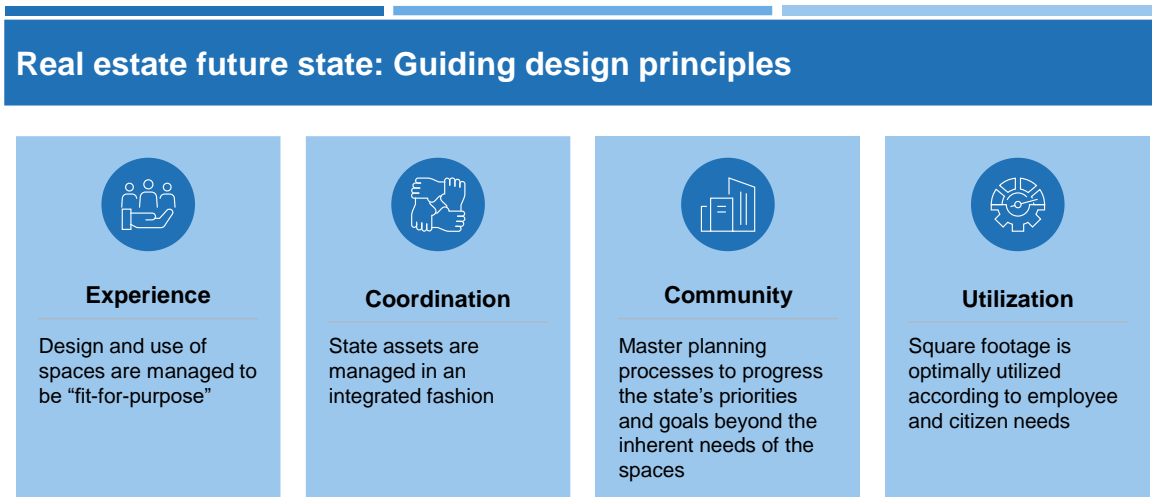


Exhibit 5

### Experience

The state will improve experience through the design and use of spaces to be “fit-for-purpose”, with the right mix of public vs private space, communal areas, conference rooms, etc. to improve citizen and staff experience, with a coherent co-location model for agencies and flexible working policies for employees.

### Coordination

The state will promote integrated management of state assets such that there is centralized management across the state government. This will help leverage economies of scale, create “one-stop shops” for citizens, and ensure consistency of experience across spaces. This interagency coordination will increase statewide visibility of utilization, availability, and needs across locations to ensure efficient, responsible use of funds.

### Community

The state will foster community via a master planning process that ensures a cohesive portfolio which progresses the state’s priorities and goals beyond the inherent needs of the spaces. This could include aspects such as economic development, transit connections, partnerships with educational institutions, or making spaces available to the public. It should be noted that the impacts on and needs of the local community differ at the micro level, not only just rural vs urban, but even potentially neighborhood by neighborhood. Care must be taken to ensure that the actions taken and decisions made are in alignment with those needs.

## Utilization

The state will optimize employee and citizen use of square footage through location consolidation or space reconfiguration in alignment with current and future needs. This will occur through two mechanisms. First is consolidating employees among fewer locations, such that offices are fuller, and a higher density is reached. This allows for empty offices to be sold or vacated. It also allows for increased collaboration within the remaining spaces, as they are more vibrant and active. Second is reconfiguring the spaces such that the higher density remains comfortable. This means minimizing wasted/unusable space such that the desks and workspaces available in the office remain convenient and comfortable despite the higher density.

These four tenets provide a holistic aspiration for what a best-in-class real estate function could achieve and of what Arkansas could aspire to with its own real estate portfolio.

### *B. Defining the future state*

In its future state, Arkansas will reduce the overall real estate cost for the state, simultaneously improving the staff and citizen experience by providing a more modern, approachable, and convenient environment for all stakeholders. It will do so via a centralized, coordinated strategy for real estate assets including integrated vision for efficient utilization.

## Real estate optimization will focus on four categories

PRELIMINARY Category	From...	To...
<b>Summary</b>	Limited central authority or coordinated action across real estate portfolio	Centralized, coordinated strategy for real estate assets including integrated vision for efficient utilization
<b>Consolidate Little Rock office space</b>	3.3M SF of office space across Little Rock with ~330 SF/FTE and no master plan to drive office location, space allocation, or department location strategy	Little Rock master plan with portfolio objectives (e.g., reducing real estate costs, improving workspace utilization, increasing downtown economic density/activity) and criteria for selecting consolidated office location(s)
<b>Optimize statewide network</b>	Office space spread across state, with wide distribution in SF/FTE and physical layout (e.g., private offices being used for multiple people)	Consolidated spaces within and between towns to reach 225 SF/FTE, with shared workspaces and departments and divisions sharing citizen meeting space, conference room space, and potentially office space
<b>Improve land &amp; facility use</b>	Suboptimal employee experience in many buildings, which may hinder talent attraction, retention, and collaboration Lack of "one point of contact" citizen services for state buildings	Modernized office portfolio to provide world-class work environments and citizen service centers
<b>Operations &amp; management</b>	Inconsistent and unclear flexible work policies are across state government Departments not mandated or encouraged to share information about space availability or land use with DBA, fragmented/imprecise data tracking systems for building utilization	Centralized facilities and operations management processes, including implementing preventative maintenance DBA empowered with the right systems, KPIs, and capabilities to play a guiding role in sourcing, designing, and operating the state's real estate portfolio (e.g., interconnected data systems linking IT, HR, and real estate information)
<b>Change management</b>	Bespoke, agency-specific mindset towards real estate management	Comprehensive, portfolio-wide mindset, with decisions on assets and utilization aligned to a common real estate strategy and objectives

Source: Arkansas Division of Building Authority, Arkansas Cabinet Departments, Arkansas Office of Personnel Management

### *Exhibit 6*

## Consolidating Little Rock office space

In the future state, the real estate function will have a Little Rock master plan with portfolio objectives (e.g., reducing real estate costs, improving workspace utilization, increasing downtown economic density/activity) and criteria for selecting consolidated office location(s).

This could occur across three horizons: first, consolidating employees between offices to improve colocation and empty unneeded spaces; second, normalizing remote and flexible work policies across

state agencies to establish baseline space needs for the future; and third, investing in physical spaces to improve space efficiency and staff/citizen experience.

### **Optimizing the statewide network**

The state will consolidate spaces within and between towns to reach 225 SF/FTE, with shared workspaces and departments and divisions sharing citizen meeting space, conference room space, and potentially office space. Because the needs and considerations of these more rural areas are distinct from the more urban Little Rock, the future state of the non-Little Rock portfolio may also be distinct from the Little Rock portfolio.

### **Improving land and facility use**

The office portfolio will be modernized to provide world-class work environments and citizen service centers. This will help attract and retain talent as well as improve the CX for both citizens and employees.

### **Operations and management**

In the future, facilities and operations management processes will be centralized, including improved preventative maintenance. For owned properties, this could involve an in-house function, or outsourcing to a property management company. DBA will be empowered with the right systems, KPIs, and capabilities to play a guiding role in sourcing, designing, and operating the state's real estate portfolio (e.g., interconnected data systems linking IT, HR, and real estate information) while also tracking the impact of the transformation over time.

To effectively administer and sustain these changes, the DBA will organize around a new operating model. These activities currently exist on a spectrum from fully distributed to fully centralized, with varying amounts of central support between the two extremes. Across the board, activities will become more centralized as they are supported or governed by the future-state DBA.

For example, when acquiring new space, currently DBA supports departments with standard leases and signature authority while departments find suitable space on their own. In the future, sourcing will be centrally governed and administered, with DBA sourcing the space for the departments. Additionally, purchasing real estate will move from a fully distributed model, with no central oversight or management, to a standardized, centrally managed process, where DBA provides guidance and oversight, but individual departments run the process themselves.

For day-to-day management, DBA will retain full control of owning/managing the DBA portfolio. With the non-DBA portfolio, DBA will provide standardized guidelines, processes, etc., but individual departments will remain in charge of running the day-to-day operations. Additionally, property management and maintenance will become slightly more centralized, with statewide vendor contracts with standard SLAs and responsiveness terms available to all departments.

For tracking the portfolio, the forecast/utilization analysis will be established centrally, where DBA manages and owns the forecast/analysis as a whole, but individual departments are responsible for providing utilization and other demand forecast data to DBA. Additionally, DBA will centrally track and

manage the portfolio, its utilization, and availability<sup>1</sup> tracking, relative to the current state where there is no standard tracking across departments.

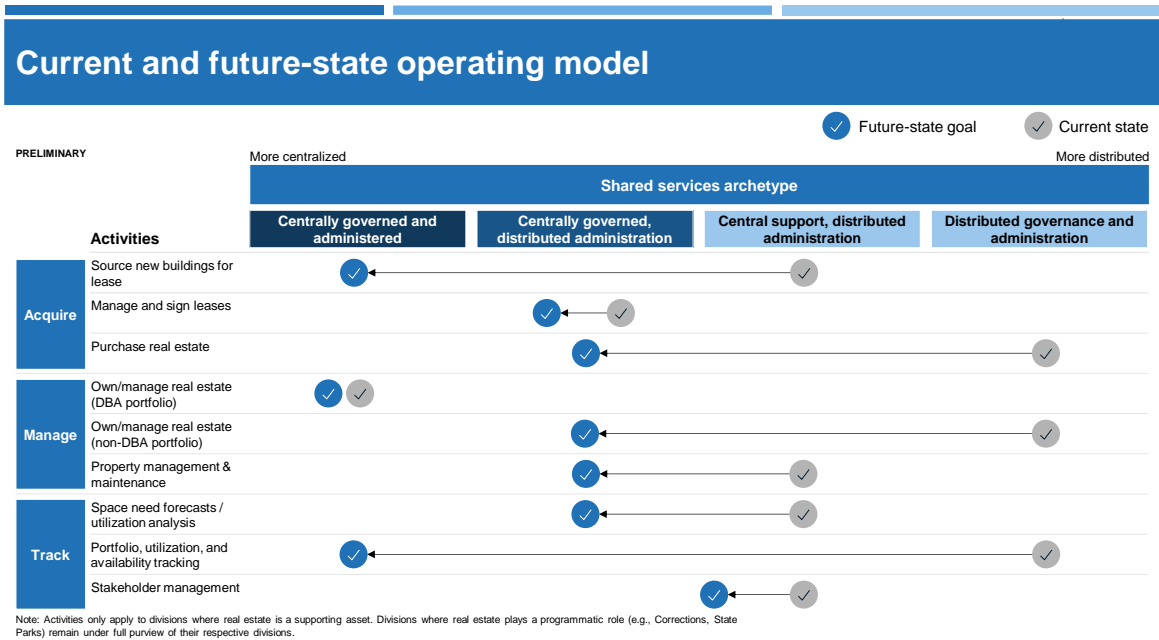


Exhibit 7

## EVALUATION OF FEASIBILITY AND IMPACT OF POTENTIAL INITIATIVES

### A. Summary of interventions

Arkansas can capture up to \$15M-25M in value by implementing a set of 22 near-term and long-term real estate initiatives (Exhibit 9).

<sup>1</sup> Availability refers to the amount of time a vehicle is available for use, regardless of whether it is used or not. (i.e., 365 days less planned and unplanned days the car was unavailable due to maintenance)

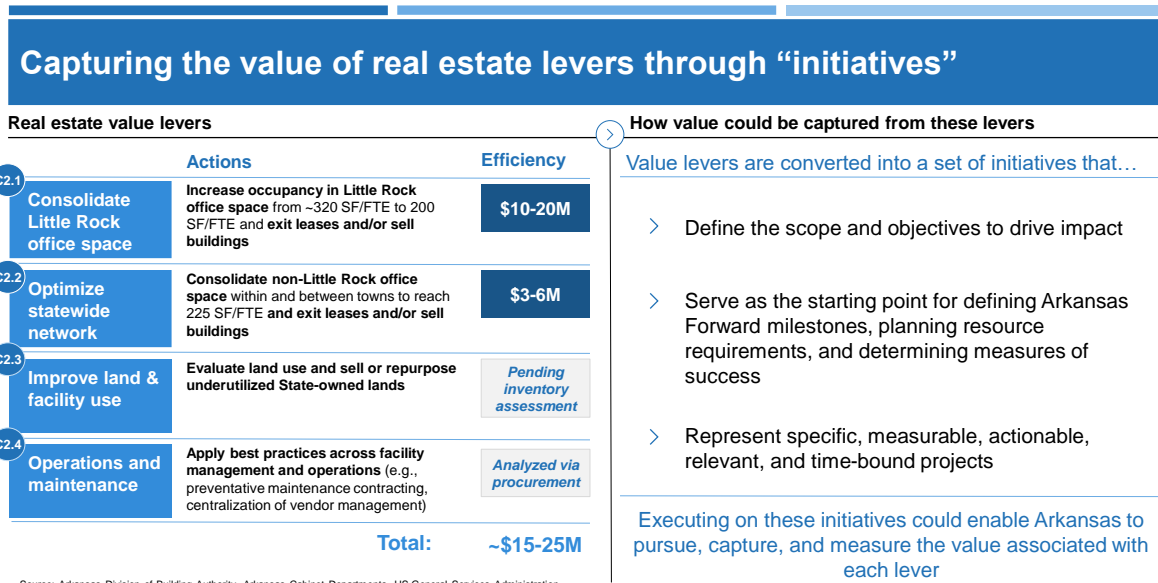


Exhibit 8

Initiatives address key opportunities for additional value capture across the four real estate value levers as well as major enablers that span levers as identified by site visits, conversations with real estate personnel/leaders across Arkansas, and expert interviews.

### Consolidating Little Rock office space

These 8 initiatives (including 5 quick wins) work to develop a Little Rock master plan, begin consolidation across the metro area in accordance with the plan, and use existing spaces more efficiently for an estimated potential impact of up to \$10M-20M.

### Optimizing the statewide network

These 6 initiatives (including 2 quick wins) evaluate the overall network for consolidation, begin consolidation across the state, and begin reducing overall space needs for a full potential impact of \$3M-6M.

### Improving land and facility use

These 2 initiatives evaluate and disposition underutilized land and establish a central land management center of excellence across all major state landholders. Better data is required to determine the full potential impact of the initiatives.

### Operations and maintenance

These 3 initiatives work to implement maintenance best practices and reduce energy costs for owned facilities. The potential impact of the initiatives is tracked in the procurement workstream.

### Enablers

These 3 initiatives (including 1 quick win) clarify DBA capabilities and responsibilities in property leasing and purchasing processes, build out the workplace management system, and reimagine the structure, mandate, and size of the DBA organization to maximize value for the state.

Initiatives were identified, syndicated, and refined with leadership during Wave 1 of the Arkansas Forward movement through a collection of cross-functional workshops.

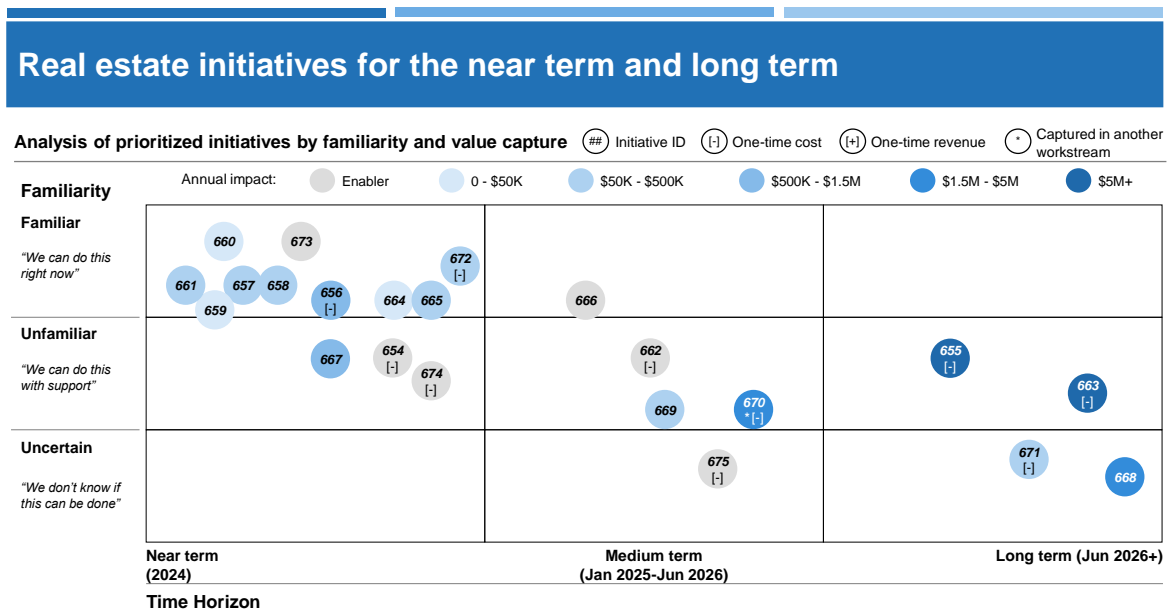
Real estate initiatives for the near term and long term		QW "Quick Win" initiative		
#	Initiative	#	Initiative	
C2.1. Consolidate Little Rock office space	654	Develop Little Rock metro area real estate plan	668	Evaluate land use and sell or repurpose underutilized land
	655	Consolidate office space in accordance with Little Rock metro area plan (e.g., exit leases, sell buildings)	669	Establish central land management center of excellence across Agriculture, PHT, and other major landholders
	656	Collocate all of ADPHT to 1100 North/CMF complex <sup>1</sup>	670	Centralize and optimize maintenance for owned properties (e.g., preventative maintenance, outsourcing)
	657	<b>QW:</b> Move portion of ADE from DHS Building to 2 Capitol Mall (as potential first phase of ADE collocation)	671	Reevaluate full -service leases vs. insourced/outourced maintenance across portfolio
	658	<b>QW:</b> Move portion of ADE from Victory Building to 2 Capitol Mall (second phase of ADE collocation)	672	Increase energy efficiency of owned facilities
	659	<b>QW:</b> Pilot alternative workspace design as part of ADWS move to Commerce Building	673	<b>QW:</b> Clarify DBA capabilities and responsibilities in property leasing and purchasing processes
	660	<b>QW:</b> Make underutilized meeting spaces in Little Rock available for broader use	674	Evaluate and upgrade workplace management systems to integrate lease, space, and occupant data
	661	<b>QW:</b> Implement "no net new sites" policy	675	Reimagine the structure, mandate, and size of the DBA organization to maximize value for the state and improve occupant experience
	662	Evaluate space consolidation opportunities outside of Little Rock		
	663	Consolidate office space outside of Little Rock (e.g., exit leases, sell buildings)		
	664	Collocate VA Veterans Service Offices locations with existing Department of the Military sites		
C2.2 Optimize statewide network	665	<b>QW:</b> Triage and relocate small sites with expiring leases outside of Little Rock		
	666	Create hosting and meeting room availability list for distributed sites across the state		
	667	<b>QW:</b> Establish clear guidelines for paper file reduction to limit storage space needs		
C2.3. Land				
	C2.4. Maintenance			
Major Enablers				

Source: Arkansas Division of Building Authority, Arkansas Forward Real Estate kickoff workshop, site visits, conversations with real estate personnel/leaders across Arkansas, expert interviews  
 1. Addressed in Real Estate Master Plan

Exhibit 9

**B. Prioritized initiatives**

The 22 initiatives are prioritized according to expected annual impact, feasibility to execute, and timeline to implementation, identifying 13 for near-term implementation. This allows for initiatives to be staggered in a sustainable, yet ambitious, way to balance effort and impact.



Source: Arkansas Division of Building Authority, Arkansas Forward Real Estate kickoff workshop, site visits, conversations with real estate personnel/leaders across Arkansas, expert interviews

Exhibit 10





activities by opportunity type, with callouts for key timeline considerations such as key owners, decisions, milestones, and anticipated timeline to implementation.

As Arkansas progresses across implementation phases, it can assess its performance relative to its future state goals, anticipate roadblocks, proactively schedule meetings for key decision points, and identify opportunities for additional opportunity-enhancing projects.

Real Estate Opportunity Levers			PRELIMINARY																								
Categories	Opportunity Levers	Efficiencies	Launch			Scale						Improve															
			2024	2025		2026																					
			7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	
C2 Consolidate Little Rock office space	Increase occupancy in Little Rock office space from ~330 SF/FTE to 200 SF/FTE and exit leases and/or sell buildings	\$10M-20M	[Timeline bar]																								
C2 Optimize statewide network	Consolidate non-Little Rock office space within and between towns to reach 225 SF/FTE and exit leases and/or sell buildings	\$3M-6M	[Timeline bar]																								
C2 Improve land & facility use	Sell or repurpose underutilized State-owned lands	Pending inventory assessment	[Timeline bar]																								
C2 Operations & management	Apply best practices across facility management and operations (e.g., preventative maintenance contracting, centralization of vendor management)	Analyzed in procurement	[Timeline bar]																								
Operating Model	Implement new structure, processes, systems, technology, and resources, to execute the new strategy, with centralized, empowered RE function	n/a	[Timeline bar]																								
Change Management	Maintain change management and communications activities to ensure successful adoption	n/a	[Timeline bar]																								
		<b>Total:</b>	<b>~\$15M-25M</b>																								

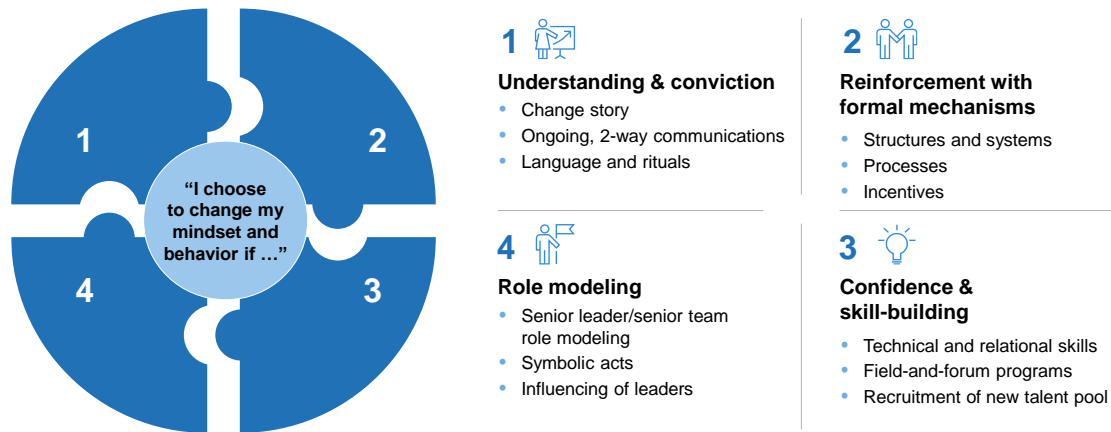
Exhibit 12

**C. Change management plan**

Realizing and sustaining the opportunity from Arkansas Forward activities requires a broader, complimentary change management and communications effort to promote the adoption of new initiatives and mitigate potential risks. These processes and practices will help manage impacted stakeholders, build buy-in, and reduce friction during implementation.

Real estate leaders will manage several potential change management risks including challenges building capabilities and capacity to administer the new approach, as well as, understanding and willingness by departments to adopt the new approach. For example, employees may not understand the rationale for moving to a new office and/or may resist, or lessors may resist changes to lease terms and conditions. Across each opportunity category, the state can implement activities across four behavioral influences to ensure the initiatives, and change program overall, are successful.

## Successful change programs address all four levers to influence behaviors



Successful change programs are **8 times more likely** to use all four areas of behavioral influences than just one

Exhibit 13

- *Understanding and conviction:* DBA will communicate the benefits of the statewide real estate management approach, showing the value both to departments and citizens. Additionally, the department will gather feedback from staff on existing pain points with respect to facilities and utilize that information in developing and iterating on the future space management plans. This community input helps foster a collaborative environment where all stakeholders feel ownership of the ultimate plan.
- *Formal reinforcement mechanisms:* DBA will track several KPIs, such as utilization, energy saved, maintenance spend, and economic impact on the community, and share the progress publicly with staff and the community to celebrate achievement.
- *Confidence & skill building:* DBA will provide negotiation skills training for real estate function employees to improve value capture of leases and vendor management. Additionally, it will implement training in measurement of customer experience and improvement for real estate employees given the intended focus on improvements in customer experience.
- *Role modeling:* The real estate function will identify leaders and encourage them to signal their support for the new approach with their actions, including the updated remote work policies and time in office.

### D. Implications for Real Estate processes

While implementing related initiatives to improve real estate management, Arkansas will need to monitor interdependencies between the real estate optimization, other domains within the Transformation and Shared Services department (e.g., IT, Procurement, DFA), and other State of Arkansas departments and proactively mitigate disruptions. Anticipated interdependencies include:

- Fleet need for real estate to store pooled vehicles and establish fueling depots

October 9, 2024

- New IT systems for utilization tracking
- Remote/flexible work policies and the impact on real estate needs

Additionally, the increased scope and responsibilities of the more centralized and empowered DBA will likely require growth in the number of FTEs assigned to the division to accommodate the increased workload. A detailed assessment of staffing needs may be conducted as part of the implementation to ensure appropriate resources for the new approach.

## STRATEGIC PLAN FOR PAY AND PERFORMANCE TO ACCELERATE ARKANSAS FORWARD

MAY 31, 2024

### THE ARKANSAS FORWARD IMPERATIVE:

Governor Sanders launched Arkansas Forward with the aspiration for the State of Arkansas to set the standard for government efficiency and effectiveness, through enterprise-wide operational change.

Achieving such an aspiration will not only involve delivering better state government services, at less cost, for all Arkansans. To do so, state employees, teams, and departments will need to work together in new ways and with new skills. Delivering Arkansas Forward's potential, therefore, will require improving the state government's competitiveness and quality as an employer to attract, develop, and retain public servants.

For these reasons, Governor Sanders has called for a redesign of Arkansas state government's approach to talent management focused upon skill development, performance, and continuous improvement. Recent questions about the state government's current approach to pay and performance evaluations highlight the need for systemic change. A new approach centered upon *the right people in the right roles with the right skills and incentives* can foster a performance culture among the state government workforce.

This paper:

- Summarizes challenges with the state government's current approach and the imperative for systematic change to deliver Arkansas Forward's potential
- Introduces the main elements of a new system for public sector talent that prioritizes performance and skill development to deliver continuous improvement
- Highlights the central importance of managers and their coaching and dialogues with their teams to deliver the new approach, and, therefore, the need for focused and sustained training and change management workforce-wide

### CHALLENGES WITH CURRENT APPROACH:

Like other state governments, Arkansas confronts significant long-term talent challenges. Many of these trends have been accelerated or exacerbated by recent labor market dynamics. These include challenges in recruitment and retention, especially in critical roles ranging from frontline direct care staff to legal professionals. Propelled by its workforce demographics, the state government has also begun to experience the leading edge of a retirement wave, which risks loss of institutional knowledge and experience. At the same time, the nature of work is changing and so too are expectations of the next generation of the workforce. (See Appendix 1A for national trends data and Appendix 1B for data on vacancy, turnover, and retirement eligibility rates across the Arkansas state government and by department.) Public sector institutions will need to adapt to remain competitive in the future labor market.

Recently, interim modifications have been made to the state's "myARPerformance" performance evaluation approach, which was introduced in 2018. Formally, these modifications include moving from a 5-point to a 4-point system, removing the "forced curve" for scores, and some simplification of the

evaluation criteria. In theory, the system was designed to incentivize higher performance with high scorers receiving increases to their annual base salaries.

In practice, however, the system has not been effective in either recognizing or promoting performance, as suggested by interviews as well as data analysis. Most simply, many managers have approached the annual performance review and ratings process primarily as a means to adjust base salaries for their teams rather than to recognize superior performance. This is because managers have no other predictable way to adjust base salaries. Furthermore, other limitations of the talent system have led to counterproductive outcomes for enterprise performance. The lack of established expertise-based career paths has led some highly skilled and experienced experts to transition to managerial roles mainly, and sometimes solely, for increased pay. Likewise, departments have in some cases accepted an increased number of managers to avoid losing valuable, experienced talent. Some departments have established new “upgraded” roles to be more competitive for talent inside and outside the state government. The flexibility of the current “min-max” compensation range for grades has in practice resulted in inconsistencies within and across departments with potential implications for recruitment and retention. Lastly, the performance evaluation system is perceived by many as unfair because it favors higher graded leaders over frontline staff (e.g., 72% of GS15 were rated 4 or 5 in 2022, whereas only 15% of GS5 staff received 4 or 5 ratings).

The limitations in the current approach could have a significant impact on the achievement of Arkansas Forward’s aspiration. The annual review process remains time-consuming and complex (e.g., evaluations still involve 7 evaluation areas). The investment of tens of thousands of hours of collective manager effort does not recognize or reward distinctive performance (e.g., 40%+ of state government employees received the highest rating in the most recent reviews under the “interim” performance evaluation approach). The use of annual reviews to advance goal setting, coaching, and skill development remain inconsistent. Their quality depends upon individual managers’ personalities and priorities, not systematic training and standards. Some managers may lack the skills or intrinsic motivation for their roles and instead would prefer alternative career paths, if available. These dynamics likely impact retention as research suggests the main drivers of US public sector employees considering leaving public service are poor managers, lack of career development opportunities, and compensation.<sup>1</sup>

In sum, the state government’s current approach to performance and pay does not deliver its intended results. A systematic change is needed.

## **MAIN ELEMENTS OF A NEW SYSTEM FOR PERFORMANCE AND DEVELOPMENT**

The successful implementation of Arkansas Forward, therefore, will require a new *system* to promote performance and skill development across the state government workforce. Such a systemic approach should be informed by proven private industry and government best practices tailored to Arkansas’s unique history and context.

In adopting a new approach to employee performance and development, Arkansas will enhance its competitiveness as an employer reinforced by the intrinsic meaningfulness of public service.

And, in doing so, Arkansas will help set a new national standard in state government talent management.

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<sup>1</sup> Georgios Athanaskopoulos, et al., “What Workers Want is Changing. That Could be Good for Government,” *McKinsey & Company* (October 2022).

Exhibit 1 summarizes the major shifts in the state government’s approach to talent to support the implementation of Arkansas Forward.

Exhibit 1

Draft for discussion

## A strategic “people” transformation plan for the State could set a national standard of excellence

From: Tenure-based and managing for base pay...	To: Focused on performance and skill development
<ul style="list-style-type: none"> <li>Managers using “performance evaluations” to provide employees with base pay to keep pace with inflation and basic experience progression</li> </ul>	<ul style="list-style-type: none"> <li>An approach that sets expectations for links to market dynamics (within budget constraints) so managers separate reviews from base pay considerations</li> </ul>
<ul style="list-style-type: none"> <li>“Performance” review process does not focus on skill development and/or continuous improvement</li> </ul>	<ul style="list-style-type: none"> <li>A development and evaluation system that rewards skill progression and performance</li> </ul>
<ul style="list-style-type: none"> <li>Limited career paths incentivize experts to move to managerial roles mainly for increased pay</li> </ul>	<ul style="list-style-type: none"> <li>New career paths integrated into pay plan to reward both managers AND skilled, individual contributors</li> </ul>
<ul style="list-style-type: none"> <li>Perception of inconsistent and inequitable distribution of merit awards has bred mistrust in the talent system</li> </ul>	<ul style="list-style-type: none"> <li>Strategic and clear merit awards that incentivize development and motivate employees</li> </ul>
<ul style="list-style-type: none"> <li>Proliferation of roles (1700+), often tailored to departments, and defined by “traditional” qualifications</li> </ul>	<ul style="list-style-type: none"> <li>Dramatically simplified roles with cross-department consistency and tailored to skills-first talent practices</li> </ul>
<ul style="list-style-type: none"> <li>Critical, high-demand roles lack an enterprise strategy for talent attraction and retention</li> </ul>	<ul style="list-style-type: none"> <li>Strategic enterprise approaches to address the state’s most critical talent needs</li> </ul>
<ul style="list-style-type: none"> <li>Salaries lagging private sector in some roles, thereby affecting recruitment, retention, and overall “EVP”<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Salaries that are appropriately competitive with the private sector – reinforced by other state benefits</li> </ul>

1. EVP = Employee Value Proposition  
Source: OPM check ins, department HR interviews, expert interviews



The new system to deliver these shifts has three main elements:

- Performance-driven compensation linked to market dynamics, reinforced by bonuses
- Streamlined roles, paths, and skill development
- Simplified and more effective semi-annual performance evaluation approach

### ***A. Performance-driven compensation linked to market dynamics, reinforced by performance bonuses***

Central to the new approach is the linkage of compensation to individual performance and market dynamics. Such an approach will both incentivize individual performance and enhance the state government’s overall competitiveness as an employer.

As an important control, however, increases in compensation to reward performance would be contingent upon sufficient room in the state budget. For instance, some adjustments may be prioritized over others, resources devoted to annual performance bonuses (i.e., “bonus pools”) reduced, or other measures taken to manage within a budget context.

Three components will define the new approach across the state government enterprise:

- 1) *Integrating market dynamics into base pay schedules:* Base pay schedules should be regularly reviewed against prevailing labor market dynamics in Arkansas and its region and adjusted as needed. The state will commit to the principle of achieving at least “market minimum”

competitiveness for all roles in state government (e.g., salary meeting at least the 10% decile). Importantly, the state could also identify specific priority occupations or roles as strategically important for recruitment and retention and, therefore, adopt higher standards for market competitiveness in base salaries (e.g., salary meeting at least the 50% decile or higher). Such an approach would also involve regular independent compensation surveys across all job families and roles (e.g., every 2 years in synch with budget cycle), supplemented as needed by analyses of targeted job families. Based upon such analyses – and contingent upon other budget priorities – pay tables would then be updated to reflect market dynamics and priorities.

Note: Departments may also decide to adopt temporary non-performance measures to attract and/or retain for specific priority roles within their authorized budgets (e.g., one-time recruiting bonuses paid after one year of service).

- 2) *Recognizing employees who meet or exceed performance expectations for role:* Employees who in the last year have met or exceeded performance expectations for their roles will be eligible to receive a standard “step” increase in annual salary. Employees not meeting their basic performance expectations will not be eligible for an annual step increase. Such a “step” will be modest but meaningful to balance incentives for consistent performance within prudent budgetary limits (e.g., ~1.5%). Again, the award of step increases to eligible employees would be contingent upon the state government’s budget for that year. Significantly, recognition of satisfactory performance in this way will enable managers to focus more critically upon recognizing truly distinctive performance with other incentives, including bonuses (immediately below).
- 3) *Providing bonuses for distinctive performance:* Distinctive performance will be recognized in two formal ways:
  - a. One-time annual bonuses: An individual can be recognized for consistent distinctive performance throughout the year with a one-time annual bonus. Such distinctive performance is typically concentrated among an organization’s top performers (e.g., 20-25%). Consequently, such an approach will provide differential rewards at the highest levels of performance. For instance, the approach could focus upon the top 25% performance (e.g., top 10% receive 10% bonus; next 15% receive 5% – see Appendix 2 for budget scenario for this approach) or solely the top 10%, or other potential combinations. Such bonuses could also be capped to favor more frontline and mid-level staff versus senior executives (e.g., \$5000 cap on annual bonus per year). Significantly, such an approach has the advantage of limiting the long-term budget impact of the performance system by not affecting base salaries versus the current system that relies exclusively upon permanent base salary increases.
  - b. “Spot” bonuses: An individual or team can be awarded “spot” bonuses for exceptional service on specific projects or initiatives. Spot bonuses can be provided to individuals or teams. Such spot bonuses can include cash (up to \$5000), extra leave, and/or the ability to “cash out” a limited amount of annual leave. As currently designed, spot bonuses will be supported within the current budgets of departments, at the discretion of department leaders. When spot bonuses would be awarded to a team, the team members would be eligible to receive their share if their most recent performance evaluation showed them as at least meeting performance expectations in the previous year’s review. Likewise, an



employee evaluated as not meeting expectations would not be eligible in the following year for individual spot bonuses.

The adoption of such an approach to performance-based salary increases and bonuses requires “guardrails” for fairness. First, as standard practice, annual expectations for employees should include linkage to team, department, or even enterprise-wide objectives. These should incorporate quantitative KPIs, wherever possible, or specific qualitative descriptions of performance to enable consistent assessment. Second, a department or division leader should review and approve the eligibility of any employee recommended for a one-time annual performance bonus and/or a “spot” bonus. Such a review will help ensure consistent application of performance standards and managerial accountability.

Operationally, this new approach will involve the transition in pay tables from the current “min-max” approach (i.e., pay tables structured by grades with pay ranges defined by a minimum and a maximum) to a more structured “step” approach (i.e., pay tables structured by grades with pay ranges defined in set increments or “steps”). Variations upon a step approach are commonly employed by other governments. They provide more structure, consistency, and transparency in compensation for managers and employees (current and prospective). Such an approach also helps provide greater consistency across departments in compensation for comparable roles, experience, and performance. A number of Arkansas departments already favor a move to a “step” approach.

This approach is also adaptable to support the integration of market dynamics into base pay schedules across different major occupation groups. Arkansas has already adopted separate pay tables for executives, medical professions, and information technology professions, in addition to its standard general pay table, to improve market competitiveness. The initial implementation of a new step approach could include:

- General
- Information technology
- Medical
- Corrections (*new*)
- Law enforcement and public safety (*new*)
- Professional services (e.g., legal, accounting, engineering, etc.) (*new*)

Additional pay tables for specialized occupations could be considered in future evolutions of the approach based upon analyses of market dynamics and government priorities.

Given distinctive market dynamics in recruiting top executive-level talent, Arkansas could preserve the enhanced flexibility with a distinct “min-max” pay scale approach for Cabinet leaders and a small cadre of the state’s senior most executives (e.g., ~200-300 executives). This category may also include limited number of highly specialized technical expertise that may not appropriately fit within established pay tables.

Exhibit 2 provides three examples to illustrate how a new approach to performance-driven compensation linked to market dynamics, reinforced by performance bonuses could work in practice.

Exhibit 2

Preliminary Draft for discussion

## Illustrative example 1: Meets performance expectations and receives a “spot” bonus

# Lever impacted # Lever not impacted

**Role:** IT Senior Project Manager

**Pay table:** Information Technology Salaries

**Illustrative grade:** IT09

**Illustrative step:** 16 out of 20

**Illustrative salary:** \$109,000

**Performance:** Employee meets performance expectations, resulting in a 1 step progression within their grade. They also receive a “spot” bonus given their team’s results on a major project.

**Compensation lever impacted**

**Impact to employee**

**Compensation implication**

<b>1 Pay table<sup>1</sup></b>	Uses Information Technology pay table	Determines base pay (salary of \$109,000)
<b>2 Step increase to base salary</b>	Qualified for step increase (i.e., from step 16 to 17)	Increases salary by \$2,000 to \$111,000
<b>3 One-time annual bonuses</b>	N/A	N/A
<b>4 “Spot” bonus</b>	Mid-year bonus	\$1,000

**Illustrative current year compensation:**

\$109,000 + \$1,000 = **\$110,000**

**Illustrative base compensation next year:**

**\$111,000**

1. In this illustrative example, pay for this step did not change in-year based on market dynamics



Preliminary Draft for discussion

## Illustrative example 2: Does not meet performance expectations and receives no “spot” bonus

# Lever impacted # Lever not impacted

**Role:** Registered Pharmacist

**Pay table:** Medical Professional Salaries

**Illustrative grade:** MP05

**Illustrative step:** 8 out of 20

**Illustrative salary:** \$116,000

**Performance:** Employee does not meet performance expectations and does not progress to the next step within their grade. Their team received a spot bonus for results on a major project, but given the employee does not meet performance expectations, the employee does not.

**Compensation lever impacted**

**Impact to employee**

**Compensation implication**

<b>1 Pay table<sup>1</sup></b>	Uses Medical Professional pay table	Determines base pay (salary of \$116,000)
<b>2 Step increase to base salary</b>	N/A	N/A
<b>3 One-time annual bonuses</b>	N/A	N/A
<b>4 “Spot” bonus</b>	N/A – baseline performance not met	N/A

**Illustrative current year compensation:**

**\$116,000**

**Illustrative base compensation next year:**

**\$116,000**

1. In this illustrative example, pay for this step did not change in-year based on market dynamics



### Illustrative example 3: Exceeds performance expectations

Role: Budget Specialist	Compensation lever impacted	Impact to employee	Compensation implication
<b>Pay table:</b> General Salaries	<b>1 Pay table<sup>2</sup></b>	Uses General pay table	Determines base pay (salary of \$46,000)
<b>Illustrative grade:</b> GS06	<b>2 Step increase to base salary</b>	Qualifies for step increase (i.e., from step 13 to 14)	Increases salary by \$1,000 to \$47,000
<b>Illustrative step:</b> 13 out of 20	<b>3 One-time annual bonuses</b>	Qualifies for one-time 10% bonus of current salary	Increases annual compensation by \$4,600
<b>Illustrative salary:</b> \$46,000	<b>4 "Spot" bonus</b>	N/A	N/A
<b>Performance:</b> Employee exceeds performance expectations (e.g., is top 10%) and receives a one-time bonus of 10% of their current salary <sup>1</sup> and receives a 1 step progression within their grade.	<b>Illustrative current year compensation:</b>	<b>Illustrative base compensation next year:</b>	
	\$46,000 + 4,600 = <b>\$50,600</b>	<b>\$47,000</b>	

# Lever impacted # Lever not impacted

<sup>1</sup> Based on Scenario D of "3. performance-based awards module", which employs a one-time bonus of 10% for the top 10%, 5% for the next 15%, and a \$5,000 employee bonus cap  
<sup>2</sup> In this illustrative example, pay for this step did not change in-year based on market dynamics



Three important caveats should be considered in implementing this new approach.

- 1) *Preserving Governor's discretion:* As noted above, all adjustments to annual pay plans would remain at the discretion of the Governor within the legislatively approved budget. While the new approach would adopt the principle of integrating market dynamics into compensation, the Governor would remain empowered to adapt to changing fiscal demands as needed.
- 2) *Building in budget sustainability:* Previously, Arkansas state government employed a "step" pay plan approach, but its costs proved unsustainable because its steps were too large (e.g., ~5%+ per step in annual salary increase). To ensure budget sustainability, the new approach should define more modest increases for employees meeting or exceeding performance expectations (e.g., ~1.5%). Other states have up to 30 steps per pay grade. For instance, Arkansas could adopt 28 steps per pay grade, reflecting the state retirement eligibility of 28 years.
- 3) *Reinforcing performance evaluation consistency:* The functioning of any performance-based system ultimately hinges upon the consistent application of real performance standards within and across departments. Otherwise, any performance system can be "gamed" or degraded. And the foundation for such consistency in upholding standards rests upon managers' skill and will in evaluating performance. This applies to both ends of the performance spectrum. This is further outlined in (C) below.

The implementation plan for this element is provided in Appendix 4. Budget scenarios for different elements of the pay strategy are provided in Appendix 2.

### ***B. Streamlined roles, paths, and skill development***

A revamped approach to performance and pay will be strengthened by essential improvements in the fundamentals of role and career path definition.

Four components will define the new approach:

- 1) *Defining expertise-based career paths*: Establishing new career pathways for technical or expert non-manager roles will help encourage advancement and development of experts without incentivizing them move to managerial roles solely for increased pay. Such career paths would define progression not just within a single role, but through a series of roles of increasing responsibility and impact. This will involve the introduction of new roles for distinctive subject matter experts outside of the current managerial tracks for career and compensation progression (e.g., “master” engineer or legal roles). OPM has already begun the process of developing such career ladders.
- 2) *Streamlining and standardizing roles*: The Office of Personnel Management periodically performs reviews to simplify the roles within job families across the state government. Streamlining the current role classification structure (1,700+ classifications) into fewer, more consistent roles and descriptions across departments will help aligns with a skills-first approach, clarify career paths, simplify recruitment/retention, and enables more rapid pay analyses in future. Furthermore, a more consistent approach may help reduce cross-department turnover.
- 3) *Moving to job family approach for departments*: Providing departments the ability to hire individuals within a job family rather than a specific set of job roles will offer departments greater flexibility in hiring, within their authorized budgets. Such an approach will also reduce the administrative burden between departments and the Office of Personnel Management related to technical role adjustments.
- 4) *Integrating skills-based practices in role qualifications*: Across the private and public sectors, momentum has increased to move away from degree-based qualifications to more skilled-based approaches to talent management. The integrating of skills-based practices into role descriptions – and in recruitment, development, and promotion, more broadly – will help the state expand the pool of available talent to address vacancies while also providing new career paths and incentivizes for current employees to continuously develop their skills and capabilities.

The implementation plan for this element is provided in Appendix 4. Budget scenarios are provided in Appendix 2.

### ***C. Simplified and more effective semi-annual performance evaluations***

Like Arkansas, many organizations across sectors have concluded in the past two decades that the “traditional” annual performance review process is neither efficient nor effective. As evidenced by Arkansas’s experience, such processes not only tend to be time consuming and often complex (e.g., multiple competencies, numerous questions that can be repetitive or not appropriate for a role) but also of limited value in providing helpful development feedback (i.e., delayed, not continuous) or performance assessments.

Arkansas Forward is therefore outlining an alternative approach that instead emphasizes design principles including simplicity, focus on essentials, more frequent assessment, and data-informed consistency.

In Arkansas such an approach will involve moving to a dramatically simplified evaluation process. Such an approach would have managers assess an employee only upon the most important dimensions related to his or her role and the overall priorities from Arkansas Forward. Such an assessment would significantly reduce the time devoted to completing the formal evaluation process – down to minutes – thus leaving more time for reflection and feedback conversations. Such simplified assessments could be completed across platforms – mobile, laptop, tablet, or desktop computer – to improve ease of execution.

Additionally, departments could elect to have not only managers provide input upon their direct reports, but also upon other employees with whom they have had significant exposure during the review cycle (e.g., worked together on a cross-department or cross-division team; staff with “matrixed” roles aligned with enterprise shared services and supporting specific departments). Such an approach would not only provide more and varied feedback to employees, but also help with calibration of assessments.

Conducting an assessment twice a year not only will increase the opportunities for evaluative feedback but also provide important data to improve the quality of the overall process. First and foremost, the new approach would introduce disciplined “calibration” of ratings within and across departments to ensure consistency and fairness. In the current Arkansas system, there is no opportunity for meaningful calibration because the distribution of ratings is analyzed too late to make a difference. By contrast, the mid-year evaluation will provide data to enable “calibration” discussions within and across departments in time to make adjustments. For instance, managers with patterns of consistently high ratings across their teams can then be identified for additional calibration and coaching. Likewise, to incentivize managers, their own evaluation expectations would include a core responsibility the effective coaching and evaluation of their team members. Lastly, more frequent evaluations provide additional data throughout a year to better assess, in a more granular way, individual performance. Employees will not receive a single whole number rating (e.g., 4 or 5) as they do today, when an entire group is approved for a merit salary increase. Instead, the new approach will involve a more nuanced score reflecting the average of scores across multiple dimensions – and potentially multiple assessors – to provide scores measured in decimal places (e.g., 3.7, 4.3). This is an important technical nuance. When supported by robust “calibration” dialogues and expectations, this approach helps increase the variation among performance evaluations to highlight consistently distinctive performance. And this will enable more fine-tuned performance recognition (e.g., for top 10% of performance versus simply “anyone receiving a 4”).

Exhibit 3 provides a state government example of such a simplified evaluation approach.

Exhibit 3

Preliminary analysis Draft for discussion

**State case study: Missouri adopted a simplified evaluation to enable more frequent evaluations from multiple managers to guide check ins**

**Engage 2.0 Evaluation questions**

**Core Performance Questions**

Based on my observations, this person always delivers excellent results in their day-to-day role.  
 Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

Based on my observations, this person always goes above and beyond their normal job responsibilities.  
 Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

Based on my observations, this person consistently demonstrates a commitment to grow and learn.  
 Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

Based on my observations, this person is at risk for not meeting the expectations of their role.  
 Yes    No

**Developmental Leader Insights**

Team member's top 2-3 strengths are....

Team member's top 1-2 development areas are....

**Components**

- Three Likert scale questions measuring results, behaviors, and commitment to growth and learning
- Binary low performance risk flag
- Fields below this line are for development only, and do not impact reward eligibility
- Leader insight fields to capture qualitative feedback from the supervisors closest to the individuals work

- Reduced cumbersome process to most fundamental questions to assess performance
- Evaluation tool configured for use on computer, laptop, or mobile device
- Reduced evaluation time to minutes, saving 100k+ hours per year

Source: Missouri Office of Administration Division of Personnel



Additional details on the potential design and delivery of such a performance evaluation approach from private sector and state government examples are provided in Appendix 5 and Appendix 6.

**PUTTING THE MANAGER AT THE CENTER OF PERFORMANCE AND DEVELOPMENT:**

Experience and recent research across industries highlights the critical importance of managers to shaping organizational culture and delivering impact.<sup>2</sup>

How managers work with their team members to define goals, coach, build skills, hold accountable, and assess and recognize performance is foundational to any performance management system. Effective managers do not rely solely upon formal annual review processes to inform their performance and coaching dialogues with team members. Instead, they engage in an ongoing basis throughout the year in a series of different, but related coaching conversations to promote both skill development and clear performance standards and assessments.





While the specific format varies with different work environments (e.g., a call center versus budget analysis), four types of conversations between managers and their team members promote a performance culture (as summarized in Exhibit 4).

<sup>2</sup> Jim Clifton and Jim Harter, *It's the Manager: Moving from Boss to Coach* (2019); Bill Schaninger, Bryan Hancock, and Emily Field, *Power to the Middle: Why Managers Hold the Keys to the Future of Work* (2023).

Exhibit 4

Draft for discussion

## Four conversations between managers and their team members can shape a performance culture

Frequency	Purpose	Core questions for team members
 <b>Daily / Weekly</b>	Tactical goal setting and course correction	What's my work for the week? How am I delivering?
 <b>Monthly</b>	Ongoing growth and development	How can I improve? What are my strengths and growth areas? How do I connect my skills to my organization's goals?
 <b>Quarterly or semiannually</b>	Performance trajectory	How am I doing? How far have I traveled on my development path and improved by ability to help deliver my organization's goals?
 <b>End of year</b>	Consequence & rewards Strategic goal setting and role expectations	What is my performance? What will this mean for me, my rating, and reward? What are the expectations for my role in the next year?

**Performance management and pay systems are means to enable the right kind of conversations**

Source: Expert interviews



Appreciating the central role of managers provides a guiding “north star” for the design of any new approach to performance, skill development, and continuous improvement. A performance system’s design should help managers have the right kind of conversations with their team members to incentivize their development and performance. At the same time, the managers themselves require both the skills and clear accountability to promote the fair implementation of the system.

Consequently, the effectiveness of the new approach will depend not just upon the formal policies, tools, and pay tables, but, more fundamentally, a shift in managers’ expectations and behaviors across the enterprise.

Such a shift will involve a systematic and sustained change management effort. Well-designed and orchestrated enterprise-wide change management can dramatically increase the probability of success. Such efforts integrate building understanding and conviction across all levels of the workforce, integrating new approaches into the state government’s formal systems and processes, building skills and confidence in ability to deliver the change, and, lastly, role modeling by leaders and informal influencers. Such an approach is not a “one and done” training, but sustained through years to establish a “new normal” in how state government managers manage, every day.

The change management plan is provided in Appendix 7.



# Appendices: Strategic plan for pay and performance to accelerate Arkansas Forward

May 2024



# Purpose

*The purpose of this document is to provide supporting appendices for the Revised Performance Evaluation Plan and Revised Pay Structure Plan as an output of the Arkansas Forward initiative. These strategic plans are intended to improve the efficiency and effectiveness of Arkansas state government. The contents of this document are based on data and inputs available as May 31, 2024.*

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- **Appendix 1A:** National public sector and general talent trends
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### **Appendix 4: Potential implementation plans**

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### **Appendix 6: Performance evaluation system design parameters – private sector examples**

### **Appendix 7: Change management plan**

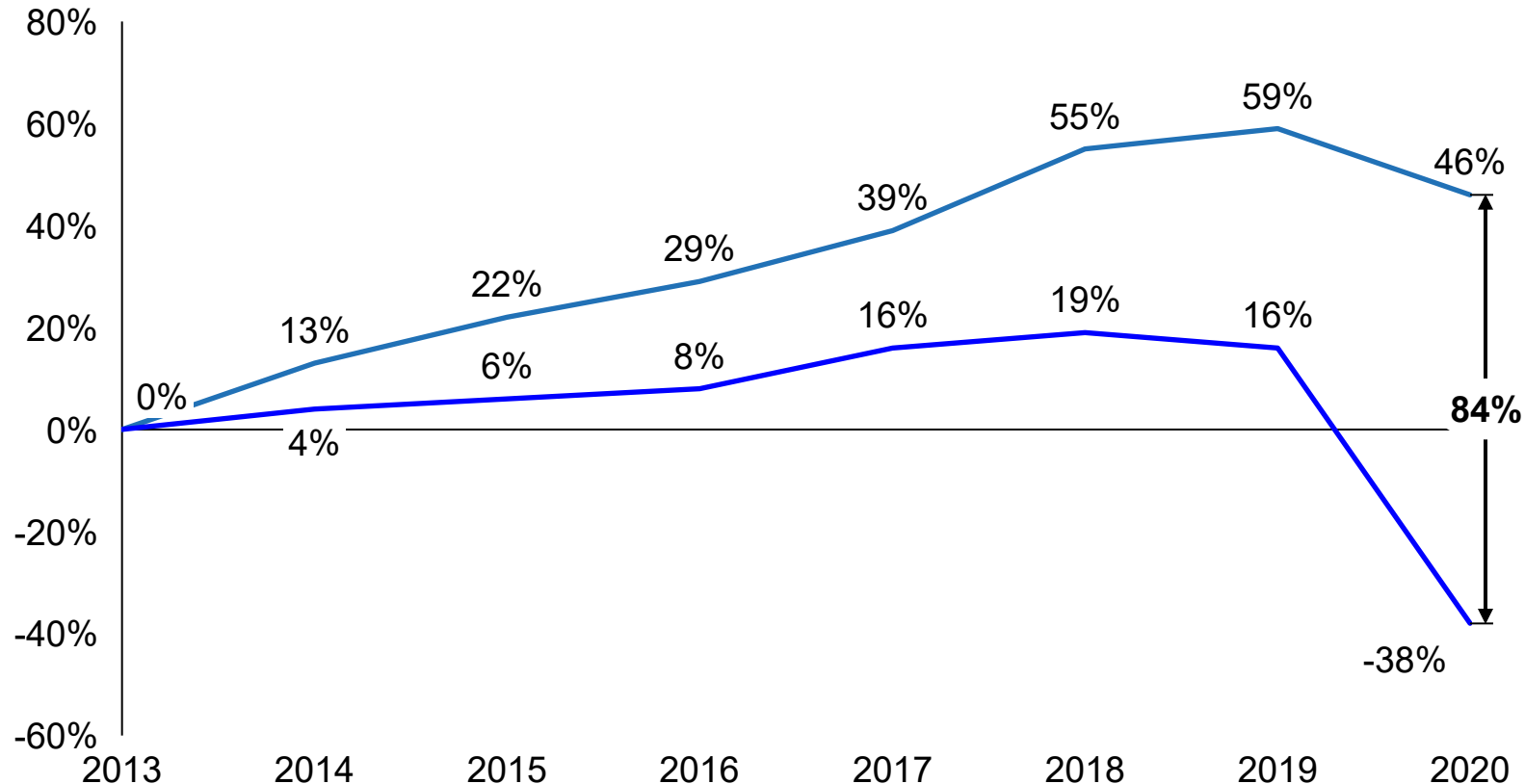
# **Appendix 1A: National public sector and general talent trends**

# Pre-COVID, state governments already faced significant challenges attracting and hiring talent

— Job Postings — Applicants

## Talent Gap 2020

Local and state workforce: % change in job postings vs. job applicants (2013 through April 2020)

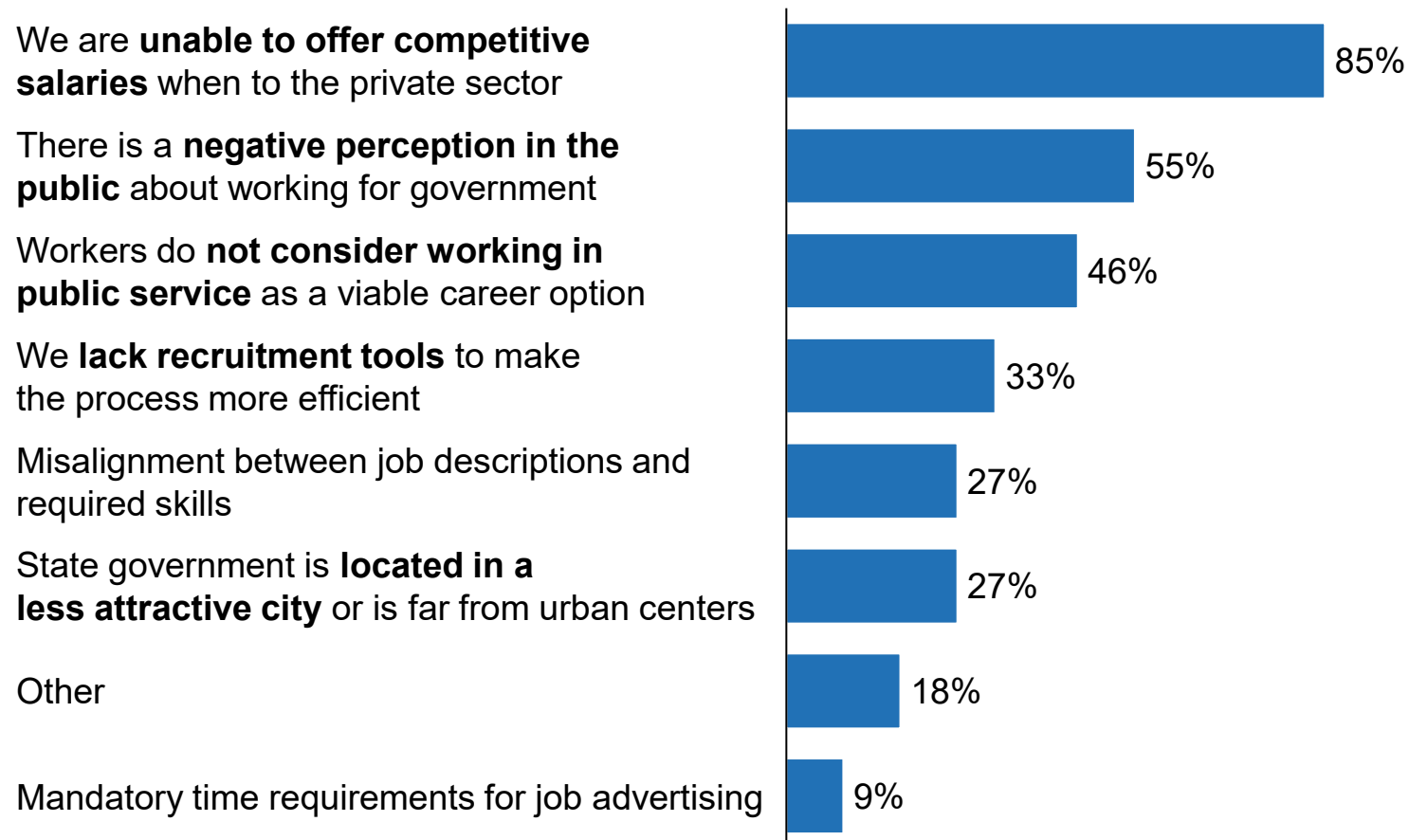


- Postings dropped 22.2% since just before the pandemic, while the number of applicants fell even more (33.1%)
- State employees are an average of four years older than workers in other industries, with a significant portion eligible to retire in the next decade

# The traditional value proposition for government employment is eroding

Based on national survey of State Chief Administrators and HR Directors

When asked to rank the greatest barriers to attracting high quality talent, CAOs responded

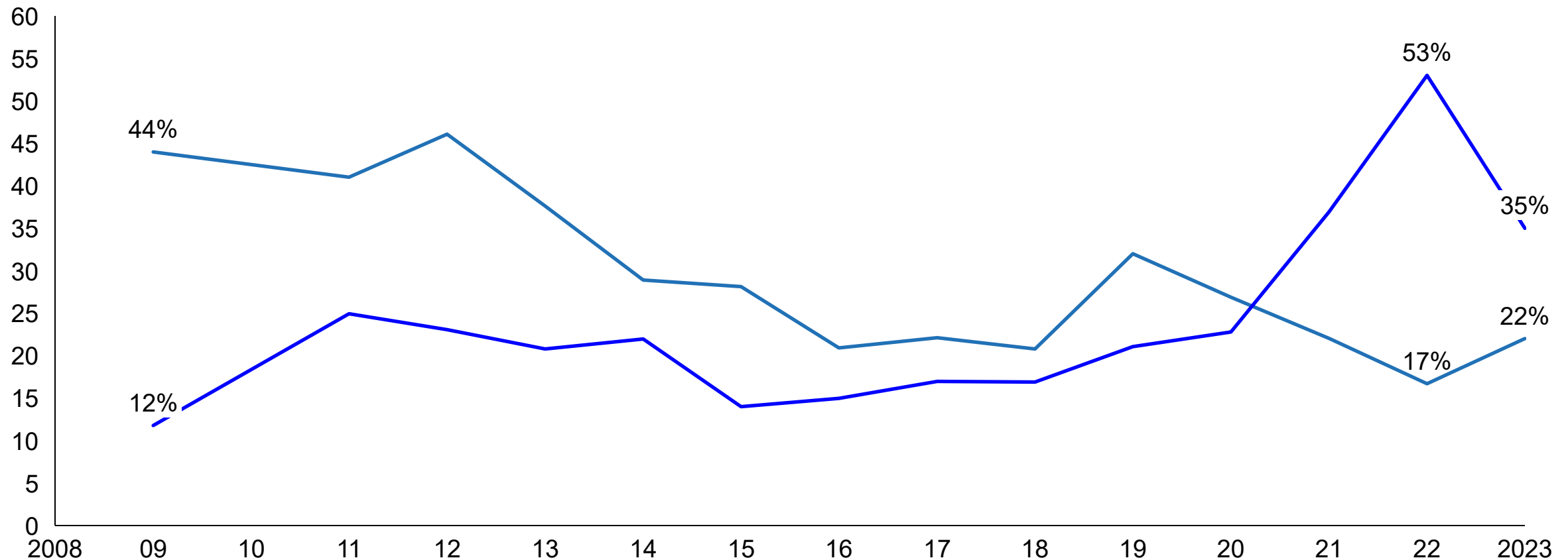


- **Tough competition** – 85% of states cited an inability to offer salaries competitive with the private sector
- **Changing expectations** – Lifetime employment now has less appeal, especially among the millennial generation
- **Lack of public support** – 55% of surveyed State Chief Administrators pointed to a negative perception in the public about working for government as a top barrier to attracting talent
- **Low unemployment and growth in the private sector** – Since the 2008-09 recession, the private sector has grown almost 13% thereby shrinking the total available labor pool

# The number of employees accelerating retirement increased since the start of the pandemic

— Postponed their retirement — Accelerate their retirement date

## Changes in decisions made by retirement-eligible employees (2009-2023)



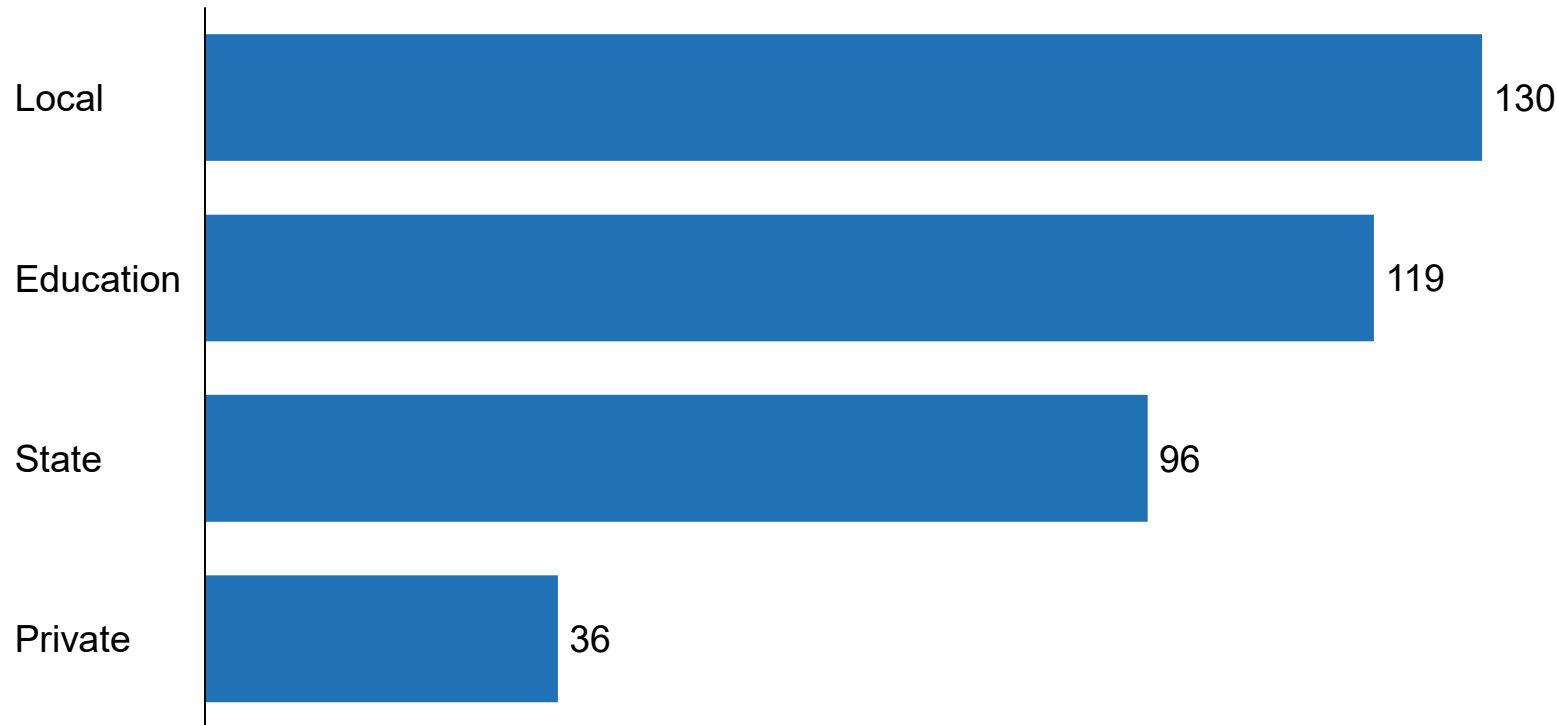
Note: Responses sum to more than 100% because some jurisdictions reported more than one type of action taken. This survey was not conducted in 2010.

Source: MissionSquare Research Institute



# Public sector time-to-hire is ~3x as long as the private sector, leading to greater likelihood of losing high-quality talent

Time-to-hire by type of organization (days), 2020<sup>1</sup>



- The state and local sector average time-to-hire is 113 days – more than **3x the average** of the private sector at 36 days (a difference of over two months)<sup>2</sup>
- 60 percent of job seekers stopped partway through while filling out an online application<sup>3</sup>
- Reducing the length of the application process to five minutes or less can lead to a 365% increase in conversion rates<sup>3</sup>

1. [NEOGOV](#) - Time-to-Hire report

2. It is important to note that the private sector measures time-to-hire differently than the public sector and does not utilize the same recruitment stages as the public sector. The private sector's recruitment process is comprised of fewer steps.

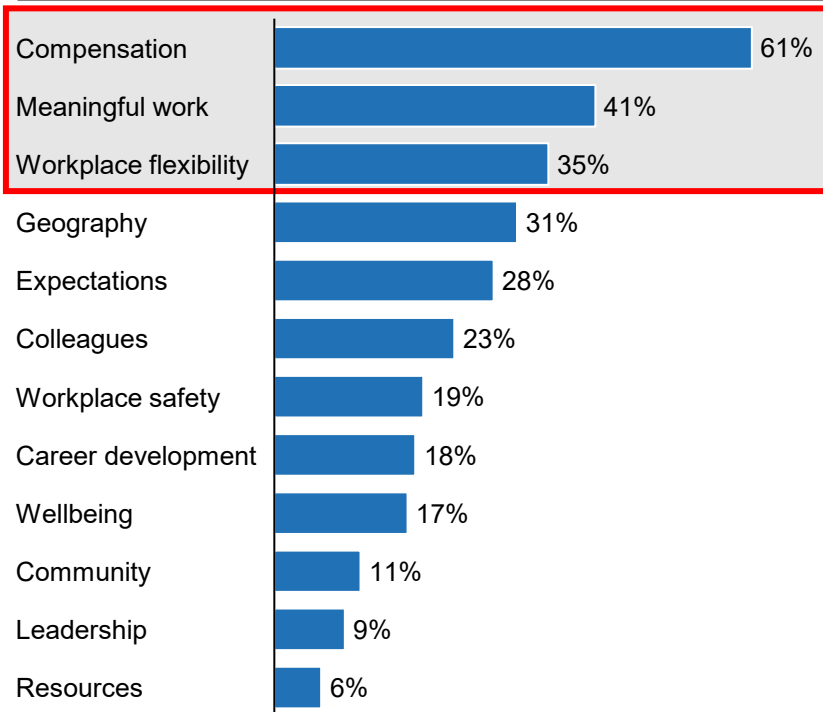
3. National Association of State Chief Administrators (NASCA)

# Compensation matters to public servants... but so do other factors

**We asked public sector employees “Are you planning to stay?”...**

## Reasons public sector employees plan to stay in current role

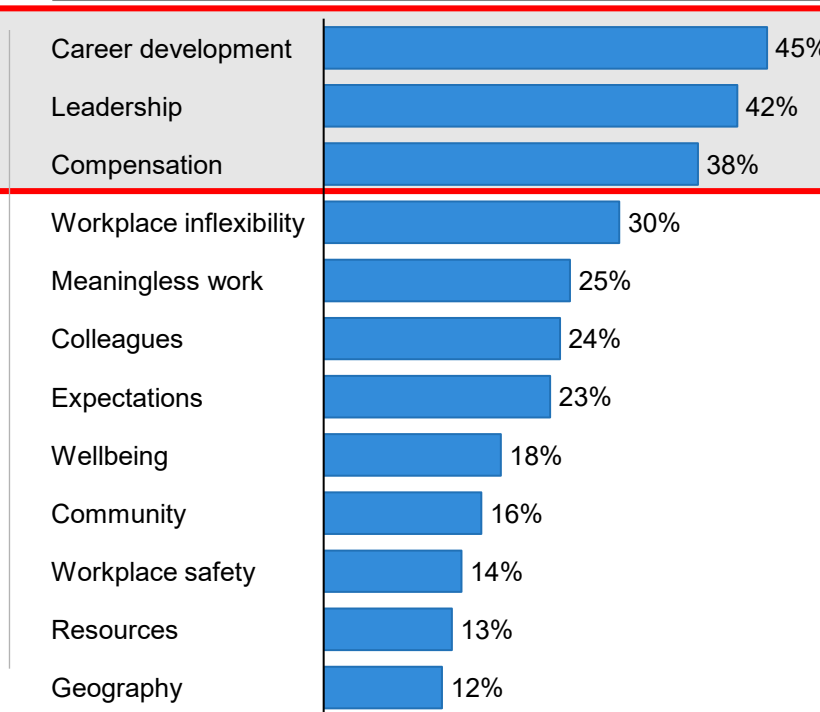
% of respondents intending to stay in the next 3-6 months (n=1,118)



**...then, if not, “What’s making you leave?”**

## Reasons public sector employees plan to leave current role

% of respondents intending to leave in the next 3-6 months (n=385)<sup>1</sup>



### Definitions for top categories:

**Compensation** includes total benefits to employees

**Meaningful work** connects employees’ values and organization’s mission

**Workplace flexibility** includes both time and format

**Career development** includes opportunities to develop skills and accelerate career

**Leadership** refers to quality of direct manager-employee relationship

1. This is the ratio of respondents intending to leave (385) by the respondents intending to stay (1118) in the next 3-6 months  
 Note: People leaving includes individuals who quit, retired, and other separations





# Across worker generations, compensation is one factor among others for attracting and retaining employees

□ Difference between Gen Z and younger Baby Boomers

	Top 3 reasons for leaving a previous job		Top 3 reasons for accepting a new job		Top 3 reasons for staying in current job	
	Gen Z (18-24)	Younger Baby Boomers (55-64)	Gen Z (18-24)	Younger Baby Boomers (55-64)	Gen Z (18-24)	Younger Baby Boomers (55-64)
1 <sup>st</sup>	Lack of career development and advancement potential	Lack of career development and advancement potential	Career development and advancement potential	Adequate total compensation	Workplace flexibility	Adequate total compensation
2 <sup>nd</sup>	Lack of meaningful work	Inadequate total compensation	Adequate total compensation	Meaningful work	Career development and advancement potential	Meaningful work
3 <sup>rd</sup>	Inadequate total compensation	Uncaring and uninspiring leaders	Meaningful work	Workplace flexibility	Meaningful work	Workplace flexibility

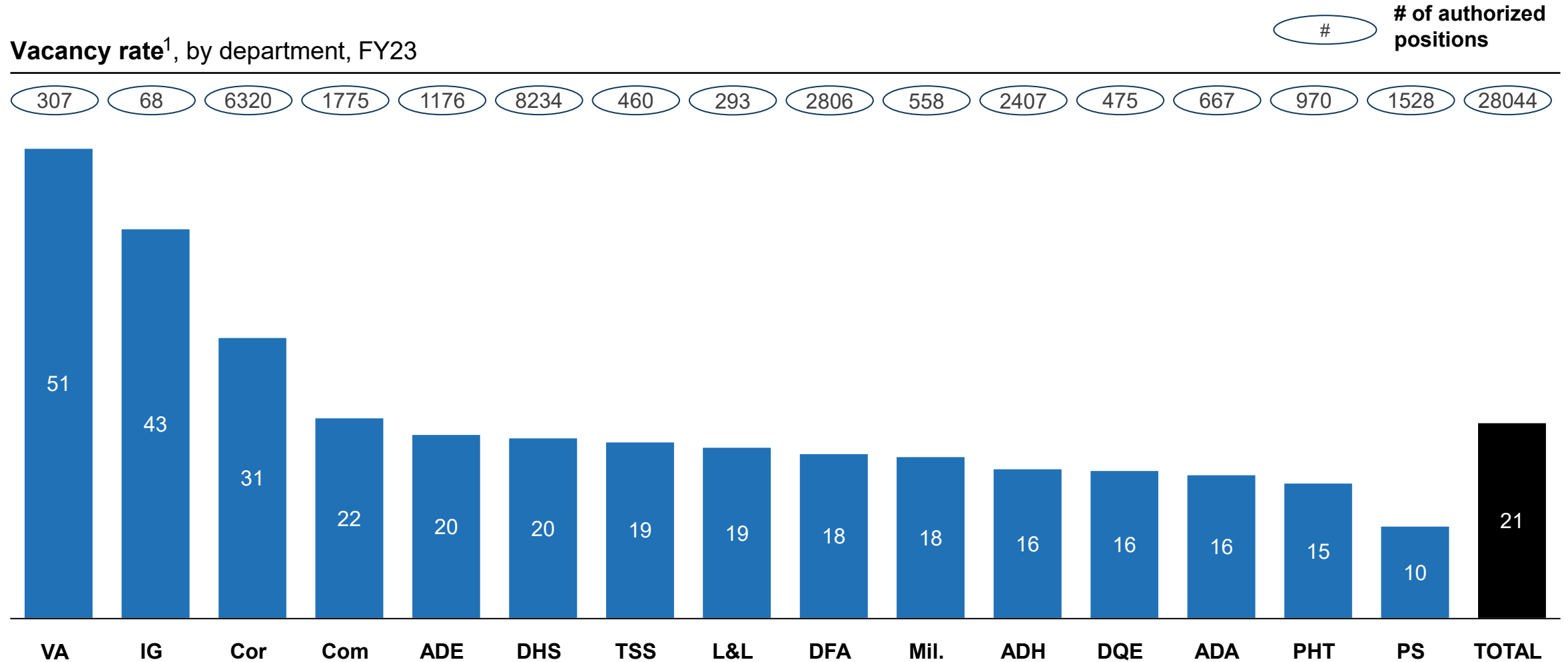
1. Out of 12 answer choices that were offered in the original question. Analysis includes only respondents reporting a traditional employer-employee relationship, in which an employer hires the employee, pays them directly, and manages their work. Responses are not exclusive to public sector employees; 2. Gen Z, n = 1,170; younger baby boomers, n = 1,403 3. Gen Z, n = 2,058; younger baby boomers, n = 3,376 4. Gen Z, n = 1,280; younger baby boomers, n = 3,190



# **Appendix 1B: Arkansas state government talent trends**

# Arkansas state government challenges: FY23 vacancy rate across Arkansas cabinet departments

Vacancy rate<sup>1</sup>, by department, FY23



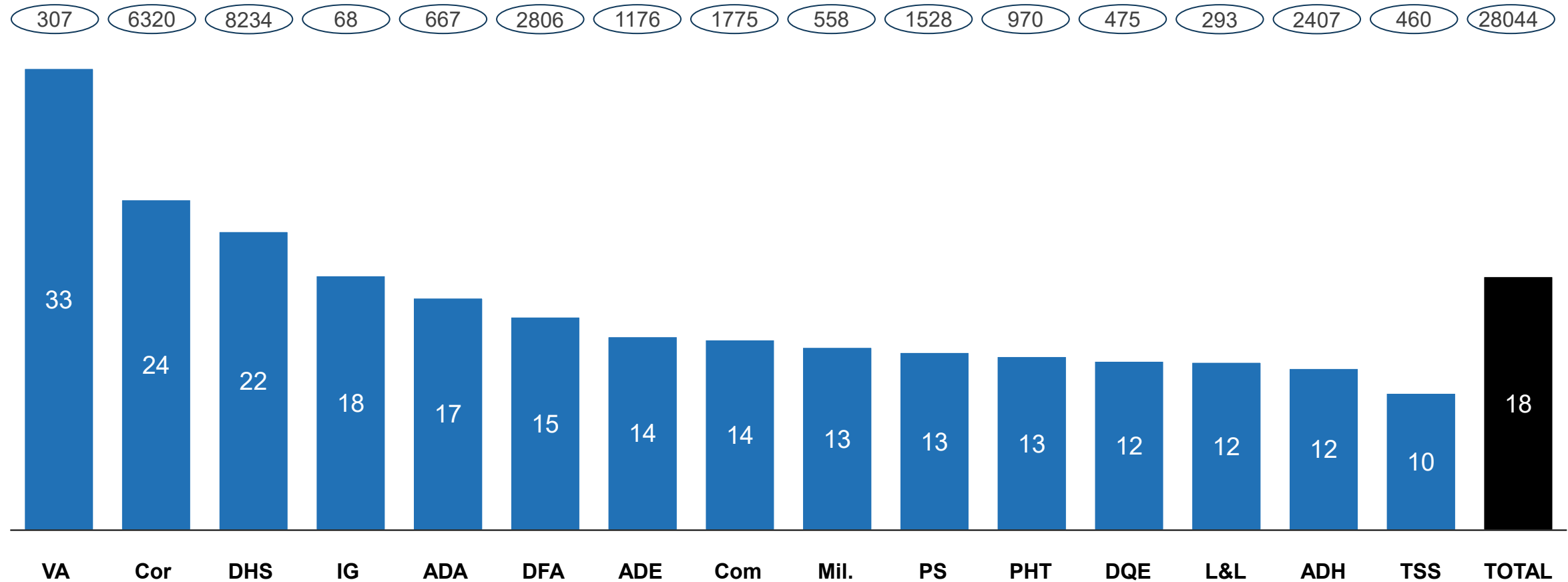
1. Vacancy rate defined as number of vacant positions divided by total number of authorized positions. Vacant positions defined as vacancies less than two years old or older than two years, justified by departments, and not on the 796-hold list  
Source: OPM FY 2023 personnel data for AR Executive Branch Departments



# Arkansas state government challenges: FY23 turnover rate across Arkansas cabinet departments

Turnover rate<sup>1</sup>, by department, FY23

# of authorized positions



1. Turnover rate defined as the number of employees who left state government divided by the average number of employees over a 12-month period



# Arkansas state government challenges: Select critical positions identified by Arkansas cabinet departments

<b>Illustrative job family<sup>1</sup></b>	<b>Total positions</b>	<b>% of state workforce</b>	<b>Vacancy rate, %</b>	<b>Avg. turnover<sup>2</sup>, %</b>
Correctional Officers and Jailers	2,614	9%	46	17
Nursing Assistants	1,436	5%	34	15
Supervisors of Correctional Officers	1,391	5%	19	8
Customer Service Representatives	1,043	4%	23	23
Project Management Specialist	1,043	4%	20	14
Supervisors of Administrative Support Workers	1,009	4%	25	12
Eligibility Interviewers, Government Programs	822	3%	8	5
Administrative Support Workers	795	3%	22	9
Registered Nurse	585	2%	22	9
Lawyers	212	1%	16	9

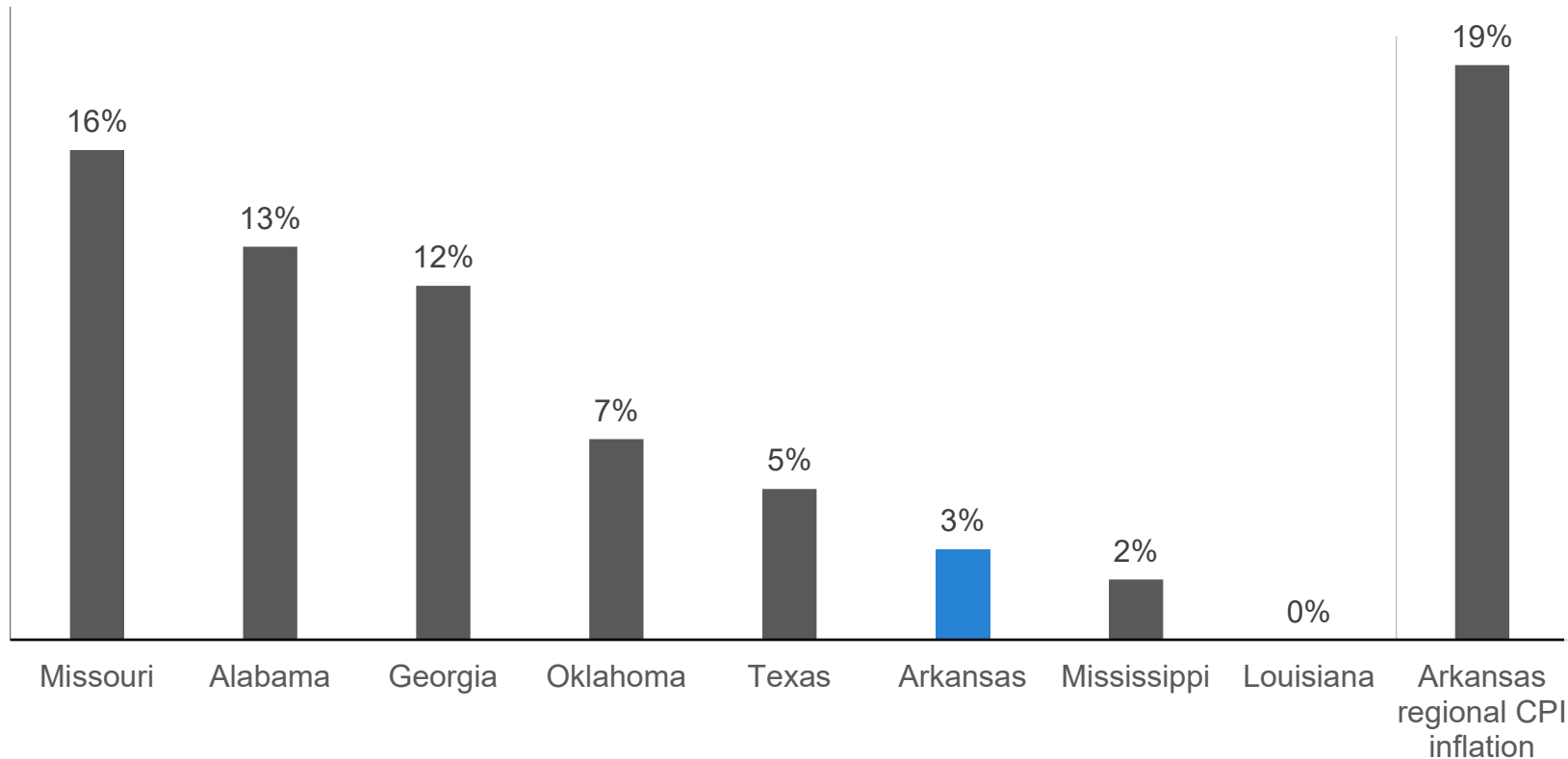
1. Ten of the target job families with the highest position counts across all departments submitted by departments in December of 2023

2. FY19 - FY23



# Arkansas state government challenges: Overall, Arkansas pay raises have not matched across-the-board inflation

Aggregate inflation adjustments<sup>1</sup> implemented in peer states and against regional inflation, FY19-FY23, %

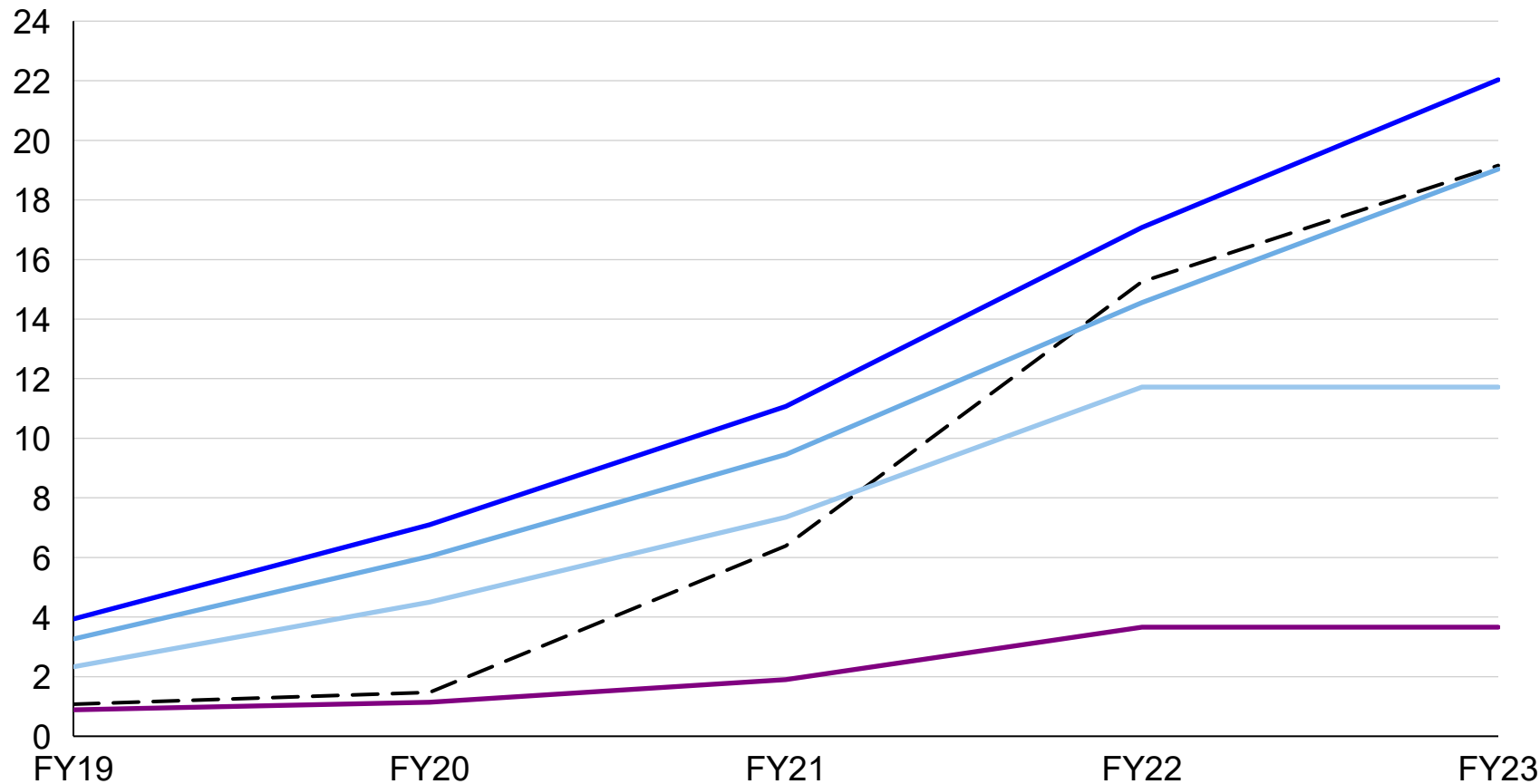


- Arkansas legislature removed COLAs from the annual personnel budgeting process in FY17
- From FY17 to FY23, Arkansas State Employees did not receive across-the-board pay increases
- Over same period, regional CPI rose 19%

1. Inflation adjustments tracked using public announcements from Governors Offices and Legislators with explicit eligibility to all State Government Employees

# Arkansas state government challenges: Arkansas state wages compared to inflation over past 5 fiscal years

**Arkansas regional inflation compared to state wage increases by fiscal year, accumulated percentage point rate increases, %<sup>1</sup>**



- Arkansas regional price inflation
- State of Arkansas employees - 2 ratings
- State of Arkansas employees - 3 ratings
- State of Arkansas employees - 4 ratings
- State of Arkansas employees - 5 ratings

- Since FY19, Arkansas regional price inflation has increased ~19%
- Consistent top performing employees earned ~3pp over inflation over this 5-year period
- Consistent “in good standing” employees saw real wages decrease over the past two years

1. Percentages represent accumulated inflation over time, based on simple compounding of annual inflation measures, compared to compounded average rate increases for Arkansas State employees, broken out by end of year rating. Estimate assumes consistent performance rating across years



# Arkansas state government challenges: Performance evaluation ratings are unevenly distributed across grades

Percent of employees across GS grades receiving each PE rating, 2022, % of GS cohort<sup>1</sup>

GS grade	# of positions	1	2	3	4	5
GS15	73	0%	1%	27%	40%	32%
GS14	137	0%	2%	31%	34%	34%
GS13	314	0%	4%	47%	33%	16%
GS12	340	0%	2%	51%	29%	19%
GS11	549	0%	3%	50%	31%	16%
GS10	441	0%	2%	40%	38%	20%
GS09	1228	0%	4%	53%	30%	12%
GS08	1503	0%	6%	55%	27%	12%
GS07	2458	0%	5%	62%	27%	7%
GS06	4581	0%	10%	69%	17%	4%
GS05	3167	0%	17%	68%	13%	2%
GS04	1923	0%	10%	70%	17%	3%
GS03	2867	0%	18%	75%	5%	2%
GS02	308	0%	15%	74%	8%	2%
GS01	228	0%	9%	88%	2%	1%

**Performance evaluation ratings**

“Survey research showed that 60 percent of respondents who perceived the performance-management system as fair also stated that it was effective”<sup>2</sup>

1. % calculated by dividing number of employees receiving specific rating by all employees in same GS grade

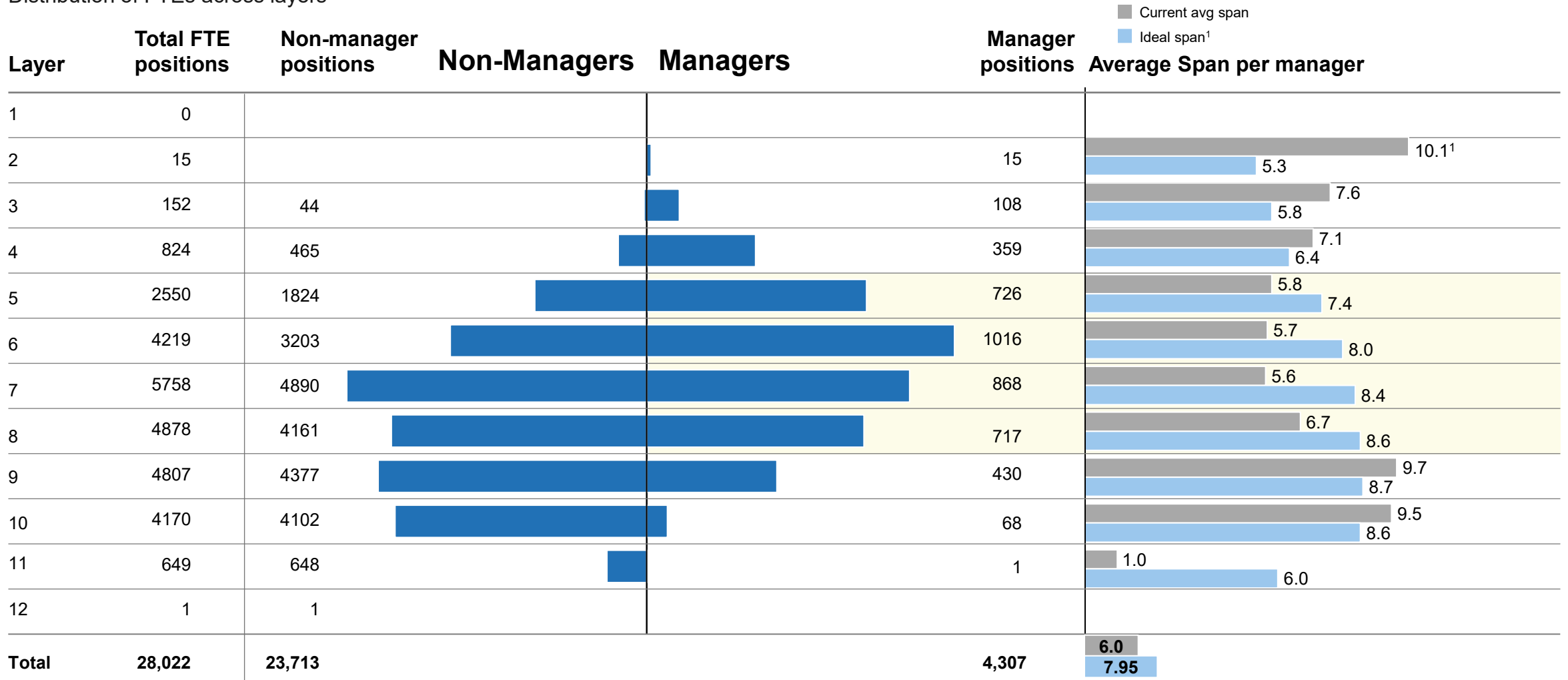
2. “The Fairness Factor in Performance Management,” McKinsey & Company, April 2018





# Arkansas state government challenges: Limited career paths likely contributes to more middle manager roles

Distribution of FTEs across layers



1. Algorithm used takes into consideration the ideal span in managerial archetype range closest to current span

Source: OPM FY 2023 personnel data for AR Executive Branch Departments; validated by department HR managers



# Arkansas state government challenges: Sentiments behind the data – interview and workshop highlights

"We need to train managers better – clearer and greater expectations for managers, especially for performance evaluations."

"Our current performance review process is not working. It does not reflect real evaluation of employees' work."

"Getting anyone in is difficult and if there's no room for advancement, they leave after a couple years."

"A program assistant at a GS03 is making \$26K a year and they're transporting children who are being taken away from their parents."

"Currently, managers don't actually meet with their employees."

"PE system should not crush employee morale every year."

"We have good employees and happy employees who can't afford to work for us."

"There's no way anyone can read and review all of this [evaluation material]. You're just going to read and do the best you can."

# Arkansas state government challenges: ~13% of the most experienced Arkansas state employees are retirement eligible in next 5 years

Cabinet	Employees eligible for retirement <sup>1</sup>	Total employees	% of employees eligible for retirement <sup>1</sup>
Department of Agriculture	72	551	13%
Department of Commerce	177	1,127	16%
Department of Corrections	415	4,346	10%
Department of Education	116	879	13%
Department of Energy and Environment	59	392	15%
Department of Finance and Administration	335	2,291	15%
Department of Health	326	1,962	17%
Department of Human Services	763	6,540	12%
Department of Labor and Licensing	57	234	24%
Department of Parks, Heritage, and Tourism	85	807	11%
Department of Public Safety	205	1,367	15%
Department of the Inspector General	4	39	10%
Department of the Military	40	408	10%
Department of Transformation & Shared Services	66	323	20%
Department of Veteran Affairs	2	146	1%
Non-Cabinet	140	1,093	13%
<b>Total</b>	<b>2,862</b>	<b>22,505</b>	<b>13%</b>

1. Does not use personally identifiable information (PII) such as age. Estimated based on employee tenure within state government, not accounting for other employment outside of this area. Retirement eligibility placed at 28 years of tenure, therefore employees with >23 years of tenure are eligible within the next 5 years

Source: Arkansas Office of Personnel Management – employee tenure within state government



# Arkansas state government context: Current pay and position policies and statutes on setting pay

# Deep dives

Policy #	Pay and position activity	Policy summary	
Setting pay	3	1 Modifying job grade & pay tables	The Legislature is responsible for authorizing rates of pay (pay tables) for grades. OPM is responsible for reviewing the pay tables before each regular session. Proposed <sup>1</sup> : 10% increase for max. Proposed <sup>1</sup> : Collapse GS01-05 into GS05.
	32	2 Establishing salary administration grids	Departments may submit proposed grids to OPM and must receive approval from TSS Sec. up to the midpoint salary increase. Dept. must receive approval from TSS Sec. and Leg. Council or JBC above the midpoint level.
	29	3 Merit pay increase	Merit payments are paid as a base salary increase for the employee. Merit qualifications depend/change year to year. Merit pay increases can exceed max payment
	35	4 Special rates of pay - Labor market rate up to midpoint and max	A department may request a labor market rate if they are unable to successfully hire and/or retain employees in a specific classification or position. Departments report approved LMRs to OPM and OPM reports them to the Legislature
	35	5 Special rates of pay - Retention and additional duties 10% and above increase	Departments can issue a 10% or above salary increase to employees in order to retain them. OPM must approve increases above 10% and report all increases to the Legislature for review.
	35	6 Special rates of pay - Extraordinarily qualified candidate 15%, 15-40%, and 40%+ above entry level rate	A department may request an increased salary for a candidate deemed extraordinarily qualified. Up to 15% requires Secretary approval. Between 15 – 40% requires OPM approval. Above 40% requires review by Legislature followed by OPM approval.

1. Proposed by OPM, as of May 2024



# Arkansas state government context: Current pay and position policies and statutes on managing positions

# Deep dives

Policy #	Pay and position activity	Policy summary	
Managing positions	7 Creating a new position	Departments may submit requests for new positions during the biennial budget process. OPM is responsible for reviewing and submitting requests. Legislature is responsible for authorizing new positions.	
	8 Revising positions or grades	Reclassification of positions occurs every two years as a part of the budget request process. Requests for new titles for positions must be approved by the legislature.	
	9 Promoting employees	Employees promoted within the same pay table receives a 10% increase without exceeding the max pay for the grade.	
	10 Managing pool positions	Positions used to meet needs in between sessions and a dept. does not have an existing vacant position available with the correct grade and classification. Dept. must surrender an existing position in exchange. OPM manages the pool and seeks approval from Council on behalf of depts.	
	Act 796	11 Vacant positions	Positions vacant for more than 2 years must be reported by OPM to the Legislature for review. Departments can either request the positions be terminated and not renewed. Governor's office reviews justifications.
	N/A	12 Career ladders	No official policy governing the career pathways. OPM encourages departments to develop their own career paths based on qualifications.

# **Appendix 2: Preliminary budget implication scenarios**

# Preliminary budget implication scenarios: Linkage to market dynamics

	Methodology	Calculations used to create budget scenario	Preliminary 1 year cost scenarios	
			Total revenue	General revenue
<b>Scenario A:</b> Avg. % inflation increase since 2017	2017 was the last time the state adjusted salaries for inflation Average inflation rate over the past 7 (2017-2023) years in the Arkansas region was 3.2%	3.2% x total current salaries for executive branch departments	<b>\$36.54M</b>	<b>\$14.62M</b>
<b>Scenario B:</b> Avg. % inflation increase since 2019	2019 used as a midpoint for historical inflation data Average inflation rate over the past 5 (2019-2023) years in the Arkansas region was 3.8%	3.8% x total current salaries for executive branch departments	<b>\$43.40M</b>	<b>\$17.36M</b>
<b>Scenario C:</b> Avg. % increase since 2021	2021-2023 captures the most recent, acute increases in inflation, post-COVID Average inflation rate over the past 3 (2021-2023) years in the Arkansas region was 5.9%	5.9% x total current salaries for executive branch departments	<b>\$67.37M</b>	<b>\$26.95M</b>
<b>Scenario D:</b> Flat 2% increase	Conservative flat 2% increase	2% x total current salaries for executive branch departments	<b>\$22.8M</b>	<b>\$9.14M</b>

# Preliminary budget implication scenarios: Performance-based awards module

Potential option highlighted in draft plan	Methodology	Calculations used to create budget scenario	Preliminary 1 yr cost scenarios	
			Total revenue	General revenue
<b>Scenario A:</b> Merit raise; target top 10%; 10% salary increase	Reward highest performing employees Continue status quo method of increasing base salary	Estimated projected average 2024 salary cost for 4s and 5s, based on past 5 years of historic data  Calculated number of 4s and 5s in the top 10% of employees based on ratings  Multiplied the number of employees x 10% of the average salaries for their ratings band	<b>\$14.47M</b>	<b>\$5.79M</b>
<b>Scenario B:</b> One-time bonus; Target top 40%; 10% of salary	Reward top performers all the same Award a one-time bonus instead of a base salary increase to incentivize similar performance the next year	Estimated projected average 2024 salary cost for 3s, 4s, and 5s, based on past five years of historical data  Calculated number of 3s, 4s, and 5s, in top 40% of employees based on ratings  Multiplied the number of employees times 10% of the average salary for their ratings band	<b>\$49.67M</b>	<b>\$19.87M</b>
<b>Scenario C:</b> One-time bonus; 5% bonus for 60th to 90th percentile; 15% 90th & above	Reward top performers at differing rates, valuing the highest performers the most  Award a one-time bonus instead of a base salary increase to incentivize similar performance the next year	Used distribution and salary cost from scenario 2  Multiplied the total salary cost of top 10% by 15%  Multiplied the total salary cost of next 30% by 5%  Summed the two costs	<b>\$39.30M</b>	<b>\$15.72M</b>
<b>Scenario D:</b> One-time bonus; 10% bonus for top 10%; 5% for next 15%; \$5,000 cap	Reward top performers at differing rates, valuing the highest performers the most while limiting budget impacts from bonuses from highest-paid employees  Award a one-time bonus instead of a base salary increase to incentivize similar performance the next year	Used distribution and salary cost from scenario 2  Multiplied the total salary cost of top 10% by 10% with max of \$5,000  Multiplied the total salary cost of next 15% by 5% with max of \$5,000  Summed the two costs	<b>\$19.85M</b>	<b>\$7.94M</b>



# Preliminary budget implication scenarios: Meet market minimum for all positions module (1/2)

	<b>Methodology</b>	<b>Calculations used to create budget scenario</b>
<p><b>Scenarios:</b> 10<sup>th</sup>, 25<sup>th</sup>, and 50<sup>th</sup> percentile of market rate and 10<sup>th</sup> percentile below market rate</p>	<p><b><i>Assigning BLS SOC job families</i></b></p> <hr/> <p>Used proprietary language learning algorithm to match OPM position titles with BLS SOC job families</p> <p>Positions matched on title only, not skills and tenure</p> <p><b><i>Defining the market</i></b></p> <hr/> <p>Two markets used in analysis:</p> <ul style="list-style-type: none"> <li>• Neighboring states for medical, IT, and senior leadership grades and positions with limited private sector comparators (corrections, police)</li> <li>• Arkansas rates for all other positions</li> </ul> <p><b><i>Determining market minimum</i></b></p> <hr/> <p>Matched SOC BLS job families in Lightcast aggregated salary database to determine the below market rate options</p>	<ul style="list-style-type: none"> <li>• Subtract 10<sup>th</sup>, 25<sup>th</sup>, or 50<sup>th</sup> percentile of market rate salary and 10<sup>th</sup> percentile below market rate salary from each position's current salary to find the market rate adjustment needed for each scenario</li> <li>• For General &amp; Senior Executive positions with a market rate adjustment exceeding \$5,000, cap the increase at \$5,000</li> <li>• For IT and Medical positions, no market rate adjustment cap applied</li> <li>• Sum market rate adjustments for all positions to find total cost of raising filled and unfilled positions to the market minimum</li> </ul>

# Preliminary budget implication scenarios: Meet market minimum for all positions module (2/2)

	Positions below market, # (%)	Preliminary 1 year cost scenarios, total revenue	Preliminary 1 year cost scenarios, general revenue
<b>Scenario A:</b> 10 <sup>th</sup> percentile market rate	3,093  (11)	\$21.24M	\$8.50M
<b>Scenario B:</b> 25 <sup>th</sup> percentile market rate	6,334  (22)	\$45.89M	\$18.36M
<b>Scenario C:</b> 50 <sup>th</sup> percentile market rate	11,477  (39)	\$84.87M	\$33.95M
<b>Scenario D:</b> 10 <sup>th</sup> percentile below market rate <sup>1</sup>	1,065  (4)	\$9.15M	\$3.66M

1. Approximated from Lightcast data  
Source: Lightcast Entry-level annual earnings data pulled 4/15/2024; OPM personnel data for executive branch departments excluding constitutional, extra help, boards, pulled March 2024; Targeted position lists submitted by departments December 2023



# Preliminary budget implication scenarios: Pay incentives for OPM-selected “critical” job families module (1/3)

## Job families selected by OPM for inclusion in “critical” job family budget scenario

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- Correctional Officers and Jailers
- First-Line Supervisors of Correctional Officers
- Business Operations Specialists, All Other
- Nursing Assistants
- Eligibility Interviewers, Government Programs
- Office and Administrative Support Workers
- Customer Service Representatives
- Social Workers, All Other
- Registered Nurses
- Medical and Health Services Managers
- Police and Sheriff's Patrol Officers
- Paralegals and Legal Assistants
- Lawyers
- General and Operations Managers
- Budget analysts
- HR Managers & Specialists
- Accountants
- Financial Managers
- Software developer
- Computer systems analyst
- Database administrator
- Information security analyst

# Preliminary budget implication scenarios: Pay incentives for OPM-selected “critical” job families module (2/3)

## Methodology

### ***Assigning BLS SOC job families***

Used proprietary language learning algorithm to match OPM position titles with BLS SOC job families

### ***Determining market minimum***

Matched SOC BLS job families in Lightcast aggregated salary database to determine market rate

Used the 10<sup>th</sup>, 25<sup>th</sup>, and 50<sup>th</sup> percentile of the state’s market salary as a proxy for “entry level”

Two markets used in analysis:

- Neighboring states for roles with limited private sector options
- Arkansas rates for roles with large number of exit opportunities

### ***Boundaries on pay increase***

Determined % increase over current actual salary of positions necessary to meet market minimum for critical positions

- No greater than \$5,000
- No cap for IT and Medical positions

### ***OPM process for identifying critical job families***

Job families chosen with the following criteria:

- Roles on target list submitted by departments
- Highest number of positions (>100)
- Significant vacancy rates (>7%)
- Significant turnover rates (>7%)
- Ensured all 15 departments represented

Final list selected by OPM

1. List can vary dependent upon priorities of position count, turnover, and vacancy rates

# Preliminary budget implication scenarios: Pay incentives for critical job families module (3/3)

	Positions below market, # (%)	Preliminary 1 year cost scenarios, total revenue	Preliminary 1 year cost scenarios, general revenue
<b>Scenario A:</b> 10 <sup>th</sup> percentile market rate	1,422 (9)	\$9.48M	\$3.79M
<b>Scenario B:</b> 25 <sup>th</sup> percentile market rate	2,672 (16)	\$19.40M	\$7.76M
<b>Scenario C:</b> 50 <sup>th</sup> percentile market rate	4,532 (28)	\$33.22M	\$13.29M

Source: Lightcast Entry-level annual earnings data pulled 4/15/2024; OPM personnel data for executive branch departments excluding constitutional, extra help, boards, pulled March 2024; Targeted position lists submitted by departments December 2023



# Appendix 3: Illustrative pay plan examples

# Illustrative examples for use of compensation levers

## Compensation levers<sup>1</sup>

- 1 **Pay table:** Base salary for each position classified into 1 of 6 tables with multiple grades each<sup>2</sup>
- 2 **Step increase to base salary:** Annual salary increases within a grade contingent on experience and meeting baseline performance
- 3 **One-time annual bonuses:** One-time bonuses awarded to employees who perform above baseline, not impacting base salaries
- 4 **“Spot” bonuses:** One-time bonuses awarded outside of the normal evaluation cycle to teams or employees contingent on employee meeting baseline performance, not impacting base salaries

# Lever impacted      # Lever not impacted

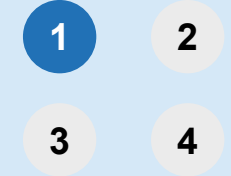
## Illustrative example

## Compensation levers impacted

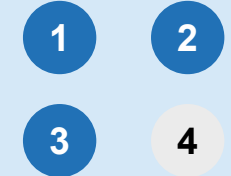
**Illustrative example 1:** Employee meets performance expectations, resulting in a 1 step progression within their grade. They also receive a “spot” bonus given their team’s results on a major project.



**Illustrative example 2:** Employee does not meet performance expectations and does not progress to the next step within their grade. Their team received a spot bonus for results on a major project, but given the employee does not meet performance expectations, the employee does not.



**Illustrative example 3:** Employee exceeds performance expectations (e.g., is top 10%) and receives a one-time bonus of 10% of their current salary<sup>3</sup> and receives a 1 step progression within their grade.



## Detailed illustrative examples to follow

1. Compensation levers contingent upon other state government budget priorities  
 2. Lever 1 solely dictates which pay table an employee is on. The potential new approach has a design principle of compensation being linked to market competitiveness. Therefore, pay tables can be adjusted based on variable market dynamics across major job categories. 6 pay tables include General, Information Technology, Medical, Corrections (new), Law enforcement and Public Safety (new), and Professional Services (new). Additional pay tables can reflect material differences in labor market dynamics across job categories and/or state government strategic workforce planning priorities (e.g., to address near-term recruitment and retention and/or invest in future capabilities). Bundling together job families into a few pay table can provide the nuance to calibrate compensation to different hiring, retention, and development needs. That said, each additional pay table introduces analytic and administrative complexity. Consequently, there are advantages to approaches that limit the proliferation of pay tables toward individual job families or even roles. That said, there may be specific exceptions meriting a separate pay table due to unique circumstances and context (e.g., executive recruitment).  
 3. Based on Scenario D of “3. performance-based awards module”, which employs a one-time bonus of 10% for the top 10%, 5% for the next 15%, and a \$5,000 employee bonus cap



# Illustrative example 1: Meets performance expectations and receives a “spot” bonus

# Lever impacted    # Lever not impacted

**Role:** Manager

**Pay table:** New Pay table (TBD)

**Illustrative grade:** XX09

**Illustrative step:** 16 out of 20

**Illustrative salary:** \$109,000

**Performance:** Employee meets performance expectations, resulting in a 1 step progression within their grade. They also receive a “spot” bonus given their team’s results on a major project.

**Compensation lever impacted**

**Impact to employee**

**Compensation implication**

**1 Pay table<sup>1</sup>**

Uses new pay table

Determines base pay (salary of \$109,000)

**2 Step increase to base salary**

Qualified for step increase (i.e., from step 16 to 17)

Increases salary by \$2,000 to \$111,000

**3 One-time annual bonuses**

N/A

N/A

**4 “Spot” bonus**

Mid-year bonus

\$1,000

**Illustrative current year compensation:**

\$109,000 + \$1,000 = **\$110,000**

**Illustrative base compensation next year:**

**\$111,000**

1. In this illustrative example, pay for this step did not change in-year based on market dynamics





# Illustrative example 2: Does not meet performance expectations and receives no “spot” bonus

# Lever impacted    # Lever not impacted

**Role:** Supervisor

**Pay table:** New pay table (TBD)

**Illustrative grade:** XX05

**Illustrative step:** 8 out of 20

**Illustrative salary:** \$116,000

**Performance:** Employee does not meet performance expectations and does not progress to the next step within their grade. Their team received a spot bonus for results on a major project, but given the employee does not meet performance expectations, the employee does not.

Compensation lever impacted	Impact to employee	Compensation implication
1 Pay table <sup>1</sup>	Uses new pay table	Determines base pay (salary of \$116,000)
2 Step increase to base salary	N/A	N/A
3 One-time annual bonuses	N/A	N/A
4 “Spot” bonus	N/A – baseline performance not met	N/A

**Illustrative current year compensation:**  
**\$116,000**

**Illustrative base compensation next year:**  
**\$116,000**

1. In this illustrative example, pay for this step did not change in-year based on market dynamics



# Illustrative example 3: Exceeds performance expectations

# Lever impacted    # Lever not impacted

**Role:** Specialist

**Pay table:** New pay table (TBD)

**Illustrative grade:** XX06

**Illustrative step:** 13 out of 20

**Illustrative salary:** \$46,000

**Performance:** Employee exceeds performance expectations (e.g., is top 10%) and receives a one-time bonus of 10% of their current salary<sup>1</sup> and receives a 1 step progression within their grade.

**Compensation lever impacted**

**Impact to employee**

**Compensation implication**

1 Pay table<sup>2</sup>

Uses new pay table

Determines base pay (salary of \$46,000)

2 Step increase to base salary

Qualifies for step increase (i.e., from step 13 to 14)

Increases salary by \$1,000 to \$47,000

3 One-time annual bonuses

Qualifies for one-time 10% bonus of current salary

Increases annual compensation by \$4,600

4 "Spot" bonus

N/A

N/A

**Illustrative current year compensation:**

\$46,000 + 4,600 = **\$50,600**

**Illustrative base compensation next year:**

**\$47,000**

1. Based on Scenario D of "3. performance-based awards module", which employs a one-time bonus of 10% for the top 10%, 5% for the next 15%, and a \$5,000 employee bonus cap

2. In this illustrative example, pay for this step did not change in-year based on market dynamics



# Step pay table example: Enterprise approach to pay table

## Kansas Civil Service pay plan, FY24



Kansas Civil Service Basic Pay Plan (effective June 11, 2023)  
Basic Steps (Hourly Rates)

PG	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15	Step 16	Step 17	Step 18	Step 19	Step 20	Step 21	Step 22	Step 23	Step 24
8	7.38	7.56	7.77	7.96	8.18	8.35	8.56	8.76	9.00	9.24	9.44	9.69	9.93	10.15	10.43	10.68	10.92	11.21	11.48	11.79	12.04	12.35	12.66	12.98
9	7.77	7.96	8.18	8.35	8.56	8.76	9.00	9.24	9.44	9.69	9.93	10.15	10.43	10.68	10.92	11.21	11.48	11.79	12.04	12.35	12.66	12.98	13.29	13.61
10	8.18	8.35	8.56	8.76	9.00	9.24	9.44	9.69	9.93	10.15	10.43	10.68	10.92	11.21	11.48	11.79	12.04	12.35	12.66	12.98	13.29	13.61	13.95	14.30
11	8.56	8.76	9.00	9.24	9.44	9.69	9.93	10.15	10.43	10.68	10.92	11.21	11.48	11.79	12.04	12.35	12.66	12.98	13.29	13.61	13.95	14.30	14.66	15.03
12	9.00	9.24	9.44	9.69	9.93	10.15	10.43	10.68	10.92	11.21	11.48	11.79	12.04	12.35	12.66	12.98	13.29	13.61	13.95	14.30	14.66	15.03	15.38	15.75
13	9.44	9.69	9.93	10.15	10.43	10.68	10.92	11.21	11.48	11.79	12.04	12.35	12.66	12.98	13.29	13.61	13.95	14.30	14.66	15.03	15.38	15.75	16.16	16.56
14	9.93	10.15	10.43	10.68	10.92	11.21	11.48	11.79	12.04	12.35	12.66	12.98	13.29	13.61	13.95	14.30	14.66	15.03	15.38	15.75	16.16	16.56	16.94	17.39
15	10.43	10.68	10.92	11.21	11.48	11.79	12.04	12.35	12.66	12.98	13.29	13.61	13.95	14.30	14.66	15.03	15.38	15.75	16.16	16.56	16.94	17.39	17.79	18.26
16	10.92	11.21	11.48	11.79	12.04	12.35	12.66	12.98	13.29	13.61	13.95	14.30	14.66	15.03	15.38	15.75	16.16	16.56	16.94	17.39	17.79	18.26	18.70	19.16
17	11.48	11.79	12.04	12.35	12.66	12.98	13.29	13.61	13.95	14.30	14.66	15.03	15.38	15.75	16.16	16.56	16.94	17.39	17.79	18.26	18.70	19.16	19.65	20.13
18	12.04	12.35	12.66	12.98	13.29	13.61	13.95	14.30	14.66	15.03	15.38	15.75	16.16	16.56	16.94	17.39	17.79	18.26	18.70	19.16	19.65	20.13	20.58	21.13
19	12.66	12.98	13.29	13.61	13.95	14.30	14.66	15.03	15.38	15.75	16.16	16.56	16.94	17.39	17.79	18.26	18.70	19.16	19.65	20.13	20.58	21.13	21.65	22.16
20	13.29	13.61	13.95	14.30	14.66	15.03	15.38	15.75	16.16	16.56	16.94	17.39	17.79	18.26	18.70	19.16	19.65	20.13	20.58	21.13	21.65	22.16	22.72	23.31
21	13.95	14.30	14.66	15.03	15.38	15.75	16.16	16.56	16.94	17.39	17.79	18.26	18.70	19.16	19.65	20.13	20.58	21.13	21.65	22.16	22.72	23.31	23.87	24.48
22	14.66	15.03	15.38	15.75	16.16	16.56	16.94	17.39	17.79	18.26	18.70	19.16	19.65	20.13	20.58	21.13	21.65	22.16	22.72	23.31	23.87	24.48	25.05	25.68
23	15.38	15.75	16.16	16.56	16.94	17.39	17.79	18.26	18.70	19.16	19.65	20.13	20.58	21.13	21.65	22.16	22.72	23.31	23.87	24.48	25.05	25.68	26.29	26.98
24	16.16	16.56	16.94	17.39	17.79	18.26	18.70	19.16	19.65	20.13	20.58	21.13	21.65	22.16	22.72	23.31	23.87	24.48	25.05	25.68	26.29	26.98	27.61	28.31
25	16.94	17.39	17.79	18.26	18.70	19.16	19.65	20.13	20.58	21.13	21.65	22.16	22.72	23.31	23.87	24.48	25.05	25.68	26.29	26.98	27.61	28.31	29.03	29.73
26	17.79	18.26	18.70	19.16	19.65	20.13	20.58	21.13	21.65	22.16	22.72	23.31	23.87	24.48	25.05	25.68	26.29	26.98	27.61	28.31	29.03	29.73	30.46	31.22
27	18.70	19.16	19.65	20.13	20.58	21.13	21.65	22.16	22.72	23.31	23.87	24.48	25.05	25.68	26.29	26.98	27.61	28.31	29.03	29.73	30.46	31.22	31.98	32.78
28	19.65	20.13	20.58	21.13	21.65	22.16	22.72	23.31	23.87	24.48	25.05	25.68	26.29	26.98	27.61	28.31	29.03	29.73	30.46	31.22	31.98	32.78	33.55	34.42
29	20.58	21.13	21.65	22.16	22.72	23.31	23.87	24.48	25.05	25.68	26.29	26.98	27.61	28.31	29.03	29.73	30.46	31.22	31.98	32.78	33.55	34.42	35.25	36.13
30	21.65	22.16	22.72	23.31	23.87	24.48	25.05	25.68	26.29	26.98	27.61	28.31	29.03	29.73	30.46	31.22	31.98	32.78	33.55	34.42	35.25	36.13	37.00	37.95
31	22.72	23.31	23.87	24.48	25.05	25.68	26.29	26.98	27.61	28.31	29.03	29.73	30.46	31.22	31.98	32.78	33.55	34.42	35.25	36.13	37.00	37.95	38.86	39.84
32	23.87	24.48	25.05	25.68	26.29	26.98	27.61	28.31	29.03	29.73	30.46	31.22	31.98	32.78	33.55	34.42	35.25	36.13	37.00	37.95	38.86	39.84	40.83	41.81
33	25.05	25.68	26.29	26.98	27.61	28.31	29.03	29.73	30.46	31.22	31.98	32.78	33.55	34.42	35.25	36.13	37.00	37.95	38.86	39.84	40.83	41.81	42.90	43.91
34	26.29	26.98	27.61	28.31	29.03	29.73	30.46	31.22	31.98	32.78	33.55	34.42	35.25	36.13	37.00	37.95	38.86	39.84	40.83	41.81	42.90	43.91	45.02	46.14
35	27.61	28.31	29.03	29.73	30.46	31.22	31.98	32.78	33.55	34.42	35.25	36.13	37.00	37.95	38.86	39.84	40.83	41.81	42.90	43.91	45.02	46.14	47.29	48.47
36	29.03	29.73	30.46	31.22	31.98	32.78	33.55	34.42	35.25	36.13	37.00	37.95	38.86	39.84	40.83	41.81	42.90	43.91	45.02	46.14	47.29	48.47	49.68	50.92
37	30.46	31.22	31.98	32.78	33.55	34.42	35.25	36.13	37.00	37.95	38.86	39.84	40.83	41.81	42.90	43.91	45.02	46.14	47.29	48.47	49.68	50.92	52.19	53.49
38	31.98	32.78	33.55	34.42	35.25	36.13	37.00	37.95	38.86	39.84	40.83	41.81	42.90	43.91	45.02	46.14	47.29	48.47	49.68	50.92	52.19	53.49	54.82	56.19
39	33.55	34.42	35.25	36.13	37.00	37.95	38.86	39.84	40.83	41.81	42.90	43.91	45.02	46.14	47.29	48.47	49.68	50.92	52.19	53.49	54.82	56.19	57.59	59.02
40	35.25	36.13	37.00	37.95	38.86	39.84	40.83	41.81	42.90	43.91	45.02	46.14	47.29	48.47	49.68	50.92	52.19	53.49	54.82	56.19	57.59	59.02	60.50	62.02
41	37.00	37.95	38.86	39.84	40.83	41.81	42.90	43.91	45.02	46.14	47.29	48.47	49.68	50.92	52.19	53.49	54.82	56.19	57.59	59.02	60.50	62.02	63.57	65.16
42	38.86	39.84	40.83	41.81	42.90	43.91	45.02	46.14	47.29	48.47	49.68	50.92	52.19	53.49	54.82	56.19	57.59	59.02	60.50	62.02	63.57	65.16	66.79	68.46

Source: [Kansas Civil Service Pay Plan](#)



# Step pay table example: Job family or functional approach to pay table

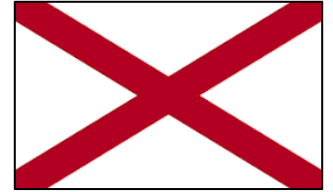
## Louisiana State Police pay schedule, FY24



LOUISIANA STATE POLICE PAY RANK / SCHEDULE <sup>1</sup>							
		Cadet; Trooper; Senior Trooper; Master Trooper; Emergency Services Trainee Tech; TSO Trainee	Sergeant; Emergency Services Tech; Technical Support Officer	Lieutenant; Polygraphist; State Police Pilot; Joint Operations Coordinator; Emergency Services Sr. Tech; Technical Support Sr. Officer;	Senior Pilot; State Police Financial Investigator; Emergency Services Tech Supervisor; TSO Supervisor	Captain; Emergency Services Deputy Command Tech; Master Pilot	Major; Emergency Services Command Tech
		P1	P2	P3	P4	P5	P6
			1.1050	1.1050	1.0300	1.1050	1.0700
	*	\$56,000.00	\$61,880.00	\$68,377.40	\$70,428.72	\$77,823.74	\$83,271.40
1.0300	**	\$57,680.00	\$63,736.40	\$70,428.72	\$72,541.58	\$80,158.45	\$85,769.54
1.0300	***	\$59,410.40	\$65,648.49	\$72,541.58	\$74,717.83	\$82,563.20	\$88,342.63
1.0300	1	\$61,192.71	\$67,617.95	\$74,717.83	\$76,959.37	\$85,040.10	\$90,992.91
1.0300	2	\$63,028.49	\$69,646.49	\$76,959.37	\$79,268.15	\$87,591.30	\$93,722.69
1.0300	3	\$64,919.35	\$71,735.88	\$79,268.15	\$81,646.19	\$90,219.04	\$96,534.37
1.0300	4	\$66,866.93	\$73,887.96	\$81,646.19	\$84,095.58	\$92,925.61	\$99,430.41
1.0300	5	\$68,872.94	\$76,104.59	\$84,095.58	\$86,618.44	\$95,713.38	\$102,413.32
1.0300	6	\$70,939.12	\$78,387.73	\$86,618.44	\$89,217.00	\$98,584.78	\$105,485.72
1.0300	7	\$73,067.30	\$80,739.36	\$89,217.00	\$91,893.51	\$101,542.33	\$108,650.29
1.0300	8	\$75,259.32	\$83,161.55	\$91,893.51	\$94,650.31	\$104,588.60	\$111,909.80
1.0300	9	\$77,517.10	\$85,656.39	\$94,650.31	\$97,489.82	\$107,726.25	\$115,267.09
1.0300	10	\$79,842.61	\$88,226.08	\$97,489.82	\$100,414.52	\$110,958.04	\$118,725.10
1.0300	11	\$82,237.89	\$90,872.87	\$100,414.52	\$103,426.95	\$114,286.78	\$122,286.86
1.0300	12	\$84,705.02	\$93,599.05	\$103,426.95	\$106,529.76	\$117,715.39	\$125,955.46
1.0300	13	\$87,246.18	\$96,407.02	\$106,529.76	\$109,725.65	\$121,246.85	\$129,734.13
1.0300	14	\$89,863.56	\$99,299.23	\$109,725.65	\$113,017.42	\$124,884.25	\$133,626.15
1.0300	15	\$92,559.47	\$102,278.21	\$113,017.42	\$116,407.95	\$128,630.78	\$137,634.94
1.0300	16	\$95,336.25	\$105,346.56	\$116,407.95	\$119,900.18	\$132,489.70	\$141,763.98
1.0300	17	\$98,196.34	\$108,506.95	\$119,900.18	\$123,497.19	\$136,464.40	\$146,016.90
1.0300	18	\$101,142.23	\$111,762.16	\$123,497.19	\$127,202.11	\$140,558.33	\$150,397.41
1.0300	19	\$104,176.50	\$115,115.03	\$127,202.11	\$131,018.17	\$144,775.08	\$154,909.33
1.0300	20	\$107,301.79	\$118,568.48	\$131,018.17	\$134,948.71	\$149,118.33	\$159,556.61

# Step pay table example: Role-specific pay table

## Alabama Executive Assistant I pay plan, FY24



### Pay Plan (Salary Schedule)

Class: 99001 Executive Assistant I

Grade: 59

Act# 2005-316 REQUIRES STATE EMPLOYEES TO BE PAID AT A SEMI MONTHLY RATE.  
THE COMPARISON TABLE IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY.

	Semi-Monthly	Annual	Hourly	BiWeekly
Step 01:	\$0.00	\$0.00	\$0.00	\$0.00
Step 02:	\$1,223.10	\$29,354.40	\$14.11	\$1,129.01
Step 03:	\$1,253.60	\$30,086.40	\$14.46	\$1,157.16
Step 04:	\$1,284.50	\$30,828.00	\$14.82	\$1,185.69
Step 05:	\$1,317.10	\$31,610.40	\$15.20	\$1,215.78
Step 06:	\$1,350.70	\$32,416.80	\$15.59	\$1,246.80
Step 07:	\$1,384.20	\$33,220.80	\$15.97	\$1,277.72
Step 08:	\$1,418.70	\$34,048.80	\$16.37	\$1,309.56
Step 09:	\$1,455.30	\$34,927.20	\$16.79	\$1,343.35
Step 10:	\$1,491.40	\$35,793.60	\$17.21	\$1,376.67
Step 11:	\$1,529.40	\$36,705.60	\$17.65	\$1,411.75
Step 12:	\$1,567.20	\$37,612.80	\$18.08	\$1,446.64
Step 13:	\$1,605.90	\$38,541.60	\$18.53	\$1,482.36
Step 14:	\$1,645.20	\$39,484.80	\$18.98	\$1,518.64
Step 15:	\$1,685.80	\$40,459.20	\$19.45	\$1,556.12
Step 16:	\$1,728.30	\$41,479.20	\$19.94	\$1,595.35
Step 17:	\$1,770.90	\$42,501.60	\$20.43	\$1,634.67
Step 18:	\$1,816.30	\$43,591.20	\$20.96	\$1,676.58
Step 19:	\$1,861.00	\$44,664.00	\$21.47	\$1,717.84
Step 20:	\$1,906.60	\$45,758.40	\$22.00	\$1,759.93
Step 21:	\$1,954.20	\$46,900.80	\$22.55	\$1,803.87
Step 22:	\$2,002.00	\$48,048.00	\$23.10	\$1,848.00



# Peer state reference example: “Min-Max” pay table

## Georgia Statewide Salary Structure, FY24

Statewide Salary Structure Effective 8.21.2023			
Grade	Minimum	Midpoint	Maximum
A	\$22,080.00	\$26,289.54	\$30,499.07
B	\$23,000.00	\$27,689.50	\$32,379.00
C	\$23,919.33	\$29,418.12	\$34,916.90
D	\$25,611.26	\$32,125.21	\$38,639.15
E	\$27,472.39	\$34,637.73	\$41,803.06
F	\$29,519.63	\$37,401.50	\$45,283.37
G	\$31,771.59	\$41,060.94	\$50,350.29
H	\$34,248.75	\$44,467.04	\$54,685.32
I	\$36,973.63	\$48,213.74	\$59,453.85
J	\$39,970.99	\$52,335.11	\$64,699.23
K	\$43,268.09	\$56,868.62	\$70,469.15
L	\$47,982.94	\$63,351.55	\$78,720.15
M	\$53,310.72	\$70,677.24	\$88,043.76
N	\$59,331.12	\$78,955.29	\$98,579.45
O	\$66,134.16	\$88,309.47	\$110,484.78
P	\$73,821.60	\$98,879.70	\$123,937.80
Q	\$82,508.41	\$110,824.07	\$139,139.72
R	\$92,324.50	\$124,321.19	\$156,317.88
S	\$103,416.69	\$139,572.95	\$175,729.21
T	\$115,950.86	\$156,807.43	\$197,664.00

## Select insights

- Georgia’s Department of Administrative Services (DOAS) is responsible for establishing, maintaining and implementing the state’s classification and compensation structure
- 82% of employees in executive branch agencies are covered under the Statewide Salary Plan (SWD)



# Peer state reference example: “Min-Max” pay table by job description

## Tennessee Compensation Plan (non-exhaustive)<sup>1</sup>, FY24

Alpha Comp Plan  
June 3, 2024

Job Description	Short Job Title	Job Family	Job Code	Salary Plan	Salary Grade	Minimum Salary	Midpoint Salary	Maximum Salary	Class Status	Overtime Status	Months of Probation
A&S ASSISTANT DIRECTOR	A&S AD	HLTL	072583	PRI	N	\$ 5,508.00	\$ 7,142.00	\$ 8,783.00	Executive	None	None
A&S FACILITATOR	A&S FAC	HLTU	072581	PRI	K	\$ 3,958.00	\$ 4,958.00	\$ 5,950.00	Preferred	Comp	12 Months
A&S MANAGER	A&S MGR	HLTL	072582	PRI	L	\$ 4,450.00	\$ 5,550.00	\$ 6,658.00	Preferred	Comp	12 Months
ABC ASSISTANT DIRECTOR	ABC AD	LAW	038675	PRI	R	\$ 9,617.00	\$ 12,533.00	\$ 15,442.00	Executive	None	None
ABC ASSISTANT SAC	ABC ASAC	LAW	038678	PRI	M	\$ 4,975.00	\$ 6,217.00	\$ 7,458.00	Preferred	Cash	12 Months
ABC CHIEF LAW ENF OFFICER	ABC CLEO	LAW	038674	PRI	R	\$ 9,617.00	\$ 12,533.00	\$ 15,442.00	Executive	None	None
ABC DEP CHIEF LAW ENF OFFICER	ABC D CLEO	LAW	038684	PRI	Q	\$ 8,408.00	\$ 10,917.00	\$ 13,417.00	Executive	None	None
ABC DIRECTOR	ABC DR	LAW	038676	PRI	S	\$ 11,075.00	\$ 14,392.00	\$ 17,700.00	Executive	None	None
ABC L&P SPEC ASSOCIATE*	ABC L&P SA	REG	038681	PRI	H	\$ 2,825.00	\$ 3,525.00	\$ 4,225.00	Preferred	Cash	12 Months
ABC L&P SPEC INTERMEDIATE*	ABC L&P SI	REG	038682	PRI	H	\$ 2,825.00	\$ 3,525.00	\$ 4,225.00	Preferred	Cash	12 Months
ABC L&P SUPERVISOR	ABC LP SUP	ADMN	038669	PRI	K	\$ 3,958.00	\$ 4,958.00	\$ 5,950.00	Preferred	Comp	12 Months
ABC REGULATORY OFFICER 1*	ABC RO 1*	REG	038683	PRI	I	\$ 3,150.00	\$ 3,942.00	\$ 4,733.00	Preferred	Cash	12 Months
ABC REGULATORY OFFICER 2*	ABC RO 2*	REG	038679	PRI	I	\$ 3,150.00	\$ 3,942.00	\$ 4,733.00	Preferred	Cash	12 Months
ABC REGULATORY OFFICER 3	ABC RO 3	REG	038680	PRI	J	\$ 3,542.00	\$ 4,425.00	\$ 5,300.00	Preferred	Cash	12 Months
ABC SPECIAL AGENT 1*	ABC SA 1*	LAW	038671	PRI	L	\$ 4,450.00	\$ 5,550.00	\$ 6,658.00	Preferred	Cash	12 Months
ABC SPECIAL AGENT 2*	ABC SA 2*	LAW	038672	PRI	L	\$ 4,450.00	\$ 5,550.00	\$ 6,658.00	Preferred	Cash	12 Months
ABC SPECIAL AGENT 3	ABC SA 3	LAW	038677	PRI	L	\$ 4,450.00	\$ 5,550.00	\$ 6,658.00	Preferred	Cash	12 Months
ABC SPECIAL AGENT-IN-CHARGE	ABC SAC	LAW	038673	PRI	N	\$ 5,508.00	\$ 7,142.00	\$ 8,783.00	Both	Cash	12 Months
ACCOUNT CLERK	ACCT CK	FIN	009830	PRI	H	\$ 2,825.00	\$ 3,525.00	\$ 4,225.00	Preferred	Cash	12 Months
ACCOUNTANCY BOARD INVESTIGATOR	ACC BRD I	REG	032470	PRI	O	\$ 6,383.00	\$ 8,242.00	\$ 10,108.00	Executive	None	None
ACCOUNTANT 1*	ACCT 1*	PROF	075241	PRI	K	\$ 3,958.00	\$ 4,958.00	\$ 5,950.00	Both	Comp	12 Months
ACCOUNTANT 2*	ACCT 2*	FIN	075242	PRI	L	\$ 4,450.00	\$ 5,550.00	\$ 6,658.00	Both	Comp	12 Months
ACCOUNTANT 3	ACCT 3	FIN	075243	PRI	M	\$ 4,975.00	\$ 6,217.00	\$ 7,458.00	Both	Comp	12 Months
ACCOUNTING ADMINISTRATOR	ACCT ADMIN	FIN	075249	PRI	S	\$ 11,075.00	\$ 14,392.00	\$ 17,700.00	Executive	None	None
ACCOUNTING MANAGER	ACCT MG	FIN	075244	PRI	P	\$ 7,275.00	\$ 9,458.00	\$ 11,642.00	Both	None	12 Months
ACCOUNTING TECHNICIAN 1	ATG TC 1	FIN	009831	PRI	I	\$ 3,150.00	\$ 3,942.00	\$ 4,733.00	Both	Cash	12 Months
ACCOUNTING TECHNICIAN 2	ATG TC 2	FIN	009832	PRI	J	\$ 3,542.00	\$ 4,425.00	\$ 5,300.00	Preferred	Cash	12 Months
ACTUARIAL & COMPLIANCE DIR	A&C DIR	FIN	075664	PRI	Q	\$ 8,408.00	\$ 10,917.00	\$ 13,417.00	Executive	None	None
ACTUARIAL&COMPLIANCE ANALYST 1	A&C ANA 1	PROF	075661	PRI	K	\$ 3,958.00	\$ 4,958.00	\$ 5,950.00	Preferred	Cash	12 Months
ACTUARIAL&COMPLIANCE ANALYST 2	A&C ANA 2	PROF	075662	PRI	L	\$ 4,450.00	\$ 5,550.00	\$ 6,658.00	Preferred	Comp	12 Months
ACTUARIAL&COMPLIANCE OFFICER	A&C OFF	PROF	075663	PRI	M	\$ 4,975.00	\$ 6,217.00	\$ 7,458.00	Both	Comp	12 Months
ADJUNCTIVE THERAPY DIRECTOR	ADJ TH D	MGMT	072725	PRI	M	\$ 4,975.00	\$ 6,217.00	\$ 7,458.00	Preferred	Comp	12 Months
ADJUNCTIVE THERAPY SUPERVISOR	ADJ TPT SV	PROF	072724	BPP	028	\$ 3,053.00	\$ 3,969.00	\$ 4,885.00	Preferred	Comp	12 Months
ADJUTANT GENERAL	ADJ GN	EXEC	073443	MKT	900	\$ -	\$ -	\$ -	Executive	None	None
ADMIN ASSISTANT 1	AA 1	ADMN	073121	PRI	J	\$ 3,542.00	\$ 4,425.00	\$ 5,300.00	Both	Cash	12 Months
ADMIN ASSISTANT 2	AA 2	ADMP	073122	PRI	K	\$ 3,958.00	\$ 4,958.00	\$ 5,950.00	Both	Comp	12 Months
ADMIN ASSISTANT 3	AA 3	ADMP	073123	PRI	K	\$ 3,958.00	\$ 4,958.00	\$ 5,950.00	Both	Comp	12 Months
ADMIN ASSISTANT-GOV OFFICE	ADMN A GO	PROF	073458	MKT	900	\$ -	\$ -	\$ -	Executive	None	None
ADMIN ASST FOR LEGISLATION	AA LEGISL	PROF	073476	MKT	900	\$ -	\$ -	\$ -	Executive	None	None
ADMIN SECRETARY	ADM SEC	ADMN	002943	PRI	I	\$ 3,150.00	\$ 3,942.00	\$ 4,733.00	Preferred	Cash	12 Months
ADMIN SERVICES ASSISTANT 1*	ASA 1*	ADMN	073161	PRI	I	\$ 3,150.00	\$ 3,942.00	\$ 4,733.00	Preferred	Cash	12 Months
ADMIN SERVICES ASSISTANT 1-NE	ASA 1-N	ADMN	024621	GPP	016	\$ 1,939.00	\$ -	\$ 3,105.00	Executive	Cash	None
ADMIN SERVICES ASSISTANT 2*	ASA 2*	ADMP	073162	PRI	J	\$ 3,542.00	\$ 4,425.00	\$ 5,300.00	Both	Comp	12 Months
ADMIN SERVICES ASSISTANT 2-NE	ASA 2-N	ADMP	024622	GPP	019	\$ 2,197.00	\$ -	\$ 3,515.00	Executive	Cash	None

## Select insights

- The Division of Classification and Compensation consults with state agencies to determine strategies to meet departmental classification and compensation objectives
- This division also trains agency employees to develop job analysis, write job specifications and choose knowledge, skills, abilities and competencies for positions



1. Table shows one of sixty-five pages with state job descriptions

# Peer state reference example: “Min-Max” pay table

## Texas Statewide Salary Rates – Schedule A, FY24

Salary Group	Minimum	Midpoint	Maximum
A04	\$21,893	\$26,209	\$30,525
A05	\$22,777	\$27,309	\$31,840
A06	\$23,706	\$28,464	\$33,221
A07	\$24,681	\$29,679	\$34,677
A08	\$25,705	\$30,967	\$36,229
A09	\$26,781	\$32,320	\$37,859
A10	\$27,910	\$33,741	\$39,571
A11	\$29,332	\$36,844	\$44,355
A12	\$30,840	\$38,819	\$46,798
A13	\$32,439	\$40,914	\$49,388
A14	\$34,144	\$43,139	\$52,134
A15	\$35,976	\$45,511	\$55,045
A16	\$37,918	\$48,024	\$58,130
A17	\$39,976	\$50,688	\$61,399
A18	\$42,521	\$55,096	\$67,671
A19	\$45,244	\$58,826	\$72,408
A20	\$48,158	\$62,818	\$77,477
A21	\$51,278	\$67,090	\$82,901
A22	\$54,614	\$71,659	\$88,703

## Select insights

- Texas has three salary schedules that cover all classified positions
  - Schedule A: Administrative support, maintenance, technical and paraprofessional positions
  - Schedule B – Mainly professional and managerial positions
  - Schedule C – Commissioned law enforcement positions
- Salary schedules are established by the Legislature during the biennial budget process





# Peer state reference example: “Min-Max” pay table

## Arizona Statewide Salary Structure (non -exhaustive), FY24

The annual salary is for reference purposes only. All pay rates must be within the hourly range of the grade.

Schedule	Grade	Effective Date	Hrly Min	Hrly Mid	Hrly Max	Annual Min	Annual Mid	Annual Max
AEXEC	E1	7/9/2022	\$27.2357	\$42.7044	\$58.1732	\$56,650	\$88,825	\$121,000
AEXEC	E2	7/9/2022	\$33.8996	\$51.3248	\$68.7500	\$70,511	\$106,756	\$143,000
AEXEC	E3	7/9/2022	\$42.3078	\$60.8174	\$79.3269	\$88,000	\$126,500	\$165,000
AEXEC	E4	7/9/2022	\$47.5962	\$69.9521	\$92.3080	\$99,000	\$145,500	\$192,001
AEXEC	E5	7/9/2022	\$52.8847	\$76.6828	\$100.4808	\$110,000	\$159,500	\$209,000
AEXEC	E6	7/9/2022	\$68.7500	\$95.1924	\$121.6347	\$143,000	\$198,000	\$253,000
ANONCOMP	1	7/1/2019	\$0.0001	\$0.0100	\$0.0200	\$0	\$21	\$42
APERFORM	1	10/1/2008	\$6.5500	\$534.8928	\$1,048.8400	\$13,624	\$1,112,577	\$2,181,587
APOOL	1	7/9/2022	\$0.0001	\$120.1924	\$240.3846	\$0	\$250,000	\$500,000
APROFREG	T2	7/9/2022	\$26.2314	\$37.7719	\$49.3123	\$54,561	\$78,566	\$102,570
APROFREG	T3	7/9/2022	\$28.4617	\$41.0356	\$53.6094	\$59,200	\$85,354	\$111,508
APROFREG	T4	7/9/2022	\$30.8925	\$44.5926	\$58.2925	\$64,256	\$92,753	\$121,248
APSYCHIAT	1	7/9/2022	\$78.2692	\$102.5961	\$126.9231	\$162,800	\$213,400	\$264,000
APSYCHIAT	2	7/9/2022	\$89.6924	\$114.4789	\$141.2654	\$186,560	\$238,116	\$293,832
AREG	10	7/9/2022	\$10.7818	\$14.3713	\$17.9608	\$22,426	\$29,892	\$37,358
AREG	11	7/9/2022	\$11.1930	\$15.4548	\$19.7166	\$23,281	\$32,146	\$41,011
AREG	12	7/9/2022	\$11.5765	\$15.8018	\$20.0270	\$24,079	\$32,868	\$41,656
AREG	13	7/9/2022	\$12.2643	\$16.7261	\$21.1877	\$25,510	\$34,790	\$44,070
AREG	14	7/9/2022	\$12.9840	\$17.8660	\$22.7480	\$27,007	\$37,161	\$47,316
AREG	15	7/9/2022	\$13.4897	\$19.0784	\$24.6671	\$28,059	\$39,683	\$51,308
AREG	16	7/9/2022	\$14.3375	\$20.5346	\$26.7318	\$29,822	\$42,712	\$55,602
AREG	17	7/9/2022	\$15.3408	\$21.5021	\$27.6635	\$31,909	\$44,724	\$57,540

## Select insights

- Arizona’s Department of Administration (ADOA) provides full classification and compensation services for agencies in the Arizona State Personnel System
- Strategies, such as criteria-based adjustment, goal-based incentive, may be available to agencies after consultation with ADOA’s Human Resources Division



# Potential pay table development & implementation process (1/2)

*Continued on following page*

## 1 Determine number of pay tables

The number of pay tables depends upon a system's guiding design principles. For instance, some organizations opt for consistency across all job families and, therefore, adopt a single integrated pay table (e.g., Kansas). The potential new approach for Arkansas instead emphasizes the design principle of market competitiveness.

Consequently, the potential number of pay tables can be adjusted based on variable market dynamics across the relevant major job categories as well as potential state government strategic workforce planning priorities (e.g., to address near-term recruitment and retention and/or invest in future capabilities).

Bundling together job families into a few overall pay tables can provide the nuance to calibrate compensation to different hiring, retention, and development needs along with overall administrative efficiency.

Exceptions separate pay table due to unique circumstances and context (e.g., executive recruitment).

The potential approach includes tables for General, Information Technology, Medical, Corrections (new), Law enforcement and Public Safety (new), and Professional Services (new), as well as senior executives.

## 2 Prioritize tables for development

Ideally, all pay tables would be revised or introduced simultaneously for considerations of both consistency in approach and strategic workforce planning priorities.

If timing and/or capacity limit such an approach, then potential considerations for prioritization among new tables for development include:

- **Near-term workforce challenges:** Job categories with acute recruitment and/or retention challenges (indicated by high vacancy or turnover rates) would be candidates for early prioritization to calibrate to market competitiveness dynamics
- **Ease of implementation leveraging other states' experience:** Some potential pay tables could be adapted from other state's existing approach due to underlying similarity of approach
- **Supporting new expert career ladders:** The implementation of new career ladders may in some job categories benefit from revising existing pay tables to accommodate potential new non-managerial tracks for Subject Matter Experts and other specialists

## 3 Determine salary range for each table

The appropriate range for salaries by grades within a pay table depend on several factors including:

- Budget priorities
- Historical baseline of current salaries and pay tables (e.g., grades, min-max ranges or steps, etc.)
- Relative market dynamics (e.g., median salaries for representative roles and job families; other labor market dynamics)
- Strategic workforce planning priorities – near-term (e.g., addressing recruitment, retention, promotion challenges) and longer-term (e.g., investing in future capabilities)
- Promoting performance and continuous improvement culture (e.g., ranges that enable flexibility for appropriate recognition, reward, and advancement; steps that incentivize performance)
- Career ladders for managers and Subject Matter Experts.

Regular independent compensation analyses (e.g., linked to budget cycle) can support the establishment and then ongoing "maintenance" of pay tables to ensure alignment with budget and other management priorities with local market dynamics. The specific detailed scale and scope of such independent specialized expert support depends on the data and services offered by the vendor as well as the capabilities/capacity of the state's internal team.

Separate from the salary ranges in any table per se is the question of compensation of senior government and agency leaders to other staff and experts. As a general design principle, typically the senior ranking official (e.g., department secretary) is the most compensated. However, there are also exceptions both in private and public sector to such a design principle. These typically involve differential compensation to recruit and retain specialized technical expertise where the underlying market dynamics differ from even senior executive positions. For instance, currently, the State of Arkansas' most highly compensated civil servants (outside of the university system) are medical examiners. In other states, roles such as Chief Information Officer or Medicaid Director are sometimes compensated more than their respective agency leaders. In the private sector, software engineers often have higher salaries than the product managers to whom they report. The more fundamental design principle across these examples is the linking of salaries to market dynamics and an organization's strategic and operational priorities.

# Potential pay table development & implementation process (2/2)

## 4 Evaluate financial impact

As the pay tables are developed, the financial impact can be assessed based on number of employees impacted, net change in pay, etc., and the implementation can be staggered to ensure costs remain within budget. Preliminary budget implications for different scenarios based upon initial estimates calculated by OPM staff are in Appendix 2.

## 5 Understand potential implementation challenges

Potential implementation challenges, with different timelines, include:

- **Calibration:** The implementation of the pay tables may be challenged if either the underlying job classifications and role definitions are not appropriately defined and calibrated with each other, or if the placement of specific roles onto tables is done without a consistent methodology
- **Effectiveness:** The pay tables may not be fully competitive for the state's workforce objectives in practice (e.g., definition of "competitiveness" level based upon market medians). Therefore, regular and consistent data collection and analysis of core performance metrics (e.g., recruitment, retention, promotion) is needed to identify potential opportunities for adjustment
- **Maintenance:** The potential new approach emphasizing market competitiveness depends upon regular "maintenance" of pay tables – involving regular labor market analyses and adjustments synchronized with the biannual budget process. Without regular calibration, pay tables can become out of synch and therefore require significant adjustments in future years with potential negative budgetary impacts.

# Skills-based talent management: Overview of trends

State governments and the National Governors Association are helping raise awareness of workers that are **Skilled Through Alternative Routes (STARs)** rather than a bachelor's degree

This movement builds upon early private sector efforts – led largely by technology companies – to move to skills-based talent management practices

While ~70% of new jobs 2009-2019 were in areas where employers typically require a 4-year degree

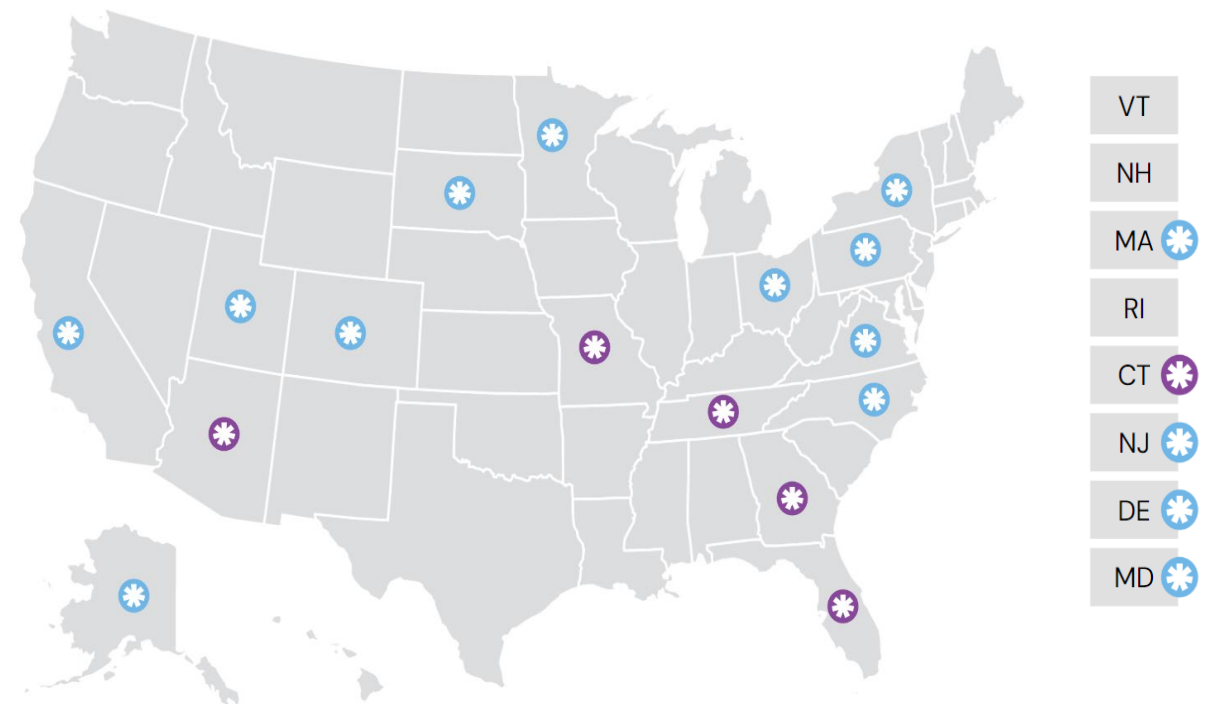
**50%** of the US workforce are STARs with valuable skills from military service, community college, training programs, partial college completion, or on-the-job experience

**70M** STARs in the US represent half of white workers and a majority of Black, Latino/Latina, Rural, and Veteran workers

**21+** states and territories have recently removed degree requirements potentially doubling their talent pool for 445k+ good jobs

**6**  
States passed legislation

**15**  
States signed Executive Orders, Actions or Initiatives



# Skills-based talent management: implementation considerations

**While each state government's experience in adopting skills-based talent management practices is unique, some common patterns have emerged...**

## Horizon 1: Formal adoption

- **Executive Order or legislative action** to mandate skills-based practices across government agencies
  - Such actions often focus on removal of degree requirements from job descriptions and recruiting practices for most roles
  - Exceptions include roles requiring, by statute or regulation, specific professional certifications)
- **Identification of classifications and jobs that can be skills-based**
- **Review of job descriptions** to remove formal degree requirements
- **Initial training** of HR staff and hiring managers in implementing new formal policies

**Note: Many states report the initial formal adoption of new policies alone does not significantly change actual practice and, therefore, performance because the underlying systems, behaviors, and relationships continue to operate unchanged. Some states have moved to Horizon 2 implementation**

## Horizon 2: Adapting systems and practices

- **Improving end-to-end applicant experience** (e.g., job postings, application, interview, onboarding) to improve awareness among and increase application rates among STARS
- **Shifting legacy behaviors and mindsets among HR staff and hiring managers to achieve real implementation of new approach** (e.g., change management with HR and hiring managers, trainings) to counteract continued interview and other practices that favor degree candidates
- **Revising talent management practices** by translating credential and/or “years experience” requirements to specific competencies and by developing new assessment methodologies (e.g., including resume review, interview, simulations, reference checks)
- **Defining and instituting a measurement approach** (e.g., establishing new assessment frameworks, tracking outcomes, creating a performance framework)
- **Developing pipelines for additional pathways into roles** (e.g., developing a pipeline with critical institutions such as community colleges; opportunity to focus on apprenticeships, veteran transition)

# Skills-based talent management: case examples

## Maryland



Maryland was the first state to adopt formally by Executive Order skills based-hiring, eliminating degree requirements for half of the state's public sector jobs via an executive order, primarily for roles across IT, customer service, and administration.

- In the first year, **hires increased by 41%** – an early indicator that the elimination of degree requirements helped broaden the talent pool for hard-to-fill jobs
- Launched **pilot partnership program** with the Association of Community College Trustees, the State of Maryland, Opportunity@Work, and four pilot Maryland Community Colleges to create a pipeline of skilled and career-ready job candidates for open roles

## Colorado



Colorado was the second state to make an Executive Order to remove unnecessary degree requirements from state roles. Since then, they have:

- Identified of classifications and jobs that can be skills-based
- Implemented skills-based **identifiers in ~50% of jobs**
- Established a **goal for 80% of jobs** to be automatically listed as skills-based
- Started mandatory **trainings** for skills-based hiring practices
- Begun tracking **initial metrics** for positions posted as skills-based
- Identified roadmap to move to “Horizon 2” implementation focused on improved applicant experience and hiring manager skill building

## Washington



Washington is currently in the process of formalizing its statewide policies for skills-based talent management. To date, they have:

- Engaged hiring managers, recruiters, and department leadership in **6-month process** to explain, “co-build,” and align upon skills-based approach
- **Identified top 50 job categories** with greatest potential impact for detailed competency definition (e.g., administrative assistants, civil engineers, social workers)
- Developed template for revamped job descriptions including competency requirements and assessment methodologies

# **Appendix 4: Potential implementation timelines**



# Potential implementation timeline – overview


Element of new system	Activity	2024						2025						Ramp up phase	Details		
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr			May	Jun
Salaries linked to market dynamics with performance bonuses <sup>1</sup>	Finalize specific design elements		■														Appendix 3: p43
	Develop updated pay tables		■	■	■	■	■										Appendix 3: p43
	Assign all jobs to new pay tables			■	■	■	■	■	■								Appendix 2: p26, Appendix 3: p43
	Refresh market analysis to link to market dynamics			■	■	■	■	■				■	■	■	■		Appendix 2: p24, Appendix 3: p43
	Incorporate new pay plan approach into overall budget					■	■	■	■	■							Appendix 2: p24-30, Appendix 3: p44
	New pay tables finalized								▲								
	Launch change management efforts					■	■	■	■	■	■	■	■	■	■	■	Appendix 7: p 73-76
	Undergo legislative review and approval						■	■	■	■	■	■	■	■	■		
	Prepare for implementation										■	■	■	■	■	■	Appendix 3: p43-44
	New pay tables launched (at FY)															▲	
Skills-based career ladders and role classification <sup>2</sup>	Conduct rapid assessment and review of current classification structure		■	■													
	Conduct OPM and SME workshops to identify initial priority career ladders			■	■												
	Develop priority career ladders	■	■	■	■	■											
	Crosswalk with existing classifications				■	■	■	■	■								
	Review and refine role descriptions				■	■	■	■	■								
	Refine skills and qualifications needed				■	■	■	■	■				■	■	■		
	Align with pay tables								■	■							
	Deliver department HR trainings									■	■						
	Map current team members to new roles										■	■					
	Roll out new approach with change management										■	■	■	■	■	■	Appendix 7: p73-75, 75
New career paths launched and updated classification structure implemented (at FY)															▲		
Approach to promote development and performance <sup>3</sup>	Finalize design elements for updated PE system		■	■													Appendix 6: p68-72
	Host workshops with departments to develop evaluation criteria			■	■												Appendix 5: p60, 62, 64
	Finalize evaluation criteria				▲												Appendix 5: p60, 62, 64
	Develop platform and training materials for the new system				■	■	■	■	■								Appendix 5: p66
	Pilot new system with select population(s) and adjust as-needed						■	■	■								
	Develop website and comms, establish change champion network, and train trainers						■	■	■	■							Appendix 5: p63
	Launch communications rollout and launch updated PE system									■	■						
	Roll out new approach with change management, conduct state-wide training, and Confirm individual expectations and goals for year										■	■	■	■	■	■	Appendix 7: p73-75,78-81
	Complete first FY25 evaluations											■	■	■			














1. Additional detail on design elements and market dynamics scenarios in Appendix 2, and illustrative pay plan examples and implementation considerations in Appendix 3  
 2. Select case examples of state experiences with skills-based career ladders included in Appendix 3. Change management considerations outlined in Appendix 7  
 3. Additional detail on performance evaluation included in Appendix 5. Design considerations in Appendix 6. Change management considerations outlined in Appendix 7





# Arkansas Forward revised pay structure plan potential implementation: Salaries linked to market dynamics with performance bonuses

 Ramp up phase

Activity	2024				2025				Details						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan		Feb	Mar	Apr	May	Jun	Jul
Finalize specific design elements, e.g., <ul style="list-style-type: none"> <li>New pay tables (e.g., law enforcement, legal)</li> <li>Number of steps (% annual increase for baseline performance)</li> <li>Annual bonus structure (e.g., top 10% receive 10%, next 15% receive 5%, \$5,000 cap)</li> </ul>															Appendix 3: p43
Develop updated pay tables (e.g., defined salary range, step number)															Appendix 3: p43
Assign all jobs to new pay tables															Appendix 2: p26, Appendix 3: p43
Refresh market analysis to link to market dynamics														Appendix 2: p24, Appendix 3: p43	
Incorporate new pay plan approach into overall budget														Appendix 2: p24-30, Appendix 3: p44	
New pay tables finalized															
Launch change management efforts															Appendix 7: p73-76
Undergo legislative review and approval															
Prepare for FY26 implementation (e.g., future implementation cost modeling, prepare and share reporting)															Appendix 3: p44
New pay tables launched (at FY)															

Detailed sub-activities to follow
















# Detail:

## Salaries linked to market dynamics with performance bonuses

Activity	Sub-activity
<b>Finalize specific design elements</b>	✓ Identify relevant best practices in pay plan design
	✓ Determine number of pay tables needed
	✓ Calculate compensation ranges for each pay table
	✓ Assign classifications to relevant pay table
	✓ Determine annual bonus structure for pay plans
<b>Develop updated pay tables</b>	✓ Develop step increments for each pay table based on compensation ranges
<b>Assign all jobs to new pay tables</b>	✓ Identify mobility and placement methodology for each pay table
	✓ Gain approval of mobility and placement methodology for each pay table
	✓ Match each job to new pay tables
<b>Refresh market analysis to link to market dynamics</b>	✓ Develop and share data analysis plan
	✓ Develop data collection tools and identify targets and benchmarks
	✓ Collect and verify peer data
	✓ Analyze peer compensation structures and operational methodologies
	✓ Analyze market data to identify relative market position by job families and levels
<b>Incorporate approach into budget</b>	✓ Merge budgetary impacts of pay plan into the overall budget
<b>Undergo legislative review and approval</b>	✓ Submit new pay plan approach to legislature for review
<b>Prepare for FY26 implementation</b>	✓ Estimate placement cost for each incumbent
	✓ Model future cost of implementation
	✓ Prepare and share briefing of process and results
	✓ Gather feedback on recommendations
	✓ Draft and share summary report

# Arkansas Forward revised pay structure plan potential implementation: Skills-based career ladders and role classification

 Ramp up phase

Activity	2024			2025												Details
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Conduct OPM and SME workshops to conduct rapid assessment and identify initial priority career ladders																
Develop priority career ladders																
Crosswalk with existing classifications																
Review and refine role descriptions (i.e., eliminating department-specific classifications)																
Refine skills and qualifications needed (e.g., introduce elements of skills-based practices)																
Align with pay tables																
Deliver department HR trainings																
Map current team members to new roles																
Roll out new approach with change management																Appendix 7: p73-75, 77
New career paths launched (at FY)																
Updated classification structure implemented (at FY)																

Detailed sub-activities to follow



# Detail:

## Skills-based career ladders and role classification (1/2)


Activity	Sub-activity
<b>Conduct rapid assessment and review of current classification structure</b>	✓ OPM project team reviews current 2000+ classifications for areas of obvious consolidation/streamlining (e.g. similar titles across all departments, 5 or 6 levels of progression that could be pared down to 2-3)
	✓ OPM project team meets with all departments to explain the goal of this effort is to create skill -based career ladders to provide more flexible yet meaningful development paths
<b>Conduct OPM and SME workshops to identify initial priority career ladders</b>	✓ OPM and department HR meet to workshop OPM review of classifications, how updated classification structure can fit into specialized technical career progressions, which classifications can be bucketed into a general career ladder, and who needs to be part of developing specific ladder development
<b>Develop priority career ladders</b>	✓ Separate SME teams will create career ladders for job families
<b>Crosswalk with existing classifications</b>	✓ OPM and department SMEs work together to crosswalk existing classifications
<b>Review and refine role descriptions</b>	✓ OPM and department SMEs work together to review and refine role descriptions
<b>Refine skills and qualifications needed</b>	✓ OPM and department SMEs work together to refine skills and qualifications needed
<b>Align with pay tables</b>	✓ Analyze how new structure will impact budget

# Detail:

## Skills-based career ladders and role classification (2/2)

Activity	Sub-activity	Owner	Dates
<b>Deliver department HR trainings</b>	✓ OPM team to hold in person training with department HR teams, with all sessions recorded for as-needed refreshers		
	✓ OPM team to implement new structure into existing HRIS system		
<b>Map current team members to new roles</b>	✓ Place each team member into new structure		
<b>Roll out new approach with change management</b>	✓ Engage with staff through face -to-face and offline channels (e.g., regular feedback meetings, digital feedback tools such as surveys)		
	✓ Develop and deploy trainings for the new career paths and classification structure, including what they are, their value proposition, and how they will impact employees		
<b>New career paths launched (at FY)</b>	✓ Deploy new career paths throughout the organization		
<b>Updated classification structure implemented (at FY)</b>	✓ Implement updated classification structure		

# Arkansas Forward revised performance evaluation plan potential implementation

 Ramp up phase

Activity	2024							2025							Details	
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		Jul
Finalize design elements for updated PE system		■														Appendix 6: p68-72
Host workshops with departments to develop evaluation criteria			■													Appendix 5: p60, 62, 64
Finalize evaluation criteria				▲												Appendix 5: p60, 62, 64
Develop PE system platform				■												Appendix 5: p66
Develop training and FAQ materials					■											
Pilot PE with select population(s)						■										
Adjust based on pilot							▲									
Develop website and communications for program						■										Appendix 5: p63
Establish change champion network							■									
Train the trainers							■									
Launch communications rollout								■								
Launch updated PE system									▲							
Roll out new approach with change management										■						Appendix 7: p73-75,78-81
Conduct state-wide trainings										■						
Confirm individual expectations and goals for year										■						
Complete first FY 25 evaluations											■					

Detailed sub-activities to follow



# Detail:

## Revised performance evaluation plan (1/2)

Activity	Sub-activity
<b>Finalize plan for updated PE system</b>	✓ Assign implementation owner to document project plan with as many details as possible
	✓ Form implementation teams
	✓ Share and communicate plan with all involved
	✓ Decide on a name for the PE system
<b>Host workshops with departments to develop evaluation criteria</b>	✓ Hold multiple workshops across the state with HR teams, HR directors, deputy directors to gather feedback and develop near final design on topics like questions for self assessment/evaluation and timing of semi-annual evaluations
<b>Finalize evaluation criteria</b>	✓ AR Forward to leverage input from workshops to finalize items from workshops
<b>Develop PE system platform</b>	✓ IT team develops a comprehensive performance evaluation system with an evaluation tool, upward feedback tool, dashboards for results based on HRIS hierarchy
<b>Develop training and FAQ materials</b>	✓ Trainer/graphic design team create trainings for managers, team members, leadership, and trainers on specific topics relevant to them
<b>Pilot PE with select population(s)</b>	✓ Finalize segments of workforce to pilot new PE approach to pressure test potential implementation challenges <sup>1</sup>
	✓ Conduct pilot as closely to what reality will look like as possible
	✓ OPM project team ensures that feedback is incorporated at each step via a variety of mediums to promote response rates
<b>Adjust based on pilot</b>	✓ OPM project team will present feedback data to AR Forward along with pros/cons of each suggestion.
	✓ Decide on adjustments that are able to be incorporated into final design versus ones for future implementation
	✓ Ensure adjustments are made in technology
	✓ Ensure adjustments are made in all trainings
<b>Develop website and communications for program</b>	✓ IT team develop a website to house direct links to tools and dashboards, training content, additional resources, and help information

1. Pilot design should balance administrative practicality with ability to collect insights to inform potential revision before final roll out across whole of government. Such a pilot should test across all agency functions, and also major implementation challenges such as Little Rock headquarters versus field offices, senior staff versus frontline staff, office versus remote, and standard working hours versus shift work. A potential balanced approach would include: a small department to pilot across an entire single agency (e.g., Agriculture) supplemented by piloting in divisions in a larger department with more extensive field operations and frontline care facilities with 24-hour shift work (e.g., Department of Human Services).

# Detail:

## Revised performance evaluation plan (2/2)

Activity	Sub-activity
<b>Establish change champion network</b>	<ul style="list-style-type: none"> <li>✓ Establish change champions from each department to answer questions on new performance management system and provide feedback to the OPM team</li> </ul>
<b>Train the trainers</b>	<ul style="list-style-type: none"> <li>✓ Training team conducts detailed training on each topic with department trainers with focus on how to conduct in person training for managers</li> </ul>
<b>Launch communications rollout</b>	<ul style="list-style-type: none"> <li>✓ Hold frequent formal sessions (e.g., workshops, focus groups, regular feedback meetings) and informal sessions (e.g., one -off discussions with specific stakeholders) to generate alignment on updated system</li> </ul>
<b>Launch updated PE system</b>	<ul style="list-style-type: none"> <li>✓ Launch new system, including sending statewide email and beginning manager training</li> </ul>
<b>Roll out new approach with change management</b>	<ul style="list-style-type: none"> <li>✓ Communication team works closely with OPM program team to ensure that a statewide email is sent mid - December</li> <li>✓ Communication team works with department trainers to schedule trainings for all managers in the months of January and February</li> <li>✓ Communication team and OPM create detailed timeline and templates for all communications over the first calendar year of the program</li> <li>✓ Communication team and OPM program team to develop communications plan for roll out and implementation</li> </ul>
<b>Conduct state-wide trainings</b>	<ul style="list-style-type: none"> <li>✓ Department trainers schedule multiple trainings around the state so that each manager attends in person training</li> <li>✓ Training team collects feedback from training to decide what should go into ongoing training for new managers</li> <li>✓ Develop a plan for new/incoming managers to be trained</li> </ul>
<b>Confirm individual expectations and goals for year</b>	<ul style="list-style-type: none"> <li>✓ Work with incoming managers to confirm the expectations and goals for their direct reports for the year</li> </ul>
<b>Complete first FY 25 evaluations</b>	<ul style="list-style-type: none"> <li>✓ Ensure OPM “helpdesk” is ready to answer questions</li> <li>✓ Conduct first “calibration” analysis across and within departments. Results to inform adjustment of feedback as appropriate and manager coaching to reinforce new performance standards and approach</li> </ul>





# **Appendix 5: Performance evaluation case study**

# State case study: Missouri's move to simplified performance evaluation system and intensive manager-staff dialogues

## Objective:

The State of Missouri redesigned its approach to performance evaluation (Engage 2.0) in order to:

- Provide meaningful performance and development coaching
- Keep the process simple so the focus remains on our people
- Identify and recognize people for great performance ("above and beyond")
- Provide data and analytics to support more consistent feedback

## Approach:

- Office of Administration Division of Personnel used feedback to spearhead the design effort with subject matter experts
- Team members, HR directors and deputy directors from 15 of 16 executive branch departments participated in interviews, focus groups, workshops to:
  - Evaluate what (if anything) should be preserved from old system
  - Collect suggestions for what a meaningful evaluation system would look like
  - Assess options and best practices
- Initial design was piloted with 1000 team members within two diverse agencies (Department of Mental Health and Department of Agriculture)

# State case study: Missouri adopted a simplified evaluation to enable more frequent evaluations from multiple managers to guide check ins

## Engage 2.0 Evaluation questions

**Core Performance Questions**

Based on my observations, this person always delivers excellent results in their day-to-day role.

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

Based on my observations, this person always goes above and beyond their normal job responsibilities.

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

Based on my observations, this person consistently demonstrates a commitment to grow and learn.

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

Based on my observations, this person is at risk for not meeting the expectations of their role.

Yes  No

**Developmental Leader Insights**

Team member's top 2-3 strengths are....

\_\_\_\_\_

Team member's top 1-2 development areas are....

\_\_\_\_\_

### Components

Three Likert scale questions **measuring results, behaviors, and commitment to growth and learning**

Binary **low performance risk flag**

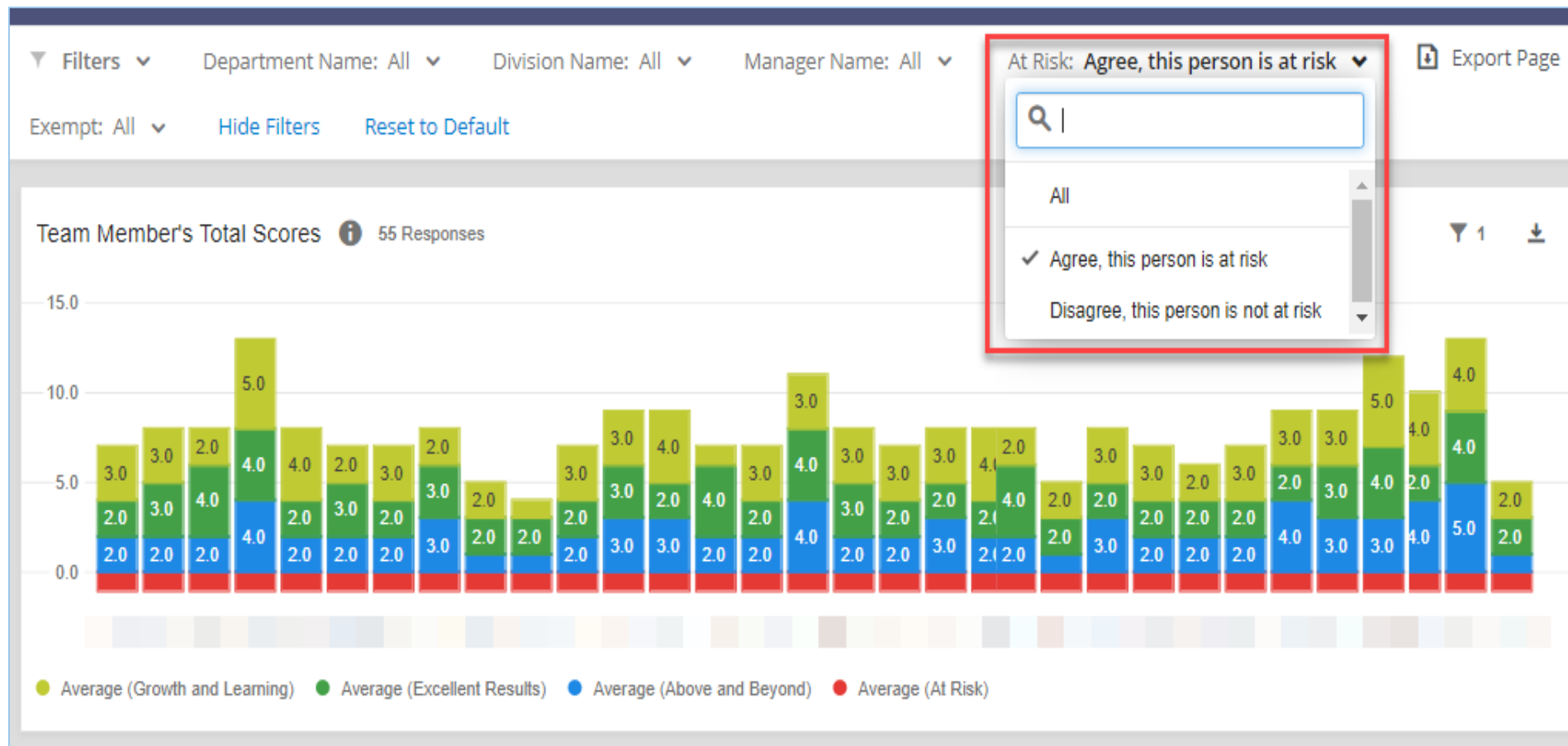
Fields below this line are for **development only**, and **do not impact reward eligibility**

Leader insight fields to capture **qualitative feedback** from the supervisors closest to the individuals work

- Reduced cumbersome process to most fundamental questions to assess performance
- Evaluation tool configured for use on computer, laptop, or mobile device
- Reduced evaluation time to minutes, saving 100k+ hours per year

# State case study: More frequent reporting and analytical capabilities enables managers to monitor growth and calibrate across divisions

## Engage 2.0 Performance dashboard



- Provided transparency within and across departments for consistency of ratings
- Approach designed to help identify potential pockets of “grade inflation” in ratings – and thereby enabled manager calibration discussions mid-year

# State case study: Evaluation and upward feedback mechanisms – example frameworks

		Never	Rarely	Sometimes	Often	Always
<b>Evaluation of direct reports</b>	Based on my observations, this person always delivers excellent results in their day-to-day role.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
	Based on my observations, this person always goes above and beyond their normal job responsibilities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
	Based on my observations, this person consistently demonstrates a commitment to grow and learn.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<b>Upward feedback of supervisors</b>	I feel connected to my supervisor.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
	I clearly understand what is expected of me in my role.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
	I receive meaningful feedback from my supervisor that helps me improve my performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
	I receive recognition for a job well done from my supervisor.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
	I am challenged to grow professionally by my supervisor.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
	My supervisor removes barriers so that I can do my job effectively.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

# State case study: Example website and supporting material

## Example website

## Example supporting material

### Upward feedback reference guide

**Considerations When Providing Upward Feedback**

*\*Upward Feedback Surveys are anonymous. Those Team Members on teams smaller than 3 can waive their anonymity if they would like to provide their Supervisor with feedback.*

#### Purpose and Benefits of Upward Feedback

- Provide Support for People Leaders**
  - Continuous growth and development isn't just for team members. It should be available to everyone at the State of Missouri – and that includes real time coaching and feedback for people leaders
  - Feedback about how well they develop, recognize, and support team members will allow leaders to develop their coaching skills in meaningful ways
- Emphasize a Growth Mindset across the State of Missouri**
  - Allowing team members to share feedback shows the state's commitment to supporting growth and development at all levels
  - When feedback is shared often and across more levels, it becomes less threatening and a part of a culture that sees that it can always improve
- Improve Team Performance**
  - Research has shown that supervisors who are good coaches also tend to have higher performing teams

#### Rating Scale Examples for Upward Feedback

Rating Scale	Description
5   Always	Supervisor <b>consistently makes time for the team member to meet and discuss</b> expectations. Supervisor <b>clearly defines expectations</b> . Supervisor <b>consistently develops people</b> , is known as someone who cares about their team members and <b>consistently acknowledges the team members</b> for their contributions. <b>Recognized as a supervisor people want to work for.</b>
4   Often	Supervisor makes time for team members most of the time. Supervisor <b>defines expectations, but the expectations are not always clear</b> . Supervisor does a good job at recognizing and caring for the team, but still has room to grow in this area. <b>Recognized as a high-performing supervisor with strong people skills.</b>
3   Sometimes	Supervisor is inconsistent in making time for team members and in discussing expectations. <b>Supervisor defines expectations up front, but at times misses this opportunity</b> . Supervisor inconsistently recognizes team member contributions. <b>Supervisor is seen as inconsistent in developing people.</b> Supervisor <b>rarely engages in developmental conversations</b> with team members and <b>does not usually set clear expectations</b> . Supervisor <b>has not shown consistent commitment</b> to caring for and developing people. Supervisor <b>needs to develop and improve people development skills</b> to perform effectively in the role.
2   Rarely	Supervisor <b>displays a lack of commitment to developing people</b> . Supervisor <b>does not make themselves available for ENGAGE conversations, to communicate expectations, or to show that they care about people development</b> . Overall, Supervisor <b>does not do a good job in any of the areas of coaching and development for their people</b> . <b>Immediate action is required to improve performance and/or behavior.</b>
1   Never	

Questions? Call our Talent Management Help Desk at 573-526-4500

### FAQs

- ENGAGE 2.0 Background +
- Tracking ENGAGE & REFLECT Conversations +
- Evaluations +
- Upward Feedback +

### Training materials

# Example common individual performance evaluation questions

## Guiding principles

Semi-annual individual performance evaluations should focus on the most important management expectations and priorities for all staff

The questions should also be limited to improve efficiency (i.e., less time devoted to process over substance)

The evaluations should be based upon observations relative to clearly defined job responsibilities and expectations

The evaluation scales should reinforce high performance standards



## Example questions – scored on a 5-point Likert “agreement” scale

Illustrative examples

### Focus theme and description

- **Individual role expectations:** Based on my observations, this individual always meets their responsibilities in their day-to-day work.
- **Individual impact:** Based on my observations, this individual consistently delivers impact beyond normal job responsibilities
- **Individual improvement:** Based on my observations, this individual consistently improves their skills and approach to fulfilling their job responsibilities
- **Team role:** Based on my observations, this individual is a positive team member and contributes to the team’s improved performance
- **Customer-focus:** Based on my observations, this individual can identify their customers (internal and/or external) and consistently provides excellent customer experience in their day-to-day work

# Potential performance score calculation example

ILLUSTRATIVE

## Question

Score

**Question 1:** Based on my observations, this individual always meets their responsibilities in their day-to-day work

5

**Question 2:** Based on my observations, this individual consistently delivers impact beyond normal job responsibilities

2

**Question 3:** Based on my observations, this individual consistently improves their skills and approach to fulfilling their job responsibilities

3

**Question 4:** Based on my observations, this individual is a positive team member and contributes to the team's improved performance

3

**Question 5:** Based on my observations, this individual can identify their customers and consistently provides excellent customer experience in their day-to-day work

4

**Overall score (avg.)**

3.1

Questions are scored on a 5-part Likert "agreement" scale

Question scores are averaged into an overall performance evaluation score





# Potential capabilities for a performance management platform

ILLUSTRATIVE

## Capability considerations

### Gathering feedback

- Customizable/flexible survey creation and timing
- Email notification/reminders
- Responsive web portal for survey creation and completion

### Analysis

- Automatic rating calculation based on custom weighting
- Calibration analysis
- Visualize/rank across group, function, and entire org.
- Track rating trends over time (both recipient and respondent)

### Security

- Account level access permissions
- Integration with existing IAM
- Meets state required cybersecurity regulations

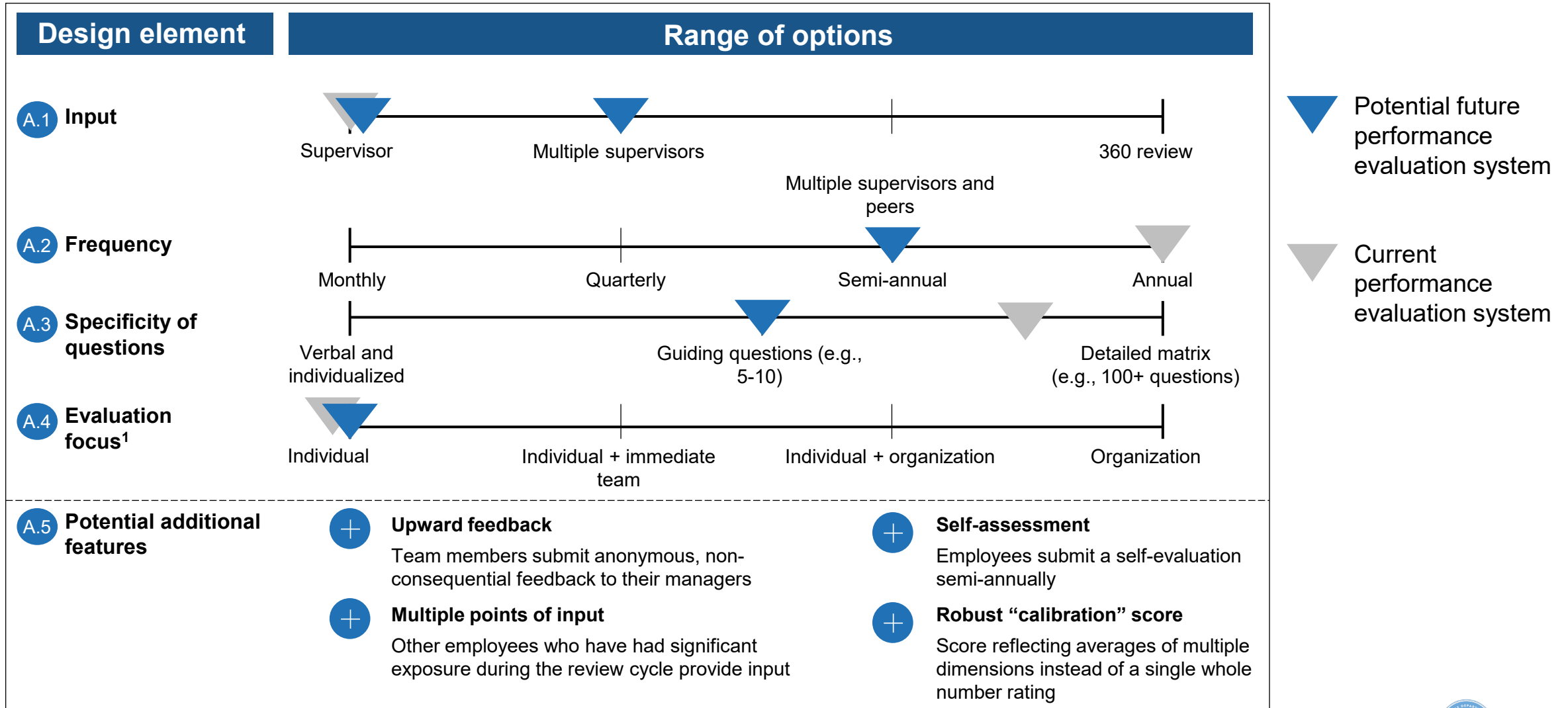
NON-EXHAUSTIVE

## Sample performance management platforms



# **Appendix 6: Performance evaluation system design parameters – private sector examples**





# Potential design elements for annual performance evaluation approach



1. This potential focus is for the annual review process. “Spot” bonus awards could be provided based upon individual or team performance




# Private sector examples: Number and relationship of reviewers

 = potential inspiration for Arkansas

	Level of input			
	Supervisor	Multiple supervisors	Multiple supervisors & peers	360 review
In practice				
Benefits and challenges	Simplest to execute but provides potentially limited perspective employee	More complex to manage but provides opportunities with cross-function and project work for more rounded view of employee	Provides more wholistic view of employee but potentially increasingly subjective (e.g., inconsistent calibration)	Emphasizes accountability to direct reports
Considerations for Arkansas	<i>Status quo option for the state</i>	Potential implementation complexity, depending upon system	Not every position has sufficient peer positions Would require change management among staff for calibration	Difficult to manage across entire workforce Would require change management among staff for calibration




# Private sector examples: Frequency of reviews

 = potential inspiration for Arkansas

	Quarterly+	Semi-annually	Annually
<b>In practice</b>			
<b>Benefits and challenges</b>	Potentially requires larger time commitment from managers but allows them to trace skill and development progression more closely to improve performance dialogues and ratings	Allows managers to develop more rounded feedback throughout the year, and more frequent structured feedback to improve both performance and development	Concentrates time commitment for managers in intense period and less frequent feedback increases risks of “recency bias”
<b>Considerations for Arkansas</b>	Increasing frequency expectation would likely need to be coupled with change management as part of broader transformation in manager expectations	Increasing frequency expectation would likely need to be coupled with change management as part of broader transformation in manager expectations	<b><i>Status quo option for the state</i></b>





# Private sector examples: Standardization and complexity of reviews

 = potential inspiration for Arkansas

	Verbal and individualized	Guiding questions (e.g., 5-10)	Detailed matrix (e.g., 100+ questions)
<b>In practice</b>			
<b>Benefits and challenges</b>	<p>Can be tailored to reflect an individual's specific growth and development plan linked to overall goals, but can be subjective and insufficient</p>	<p>A standardized and short list of questions or criteria to focus on most important topics and spur meaningful feedback with focused time commitment</p>	<p>Opportunity for detailed feedback, but time-consuming process and proliferation of questions and criteria can overwhelm managers and staff reviewers to optimize for speed and completion over quality input</p>
<b>Considerations for Arkansas</b>	<p>Given the size of the workforce, this level of customization could be difficult to implement and manage consistently</p>	<p>Standardization across varying departments to be monitored and managed, and change management as part of broader transformation in manager expectations</p>	<p><b><i>Status quo option for the state</i></b></p>

# Private sector examples: Evaluation focus

 = potential inspiration for Arkansas

	Individual	Individual + immediate team	Individual + organization	Organization
In practice				
Benefits and challenges	Focuses actionable feedback tailored to the individual but potentially reduces team incentives and development	Situates the individual in their team context and introduces team outcomes, which can motivate performance and collaboration	Considers the outcomes of the entire organization with individual performance, possibly introducing additional pressure	Solely looks at the outcomes of the organization as a reflection of the individual, potentially risking the individual development and accountability
Considerations for Arkansas	<i>Status quo option for the state</i>	Difficult to implement and standardize – not every individual is part of a team with clearly defined and measurable outcomes	Difficult to implement and standardize – as a public enterprise, outcomes are not as easily measured or quantified as many other organizations	Risk eroding individual accountability Difficult to implement and standardize – difficult to define and measure success for departments as whole

# **Appendix 7: Change management plan**





# Change management risks

## Salaries linked to market dynamics with performance bonuses

- Decision-makers may not understand the reasoning and/or may not support adjusting salaries for some job categories without commensurate adjustments elsewhere (for new pay tables adjusting to market conditions)
- Employees not receiving market pay adjustments via new pay tables may feel the decision is unfair

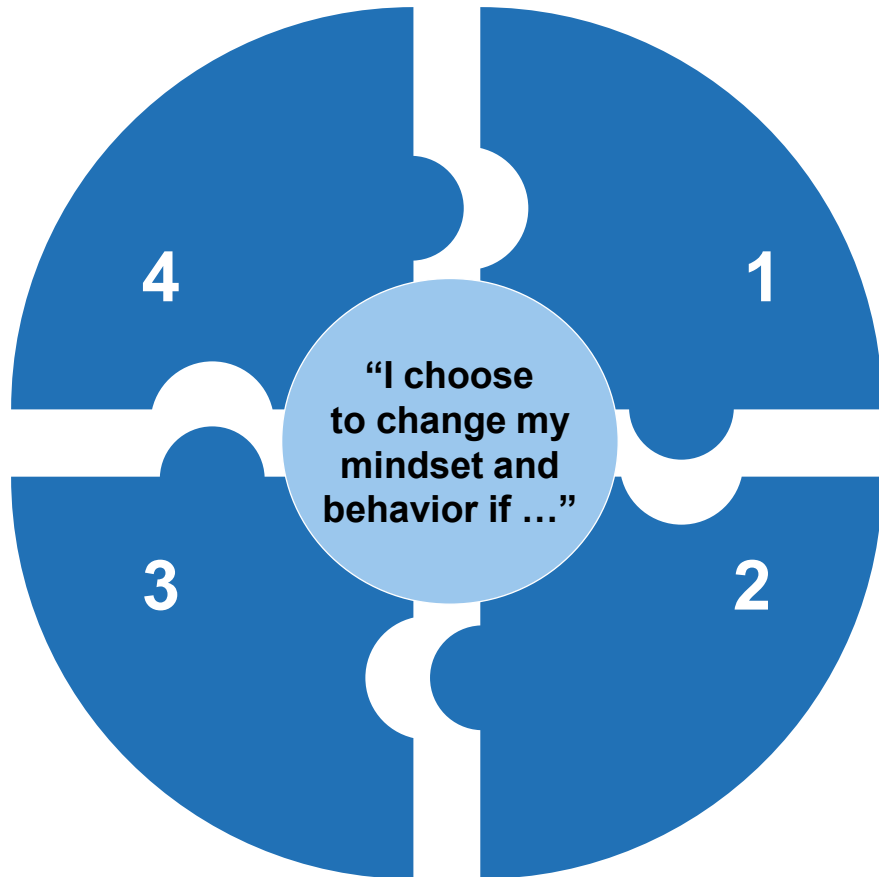
## Skills-based career ladders and role classification

- Hiring managers may not understand the distinction between the new skill-based hiring approach compared to tenure or other metrics used to indicate experience and skills
- Hiring managers may exhibit bias toward credentials inconsistent with new job descriptions and hiring criteria

## Approach to promote development and performance

- Managers may not take make a meaningful shift to focus on development and performance with the use of the new performance evaluation tool (instead continuing to treat it as a perfunctory exercise and/or a means to engineer desired salary adjustment outcomes)
- Employees may not use the feedback to make meaningful improvements in their performance or development

# The Influence Model is a research-based change management framework that could be applied to Arkansas to mitigate change management risks



## 4 Role modeling

- Senior leader/senior team role modeling
- Symbolic acts
- Influencing of leaders



## 1 Understanding & conviction

- Change story
- Ongoing, 2-way communications
- Language and rituals



## 3 Confidence & skill-building

- Technical and relational skills
- Field-and-forum programs
- Recruitment of new talent pool



## 2 Reinforcement with formal mechanisms

- Structures and systems
- Processes
- Incentives

Successful transformations are **8 times more likely** to use all four quadrants of the Influence Model than to use just one

# Mitigation approaches for change management risks

## Salaries linked to market dynamics with performance bonuses

### Role modeling

- Governor celebrates the recruitment and retention impacts of the changes on a quarterly basis
- Cabinet meetings include as standard practice celebration of performance and success stories with the new salary adjustments

### Confidence & skill-building

- Managers in the affected departments with salary adjustments are trained on the changes and how to appropriately apply the performance bonuses

### Understanding & conviction

- Governor shares a video message and/or statement to entire workforce with a personal “change story” on why these pay adjustments are needed
- Department leaders (especially those that do NOT have employees with pay adjustments) express support for the adjustments in written communications and in other informal opportunities (e.g., in staff meetings, a video message, employee town halls)
- Governor, legislative liaisons, and department leaders meet with legislators to communicate the approach and seek buy-in

### Reinforcement with formal mechanisms

- As a matter of policy, results of recruitment and retention improvements with the new pay table are periodically evaluated and adjusted to keep with market changes

# Mitigation approaches for change management risks

## Skills-based career ladders and role classification

### Role modeling

- Cabinet meetings include as standard practice celebration of successes in skill-based hiring
- Leadership visibly and actively participate in skill-based hiring workshops and trainings
- Senior department leaders hold regular development dialogues with their own how skill-based hiring is working and how to improve
- Department leaders hold informal “pulse checks” with employees and change champions to listen, coach, role model, and explain the changes (e.g., “brown bag lunch,” “management by walking around”)

### Confidence & skill-building

- Coaching capability building workshop series developed and launched for all senior leaders and managers on skill-based hiring
- New online training modules and learning paths developed for leaders to understand how to evaluate candidates under a skill-based hiring approach and to avoid bias toward legacy approaches
- Skill-based hiring website with supporting resources for managers (e.g., training materials, guides, FAQs) developed and routinely updated

### Understanding & conviction

- Governor shares video message to entire Arkansas state workforce with personal “change story” on why the shift to skill-based hiring is important
- Department leader communicates case for skill-based hiring (e.g., importance of skill-based hiring in meetings with leadership, video message to department employees, and in employee town halls)
- Change champions – Leaders are trained to answer questions on skill-based hiring and are deployed to build excitement
- Success stories of new skill-based hires are communicated frequently to drive conviction (hiring successes and post-hiring successes)

### Reinforcement with formal mechanisms

- Semi-annual review of results of the new skill-based hiring approach is conducted, including fidelity to the intent of skill-based hiring rather than credential-based
- Explicit expectation for training of all department HR leaders and hiring managers on skill-based hiring

# Mitigation approaches for change management risks (1/4)

## Promoting development and performance

### Role modeling

- Cabinet meetings include as standard practice celebration of performance and professional development success stories (e.g., individual and team performance leading to continuous improvement, distinctive citizen impact, etc.)
- Leadership visibly and actively participate in capability building workshops and trainings for new performance approach (e.g., tangible investment of time to signal priority to team)
- Senior department leaders hold regular development dialogues with their own direct reports, including coaching on how direct reports are developing and how are they can coach their teams
- Department leaders hold informal “pulse checks” with employees and change champions to listen, coach, role model, and explain change (e.g., “brown bag lunch,” “management by walking around”)

# Mitigation approaches for change management risks (2/4)

## Promoting development and performance

### Understanding & Conviction

- Governor shares video message to entire Arkansas state workforce with personal “change story” (e.g., why this change matters)
- Department leader communicates case for change to teams (e.g., importance of performance and professional development to individual, team, and state success for citizens). Example communications include:
  - Sharing “change story” in senior staff meetings
  - Holding one-on-one with division directors and deputies
  - Developing video message to share across department
  - Hosting town hall meetings to share progress and answer questions
- Change champions – networks of team members from each department who are trained to answer questions on new performance management system and provide feedback to the OPM team – are identified and deployed to build excitement and energy around launch
- Success is communicated frequently to drive conviction (e.g., every senior staff meeting begins with a performance or development success story)

# Mitigation approaches for change management risks (3/4)

## Promoting development and performance

### Confidence & skill-building

- Coaching capability building workshop series developed and launched for all senior leaders and managers, with features such as in-person role play exercises and knowledge checks
- New online training modules and learning paths developed for leaders to improve skills related to performance evaluation and professional development of teams
- New peer coaching program for leaders established – including program to identify and train peer coaches in every department
- Introduction to performance and professional development fundamentals integrated into onboarding of new employees (e.g., how to provide and receive feedback)
- Website with supporting resources for managers (e.g., training materials, guides, FAQs) developed and routinely updated

# Strategic Management Plan: Arkansas Department of Agriculture

## Overview

The significant impact of Arkansas' agricultural industry on the state's economy and nation's food supply is well-established. Arkansas' largest industry generates over 235,000 jobs and contributes \$20.9 billion annually to the state economy. Arkansas produces over half of the nation's rice and ranks in the top 24 among states for production of 15 top agricultural commodities.<sup>1</sup> Arkansas Department of Agriculture (ADA) supports the competitiveness of this industry and safety of its products.<sup>2</sup> Formed in 2005 through the consolidation of multiple independent commissions, ADA houses five primary divisions including: 1) Forestry, 2) Plant Industries, 3) Natural Resources, 4) Poultry and Livestock, and 5) Shared Services.

Through the Arkansas Forward project, a 2024 initiative to improve the efficiency and effectiveness of Arkansas' 15 cabinet-level departments, ADA prioritized implementation of four initiatives including realigning its organization structure to improve efficiency, increasing availability of data to drive decision-making, increasing digitization and improving efficiency of its business processes thereby reducing citizen impact, and prioritizing its technology roadmap to ensure ongoing innovation.

This Strategic Management Plan ("Plan") memorializes the work completed by ADA during Arkansas Forward, translating the department's vision into a plan consisting of recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics. A companion project plan ("Work Plan") provides a more detailed resource to support implementation of the initiatives by ADA's Arkansas Forward project management team.

The mission of the Arkansas Department of Agriculture is encapsulated in its commitment to leadership and effective program implementation: *"The Arkansas Department of Agriculture is dedicated to the development and implementation of policies and programs for Arkansas agriculture, forestry, and natural resources to keep its farmers and ranchers competitive in national and international markets while conserving natural resources and ensuring safe food, fiber, and forest products for the citizens of the state and nation"*

## Recommended Organizational Structure

ADA's current functional organization structure is shown in **Figure 1**.

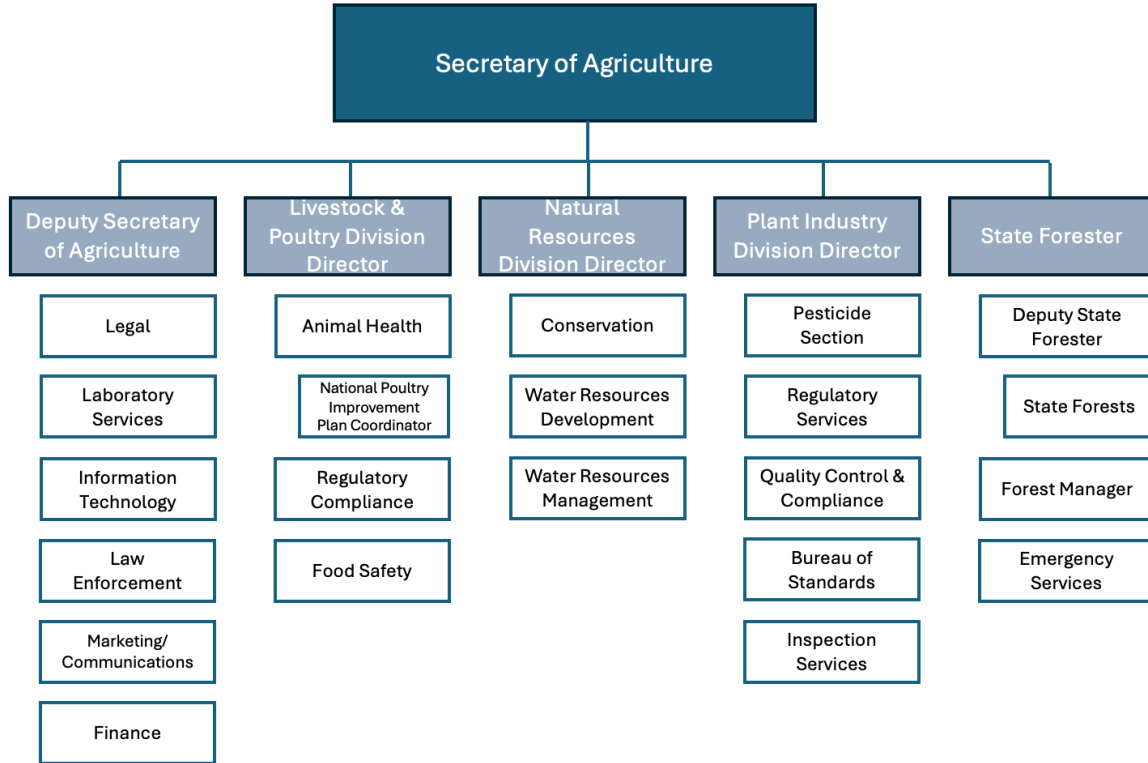
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<sup>1</sup>Arkansas Department of Agriculture, 2023 Annual Report, <http://www.agriculture.arkansas.gov/wp-content/uploads/ADA-Annual-Report-2023.pdf>.

<sup>2</sup> Arkansas Department of Agriculture, 2023 Annual Report.



**Figure 1 – Current and Recommended Functional Organizational Structure**



As part of Arkansas Forward, ADA’s structure was reviewed to identify opportunities for redesign in three areas:

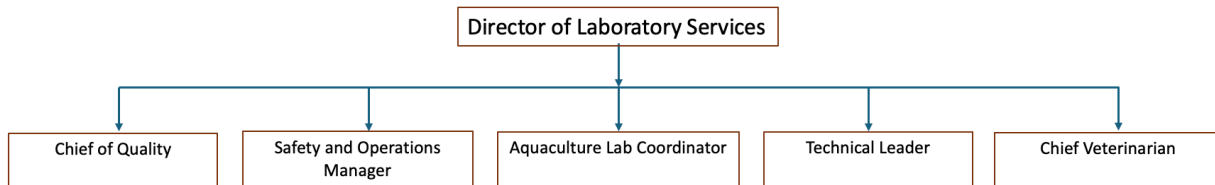
- Changes that would support the department’s execution of its mission;
- Changes identified through implementation of Arkansas Forward initiatives; and,
- Changes necessitated by Arkansas’ centralization of certain shared services functions (i.e., information technology, human resources, procurement).

Recommendations based on department interviews and data analysis include:

- **Changes that would support the department’s execution of its mission:** ADA identified an opportunity to restructure the Laboratory Services Team (within the Shared Services division) to support collaboration and improve the cohesiveness of the team by streamlining the managerial spans of control and layers.
- **Changes identified through implementation of Arkansas Forward initiatives:** No staffing changes are anticipated as a result of or in order to implement the ADA Arkansas Forward initiatives.
- **Changes necessitated by Arkansas’ centralization of certain shared services functions:** Based on direction from the Steering Committee, Transformation and Shared Services (TSS) will assume responsibility for the Payroll and Help Desk functions statewide, as the first Human Resources and Information Technology functions to transfer to TSS in a statewide shared services model. Additional decisions on sequencing of further functions have not yet been determined.

These department-specific changes impact one division reporting to the Deputy Secretary of Agriculture but do not impact the high-level view of the organization chart. The recommended organization structure continues to be that shown in **Figure 1**, however under the Laboratory Services division, the proposed structure is to reorganize from one director with 14 direct reports to a new structure with five direct reports, as shown in **Figure 2**.

**Figure 2 – Recommended Organizational Structure – Laboratory Services Team**



### Meeting the Vision of an Effective and Efficient Future Department:

ADA is committed to the identification and resolution of organizational inefficiencies. As part of Arkansas Forward, ADA identified changes for its Laboratory Services division. At this time, the department is confident in its ability to restructure this team to execute this change. However to achieve its vision fully, ADA requires the support of OPM to lead changes to the Arkansas’s personnel structures to create senior individual contributor roles, which the state does not have today.

## Key Initiatives Prioritized for Arkansas Forward Implementation

ADA leadership generated approximately 15 ideas to improve the departmental effectiveness and efficiency, before prioritizing four initiatives:

- **AG-0** - Take action on manager roles and team size to target appropriate spans of control for function and management archetype to more effectively deliver on the departmental mission.
- **AG-6** - Implement a dashboard that displays managerial and program metrics to support outcomes-based tracking (e.g., funds, spend, fleet, real estate, licenses issued, and other performance metrics for the Department of Agriculture).
- **AG-7** - Identify "big rock" processes by frequency and labor intensiveness to digitize, then digitize those processes that are currently burdensome for department employees and/or citizens to complete manually.
- **AG-18** - Build a future roadmap for Operational Excellence initiatives (AG-4, AG-8, AG-9, AG-10, AG-11, AG-15, AG-16), including detailed resource needs and action steps to facilitate a 2-year transformation.

The Arkansas Department of Agriculture is dedicated to advancing the Arkansas Forward initiatives by optimizing managerial roles and team sizes (AG-0), and leveraging technology to improve business processes and improve citizen experience (AG-6, AG-7, and AG-18).

## Initiative ADA#0 - Optimize manager roles and team size for better control and efficiency

This initiative is a primary component of a core Arkansas Forward priority: for each cabinet-level department to build an agile organization. It includes implementation of a tailored and modernized organization to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions.

**Initiative Overview and Current State:** The Laboratory Services Section is a critical shared service, consisting of the following Laboratories:

- Veterinary Diagnostic Laboratory (main laboratory in Little Rock and branch laboratory in Fayetteville)
- Chemistry Laboratory
- Seed Laboratory
- Petroleum Laboratory
- Metrology Laboratory

Testing and analysis activities performed timely and accurately by the Laboratory are crucial to ADA's quality assurance and compliance programs and to ensure ADA and the stakeholders it represents comply with various state and federal regulatory and statutory requirements.

Based on analysis of the organization's current structure and team size, opportunities for improvement were identified within the Laboratory Services function, including:

- Some Agriculture program managers are managing an uneven number of reports, despite identical roles;
- Many microbiologist supervisors may be managing too few reports because there is no career ladder to senior technical roles; and,
- There are some instances in which multiple layers of management only have one direct report, which may also be indicative of a lack of career ladders.

**Rationale:** The current organization's structure and lack of career ladders for certain technical roles may contribute to a loss of talent over time. Creating opportunities to reward technical expertise through a non-managerial career ladder may allow the department to retain this talent, while preventing creation of multiple small teams which may prevent the department from realizing efficiencies that would come from collaboration of these staff on a single team. There could be confusion and dissatisfaction among managers with uneven team size/workload and for employees who may not understand the organization structure or may lack role clarity. Addressing some of these organizational issues could yield improvement in employee satisfaction.

**Implementation Considerations: Appendix A – ADA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADA staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Transitioning existing staff into a career ladder that recognizes and rewards technical expertise and ensuring no loss of income is important in maintaining staff buy-in for this reorganization and preventing unwanted attrition.
- Communicating clearly to the broader ADA organization about the purpose of these changes will support the reorganization.

**Recommended steps to implement changes to Laboratory Services division:**

- Recommended changes to the Laboratory Services division are to create five teams reporting to the Laboratory Director, which creates comparable team sizes and eliminates the occurrence of multiple small teams.
- The direct reports to the Director include:
  - **Chief of Quality** – Oversees quality management at the Little Rock and Fayetteville Labs.
  - **Safety and Operations manager** – Oversees safety, inventory, customer complaints, regulatory compliance, and the procurement process. Oversees chemistry, residue analysis, and the seed laboratories.
  - **Technical Leader** – Manages Chronic Wasting Disease (CWD) and High-path Avian Influenza (HPAI) testing programs and multiple other projects across the Veterinary Diagnostic Laboratories. Oversees veterinary diagnostic labs e.g., Virology, Serology, Clinical Pathology, Bacteriology, and the Receiving sections.
  - **Aquaculture program manager** – Oversees Fish Health Inspection Program, which serves fish farms both in-state and out-of-state.
  - **Chief Veterinarian** – Oversees pathology and histology programs, working closely with ASU and Lyon colleges.

**Alignment of department priorities with staffing and resources:** The proposed organization chart for the Laboratory Services division is provided above in **Figure 2**. Realignment of the Laboratory Services Sections into these areas supports efficient decision-making by decreasing the direct reports to the Laboratory Director, groups similarly functioned staff into teams which fosters collaboration, and may allow for a better focus on the customer divisions it supports. Improving the effectiveness and efficiency of the Laboratory Services Section supports nearly all other divisions in performing their responsibilities.

**Process changes, associated with implementing changes in the strategic plans:** Consolidation into five functional teams reporting through the Director could generate process improvements and changes in the standard operating procedures to the extent that staff can identify best practices in use by some of the teams today and replicate them across the entire team. It is recommended that once each new team forms, the manager conduct a review of the SOP to incorporate best practices or efficiencies identified.

**Performance metrics to measure success post-implementation:** Proposed metrics to assess the impact of this initiative include:

- **Managerial Span of Control:** Measure the average number of direct reports per manager and track the percentage increase or decrease over time.
- **Management Layers:** Count the total number of hierarchical layers between the Secretary of Agriculture and front-line employees and track the reduction in layers.

- Employee Satisfaction: Conduct employee surveys to measure satisfaction scores related to management support and role clarity, tracking the average score improvement over time.

In addition to these measures, surveys could be utilized for impacted staff during the transition to identify and address any issues or concerns.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This change is expected to have a fiscally neutral impact (positions would be converted from managerial roles into contributing roles but at a comparable pay grade). This would require OPM-led changes to Arkansas’s personnel structures to create senior individual contributor roles, which the state does not have today.

**Change Management Plan:** Clear communication with staff about the purpose for the changes should accompany any information on the new process changes. Recommended messaging and modalities are included for each audience in **Figure 3**. Key activities and timing for communication plan are included in **Appendix A – ADA Work Plan**.

**Figure 3 – ADA-0 Communication Plan**

Audience	Key Messages	Modalities	Owner
Staff impacted by changes	<ul style="list-style-type: none"> <li>• These changes are to strengthen our team, support collaboration, and enable more efficient decision-making.</li> <li>• The department will now offer additional career paths to recognize, reward, and retain top talent. Promotion into a management role will not be the only path to promotion.</li> <li>• Detailed description of changes, including specific changes for every team impacted by the reorganization: new manager is [insert]; former manager is moving to [role]. Everyone continues to have a place on the team.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• Face-to-Face team meetings with leadership, future manager, and former manager.</li> </ul>	<ul style="list-style-type: none"> <li>• Alex Johnston Deputy Director Shared Services</li> <li>• Corey Seats, General Counsel and Arkansas Forward PM</li> </ul>
Other ADA staff	<ul style="list-style-type: none"> <li>• These changes are to strengthen our team, support collaboration, and enable more efficient decision-making.</li> <li>• High level summary of changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• All staff email.</li> </ul>	<ul style="list-style-type: none"> <li>• Alex Johnston, Deputy Director Shared Services</li> <li>• Laboratory Services Director</li> <li>• Corey Seats, General Counsel and Arkansas Forward PM</li> </ul>

## Initiative ADA #6 - Develop dashboard for key programmatic metrics

This initiative recommends that ADA develop a dashboard by December 2024 for each ADA division that displays key performance indicators and metrics related to program activities in real-time. Examples of programmatic metrics include: 1) number of inspections completed; 2) licenses issued; 3) violations issued; and 4) lab tests performed. The goal of the dashboard is to enhance transparency, accountability, and effectiveness within the Department of Agriculture and its intended use is for both internal and external stakeholders.

**Initiative Overview and Current State:** Departmental leadership identified creation of internal and external dashboards as the highest priorities for the ADA's technology roadmap. Under the leadership of the Information Technology Team, the first generation of internal management dashboards has been deployed for Plant Industries and is in process for the Poultry and Livestock and Natural Resources divisions. The department is building these dashboards with existing IT resources and deploying them through a web-based application. Implementation is planned in phases; each department is establishing an initial dashboard with available data. Staff manually collect and input metrics. Staff receive training on how to add additional metrics. The second phase of the project will be to automate dashboard production to reduce recurring staff data collection and reporting time. In the third phase, division leaders will receive training in data visualization tools. It is anticipated that as the department's data acumen increases, leaders will adjust the metrics on their internal dashboards, focusing the number of measures and identifying gaps in data not captured.

There are no public-facing dashboards today. However, after deployment of the internal dashboards, a future phase of this project is to consult division leadership about the data to be shared externally. In the interim, ADA is committed to transparency and accountability for the functions it performs. Each division at ADA captures core performance data, many data points of which are published in its thorough annual report. Examples of the metrics published (samples provided for each division for illustrative purposes) include:

- Forestry: number (#) wildfires suppressed, # training sessions delivered, # data collections, # primitive campsites repaired
- Plant Industries: # samples collected, # inspections completed (storage tanks, retail locations), # laboratory tests performed
- Natural Resources: dollar value (\$) of funds distributed, # plans written by nutrient management planners
- Poultry and Livestock: # approved shipping forms, # inspections completed, pounds of graded and certified chicken products, # audits completed
- Shared Services: Laboratory Services - # tests completed (for significant number of events); # certifications of large and small mass standards

**Rationale:** Building internal and external dashboards will allow ADA to mature as a data-driven organization and help the department to realize a number of advantages compared to current reporting including:

- Focusing the number of measures reported to clarify to the most significant activities performed;

- Expanding the types of measures included from “outputs” (describing the number of processes and activities or activities completed) to more “outcome” and “efficiency” measures which show the results of ADA’s work and the effectiveness of its business processes;
- Driving performance improvement by identifying goals/targets for each measure to establish when the department meets its goals;
- Providing trending data to provide context to the user and assess the impact of policy and program changes or new initiatives; and,
- Providing real-time data to inform management decisions and monitor the department’s progress in reaching the stated goals.

Other state and federal agricultural agencies are taking steps to make more data available to internal staff and the public (activities summarized in **Figure 4**). Development of automated dashboards with the most important key performance indicators supports accurate and timely decision-making; prevention, earlier detection and remediation of performance issues; and reduces errors and employee time spent producing reports. The value of these reports to the public is in immediate access to useful, capacity-enhancing information.

**Figure 4 – Examples of Dashboards Used by State and Federal Agricultural Agencies**

State/ Entity	Intended Audience	Description
US Department of Agriculture (USDA)	Internal	<p>In 2018, USDA deployed enterprise administrative dashboards ("CXO Dashboard") that provide leadership with insight into human resources, information technology, finance, property, procurement, security, and operations. USDA implemented these dashboards using 10-week sprints, and in the second year, refined them to improve data quality, usability, and completeness by adding additional metrics.</p> <p>USDA management used the available data to constantly monitor performance which drive efficiency, responsiveness, and improved customer service. Creation of the dashboards helped USDA:</p> <ol style="list-style-type: none"> <li>1) Become a more data-driven organization</li> <li>2) Improve performance and reduce operating costs</li> <li>3) Increase the speed of decision-making</li> </ol> <p>Resource: <a href="https://www.usda.gov/media/blog/2018/08/02/usda-becoming-more-data-driven-customer-focused-organization">https://www.usda.gov/media/blog/2018/08/02/usda-becoming-more-data-driven-customer-focused-organization</a></p>
USDA	External	<p>In April 2024, USDA created the farmers.gov dashboard to provide state-level farmer-focused data sets and resources from USDA and other government agencies. Data include a standard state profile, commodity prices, current weather data, past climate and storm data, and relevant state contacts.</p> <p>Resource: <a href="https://www.farmers.gov/blog/farmersgov-local-dashboard-is-now-available-all-50-states">https://www.farmers.gov/blog/farmersgov-local-dashboard-is-now-available-all-50-states</a></p>



State/ Entity	Intended Audience	Description
Iowa	External	<p>The Iowa State University has created a series of dashboards on the Iowa Nutrient Reduction Strategy and waste water quality improvement. One in particular shows <a href="#">Tracking Permits Issued to Wastewater and Industrial Facilities</a>. These dashboards offer an example of how data on licensing and permitting data can be shared.</p> <p>Resource: <a href="https://nrstracking.cals.iastate.edu/tracking-iowa-nutrient-reduction-strategy">https://nrstracking.cals.iastate.edu/tracking-iowa-nutrient-reduction-strategy</a></p>
Colorado	External	<p>As part of the Governor’s Dashboard, the goals and performance of each department are provided each fiscal year. Color coding illustrates whether the department’s performance meets or has not yet met each goal. Interactive charts allow the user to expand on each goal to see the major initiatives to improve performance in that goal. For Agriculture in the current 2023-2024 fiscal year, the goals include:</p> <ul style="list-style-type: none"> <li>• Advancing local food access: Increase small food retailers' purchasing and farmers' distribution capacity of healthy food in low-income, low-access communities by \$1 million by June 30, 2024.</li> <li>• Supporting the next generation: Reduce barriers young people face in building a career in agriculture by providing training, education, and financial opportunities to 1500 of the next generation of agricultural leaders and producers by June 30, 2024.</li> <li>• Expanding water-resilient agriculture: Through technical assistance, grant funding, marketing assistance, advocacy, and partnerships, CDA will assist 1,000 producers and water conservation leaders incorporate effective water resilience practices to maintain robust agricultural production by June 30, 2024.</li> <li>• Advancing animal health and welfare: Provide education and outreach to 3500 veterinarians, animal owners, and stakeholders to advance animal health and welfare by June 30, 2024.</li> </ul> <p>Resource: <a href="https://dashboard.colorado.gov/governors-dashboard/agriculture">https://dashboard.colorado.gov/governors-dashboard/agriculture</a></p>

**Implementation Considerations:**

**Appendix A – ADA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADA staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

ADA has a thoughtful, phased approach to implementation of its dashboards. Based on an assessment of ADA capabilities, staff interviews, and the experience of other state and the USDA in developing their dashboards, the following strategies were identified in response to likely risks:

- To fully realize the operational benefits of becoming a more data-driven organization, building data analytics acumen is an important enabling practice. Having staff with the experience to support leadership in establishing performance expectations tied to the metrics, modeling behaviors for use of the dashboards, and establishing accountability for



performance of the metrics is important. This includes assigning owners to each metric, setting a goal/standard for each metric based on statute/industry best practice/historical performance, reviewing dashboards regularly in meetings and requiring owners of areas with under-performance to develop and execute remediation plans.

- There is an opportunity for the divisions to continue to refine the data shown on the dashboards after initial launch, especially the external dashboards. Initial data available may not be the best data to use in managing the programs and for informing stakeholders. ADA has indicated plans to use an iterative approach to implementation and to revisit the metrics after initial implementation. It is recommended that the organization and management commit to the multi-year journey required to develop and refine its dashboards. There may be a need to shift many of the metrics reported on externally from “output” measures that measure activities such as licenses issued, investigations performed, and dollars distributed to measures such as:
  - Efficiency: This measure type captures the effectiveness and efficiency of internal processes. Examples include average time to complete an activity (i.e., process a license, complete an investigation, process a lab sample) or average cost per key activity. This type of metric is applicable to any core task with a statutory timeline, where is focused on meeting a specific timeframe, as well as any area where the department wants to establish additional transparency or thinks there is an opportunity to achieve improvement through regular review of data.
  - Outcome: Outcome measures focus on the results of ADA’s processes for stakeholders including industry stakeholders and Arkansans and may be longer-term. Examples include the dollar amount of restitution to land owners (such as through Law Enforcement Unit), the number of wildfires suppressed, and incidence of disease outbreaks.

**Appendix B** provides a worksheet that may be used by staff in identifying and defining additional metrics.

**Recommended steps for establishing internal and external dashboards (future state):**

- A core project team with IT and programmatic leadership should be formed to support the project’s implementation.
- Division and IT leadership should continue work to identify the initial group of metrics for the internal division dashboards (completing implementation with Forestry and Shared Services).
- The ADA IT team should execute its project plan for implementation of the initial dashboards.
- Following completion of this phase, the IT team should:
  - Meet with each division to evaluate how their dashboard is working and identify opportunities for improvement such as: 1) missing metrics that may need to be incorporated; 2) measures that can be removed due to low utility; and 3) discussion about evolution of measures to include more efficiency and outcome measures.
  - Complete automation of the dashboards to the extent possible. Note that without digitizing certain processes, automation may not be possible.
  - Begin Phase II to deploy external-facing dashboards.

- The division leadership, aided by IT leadership, should establish performance expectations tied to the metrics (e.g., establish an owner for the metric, establish a goal based on statute/industry best practice/or historical performance).
- The core project team should develop an external communication plan (press release, user guide and frequently asked questions for the website, and stakeholder emails) prior to the release of any external-facing dashboards.
- The core project team should develop an internal training plan for managers on how to use the dashboards. This should include ongoing professional development opportunities on use of data analytics to drive process improvement and sharing of internal best practices.
- The core project team should complete a return on investment analysis following completion of the project (this could be phased to assess the internal and external dashboards).

**Alignment of department priorities with staffing and resources:** Based on interviews with ADA leadership, ADA has the staffing and resources to support this initiative including within the divisions and among its technical staff. Existing resources in each division support data collection and reporting today and this initiative is expected to result in use of automated dashboards, reducing time spent on data collection and preparation of manual reports.

**Estimation of any anticipated costs and staffing needs:** Based on ADA's initial sizing of costs of implementing a new dashboard, they expected that it can be done within existing appropriations. Further, ADA can implement this dashboard in a phased-approach, to further reduce costs (i.e., start with simple Excel-based monthly report with no data visualization). There are no staffing costs expected as a result of this initiative.

**Process changes, associated with implementing changes in the strategic plans:** The most significant anticipated process change is that the dashboards will support ADA becoming a more data-driven organization. In order for the dashboards to have the intended impact of supporting each division in setting performance goals and holding business units accountable for performance, integrating the use of the dashboards into decision-making will take time and require modeling from ADA's leadership team. Some of the ways to support this change include to regularly incorporate review of the dashboard on department, division, and team meetings; on a monthly basis, require metric owners with performance below the goal to provide a remediation plan; hold lunch and learns to allow peers to share best practices in how they are using the dashboard to identify and address problems in their business units; and provide tip sheets on how managers can integrate review of the dashboard into their own team meetings.

Another set of process changes may occur due to the lack of data availability. ADA may not currently capture all data it wishes to include in its internal or external dashboards. For example, a division may wish to set standards to complete certain transactional tasks within a given timeframe but the current process may not involve tracking key dates or times for every step in the process. If the division wishes to include these measures, it will have to adjust the current business process to capture and store this data for reporting purposes.

**Performance metrics to measure success post-implementation:** The success of this initiative will be measured by the existence of an internal and external dashboard (by division) and evidence of the dashboard's use by the management team. Metrics to track this include:

- Dashboard utilization (e.g., unique weekly views)
- Post-development survey of dashboard user satisfaction
- #/% of managerial meetings into which regular dashboard review to support decision processes is incorporated

These metrics are new to the organization to capture and would require definition, documentation of the data source/methodology, and establishment of a baseline.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on ADA’s analysis, ADA-6 is expected to have a fiscally neutral impact. In the short term, staff will be collecting and reporting on the dashboard metrics manually. When the dashboard is automated, this will result in freed-up time for staff otherwise responsible for data collection and reporting, which can be reinvested into other areas of responsibility. Operational savings from performance improvement could be realized in the future.

**Change Management Plan:** Recommended messaging and modalities are included for each audience in **Figure 5**. Key activities and timing for communication plan are included in **Appendix A – ADA Work Plan**.

**Figure 5 – ADA-6 Communication Plan**

Audience	Key Messages	Modalities	Owner(s)
External stakeholders	<ul style="list-style-type: none"> <li>• ADA is developing an exciting dashboard to share data with farmers, stakeholders, and the public.</li> <li>• The dashboards will help ADA become a more data-driven organization and drive a culture of improvement.</li> <li>• Process overview of the categories of metrics available, how the metrics were chosen and how ADA developed the dashboards.</li> </ul>	<ul style="list-style-type: none"> <li>• Press release</li> <li>• Website update</li> <li>• Emails distributed via existing stakeholder lists</li> </ul>	<ul style="list-style-type: none"> <li>• Jeffrey Powell</li> </ul>

Audience	Key Messages	Modalities	Owner(s)
ADA management staff	<ul style="list-style-type: none"> <li>• ADA is developing internal dashboards to help the department before more data driven.</li> <li>• These tools are meant to help managers have access to real-time information about their staff’s performance.</li> <li>• Resources will be provided to support their adoption of this tool including training, lunch and learns, and FAQs.</li> <li>• Explain the categories of metrics available, how the metrics were chosen, and how ADA developed the dashboards.</li> <li>• Ask for their support in monitoring the impact of the dashboards and identifying areas for improvement in future iterations.</li> </ul>	<ul style="list-style-type: none"> <li>• Townhall meetings.</li> <li>• Management staff emails.</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Wes Ward</li> <li>• Division leaders</li> <li>• Jeffrey Powell</li> </ul>
All ADA staff	<ul style="list-style-type: none"> <li>• ADA is developing internal dashboards to help the department before more data-driven and transparent to the public.</li> <li>• Explain the categories of metrics available, how the metrics were chosen, and how ADA developed the dashboards.</li> </ul>	<ul style="list-style-type: none"> <li>• Staff meetings.</li> <li>• All staff emails.</li> </ul>	<ul style="list-style-type: none"> <li>• Managers relay information to their teams.</li> <li>• All staff emails reinforce messages.</li> </ul>

**Initiative ADA #7 - Digitize and automate manual paperwork filled out by both employees and citizens**

The intent of this initiative is to reduce labor hours spent on low value-added work by digitizing paperwork that is burdensome and time consuming for department employees or citizens to complete today (e.g., contracts, purchase requisitions).

**Initiative Overview and Current State:** While ADA has been committed to advancing use of technology to improve services and operations, adoption of digitization has varied by division and there are many opportunities to enhance the experience of stakeholders and staff.

**Lack of digitization for processes impacting citizens:** ADA maintains multiple external-facing business processes that are paper-based. While not exhaustive, the following examples are illustrative of the nature of ADA’s non-digitized processes across divisions:

- Licensing (with renewal letters sent by mail and returned by mail)
- Permitting
- Invoicing/accounts payable

- Inspections

Many of these processes are paper-based and manual, requiring the external stakeholder to print and mail a form (or wait to receive a form in the mail and return it), often with payment to the department and requiring ADA staff to complete a number of manual steps to complete the process using a non-automated workflow. ADA does not yet have an Enterprise Content Management (ECM) system to meet the needs of its business.

ADA has invested in digitization in certain areas to benefit its stakeholders by making many forms available electronically (for some departments over half of forms are available online) and deploying online pay functionality (examples shown in **Figure 6**). However, the full extent of ADA’s paper-based forms and processes have not been identified; development of a comprehensive inventory of all forms, noting whether the form is available electronically or on paper, is in process.

**Figure 6 – Examples of Current Online Pay Functionality on ADA Website**

Division	Program
Arkansas Livestock and Poultry (ALPD)	Laboratory Program-testing services
	Poultry and Egg Program- Egg Handler Permit Fees, Egg Inspection Fees, and/or Egg Grading Fees
	ALPD License and Registration
	ALPD Tag Order Payments
Plant Industries	Pesticide Section Application
Laboratory Services	Veterinary Diagnostic Lab
Other	<ul style="list-style-type: none"> <li>• DP-21 Application for Registration of Pesticides (For Use with Online Payment Only)</li> <li>• DP-23 Restricted Use Pesticide Dealer’s License (For Use with Online Payment Only)</li> <li>• DP-25 Private Applicator License (For Use with Online Payment Only)</li> <li>• DP-26A Private Applicator Pilot’s Auth. &amp; Category Certification (For Use with Online Payment Only)</li> <li>• DP-27 Non-Commercial License (For Use with Online Payment Only)</li> <li>• DP-28 Commercial Applicator Technician License (For Use with Online Payment Only)</li> <li>• DP-29 Firms Commercial Applicator License (For Use with Online Payment Only)</li> <li>• DP-29A Additional Equipment Application (For Use with Online Payment Only)</li> <li>• DP-30 Individual Commercial Applicator License (For Use with Online Payment Only)</li> <li>• DP-32 Firms Custom Applicator Permit (For Use with Online Payment Only)</li> <li>• DP-35 Firms Tree Injector Applicator Permit (For Use with Online Payment Only)</li> <li>• DP-38A Additional Category or Custom Pilot Auth. Appl. For Individual Commercial</li> <li>• Non-Commercial Applicator License (For Use with Online Payment Only)</li> <li>• DP-42 Bulk Dealer Permit (For Use with Online Payment Only)</li> <li>• DP-61 Application For 2,4-D Hardship Permit, including DP-62 Field Id Form</li> </ul>

Source: Arkansas Department of Agriculture website.

ADA has ongoing digitization projects in some divisions, which have been scoped within existing appropriations. For example, a contractor is building a new application for Plant Industries to convert its multiple applications and is tackling some of its forms. The department is also exploring electronic document storage solutions. Larger digitization projects such as implementation of an EDM system may require an appropriation. ADA has also implemented use of tablets for staff working in the field (such as to complete inspections) but the utility of these tools is limited by the lack of digitized work flows.

Some of the factors contributing to the current paper-based and manual processes include:

- Statutory requirements for signature or hard copy document storage;
- Certain divisions with legacy processes (from prior to the consolidation in 2005);
- Resistance of customers to automation, lack of email addresses, or religious objection to technology;
- Lack of access to broadband internet;
- Lack of staffing to champion this effort; and,
- Lack of funding to support digitization.

These can create a sub-optimal experience for the external stakeholders ADA serves due to:

- Potential for human error (i.e., possible when data from forms are inputted manually for processing);
- Process delays (i.e., when renewal forms must be mailed and returned for processing); and,
- Duplication of effort (i.e., separate applications and site visits for farmers who may require licenses across multiple ADA divisions).

Lack of digitization also impacts ADA staff, in multiple ways:

- Time and effort spent performing rote tasks to complete manual processes;
- Significant time expended completing reports following site visits; and,
- Lack of business intelligence on the status of work and KPIs around processing time

**Lack of digitization for processes impacting employees:** ADA has digitized certain high volume tools for staff such as the IT ticketing system and travel request form. There are opportunities for continued improvement, such as the digitization of the travel reimbursement process, which today requires capture of a wet signature. Another opportunity is to enable the Forestry Division to use the state's time sheet system while accounting for the unique cost allocation needs of the division. Today, administrative staff manually enter timesheet information on behalf of the division's employees, which creates the opportunity for error.

**Rationale:** ADA-7 recommends that ADA move forward with digitization to reduce staff labor performed for manual processes and to improve the citizen experience. Additional benefits ADA staff brainstormed some of the greatest potential benefits from increased digitization:

- Increased Efficiency: Digital workflows streamline processes, reducing the time needed to locate, share, and process documents.

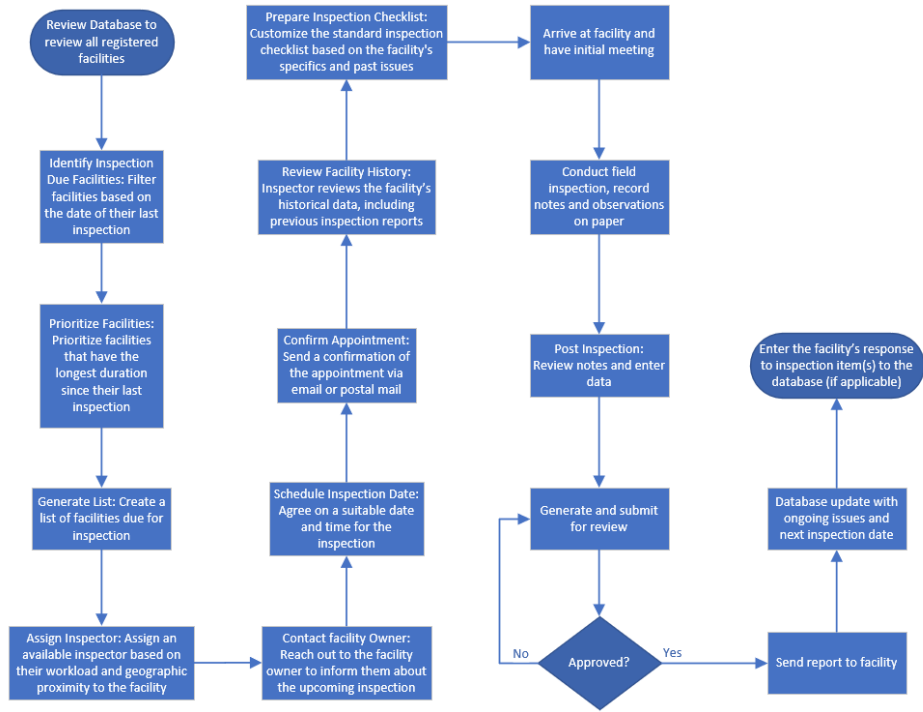
- **Enhanced Accessibility:** Digital documents can be accessed remotely and simultaneously by multiple users, improving collaboration and service delivery.
- **Improved Customer Service:** Faster processing and easier access to information enable state agencies to provide quicker and more efficient services to citizens.
- **Cost Savings:** Reducing or eliminating paper use cuts costs related to printing, storage, and document management.
- **Better Data Security:** Digital records can be encrypted and secured with advanced access controls, reducing the risk of loss, theft, or unauthorized access.
- **Integration of Permitting and Inspections:** Digitization makes it easier to align permitting and inspection schedules to minimize disruption to external customers
- **Improved Accuracy:** Automated data entry and processing reduce human errors associated with manual paperwork.
- **Simplified Compliance:** Digital records are easier to track and audit, helping agencies comply with regulatory requirements and maintain proper documentation.

In addition, staff identified potential functionality for consideration as part of a digitization project:

- Digitize documents
- Enable text-based communications
- Create one stop shop for customers
- Establish unique identifier can be created to allow for tracking of status, and see all relevant licenses/renewals and timelines
- Compile list of cross-over farms (where multiple divisions may be completing inspections) and “stack” inspections
- Coordinate inspections to route the next available inspector
- Ability to establish standard timeframes for renewals and inspections
- Customer service solutions such as call center solution and chat bot
- Automation through website

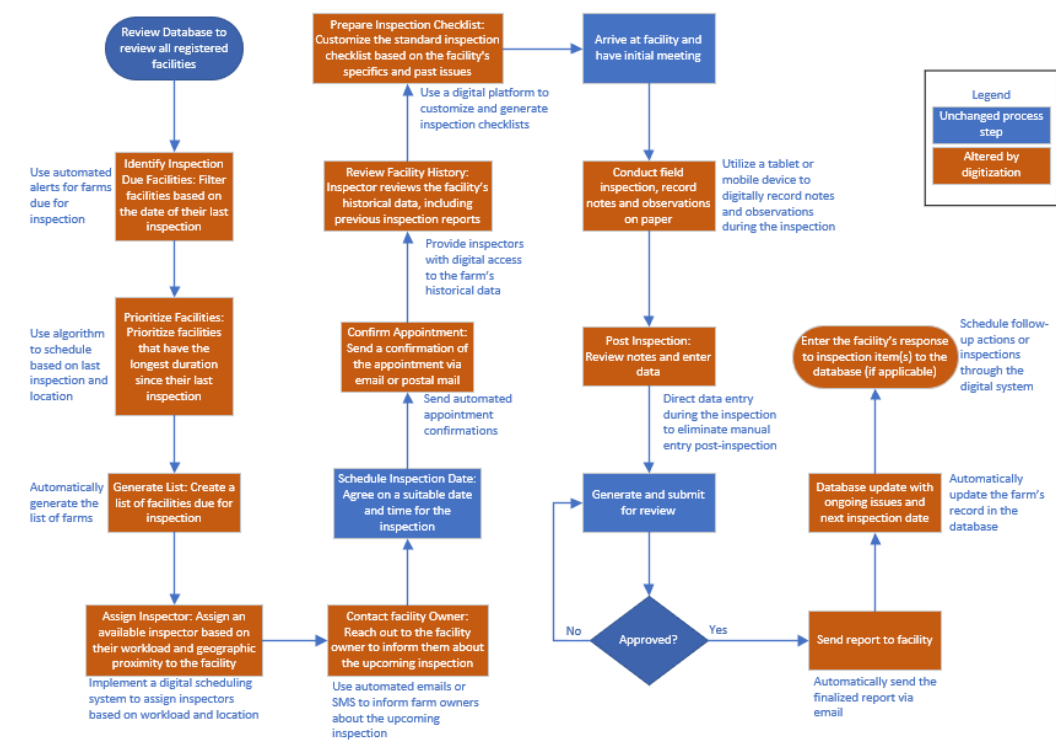
While ADA has multiple processes which can be digitized, the following figures provide an illustrative example of how digitization can be beneficial using the inspection process (used in a variety of situations including investigating complaints, pesticide usage, pest control applicators, etc.). **Figure 7** demonstrates the current state of a general inspection process. **Figure 8** illustrates how that process can be altered and enhanced using technology (with the process steps enhanced with digitalization noted in orange).

***Figure 7 – General Inspection Current State Process Map***





**Figure 8 – General Inspection Future State Map**



ADA is utilizing a division-by-division review to identify opportunities from digitization. While ADA would realize significant benefits from digitizing its current processes alone, a best practice is to conduct solutioning sessions with the impacted staff on how the process could be improved and streamlined using technology, as opposed to focusing solely on digitizing the existing process.

### Implementation Considerations:

**Appendix A – ADA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADA staff and review of other state best practices include:

**Strategies to address potential risks and enable success:** Creation of an interference diagram with department staff (shown in **Figure 9**) provided an opportunity to identify multiple potential risks and barriers to success. An interference diagram is a pictorial representation of the barriers identified by staff (shown in red) in realizing the goal of digitization (shown in blue). The staff also identified strategies to overcome potential risks and enable success (shown in green), including:

- Developing incentives and clearly articulating the benefits of the new digitized tools for ADA’s customers is important for adoption. Other Arkansas departments such as the Department of Finance and Administration have deployed self-service functionality to mirror functions that are performed in DMV offices. Over time, DFA has converted a significant share of its customers to digital self-servers.
- Maintaining non-digital options for stakeholders who will not adopt digital tools (religious beliefs, apprehension, lack of broadband connectivity) will be needed in parallel to the new digital tools.

- ADA should identify all the rule/statutory requirements for hard copy and wet signature and work with the legislature to address some of these requirements so that long-term, more business processes can be digitized.
- There is a need for ADA program and IT leadership to meet with Department of Transformation and Shared Services (TSS) staff to understand the potential for ADA digitization initiatives to overlap TSS' cross-departmental Data Warehouse and Government Services Portal initiatives. In particular, the Government Services Portal initiative seeks to enhance citizen interactions with government and minimize costs and duplication as departments digitize. The intent of this coordination is not to preclude ADA from taking action to digitize now, but to ensure that acting but to ensure that digitization is accomplished in a manner that can be integrated into the Government Services Portal project in the long-term.

**Figure 9 – ADA-7 Interference Diagram**

Identify "big rock" processes by frequency and labor intensiveness to digitize, then digitize those processes that are currently burdensome for department employees and/ or citizens to complete manually



**Recommended steps for expanding use of digitization (future state):**

Based on the anticipated challenges staff identified in the interference diagram, a step-by-step sequencing approach for expanding digitization includes:

**1. System Development and Implementation:**

- Review existing business process, use process mapping to document the “as is” process.
- Identify opportunities for process improvement through digitization and prioritize enhancements (if required based on available resources).

- Collect requirements in collaboration between IT and program leaders; prioritize creation of user-friendly features for the customer’s benefit.
  - Identify a documentation solution that supports easy generation of paper documents. This system should be intuitive and adaptable to the department's specific needs.
- Prioritize system security: Invest in robust security software to safeguard sensitive information. Consider implementing multi-layered protection with both primary and secondary software solutions.
- Assess whether to build or procure for the system.

## 2. Multi-Language Options:

- Explore and implement multi-language options: Research and incorporate multi-language capabilities into customer-facing documentation. This will improve accessibility and inclusivity for diverse audiences.

## 3. Process Optimization and Standardization:

- Streamline the reservation process: Develop clear procedures for the reservation process and share them with new staff. This ensures consistency and efficiency.
- Leverage existing tools: Utilize Outlook for reservations and consider using PowerApps for reservations and communication. This can streamline workflows and reduce manual effort.

## 4. Data Management and Accessibility:

- Centralize data storage: Implement a system to store and manage data in a central location. This will facilitate easy access and retrieval of information.
- Enhance data usability: Convert data into a printable PDF format with the TR1 layout and link to currency converter data. This makes information readily accessible and user-friendly.

## 5. Staff Training and Support:

- Dedicate staff to digital transformation: Allocate resources for staff training and support in digital transformation initiatives. This ensures a smooth transition and ongoing success.
- Review and update rules and laws: Conduct a thorough review of existing rules and laws to identify areas that need to be updated or aligned with digital processes. Collaborate with the Governor's Office (GO) and Legislature to address any necessary changes.

**Alignment of department priorities with staffing and resources:** Digitization will allow staff resources to refocus on mission critical work, shifting time from data entry and other rote tasks that compensate for the manual processes.

**Estimation of any anticipated costs and staffing needs:** The costs of digitization have not been determined. It is anticipated that some projects may be addressed through ADA’s existing budget, but large projects may require ADA to obtain an appropriation. ADA has sufficient staff resources for this project. ADA should consider the costs of implementation in context of the Government Services Portal initiative

**Process changes, associated with implementing changes in the strategic plans:** It is anticipated that process changes will occur across all of the divisions that implement digitization. For example, if a paper-based form is digitized and the accompanying work flow is digitized, the customer experience would change, as would the manner in which staff process the task. It is assumed that while paper form options will likely remain for users who prefer not to adopt digital solutions, ADA would modify its business process to convert paper forms to digital forms so that it could process all forms received using the same digitized workflow.

**Performance metrics to measure success post-implementation:** The success of this initiative can be measured through metrics such as:

- Reduction in Low-Value Added Work: Reduction in low-value-added work and data entry errors
- Decreased time dedicated to processing mail-based forms; Reduced total time processing forms
- Increased employee satisfaction scores through additional survey pulse points
- Increased customer satisfaction scores through additional survey pulse points

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on ADA’s initial analysis and re-evaluation, ADA-7 has the potential positive annual reoccurring financial impact of up to \$385,000, which includes cost savings and cost avoidance opportunities that could be captured in the future. If this value is captured, it 1) may address an already agreed upon budget target, 2) may be reinvested, and/or 3) may be harvested in a budget reduction. This initiative could begin implementation immediately, with benefit being captured in 6 months, and according to staff, completion of this data initiative occurring in 2026.

**Change Management Plan:** Key activities and timing for communication plan are included in **Appendix A – Work Plan**. Key messages for each group of impacted stakeholders are shown in **Figure 10**.

**Figure 10 – ADA-7 Communication Plan**

Audience	Key Messages	Modalities	Owner(s)
External stakeholders	<ul style="list-style-type: none"> <li>• ADA is investing in digitization to improve customer experience.</li> <li>• Summary of new features and how to access them.</li> <li>• Use of these tools is beneficial in many ways, such as reducing the time to process and improving self-service.</li> </ul>	<ul style="list-style-type: none"> <li>• Press release</li> <li>• Website content</li> <li>• Announcements for stakeholder emails</li> </ul>	<ul style="list-style-type: none"> <li>• Alex Johnston</li> <li>• Jeffery Powell</li> </ul>
Internal staff	<ul style="list-style-type: none"> <li>• ADA is investing in digitization to improve customer experience and its ability to deliver on its mission.</li> <li>• These investments will also benefit staff, freeing up time spent on data entry and</li> </ul>	<ul style="list-style-type: none"> <li>• All staff town halls</li> <li>• All staff meetings</li> <li>• All staff emails</li> </ul>	<ul style="list-style-type: none"> <li>• Alex Johnston</li> <li>• Jeffery Powell</li> </ul>

Audience	Key Messages	Modalities	Owner(s)
	compensating for manual processes, to devote to other critical functions. <ul style="list-style-type: none"> <li>• Summary of new features and how to access them.</li> </ul>		

**Initiative ADA #18 - Develop technology roadmap for future of ADA**

This initiative recommends that ADA develop a two-year technology roadmap for the future of ADA which includes, a prioritization of multiple initiatives identified through Arkansas forward, including internal dashboards, digitization of high impact processes, and approximately seven other initiatives. The critical deliverables of this initiative are:

1. A detailed two-year implementation plan with action steps to incorporate the top 7-10 IT projects defined by ADA leaders
2. A robust business case with estimates of resources required to accomplish the two-year plan, and the resulting cost efficiencies/ benefits
3. A plan to obtain approval for additional FTEs, contract labor, or borrowed FTEs from other departments as necessary to accomplish roadmap
4. Owners clearly defined for each action step

**Initiative Overview and Current State:** ADA’s IT Department includes a leader and seven development resources. The department balances projects using existing resources and contractors as needed.

**Rationale:** Multiple, impactful IT projects have been identified for ADA, summarized in **Figure 11**.

**Figure 11 – IT Projects Identified and Prioritized by ADA**

Leadership Team Prioritization	Initiative #	Initiative name	Initiative Description
1	AG-6	Develop dashboard for Department of Agriculture to have greater clarity into key managerial metrics and performance	Internal dashboard
2	AG-6	Develop dashboard for Department of Agriculture to have greater clarity into key managerial metrics and performance	External dashboard

Leadership Team Prioritization	Initiative #	Initiative name	Initiative Description
3	AG-7	Digitize Department paperwork for repetitive and time-consuming operations	Reduce labor hours spent on low value-added work by digitizing paperwork that is burdensome and time consuming for department employees or citizens to complete today (e.g., contracts, purchase requisitions)
4	AG-8	Utilize predictive analytics for optimal service delivery	Utilize predictive analytics to forecast service demand and dynamically adjust staffing levels and schedules to maintain optimal service delivery without overburdening resources
5	AG-9	Automate data transfer between local and federal partners	Identify where ADA operates as a pass-through entity for data submission and structure direct upload capability for local partners (e.g., EPA data from Plant Industries, grant pass-through)
Other priority	AG-4	Optimize citizen interactions including web, call center, and in-person	Map major citizen interactions across websites, call centers, and in-person visits and use resulting data to improve effectiveness/efficiency of citizen interactions
Other priority	AG-10	Assess ROI of marketing spend using data analytics	Use marketing data to assess whether marketing spend that supports AR-produced agricultural goods and services is effective and in-line with private sector benchmarks
Other priority	AG-11	Strengthen and standardize grant management practices to improve the ROI of grants	Review grant funds across the department to determine whether they align with the goals of the state, provide direction on what type of priorities grants should be supporting, and create standard processes and consider shared functions for grant monitoring to ensure subgrantees are using grant funds as agreed to reduce grant fraud and increase grant compliance
Other priority	AG-15	Streamline delivery of county-level programming	Identify divisions and state programs (within and outside ADA) that deploy services and programming at the county level and streamline delivery to improve citizen experience and government efficiency
Other priority	AG-16	Modernize state testing labs	Identify opportunities to automate or simplify processes within state testing labs, and consider collaboration opportunities with labs in other state government departments

The amount of identified IT needs exceeds the available capacity for the department. Development of a plan to prioritize the IT roadmap for the next two years will allow ADA to manage expectations for projects, identify resources, and request appropriations as needed.

## Implementation Considerations:

**Appendix A – ADA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADA staff include:

### Strategies to address potential risks and enable success:

- As noted on ADA-7, there is a need for ADA to meet with TSS staff regarding its technology roadmap to understand how projects may be related to statewide initiatives that are part of TSS' roadmap to prevent duplication and ensure coordination.

### Recommended steps for establishing the technology roadmap include:

- Identifying the strategic objectives for the department as a result of Arkansas Forward and guiding the department for the next two years.
- Prioritizing the list of identified projects.
- Gathering standard information for each project including high level requirements, a timeline, and an estimate of return on investment (net of costs and cost savings). Complete a high-level business case to identify resources needed.
- Identifying and prioritizing internal and external resources needed.
- Developing a detailed project plan.
- Obtaining internal approval.
- Obtaining external approval from Department of Transformation and Shared Services, as applicable.

**Alignment of department priorities with staffing and resources:** Creation of this plan is an important step in ensuring the department's IT projects are aligned to its strategic priorities and efficient allocation of resources. Movement away from project-based approval to a strategic roadmap would support decision-making.

**Estimation of any anticipated costs and staffing needs:** No staffing needs or costs are anticipated to be incurred in the creation of the IT roadmap.

**Process changes, associated with implementing changes in the strategic plans:** No process changes are required to develop the IT roadmap.

**Performance metrics to measure success post-implementation:** The expected impact of this initiative is to improve planning and resource allocation and to ensure a planful, coordinated approach to addressing ADA's IT needs over the next several years. While return on investment should be initially calculated and assessed following implementation of any project on the work plan, their work plan should be considered an independent deliverable.

- Coordination and Approach Effectiveness: Number of coordinated IT projects completed on time
- Planning and Resource Allocation Improvement: Percentage reduction in project planning time
- Return on Investment: ROI percentage of projects implemented

- Work Plan Delivery: Percentage of work plan deliverables completed

**Identification and estimation of any savings the strategic plan could realize once implemented:** There is no anticipated fiscal impact to prepare the technology roadmap. The projects prioritized in the plan may require additional appropriations.

**Change Management Plan:** While individual technology projects (such as initiatives 6 and 7) will have expected change management plans, the initiative to create a technology roadmap is not expected to require its own communication plan.



## Appendix B – Performance Measure Worksheet

1. Measure Name
2. Measure Definition (to include any calculation – numerator, denominator, and other steps required to calculate such as to convert to a percent)
3. Measure type:
  - a. Output
  - b. Efficiency
  - c. Outcome
4. Data source:
  - a. System name
  - b. Relevant data fields
5. Is the measure readily available now?
  - a. Yes
  - b. No
  - c. If no, what business process changes are needed to capture the data and where can the data be housed?
6. What is the goal (benchmark) to use in setting performance?
  - a. Is there a statutory requirement (As an example, if statute requires all investigations to be completed within 30 days of identification, the goal would be 100% within 30 days)?
  - b. Is there an industry standard (As an example, if the average speed to answer in the call center industry is 30 seconds, the goal could be 90% of calls answered within 30 seconds)?
  - c. If no requirement or industry standard, past performance data can be used to set a goal. Performance for the last 3-5 years could be averaged and then an expectation of improvement applied. For example, if the average number of days to complete an investigation is 8 over the last 5 years and there is a desire to achieve improvement of 12%, a goal could be established to complete investigations within 7 days. The rate of improvement should be set based on whether the department wishes to achieve realistic improvement or to use a stretch goal. Past performance data provides context for what rate of improvement to assume (i.e., if the average investigation length has been 8 days for many years, shortening it by 20% to approx. 6.4 days may be too extreme in one year without significant process changes. 5% improvement to 7.6 days may be too small)
7. What amount of history should be shown on the dashboard?
  - a. Year-to-date trend: Shows direction in recent months (can help to identify problems).
  - b. Year-over-year trends: Helps with resource alignment and analysis of system health, as well as setting goals for year-over-year improvement.
  - c. Rolling-12 months: Helps to account for data with seasonality.

# Strategic Management Plan: Arkansas Department of Education

## Overview

Arkansas Department of Education (ADE) provides leadership, support, and service to schools, districts, and communities so every student graduates prepared for college, career, and community engagement. With passage of the 2023 LEARNS Act (SB 294), ADE’s mission expanded to include early childhood, making the department responsible for programs serving the public along the “birth to career” continuum. ADE houses seven primary functions: 1) Elementary and Secondary Education; 2) Career and Technical Education; 3) Higher Education; 4) Early Childhood; 5) the Arkansas State Library; 6) the Arkansas Schools for the Deaf and Blind; and 7) the MLK Commission and Board.

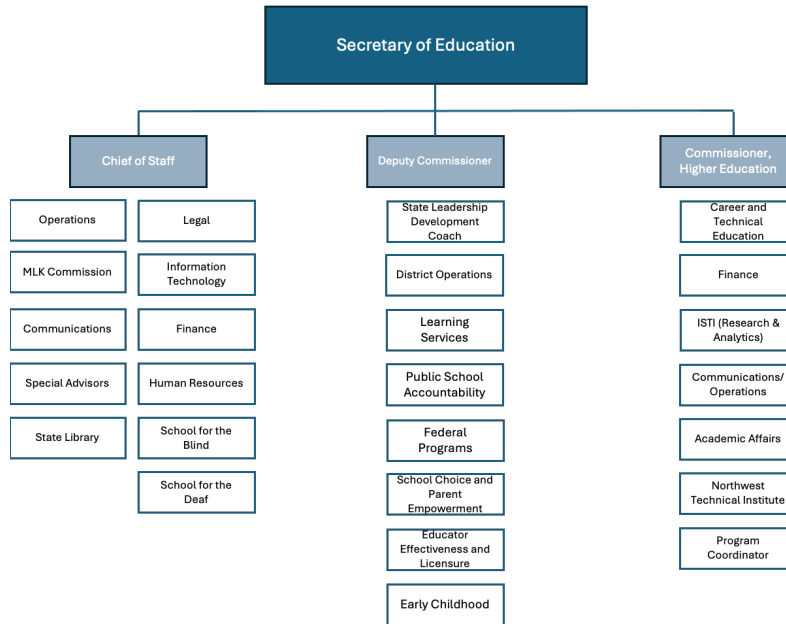
Through the Arkansas Forward project, a 2024 initiative to improve the efficiency and effectiveness of Arkansas’ 15 cabinet-level departments, ADE prioritized areas to improve its organizational structure to strengthen its ability to perform core roles and responsibilities, and prioritized implementation of six initiatives, including three focused on strengthening its team, one on improving stakeholder communication and engagement, and two designed to achieve operational cost savings.

This Strategic Management Plan (“Plan”) memorializes the work completed by ADE during Arkansas Forward, translating the department’s vision into a plan consisting of recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics. A companion project plan (“Work Plan”) provides a more detailed resource to support implementation of the initiatives by ADE’s Arkansas Forward project management team.

## Recommended Organizational Structure

Over the last two years, ADE has experienced organizational changes due to passage of the LEARNS Act in 2023 and transfer of early childhood functions and over 200 staff from the Department of Human Services, among other factors. Secretary Oliva and the leadership team has prioritized creation of a more efficient organization and seek to continue to align the organization’s structure with the department’s core roles and responsibilities, governance, and performance measure goals. The current organization structure shown in **Figure 1**.

**Figure 1 – Current ADE Organizational Structure by Function**



As part of Arkansas Forward, ADE’s structure was reviewed to identify opportunities for redesign in three areas:

- Changes that would support the department’s execution of its mission;
- Changes identified through implementation of Arkansas Forward initiatives; and,
- Changes necessitated by Arkansas’ centralization of certain shared services functions (i.e., information technology, human resources, procurement).

Recommendations based on department interviews include:

- **Changes that would support the department’s execution of its mission:** The department has identified some programmatic areas within its current scope that are not in alignment with its other programs (e.g., the MLK Commission and State Library) as well as potential redundancies with functions outside its scope (e.g., career and technical programs at ADE that are not unlike programs operated by the Department of Commerce). Strategic discussions are needed to ensure appropriate alignment of functions within and outside ADE.
- **Changes identified through implementation of Arkansas Forward initiatives:** Initiative ADE-0 creates an opportunity to review the department’s management structure and Initiative ADE-18 supports realignment of resources to mission critical needs. These items are discussed in greater detail in the sections that follow.

In addition, there are three critical staffing areas where ADE seeks to use some of the cost savings achieved through Arkansas Forward to reinvest in its team to better fulfill its mission. ADE and TSS Office of Personnel Management should collaborate to identify solutions to these challenges, including addressing position grading and funding through the statewide Pay Plan. ADE would require upfront appropriation authority and funding for these needs, including 1) key GS 8 and GS9 positions (where competition with school districts is difficult

to overcome), 2) specialized positions at the School for the Blind and Deaf (i.e., nutritionists), and 3) positions within the early childhood programs that are not graded in alignment with needs. These are areas where ADE struggles to recruit and hire qualified candidates (based on available position grades and starting salaries) and to compete with the private sector. These needs are discussed more extensively in ADE-18.

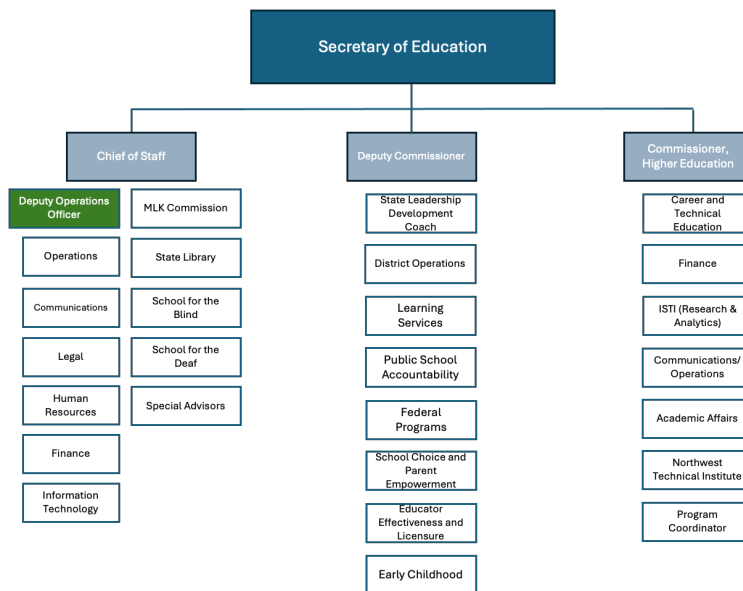
- **Changes necessitated by Arkansas’ centralization of certain shared services functions:** Based on direction from the Steering Committee, Transformation and Shared Services (TSS) will assume responsibility for the Payroll and Help Desk functions statewide, as the first Human Resources and Information Technology functions to transfer to TSS in a statewide shared services model. Additional decisions on sequencing of further functions have not yet been determined.

The recommended organization structure for ADE is shown in **Figure 2**.

Additional recommendations include:

- Each leader should continue to review their organization based on the recommendations identified above.
- For the Chief of Staff, this recommendation includes creating an operations leadership position over the shared services functions and retaining direct reports for four functional areas and the special advisors. This reduces the direct reports almost in half.
- For the Deputy Commissioner’s organization, it is recommended to wait to make additional until recent organizational changes have been implemented fully and can be assessed before their impact. Determine if the Deputy’s direct reports can be grouped in a manner that supports the workflow and reduces the impact to the Deputy.

**Figure 2 – Recommended Organizational Structure by Function**



## Meeting the Vision of an Effective and Efficient Future Department:

ADE leadership has prioritized areas of focus within each division, however additional, detailed work is needed to implement desired changes. Assignment of a dedicated project manager is a key enabling factor that will drive the additional work by supporting the leadership team in taking a disciplined approach to reviewing each division's structure in greater detail.

In addition to making key organization design changes, another critical factor toward achieving a more efficient and effective organization is to the opportunity to review and strengthen policies and procedures, establish standardization, and share best practices for rule promulgation and escalation across divisions. Leadership has identified that there is variation in the rigor of policies and procedures, as well as these additional capabilities, across divisions and program areas. Learning Services, for example, has been identified as a leader in this area that could provide a model to the remaining divisions.

## Key Initiatives Prioritized for Arkansas Forward Implementation

The complete list of the high priority Arkansas Forward initiatives for the department includes:

- ADE-0 – Optimize manager roles and team size for better control and efficiency
- ADE-9 – Coordinate identification and retirement of non-business critical/duplicative applications across all divisions of ADE
- ADE-10 – Collaborate with Director of Building Authority (DBA) to reduce footprint and increase ADE consolidation by end of 2024
- ADE-14 – Redesign ADE's communications strategy
- ADE-17 – Introduce cross-training to enhance staff capabilities
- ADE-18 – Assess ADE's grades and positions to consolidate lower grades and hire fewer but higher-grade jobs, ensuring talent sufficiency

ADE's focus as a department is to achieve cost savings by reducing its non-critical/duplicative technology applications and facilities footprint, and invest in its team and communication strategy to improve service delivery to its stakeholders.

### Initiative ADE #0 - Optimize manager roles and team size for better control and efficiency

This initiative is a primary component of a core Arkansas Forward priority: for each cabinet-level department to build an agile organization. It includes implementation of a tailored and modernized organization to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions. Factors that can impact an organization's effectiveness include managerial spans of control and layers, which can impact the quality of supervision and staff development, the flow of information, and the efficiency of decision-making.

## Initiative Overview and Current State:

ADE's responsibilities transformed significantly under the LEARNS Act, which offers an opportunity to review how staff resources are assigned and ensure alignment with the priorities going forward. The LEARNS Act Expanded ADE's responsibilities to include early childhood programs and ADE has gained several functions from the Department of Human Services (DHS). ADE has already conducted one reorganization of this area, identifying at least two teams where there was an opportunity to combine early childhood and K-12 program staff performing similar work (both to reduce duplication and to bring consistency and shared best practices to both groups of staff). There is a need to review whether additional duplication exists; the Deputy Commissioner and Assistant Commissioner for Early Childhood Programs should collaborate to identify additional opportunities for consolidation.

Secretary Oliva's span of control is focused, organization functions are grouped by each of the three leaders appropriately, and the organization has successfully addressed some of the prior siloing that had occurred through creation of its current teams. However, the organization's design does pose some challenges for leaders because the span of control for the leadership team is large (two have 15 and 17, respectively). The organization previously had an additional report to the Secretary which helped to balance these responsibilities.

**Rationale: Initiative ADE-0 directs ADE to implement a tailored and modernized organization to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions.**

Opportunities identified for improvement based on leadership interviews include:

1. Review the first-line management structures for two of three divisions reporting to Secretary Oliva (Chief of Staff and Deputy Commissioner). Two leaders have large spans of control: 15 and 17 staff, respectively. There is an opportunity to reduce the span of control for both the Chief of Staff and the Deputy Commissioner, by adding a managerial position(s) to share some of this workload. This introduces a new layer into the organization, that may on balance prove beneficial to the organization.
2. Implement a position review for the Early Childhood division and K-12-focused programs to ensure alignment with the LEARNS Act responsibilities and realign staffing as needed.
3. Identify workload metrics to inform the number of staff needed in each position type in the Early Childhood and K-12 programs. One suggestion is to use a time study to collect information on what these positions focus on and how they spend their time to help ADE drive staff toward the highest value activities.
4. Review Early Childhood programs to identify opportunities to reduce duplication and integrate these functions with other K-12 programs (i.e., nutrition programs and special education programs have already been combined, but there may be other opportunities).
5. Review Higher Education division programs for opportunities to address some of the small team sizes through potential consolidation of teams and the movement of some staff from managerial roles to senior level individual contributor roles (with no reduction in pay). This would require OPM-led changes to Arkansas' personnel structures to create senior individual contributor roles, which the state does not have today.

**Implementation Considerations: Appendix A – ADE Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADE staff include:

**Strategies to address potential risks and enable success:**

- Assignment of a project management resource to this initiative would help the leadership team to conduct the additional analysis needed to implement improvements to its organization design.
- Support from a data analytics resource would assist this effort, as ADE seeks to measure workload in a more quantitative manner including through the use of time studies or leveraging existing metrics. For example, for staff that work in the schools, the metric may be number of students served per unit of time.
- Support for change management from Secretary Oliva could increase the organization's readiness for reorganization. In town hall meetings, all staff emails, and other forums, the Secretary can reinforce the importance of becoming a more agile organization while providing reassurance that staff members have a role in this new organization, even if it is not the same role they fill today.
- Use surveys and focus groups as appropriate to collect staff feedback during and after the organization changes to support change management monitor the effectiveness of the implementation.

**Recommended steps for implementing new organization structure (future state):**

- Identify project manager for agile organization initiative.
- Review each division's organization chart (complete), including for span of control issues.
- Highlight areas for prioritized attention (complete).
- Each division leader to work with their team to conduct position review in alignment with LEARNS Act.
- Each division leader to identify workload metrics to use in assessing the size of the team.
- Conduct time studies as appropriate.
- Each division leader to present recommendations for their organization to Secretary Oliva for approval.
- Project manager to develop more detailed implementation plan for approved recommendations.
- Develop communication plan for impacted staff.
- Implement recommendations.

**Alignment of department priorities with staffing and resources:** Addressing the critical staffing needs above and completing and implementing changes to its organization structure supports ADE's execution of its mission.

**Process changes, associated with implementing changes in the strategic plans:** ADE leadership staff identified a need for more rigor in process and policy, particularly in areas of issue escalation. If division staff, particularly within the K-12 and Early Childhood programs are able to

strengthen policy and adherence to it, this supports the larger span of control for the organization’s leaders.

**Performance metrics to measure success post-implementation:**

Proposed metrics to assess the impact of this initiative include:

- **Managerial Span of Control:** Measure the average number of direct reports per manager and track the percentage increase or decrease over time.
- **Management Layers:** Count the total number of hierarchical layers between the Secretary of Education and front-line employees and track the reduction in layers.
- **Employee Satisfaction:** Conduct employee surveys to measure satisfaction scores related to management support and role clarity, tracking the average score improvement over time.

In addition to these measures, surveys could be utilized for impacted staff during the transition to identify and address any issues or concerns.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This change is expected to have a fiscally neutral impact (positions would be converted from managerial roles into contributing roles but at a comparable pay grade). This would require OPM-led changes to Arkansas’s personnel structures to create senior individual contributor roles, which the state does not have today.

**Change Management Plan:** **Figure 3** includes key communication tasks to implement ADE-0. Key activities and timing for communication plan are included in **Appendix A – ADE Work Plan**.

**Figure 3 – ADE #0 Communication Plan**

Audience	Key Messages	Modalities	Owner
Staff impacted by changes	<p>When announcing time study, messaging can include:</p> <ul style="list-style-type: none"> <li>• We are conducting a study to help us determine how we focus our resources and spend our time, and to ensure that going forward, we focus on the right things.</li> <li>• We will also gain helpful information to inform future process improvement.</li> <li>• Your cooperation and diligent reporting is essential to the success of this effort.</li> </ul>	<ul style="list-style-type: none"> <li>• Staff emails to announce time study.</li> <li>• Town hall.</li> <li>• Face-to-Face team meetings with leadership, future manager, and former manager.</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Oliva</li> <li>• Impacted Division Leader</li> <li>• Communication Team</li> </ul>



Audience	Key Messages	Modalities	Owner
	When communicating staff changes: <ul style="list-style-type: none"> <li>• These changes are to strengthen our team, support collaboration, and enable more efficient decision-making.</li> <li>• Detailed description of changes, including specific changes for every team impacted by the reorganization: new manager is [insert]; former manager is moving to [role]. Everyone continues to have a place on the team.</li> </ul>		
Other ADE staff (not directly impacted)	<ul style="list-style-type: none"> <li>• These changes are to strengthen our team, support collaboration, and enable more efficient decision-making.</li> <li>• High level summary of changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• All staff email.</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Oliva</li> <li>• Impacted Division Leader</li> <li>• Communication Team</li> </ul>

**Initiative ADE #9 – Coordinate identification and retirement of non-business critical/duplicative applications across all divisions of ADE**

This effort could be accomplished in a phased approach:

1. Initial assessment to gather application data and walk through assessment criteria (e.g., business criticality)
2. Identify and finalize candidate applications
3. Sunset plan and timeline for each application
4. Track value capture with TSS (e.g., reduction or reinvestment of contract hours)

**Initiative Overview and Current State:** ADE’s organization has grown over time, including through the addition of other department programs to ADE (such as the Office of Early Childhood, which was transferred from the Department of Human Services). To fulfill its mission, ADE’s programs have built and purchased many applications to support business needs. Today, ADE maintains approximately 125 applications, with an annual budget of \$7.5-\$10 million (the amount has varied based on the maintenance and new development required in a given year). Based on national benchmarking, Arkansas is in the top quartile of states in terms of spending on applications, suggesting an opportunity for departments such as ADE to review these applications not only to identify cost savings opportunities, but also to ensure resources are aligned strategically with department priorities.

This set of applications includes multiple aging and/or duplicative applications, with examples including:

- KidCare, with 5 applications related to child care;
- IndaStar and various other manual processes for grant applications for school districts; and,
- Cognos business intelligence tool to support management in making decisions.

ADE's Chief Information Officer (CIO) has begun to meet with ADE' Secretary, Chief of Staff, Chief Financial Officer, and Deputy Director on a quarterly basis to review and prioritize applications for replacement and retirement. Out of this process, ADE has begun at least one new project to retire an application (create child care replacement system which would allow the KidCare application to be retired). The intent of this initiative is that ADE build on this work and undergo a more rigorous prioritization exercise that would result in changes in resourcing and potentially sunseting more applications if appropriate.

**Rationale:** Initiative ADE-9 directs ADE to develop a strategy for the coordinated replacement and retirement of non-business critical and duplicative applications given that:

- Aging applications, particularly those that continue to be operated by third parties, are more expensive to maintain;
- There is an opportunity to streamline applications and replace legacy systems with recent organizational changes (i.e., KidCare which was built on behalf of DHS); and,
- There is an opportunity for improved stakeholder experience by adding functionality to the new applications. For example, because many of the existing applications were built as ADE internal-only tools, they lack a customer-facing portal. When the KidCare application is retired and new child care application is launched, it will include a public-facing portal.

ADE has developed a plan to retire the following applications over the next year:

- KidCare to be replaced by Child Care Replacement (CCR) web-based system, by November 2024;
- 17 grant applications, including the IndaStar system, which are used by school districts for grant applications, with be replaced by a new application called "ARApp" (as mandated by the LEARNS Act) in 2025; and,
- Cognos business intelligence tool to be replaced eventually by a combination of Snowflake, PowerBI, and Tableau, timeline TBD.

In addition to these applications, ADE will undergo a more rigorous analysis to identify savings opportunities in the following areas:

- Infrastructure and Operations Information Systems – ADE IT leadership will catalog all ADE applications and current development and maintenance resourcing to produce a complete picture of the department's application footprint;
- District Operations – ADE IT will work to reduce licensing costs for the many applications offered to school districts.

- Software-as-a-Service (SaaS) – ADE will review SaaS subscriptions (such as Adobe) and consider the number of licenses actually required and most cost-effective means of purchase (such as State’s Master Outline Agreement).
- Other savings will be pursued related to the State’s Computer Purchase Program and achieving process improvement through digital Transformation savings.

### **Implementation Considerations:**

**Appendix A – ADE Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADE staff and review of other state best practices include:

#### **Strategies to address potential risks and enable success:**

- Approval of IT Resources: ADE has requested additional IT resources through Office of Personnel Management. If ADE does not have the internal bandwidth to complete these projects, it will use contracted resources at a higher cost.
- There is a need for ADE program and IT leadership to meet with Department of Transformation and Shared Services (TSS) staff to understand the potential for external portal creation to overlap TSS’ cross-departmental Data Warehouse and Government Services Portal initiatives. In particular, the Government Services Portal initiative seeks to enhance citizen interactions with government and minimize costs and duplication as departments digitize. The intent of this coordination is not to preclude ADE from taking action to comply with the LEARNS Act, but to ensure that this is accomplished in a manner that is complimentary with TSS’ vision.

#### **Recommended steps for replacing and retiring ADE legacy systems future state):**

- Establish a review process to prioritize applications for replacement and retirement (ongoing).
- Catalog all ADE applications and current development and maintenance resourcing to produce a complete picture of the department’s application footprint;
- Identify and prioritize applications for replacement. Consider costs to maintain, number of staff and external stakeholders impacted, and other criteria.
- Research potential market solutions to replace these applications to determine if ADE will purchase or build the replacements.
- For high priority applications identified and prioritized, complete a high-level order of magnitude analysis to identify expected costs and benefits (return on investment) from replacement and identify resource needs.
- During the requirement gathering phase, IT to facilitate business process reengineering is discussed before plans are confirmed for any development.
- Create a plan to summarize roadmap of expected applications for retirement over next two years.
- Present the streamlined applications plan to Secretary Oliva for approval and feedback.
- Present plan to colleagues at Transformation and Shared Services Department of Information Services for feedback and to ensure alignment with statewide strategy.

- Identify funding needs and availability.
- Gather requirements to replace impacted applications.
- Impacted ADE divisions should map the “as is” and “to be” processes impacted by the application to identify opportunities to streamline its work.
- For each application, develop a project plan.
- Negotiate any contracts with software vendors for the new solutions, ensuring favorable terms and compliance with state procurement guidelines.
- Develop a communication plan to inform stakeholders of the replacement timeline.
- Develop training resources for internal and external users (videos, tutorials, frequently asked questions).

**Alignment of department priorities with staffing and resources:** ADE has an internal information technology team led by its Chief Information Officer available to develop new applications on ADE’s behalf. The CIO balances the bandwidth of the internal team with augmentation by consultant resources to meet ADE’s IT needs. To the extent that replacement and retirement of its applications can be spread out over time, ADE can take on a significant portion of the development needed internally within existing resources. ADE has an in-process request with Office of Personnel Management to expand its team resources.

**Process changes, associated with implementing changes in the strategic plans:** As ADE builds new applications, particularly when creating new functionality for the public such as a public-facing portal, there is an opportunity for manual business processes to be replaced by more efficient, technology-enabled processes. Each division impacted by an application process should use process mapping to document the current process as a baseline and solution with the team how introduction of the new technology capabilities may inform process improvement. This work should occur in parallel to requirements gathering to inform design of the new application. A key step included in the work plan is for the IT Department to facilitate business process re-engineering in partnership with the Chief of Staff and impacted program areas before completion of requirement gathering to ensure that the new applications developed do not only reflect the current state, but rather support process improvement.

**Performance metrics to measure success post-implementation:**

- Reduction in the number of active IT applications (potential for [20%]+ reduction)
- Decrease in annual IT spend by optimizing software licenses and maintenance costs

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on initial estimates, ADE-9 has the potential for a significant positive financial impact. While the full impact will be available upon completion of an application review process (including for software as a service), the IT department has estimated an annual savings of \$1.2 million. For applications that are eliminated and/or replaced, any expected savings from reducing use of vendors to manage would be offset against costs of development for ADE’s IT Department. In addition, some cost savings may not be available for capture and redirection, as some of this funding would be federal funds and would be available for reinvestment in certain restricted program areas.

**Change Management Plan:** Depending on the applications identified for replacement, this initiative will affect internal ADE staff and external stakeholder groups (e.g., KidCare will impact child care stakeholders). This will necessitate comprehensive communication and training plans. ADE has an opportunity to promote this initiative as a “win” for the many stakeholders who engage with ADE. **Figure 4** summarizes some of the key activities for communication plan; more detail is included in **Appendix A – ADE Work Plan**.

**Figure 4 – ADE #9 Communication Plan**

Audience	Key Messages	Modalities	Owner
All Staff	<ul style="list-style-type: none"> <li>ADE is embarking on a project to modernize its applications, with the goal to improve efficiencies for staff and the public.</li> <li>This investment will help ADE better fulfill its mission.</li> </ul>	Staff emails	Communication Team
Impacted Staff	<ul style="list-style-type: none"> <li>[INSERT NAME] application will be retired (provide timeframe).</li> <li>A new application will be built with your support and expertise.</li> <li>The expected features of this new system include [insert].</li> <li>Training will be provided to support you in this transition.</li> </ul>	Staff emails	Communication Team
Public	<ul style="list-style-type: none"> <li>ADE is embarking on a project to modernize its applications, with the goal to improve efficiencies for staff and the public.</li> <li>This investment will help ADE better fulfill its mission.</li> <li>The impacted applications include [insert].</li> <li>New features include [insert].</li> <li>Training resources will be available including [insert].</li> </ul>	Social media, website, and press releases, stakeholder emails, stakeholder meetings (all channels).	Communication Team

**Initiative ADE #10 - Collaborate with Director of Building Authority (DBA) to reduce footprint and increase ADE consolidation by end of 2024**

Support DBA efforts to increase Little Rock office occupancy and right-size total real estate portfolio by:

- Analyzing data on leased and owned properties (e.g., # of assigned personnel, # of total seats)
- Participating in strategic planning exercises
- Collaborating with DBA to reduce footprint

**Initiative Overview and Current State:** As ADE has grown in responsibility and staff, ADE’s team has become dispersed across multiple locations in Little Rock, which includes 4 buildings that ADE owns and 11 where ADE leases property from other State of Arkansas departments. ADE expends \$4.3 million in annual rent and mortgage payments and \$2.0 million in annual operating costs for the buildings it owns.

**Rationale: ADE-10 directs ADE to consolidate its facility footprint within 2024 in collaboration with DBA.** Consolidation of ADE’s footprint within 2024 is a “quick win” for Arkansas Forward. Not only will this consolidation into fewer buildings enhance staff collaboration through co-location (e.g., pair college and university education and career/technical tract staff and early childhood program and pre-kindergarten staff), but also this represents a cost-effective strategy for ADE to reduce its rent payments to enable reinvestment into its programs to benefit Arkansans.

ADE’s leadership team and DBA have developed a plan for three moves, impacting a total of approximately 321-328 staff, during the remainder of 2024. **Figure 5** provides a summary of this plan to move staff out of three buildings (the Donaghey, Main Street, and Victory Buildings) mostly into 2 Capital Mall, a building currently owned and utilized by the Department of Commerce (ACOM). DBA is working with ACOM to support its move, which would open space at 2 Capital Mall for ADE. ADE and ACOM are entering into a Memorandum of Understanding (MOU) to enable ADE to move its staff into the building while it remains under the partial use and ownership of ACOM. Eventually, with federal and state approval, the building will be sold to ADE.

**Figure 5 – ADE 2024 Staff Relocations**

Move	Detailed Relocation	Date
1. Move ADE staff out of DHS (Donaghey Plaza) and 4 Capital Mall	1a. Relocate 79 Early Childhood staff from DHS (Donaghey Plaza) to 2 Capital Mall 1b. Relocate 10 Early Childhood staff from 4 Capital Mall to 2 Capital Mall 1c. Relocate 40 Pre-K Child Nutrition staff from DHS (Donaghey Plaza) to 2 Capital Mall = 129 total staff 1c. Relocate 26 Part-C Federal Programs for Early Childhood staff from DHS (Donaghey Plaza) to the ground floor of 2 Capital Mall = 26 total staff	July 8-12, 2024 (Complete)
2. Move ADE staff out of Main Street	3a. Relocate 42 ADHE staff from Main Street to 3 Capital Mall 3b. Relocate 10-15 IT staff from Main Street to the 5 <sup>th</sup> floor of 2 Capital Mall 3c. Relocate 15-16 eFinance staff from Main Street to the 5th floor of 2 Capital Mall 3d. Relocate 15-16 eSchool staff from Main Street to the 4th floor MAC building = 82-89 total staff	September 30, 2024
3. Move ADE staff out of Victory Building	4a. Relocate 66 ADE staff special education and 18 federal programs staff from Victory Building (1401 W Capitol Avenue) to 2 Capital Mall = 84 total staff	December 31, 2024

ADE has an assigned project manager, who is working closely with a project manager at ACOM and the team at DBA to manage these moves. The first move was completed the week of July 8-12. For each move, a series of steps will be executed to communicate with impacted staff, run background checks for impacted staff (a requirement for any staff collocating with ACOM staff), ensure the packing and moving of equipment occurs, contract with moving company, and reconnect equipment.

## **Implementation Considerations:**

**Appendix A – ADE Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADE include:

### **Strategies to address potential risks and enable success:**

- Continue to collaborate with DBA through sale of the 2 Capital Mall building. Completing this step will allow ADE to purchase the building, which is essential for the ADE to realize the financial benefit (the annual mortgage payment is expected to be less than the rent ADE pays for the impacted staff).
- Begin planning for background checks earlier in the process for subsequent moves. The background check step requires staff to complete paperwork timely and sufficient time to process the request prior to scheduled moves. If staff are unable to complete their background check successfully, it delays their move.

### **Recommended steps for completing anticipated 2024 building moves:**

ADE has completed the following preliminary steps:

- Developed moving plan
- Identified project managers at ADE
- Initiated execution of MOU with ACOM
- Initiated collaboration with DBA over sale of 2 Capital Mall Building

ADE has a work plan for each move, that includes the following steps:

- Conduct planning: Ensure there is space for each target move in the determined new location, Review floor plans to estimate available space per FTE, Determine exact positions and people impacted by each move.
- Work with Maintenance to design new Layout and Installation plan.
- Inform IT about move to ensure adequate planning for staff technology needs.
- Configure new space (IT) when existing staff have vacated the move.
- Communicate the move date and instructions to impacted employees.
- Complete employee background checks.
- Ensure employees follow timing and directions of packing belongings and equipment.
- Identify moving company.
- Ensure moving company moves belongings on project timeline.
- Complete equipment set up at each workstation and devices reconfigured.

**Alignment of department priorities with staffing and resources:** This project does not impact ADE's staffing level. The department continues to use a dedicated project manager to support future moves and ensure planning and communication is ongoing.

**Process changes, associated with implementing changes in the strategic plans:** The business processes of the Facilities Team, which reports to ADE's Chief Financial Officer, will change when the portfolio of properties it maintains changes. Once each building move is complete, the



responsibilities of the Facilities Team should be reassessed and realigned because there is no longer a need to support some of its existing properties and there will be a need to support 2 Capital Mall, which has some specialized facility needs (e.g., boiler room). In addition, ADE should work with ACOM to address overlap, as there are Facility staff based in 2 Capital Mall currently who may remain assigned to the building (transferring from ACOM) or who may move to a new ACOM facility.

**Performance metrics to measure success post-implementation:**

- Net expenditure for rent and mortgage (annual) – This initiative is intended to reduce lease expenditures and result in a net reduction in the total annual expenditure for rent and mortgages.
- Commute time for employees through co-location – Assuming each employee commutes 10 minutes (one-way), one-time per week for a meeting in another building, this has the potential to save approximately 5,000 employee hours per year.
- Employee satisfaction – This initiative is expected to increase employee satisfaction from colocation with peers.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on initial ADE estimates, ADE-10 has the potential positive annual reoccurring financial impact of \$190,000 (which assumes a net savings from reducing rent compared to expected mortgage payments and operating costs). This estimate is based on analysis of the current rent costs per square foot of rental buildings (i.e., the Donaghey and Victory buildings) and the expected purchase price and operating costs of 2 Capital Mall. If this value is captured, ADE staff anticipate it will be reinvested into department programming. This initiative could begin implementation in 2024.

**Change Management Plan:** This initiative impacts staff in a variety of ways, including that it allows for co-location of staff working in similar functional areas and will enhance collaboration, as well as it may impact staff commutes and parking (which could be positive or negative). ADE’s project manager is handling communication with staff about each move to ensure they understand the timelines. There may be a need for ADE Secretary Oliva and the leadership team to reinforce the positive impact of the moves through staff emails and town halls.

**Figure 6** includes key activities and timing for communication plan are included in **Appendix A – ADE Work Plan**.

**Figure 6 – ADE #10 Communication Plan**

Audience	Key Messages	Modalities	Owner
Impacted Staff	<ul style="list-style-type: none"> <li>• Key dates of the move impacting their unit.</li> <li>• Reinforcing positive benefits of colocation.</li> </ul>	Email. Town halls and/or division meetings.	Secretary Oliva Greg Rogers Impacted division leads

**Initiative ADE #14 – Redesign ADE’s communications strategy**

Redesign ADE’s communications strategy with external stakeholder groups (e.g., superintendents, parents) to ensure communications have the desired impact, while also improving the efficiency of how ADE sends communications today:



1. Diagnose the current state of communications sent by ADE today and identify target audience pain points
2. Design the future-state communication strategy based on pain points and gaps in the current approach

**Initiative Overview and Current State:** Based on its mission and programming, ADE has a critical need to communicate with several core audiences including:

- General Public
- Teachers (pre-k through higher education) and Teachers in training
- Parents
- Elected officials (state, local)
- Higher education leaders
- Superintendents
- Principals and other school leadership
- Students
- Media
- Local school communication directors
- Advocacy groups and associations
- Early childhood and child care stakeholders
- School boards
- Retiree

Today, ADE uses a multi-channel approach to external communication, with three primary methods including social media, website, and press releases. Other methods include a list serve for school district audiences and presentations to stakeholder organizations.

Through work sessions with division staff and leadership, three key tools were created for the external communication process: 1) a Suppliers, Inputs, Process, Outputs and Customers (SIPOC) diagram to capture key information about external communication, 2) a Strategic Compass to identify the goal of the external communication process and high-level implementation steps, and 3) a more detailed current state process map. The four diagrams are shown in **Figures 7-10** and key findings include:

**Figure 7 – ADE External Communication Suppliers, Inputs, Process, Outputs, and Customers Diagram**

Suppliers	Inputs	Processes	Outputs	Customers
<ul style="list-style-type: none"> <li>• Audit Sources</li> <li>• Auditee Leadership</li> <li>• Staff leadership + watershed via leadership</li> <li>• Internal via websites, Youtube, Press, Governor’s Office, etc.</li> <li>• Governor’s Office</li> <li>• Secretary</li> </ul>	<ul style="list-style-type: none"> <li>• Vetted content</li> <li>• Mediums</li> <li>• Approval</li> <li>• Stakeholder engagement</li> <li>• Distribution Lists</li> <li>• Release Forms</li> <li>• FOIA</li> </ul>	<ul style="list-style-type: none"> <li>• Need to communication</li> <li>• Decide on a medium</li> <li>• Generate content</li> <li>• Approvals/Routing</li> <li>• Release is scheduled</li> <li>• Release</li> <li>• Document/Preserve communication</li> </ul>	<ul style="list-style-type: none"> <li>• Content release typically multiple at once</li> <li>• Website/social media, press release, communication release, Secretary message, GO in person presentation, State Board meetings, media, streaming, research</li> </ul>	<ul style="list-style-type: none"> <li>• Teachers</li> <li>• School Boards</li> <li>• Superintendents</li> <li>• Parents</li> <li>• General Public</li> <li>• Students</li> <li>• Retirees</li> <li>• Advocacy groups</li> <li>• Media</li> <li>• Local school communication directors</li> </ul>

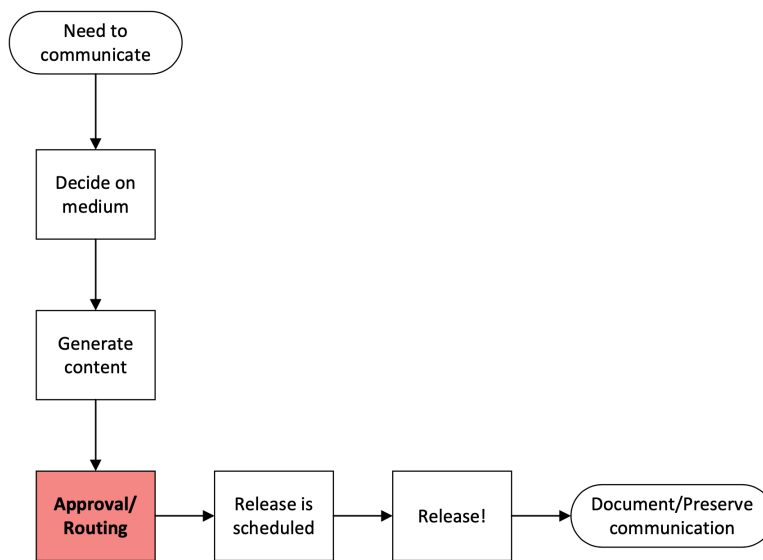
Suppliers	Inputs	Processes	Outputs	Customers
<ul style="list-style-type: none"> <li>• Focus Group Engagement Unit</li> <li>• Team over Topic</li> <li>• AAEA</li> <li>• People we've communicated with</li> <li>• Subjects</li> </ul>			reports, text messaging services, FOIA	

Source: Developed in work session with ADE staff in June 2024.

**Figure 8 – External Communications Strategic Compass**

**ADE-14 External Communications Strategic Compass**

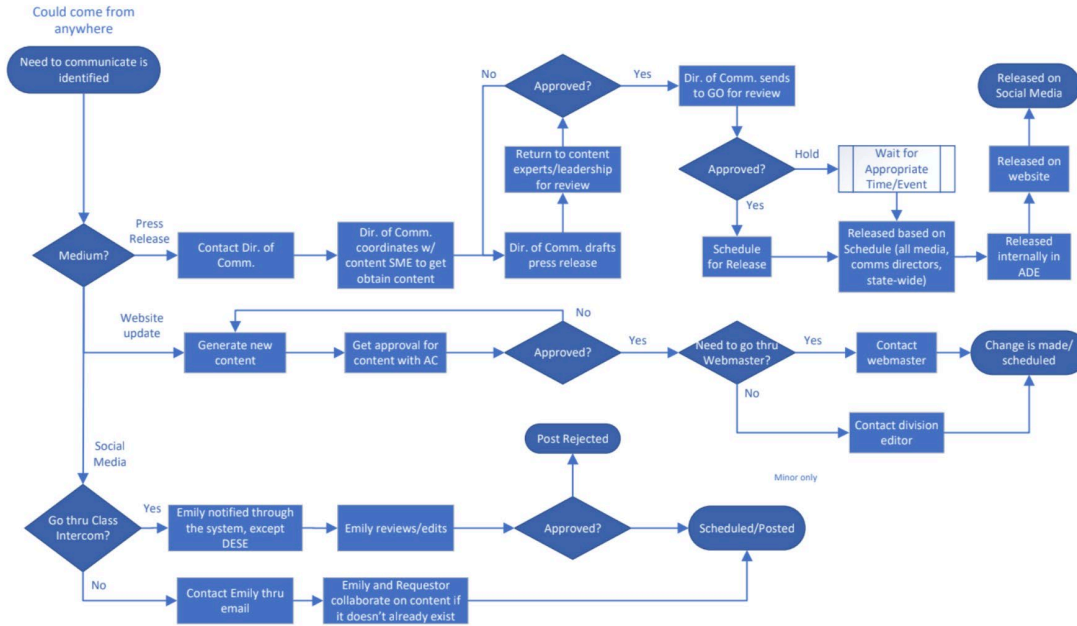
**Goal:** Communicate clear, accurate information to relevant stakeholders in a timely manner to develop trust, transparency, and engagement in the Department of Education.



Source: Developed in work session with ADE staff in June 2024.

**Figure 9 – Existing External Communication Process**

**ADE-14 – External Communications – Current State Map**



Source: Developed in work session with ADE staff in June 2024.

**Rationale:** Improving communication with its stakeholders has long been an ADE priority. Over time, there have been prior initiatives to improve communication such as the 2018 Arkansas Family and Community Engagement Framework (FACE), which was developed by Arkansas Department of Education (ADE) in partnership with the State Board of Education, the Arkansas Family and Community Engagement Coalition, Department of Human Services: Division of Child Care and Early Childhood Education, and Arkansas stakeholders, to improve communication between families, schools, and communities. More recently, with passage of the LEARNS Act, ADE invested in a transparent website providing detailed progress on the implementation of the legislation and its impact on stakeholders. Despite this emphasis and commitment to communication, there remain many gaps in the existing internal communication strategies. In focus group with ADE staff, multiple opportunities for improvement were identified:

- ADE lacks a robust, comprehensive distribution list for all stakeholders. Existing list serve distribution lists are not up to date.
- ADE does not have a clear method to communicate in emergencies. There is a need to establish a crisis management and post-disaster communication plan. The absence of this system was experienced in 2023 during a tornado.
- ADE lacks some channels of communication that would be effective for many of its stakeholders. For example, there is no mass text message option today (this requires opt-in).

- Certain channels are over-relied on and limited in utility. For example, the volume of emails makes email not ideal for certain audiences (teachers and students).
- The website is a primary communication channel, but has some challenges: links are broken, site difficult to navigate, and overall, the site is not user-friendly.
- Stakeholders do not know where to go to find information. This is especially true for certain groups such as parents.
- If ADE cannot control its messaging, there is a risk of messages being misrepresented by news outlets and other groups. Reaching intended audiences directly is critical to avoid misrepresentation and misinformation shared on social media and other outlets.

There are multiple examples of how state education agencies have supported communication directly and between school districts and their stakeholders.

- The Center for American Progress did a US-wide review of communication strategies in schools and the article includes state level recommendations on how states can support this communication by providing technical assistance to school districts on parent engagement.<sup>1</sup>
- Hanover Research published best practices for districts and schools in communicating with their stakeholders, which can also be applied to entities such as ADE. This review included recommendations for communication frequency by audience and channels for communication (i.e., primarily the same that ADE uses including website, social media) and emergency communication including defining roles and responsibilities for multiple functions during an emergency (e.g., team lead, spokesperson, and staff coordinator).<sup>2</sup>
- Statewide Longitudinal Data Systems issued a best practices report on communication “dos and don’ts” for state education agencies. An excerpt includes:<sup>3</sup>
  - Do: Identify and engage stakeholders early; be inclusive; follow through on commitments; acknowledge stakeholder needs/differences and tailor approach; and give stakeholders credit for system design.
  - Do not: Engage in large-scale open forums; fail to acknowledge political environment; fail to follow through.

Some states have also developed unique programming to better outreach to parents, a key stakeholder group. **Figure 10** illustrates some of these strategies:<sup>4</sup>

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<sup>1</sup> Meg Banner and Abby Quirk, American Progress, “One Size Does Not Fit All,” 2020, <https://www.americanprogress.org/article/one-size-not-fit/>

<sup>2</sup> Hanover Research, “Communication Strategies for Districts and Schools,” September 2020, <https://wasa-oly.org/WASA/images/WASA/6.0%20Resources/Hanover/Hanover%20Research---Communication%20Strategies%20for%20Districts%20and%20Schools.pdf>.

<sup>3</sup> SLDS, “Best Practices Brief: Stakeholder Communication Tips from the States,” May 2011.

<sup>4</sup> Comprehensive Care Network, Topical Brief, “State Approaches to Parent Family Engagement.”

**Figure 10 – Excerpt of State Strategies to Support Parent/Family Engagement**

Approach	Description
<p><b>Frameworks, toolkits, or models</b></p> 	<p>Six states (CA, IL, LA, MD, MI, NE) have frameworks, toolkits, or models to address parent engagement. These resources are developed by SEAs or State Boards of Education for districts, schools, families, and community members and highlight the need to create a welcoming environment.</p>
<p><b>Parent Advisory Councils</b></p> 	<p>Four states (GA, NV, ND, WI) and Washington D.C. have Superintendent Parent Advisory Councils that can provide feedback on SEAs’ policies and share their experiences. Across the states, council member terms can range from 1-3 years. In Georgia, parents are nominated by LEAs and are selected “based on their capacity to lead, current levels of involvement in their child’s school, and responses to application questions.”<sup>5</sup> This approach differs from the frameworks, toolkits, or models because it allows for two-way communication between the SEAs, parents, and families.</p>
<p><b>Family Engagement Offices</b></p> 	<p>Two states (NV, VA) have dedicated family engagement offices. These offices are situated outside of the Title I, Special Education, or other departments. Nevada’s Office of Parental Involvement &amp; Family Engagement helps schools and districts develop family engagement strategies, plans a biennial summit, and works with the advisory council.</p>
<p><b>Family Engagement Grant Awards</b></p> 	<p>North Dakota awarded family engagement grants to 13 school districts “to increase family engagement in schools and communities by implementing and enhancing highly effective family engagement programs and activities to improve student academic achievement.”<sup>6</sup></p>

Source: This figure is reprinted from the Comprehensive Care Network’s Topical Brief on Parent Engagement.

**Implementation Considerations:**

ADE staff identified barriers and risks to implementing improved stakeholder communication, summarized in **Figure 11**.

**Figure 11 – ADE Staff Interference Diagram**



Source: Developed in work session with ADE staff in June 2024.

Staff prioritized the four most pressing issues:

- Do not have robust distribution list for all stakeholders
- Do not have clear method to communicate in an emergency
- Parents do not know where to go to get information
- Messages are sometimes misrepresented by news outlets and groups

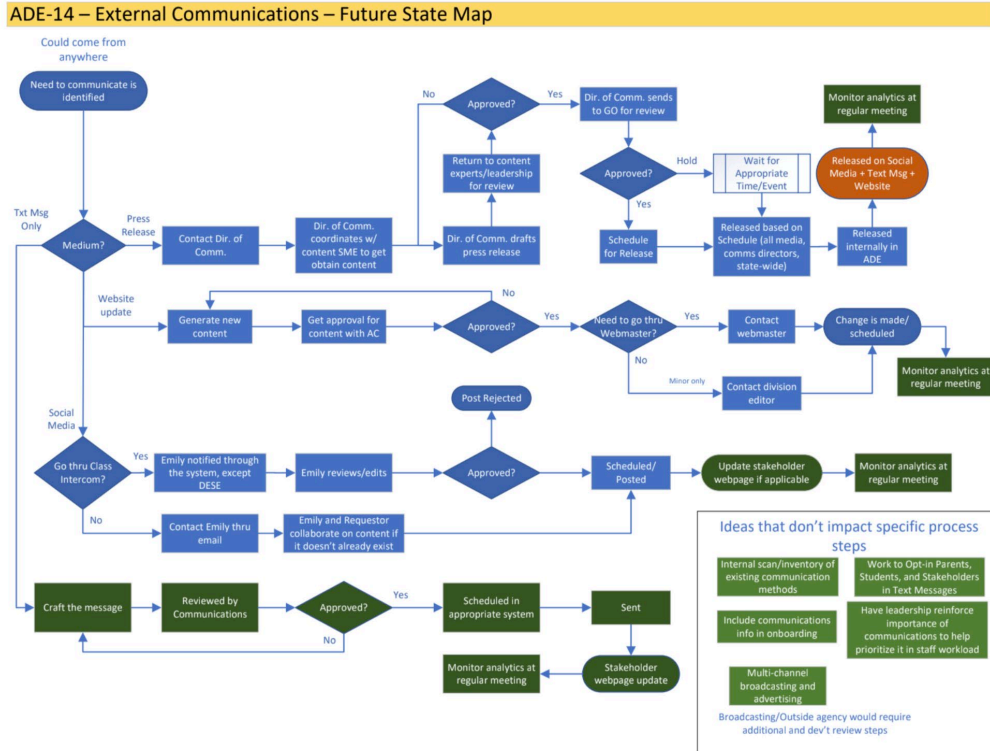
**Strategies to address potential risks and enable success:**

- Create an opt-in text messaging program (possibly a general and specialized programs). This addresses the distribution list and can pre-empt misinformation.
- Establish a state emergency communication plan.
- Once a comprehensive set of strategies to improve stakeholder communication is identified, use a widespread campaign to increase knowledge and promote use of these channels.
- Consult stakeholders in the design of new communication strategies. Methods to solicit stakeholder input such as surveys focus groups, and interviews should be used to capture input from each of the core stakeholder groups.

**Recommended steps for establishing new external communication strategies (future state):**

Based on a process mapping session with ADE leadership and staff, **Figure 12** presents the future state process, with changes noted in green and red. In sum, this process includes proposed changes in message development and implementation of greater use of analytics to monitor messaging post-release. In addition, the process map includes identification of additional components or steps that staff have identified as high value in improving stakeholder engagement. This process improvement is intended to be augmented through ideas generated by specific stakeholder groups, as recommended in the action plan.

**Figure 12 – Future State External Communication Process**



Source: Developed in work session with ADE staff in July 2024.

To achieve this future state, the following steps are suggested to move the work forward:

- Conduct research with each target audience group.
- Design the ideal “future state” for each target audience group based on interviews and known communication gaps, mapping out:
  - The communications they should receive
  - When they should receive each type of communication
  - What forms of communication the content should take (e.g., video, audio, written text)
- Identify solutions to meet the needs of each stakeholder group (the “to be” state). Prepare a high-level rough order of magnitude analysis to calculate the expected costs and benefits of each initiative and the resource needs.
- Review the capacity of the ADE communications team to manage these channels and identify additional support as needed (intended to be cost neutral).
- Develop a communication plan for the new available methods of communication.
- Develop training resources for stakeholder if required (videos, frequently asked questions).

Based on staff recommendations, the following items were deprioritized as longer-term solutions that can be incorporated into a future phase of this project:

- Need to get access to translation services

- Communicate with news channels at individual schools
- Advocate for communication liaisons in school districts
- Build capacity in staff member skills
- Have clear guidelines available for all staff
- Request schools tag/hashtag ADE in posts on social media
- Sample testing of messaging with target audiences
- Have leadership meeting to determine appropriate communications identity within 1 ADE

**Alignment of department priorities with staffing and resources:** ADE has a communication lead and a total communication staff of 6. Based on the strategies recommended by stakeholders and ADE’s assessment of their feasibility, ADE may require more resources to implement them fully. It is recommended this be accomplished in a fiscally neutral manner by using available vacancies.

**Process changes, associated with implementing changes in the strategic plans:** Process changes are anticipated. **Figure 12** provides the anticipated “to be” state.

**Performance metrics to measure success post-implementation:**

The goals of this initiative are to support ADE’s engagement of stakeholder segments who are reached inconsistently today (full list is shown above) through new channels of communication and to meet stakeholder needs better through clear and consistent communication, preventing the need for additional follow-up from stakeholders. Some of the performance measures that can be used to assess ADE’s progress in achieving these goals include:

- Stakeholder use of communication channels (website visits, social media interactions, text opt-in rates) – The volume increase in utilization of these channels is not the end goal of this initiative however monitoring these statistics will provide directional guidance to the department in refining this approach.
- Number of stakeholder outreaches by type – ADE will measure the number of calls, emails, and other inbound inquiries from stakeholders. This measure is meant to be analyzed in context with the usage of alternate channels (see prior measure) to determine if stakeholders are having their needs met through other options. It is also meant to be analyzed in context with the next measure of the average response time to ensure ADE is responsive to those who choose to contact the department directly for information.
- Average number of days to respond to consumer inquiries – ADE should establish target response times for calls, emails, and social media posts to ensure ongoing responsiveness to stakeholders.
- Time to production of press releases – This metric will assess ADE’s ability to develop messaging in ad hoc or reactive situations more quickly due to establishment of an efficient process.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on initial estimates, ADE-14 is anticipated to result in modest time savings for the communication team and the leadership team, based on adoption of a more proactive communication stance and establishment of additional channels of communication to reach stakeholders who may otherwise contact the department directly for information. ADE’s Information



Technology team is anticipated to make any changes to ADE’s website to accommodate this project. ADE could incur new costs to establish a statewide text message notification system if that is a final recommendation for implementation. It is anticipated that this funding would be available within existing resources (i.e., Lottery proceeds). It is anticipated the department will spend Q4 2024 collecting stakeholder input and this initiative would be implemented in 2025.

**Change Management Plan:** This initiative will impact ADE’s stakeholders. The intent is for stakeholders to more widely utilize ADE’s communication strategies. Clear communications and training materials (if required) will be important for ADE to realize the return on investment of this project. Key communication messages are included in **Figure 13**. Activities and timing for communication plan are included in **Appendix A – ADE Work Plan**.

**Figure 13 – ADE #14 Communication Plan**

Audience	Key Messages	Modalities	Owner
Stakeholder Groups	<ul style="list-style-type: none"> <li>• Invitations for engagement in listening and design sessions</li> <li>• Surveys offer opportunity to provide input</li> </ul>	Press release Website Social Media Email	Communications team
Stakeholder Groups	<ul style="list-style-type: none"> <li>• Ongoing messaging on development of solutions and timelines</li> </ul>	Website Social Media Email	Communications team
Stakeholder groups	<ul style="list-style-type: none"> <li>• Initial message to announce new communication strategy and vehicles.</li> <li>• These strategies were developed in partnership with stakeholder community.</li> <li>• This project represents an investment by ADE to be more responsive to the stakeholders it serves.</li> </ul>	Press release Website Social Media Text and voice messaging Email Blogs	Communications team
Stakeholder Groups	<ul style="list-style-type: none"> <li>• Detail on training resources to support utilization.</li> <li>• Ongoing messaging to increase uptake and engagement</li> </ul>	Website Email Blogs Videos Social Media	Communications team

### Initiative ADE #17 – Introduce cross-training to enhance staff capabilities

Introduce cross-training to 1) Ensure that more than one person knows how to do critical tasks at ADE, thereby reducing delays/hold-ups when they are out or at capacity, and 2) provide motivated employees with opportunities to build their skill set and advance in their careers at ADE.

**Initiative Overview and Current State:** ADE has 815 employees (as of July 2024). There are certain critical roles within the ADE organization where there is no redundancy (estimated to be 30 employees), meaning that there may be critical delays when these staff are at capacity, and if staff are out of office or leave ADE, the organization is at risk. There are also staff units with high workload (which may or may not be seasonal) or higher staffing vacancies, which results in overtime worked by existing staff in filled positions. This workload imbalance can contribute to turnover, low morale,

and dissatisfaction. There is no existing staff satisfaction survey to measure employee satisfaction and morale regarding volume of work, among other issues.

**Rationale: ADE -17 directs the ADE to use cross-training as a method to provide redundancy in key areas and address capacity issues, while also creating a mechanism for staff to enhance their skills and experience growth by working with other business units.**

Human Resources staff can manage a process to pair business units where there is a need for support and areas that have excess capacity. HR can oversee that the on-the-job training and shadowing needed to develop the supporting team occurs.

Cross-training will not only allow for direction of excess staff time to areas with need but will elevate the skillset of ADE employees and promote longevity. Workforce development studies have established that cross-training and skill-building are linked to greater employee satisfaction and retention and has also been linked as a strategy to improve morale for under-utilized staff and prevent burnout. This strategy has been used throughout federal, state, and local governments. For example, the California Department of Human Resources included cross-training in CalHR's Workforce Plan. They have developed a tool kit to support establishment of such a program including how to capture and pair staff with appropriate needs, a template for a training plan, a training plan, and tools to set expectations for staff and managers, among others.<sup>5</sup> The City of Cody Wyoming used cross-training to address gaps in multiple departments including in the Parks Department and Department of Streets and Sanitation.<sup>6</sup>

### **Implementation Considerations:**

**Appendix A – ADE Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADE staff and review of other state best practices include:

#### **Strategies to address potential risks and enable success:**

- HR will need to be proactive in working with managers to find teams with the capacity to be cross trained. There may be reluctance for a manager or staff to admit that they are not fully utilized now and have capacity.
- ADE may want to build accountability for the secondary assignment into an affected employee's annual evaluation. If an employee's productivity for their secondary assignment is not monitored and part of their evaluation, the employee may treat this role as optional and not provide the level of support the unit expects.
- There is a need to identify a mechanism to compensate staff for additional work performed to provide an incentive for employees to embrace this program. There is a statutory provision (Act 172) that provides a means to offer a ten per cent increase as well as a lump sum for

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<sup>5</sup> CalHR, "CalHR Cross Training," July 2018, <https://www.calhr.ca.gov/workforce-planning/Documents/calhr-cross-training-handbook-workshop-sample.pdf>.

<sup>6</sup> Government Finance Officers Association, Mark Mack, "Employee Cross-training Employee Cross-training How small governments can improve efficiency and reduce their risk," 2020, [https://gfoaorg.cdn.prismic.io/gfoaorg/41c9305f-7a83-4452-894d-be213c0bdf4e\\_GFR\\_10-2020\\_EmployeeCrossTraining.pdf](https://gfoaorg.cdn.prismic.io/gfoaorg/41c9305f-7a83-4452-894d-be213c0bdf4e_GFR_10-2020_EmployeeCrossTraining.pdf).

\$5,000 or 40 hours of leave for employees that take on additional duties, but there are restrictions and a department's plan must be approved by OPM and the Legislature prior to implementation.

- HR has onboarded a new staff position to support a variety of projects and can be the coordinator for ADE-17. Identify a lead within the HR organization will help to sustain this initiative.
- Once the HR Lead pairs units and ensures training occurs, the HR Lead will need to communicate on an ongoing basis with the impacted managers and staff to ensure the success of the program. Support for the initiative will extend beyond the initial pairing of the units, including to strengthen the relationship between the unit and its cross-trained support team.

#### **Recommended steps for establishing a cross-training program (future state):**

- Division leaders will identify instances in which their team could be supported with a cross-trained support team and where they have capacity to provide staff to support other areas.
- The HR Lead will pair identified units and oversee creation of a training plan.
- The team requesting support will establish an on-the-job training and shadowing plan to
- The managers of the paired teams will co-conduct team meetings and other events to strengthen the relationship between the teams and support collaboration.
- The manager of the support team will identify annual goals with each employee supporting another team to add accountability to their annual performance evaluation and seek feedback from the manager of the unit their employee supports in preparing the evaluation.
- HR will establish an evaluation plan for the program, including meeting with all paired teams at least quarterly to monitor the implementation.

**Alignment of department priorities with staffing and resources:** This initiative is a strategy to leverage the skills and capacity of ADE's current team to support high-impact activities where there is no redundancy in the staff performing those duties, in areas that are under-staffed, and in areas with high workload (or high seasonal workload). Over time, this effort will strengthen the skills of ADE's staff, through exposure to additional areas.

**Process changes, associated with implementing changes in the strategic plans:** A cross-training program will need to be established, but this is not expected to impact other existing business processes.

#### **Performance metrics to measure success post-implementation:**

- Job satisfaction for cross-trained employees – This initiative is expected to increase satisfaction among the employees who receive cross-training, who feel they are developing and progressing in their careers.
- "Work stoppage" delays in critical areas and staff productivity – This initiative is expected to reduce these incidences and increase staff productivity.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on initial estimates validated by the department, ADE-17 has the potential positive annual reoccurring efficiency impact of \$100,000, which includes cost avoidance based on

the assumption that there are approximately 30 employees who perform critical work, they are out of office a total of 24 days per year (sick and vacation leave), and up to 50% of their workload could be provided by cross-trained staff. However, because the impact of this is diffused across the organization and will not directly reduce salary expenditures, it cannot be captured as cost savings. This does not reflect any additional compensation for staff, as that plan has not been identified or approved by OPM. This initiative could begin implementation within calendar year 2024.

**Change Management Plan:** This initiative requires the buy-in of management and staff who can be cross-trained to support critical functions lacking resources or redundancy. **Figure 14** provides a summary of the communication tasks. Key activities and timing for communication plan are included in **Appendix A – ADE Work Plan**.

**Figure 14 – ADE-14 Communication Plan**

Audience	Key Messages	Modalities	Owner
All Staff	<ul style="list-style-type: none"> <li>• ADE is launching a new cross-training program (add program details).</li> <li>• HR will manage this program by identifying both teams with needs and teams with capacity.</li> <li>• This program is a way to provide immediate relief to high-volume units to expand their capacity and prevent disruption when staff are at capacity our out of office.</li> <li>• This program is a great way to expand skills and gain visibility to other programs at ADE.</li> </ul>	Town halls, team meetings, and all staff emails. Face-to-face leadership meetings.	Chief of Staff Courtney Salas-Ford HR Director Scott Carnes
Management	<ul style="list-style-type: none"> <li>• Volunteering to be cross-trained/ volunteering your unit for cross-training is an important contribution to the organization’s success.</li> <li>• No punitive action will be taken toward teams who identify excess capacity.</li> </ul>		Chief of Staff Courtney Salas-Ford HR Director Scott Carnes

## Initiative ADE #18 – Assess ADE's grades and positions to consolidate lower grades and hire fewer but higher-grade jobs, ensuring talent sufficiency

Identify unmet business needs that can be addressed through the hiring of more experienced candidates, to be achieved in a fiscally neutral manner by consolidating vacant lower-grade positions to create fewer higher-grade positions.

**Initiative Overview and Current State:** As divisions within ADE have reviewed their organization chart to design an agile organization that allows the department to execute its mission best, some leaders have identified a need for specialized and/or higher-grade positions that will address critical needs. There is misalignment in the areas where ADE has authority to hire (available vacant positions) and current business needs.

Some of the critical staffing areas where ADE desires to upgrade key positions include:

- Generally, it is challenging to recruit candidates for GS 8 and 9 positions because of state increases in teacher salaries. These positions require a teaching license and qualified teachers can earn more and/or the same amount for working in a school for a 9-month time period as opposed to a 12-month period at the state.
- ADE has a difficult time competing with the private sector for certain positions at the School for the Deaf and School for the Blind (e.g., nutritionists) based on how they are currently graded.
- There are positions within the Early Childhood division where the skillset is not totally aligned with how the positions are graded and finding qualified candidates is challenging.

**Rationale:** Initiative ADE-18 helps ADE to address workforce needs by identifying and consolidating certain vacancies into fewer, higher-grade positions (fiscally neutral), pending OPM and Legislative approval. This initiative addresses division needs to fill certain skilled positions with more seasoned candidates and helps ADE compete with the private sector in hiring top talent.

### Implementation Considerations:

**Appendix A – ADE Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADE staff include:

#### Strategies to address potential risks and enable success:

- This initiative requires Office of Personnel Management (OPM) and Legislative approval. This analysis assumes timely approval of this request is needed for ADE to realize the benefit of this initiative.

#### Recommended steps to develop a staffing proposal to meet ADE's workforce needs (future state):

- ADE's Human Resources Leader will create and review a position control report and identify vacancies by division.
- Each division will identify and submit staffing needs.

- Human Resources Leader and Chief of Staff will review recommendations and present to Secretary Oliva for approval.
- Human Resources team will work with OPM to obtain approval and implement.

**Alignment of department priorities with staffing and resources:** This recommendation seeks to improve ADE’s ability to deliver on department priorities by investing in key, strategic positions in using a fiscally neutral mechanism. Each of the recommended positions will provide a mission-critical function.

**Process changes, associated with implementing changes in the strategic plans:** N/A

**Performance metrics to measure success post-implementation:**

- Caliber of candidates to address business needs – This initiative is expected to increase the caliber of candidates sourced to ADE.
- Ability of state to compete with private sector in hiring top talent – This initiative is anticipated to increase the state’s ability to compete with the private sector.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is likely to generate salary savings, but until the divisions identify specific needs and available vacancies, the amount expected is indeterminable. This initiative could begin implementation in 2024, pending OPM and Legislative Approval.

**Change Management Plan:** This initiative does not require a change management plan.

# Strategic Management Plan: Arkansas Department of Finance and Administration

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# Overview

The Arkansas Department of Finance and Administration (DFA) oversees the state’s taxing authority, state budget, accounting, motor vehicle administration, driver services, and regulation of industries such as alcohol, tobacco, medical marijuana, casino gambling, and live horse racing. Additional services and divisions within DFA include Child Support Enforcement, Assessment Coordination, Intergovernmental Services, the Arkansas Scholarship Lottery, and Information Services. DFA has more than 2,200 employees across its divisions. As a result of these broad responsibilities, DFA serves multiple constituents including citizens, businesses, and other state departments.

Secretary Jim Hudson and DFA’s leadership team have established customer experience as the department’s highest priority while ensuring state residents receive appropriate services. This prioritization was informed by a 2022 McKinsey & Company “State-of-the-States” survey, which established a strong link between customer experience and resident satisfaction and illustrated that customer experience improvements can have tremendous benefits for government agencies and their staff and stakeholders (summarized in **Figure 1**).

**Figure 1 – Benefits to State Agencies from Improving Customer Experience**

## Getting customer experience right can drive real and sustainable improvements

Government agencies that prioritize customer experience...						
 Mission	...Achieve Agency mission	<b>9x</b>	Satisfied customers are 9x more likely to agree that agencies achieve their mission	...see higher levels of public trust	<b>9x</b>	Satisfied customers are 9x more likely to trust the agency providing good service
 Org and Culture	...Deepen employee engagement	<b>40%</b>	Increase in employee satisfaction over 2 years	...Are more effective	<b>15-30%</b>	Increase in workforce productivity
 Operational effectiveness	...Are more efficient	<b>10X</b>	Decrease in call-center calls	...Achieve cost-savings	<b>15-50%</b>	Lower cost to serve
 Customer outcomes	...Improve performance	<b>50%</b>	Improvement in customer response time	...Greater customer satisfaction	<b>2x</b>	Dissatisfied customers are 2x more likely to reach out for help 3+ times

Source: McKinsey & Company, 2022 State-of-the-States Survey.

Moreover, the same McKinsey & Company survey also showed that services that have the highest impact on driving overall satisfaction with state services are vehicle and tax services.

With that framework in mind and through the Arkansas Forward project, a 2024 initiative to improve the efficiency and effectiveness of Arkansas’ 15 cabinet-level departments, DFA realigned its organizational structure to strengthen its ability to perform core roles and responsibilities and prioritized implementation of 12 initiatives that drive improvements in customer and staff experience in four key strategies: 1) online customer experience, 2) customer experience with state revenue offices, 3) customer experience with motor vehicle and taxation, and 4) staff experience.

This Strategic Management Plan (“Plan”) memorializes the work completed by DFA during Arkansas Forward, translating the department’s vision into a plan consisting of recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance

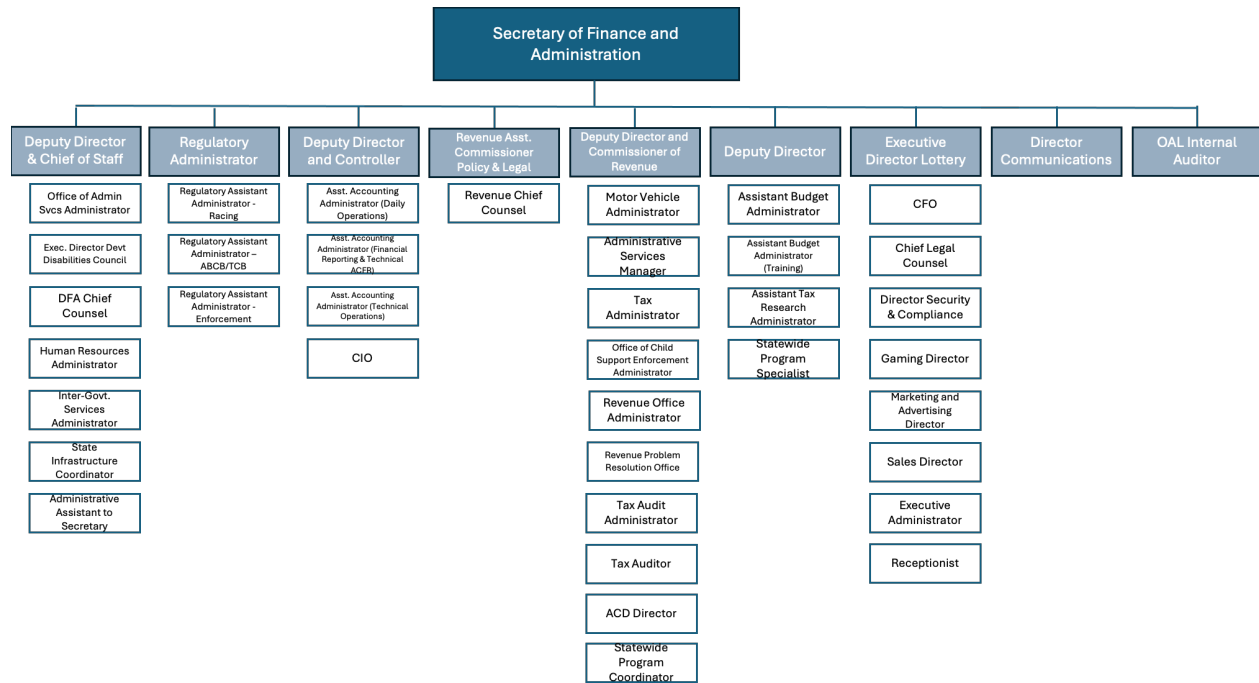


metrics. A companion project plan (“Work Plan”) provides a more detailed resource to support implementation of the initiatives by DFA’s Arkansas Forward project management team.

## Recommended Organizational Structure

DFA’s current organization chart is shown in **Figure 2**.

**Figure 2 – Current Organizational Structure**



As part of Arkansas Forward, DFA’s structure was reviewed to identify opportunities for redesign in three areas:

- Changes that would support the department’s execution of its mission;
- Changes identified through implementation of Arkansas Forward initiatives; and,
- Changes necessitated by Arkansas’ centralization of certain shared services functions (i.e., information technology, human resources, procurement).

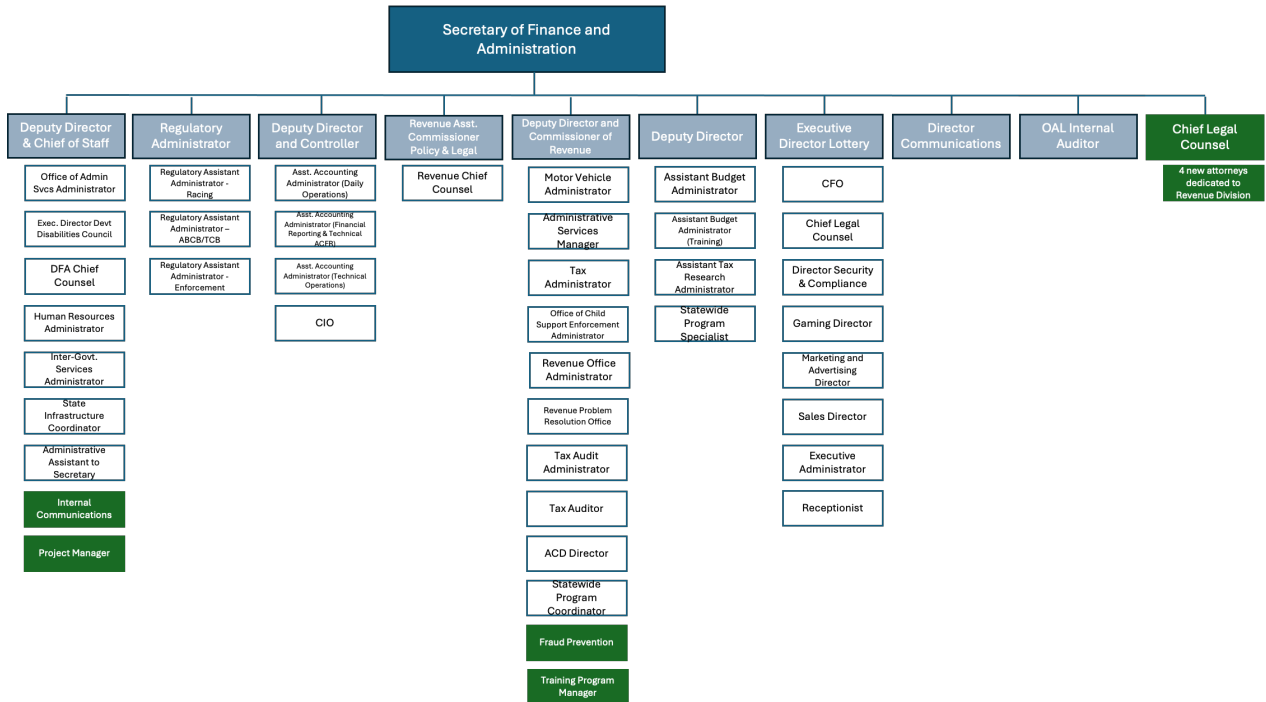
Historically, DFA has undergone reductions in force and taken other measures to become a leaner organization. When reviewing span of control, many managers in the organization have large spans of control and the organization has limited specialized staff in certain functional areas for special projects, training, project management, and change management, which can negatively impact customer experience. Arkansas Forward offers an opportunity for DFA to review its mission and organization to identify areas where reinvestment into the organization is necessary to meet critical customer experience needs.

As part of Arkansas Forward, DFA undertook a review of each department’s organization to identify opportunities to create a more agile organization, considering span of control, number of managerial layers, opportunities for internal shared services consolidation within DFA, repurposing of existing

positions, among other factors. The needs of each division were distinct, based on the specialized mission of the organization and a variety of statutory and external constraints.

Recommendations based on department interviews and data analysis are included in **Figure 3**:

**Figure 3 – Future State Organization Recommendation**



- **Changes that would support the department’s execution of its mission:**
  - **Enabling SROs/DMV/DMSV to continue to close and consolidate offices based on demand:** Enabling DFA to take action to align its work force to citizen demand, while balancing the needs of rural communities, is one of the most impactful actions that can be done to support creation of an efficient and organizational structure within the Revenue division.

DFA operates approximately 133 SROs statewide to serve the citizens of Arkansas. This office structure has had a significant impact on the size of DFA’s management team. DFA typically staffs each SRO with a team including a supervisor. While many of these teams may be considered small (with less than four employees), presence of these supervisors is an important strategy in handling issues locally and preventing the need for escalation.

Because DFA has experienced external pressure to retain offices in certain locations, DFA has employed multiple strategies to utilize its team cost-effectively including: using “rover” managerial positions to provide coverage over multiple offices, reducing hours or days of service in lesser-utilized offices, and maintaining a lean overall management structure with large span of control for the five director positions (who manage between approx. 30-42 direct reports each).

The team uses a data-driven approach to allocate work and managerial responsibilities, and periodically identifies offices for closure, consolidation, or reduced hours. **Figures 4 and 5** provide a 2024 year-to-date transaction summary for the approximately 10 most and least utilized offices, with the 2020 county population included for context. As is demonstrated here, there is a significant variation between offices in the amount of work performed (correlation to population and the number of other offices available within the county).

**Figure 4 – Top 10 SRO Locations by Transactions Performed, Year-to-Date 2024**

Office	County	Transactions	County Population
Bentonville SRO 0401	Benton	71,881	284,333
Springdale SRO 7203	Washington	64,833	245,871
Conway SRO 2301	Faulkner	52,421	123,498
Fayetteville SRO 7201	Washington	49,003	245,871
Fort Smith E SRO 6603	Sebastian	48,898	127,799
LR Central SRO 6006	Pulaski	48,257	399,125
LR West SRO 6003	Pulaski	46,771	399,125
Jonesboro SRO 1601	Craighead	46,602	111,231
Benton SRO 6301	Saline	39,915	123,416
Rogers SRO 0408	Benton	38,156	284,333

Source: SRO transaction data provided by DFA. 2020 County Census data used for population estimate.

**Figure 5 – Bottom 10 SRO Locations by Transactions Performed, Year-to-Date 2024**

Office	County	Transactions	County Population
Des Arc SRO 5903	Prairie	3,887	8,282
McGehee SRO 2103	Desha	3,771	11,395
Hampton SRO 0701	Calhoun	3,518	4,739
Charleston SRO 2401	Franklin	3,453	17,097
Rector SRO 1103	Clay	3,399	14,552
Hazen SRO 5902	Prairie	2,821	8,282
Clarendon SRO 4802	Monroe	2,809	6,799
Dermott SRO 0903	Chicot	2,030	10,208
Earle SRO 1806	Crittenden	1,591	48,163
Hughes SRO 6204	St. Francis	1,442	23,090

Source: SRO transaction data provided by DFA. 2020 County Census data used for population estimate. Note: Offices already on reduced schedules/hours are excluded from this table.

Based on analysis of workload for all office locations, DFA could target ten offices for either closure or reduced hours and use this approach on an ongoing basis to realign its workforce to volume of work.

A challenge for DFA in right-sizing its resources has been external pressure to keep certain office locations. Given the significant investments DFA is making in self- service digital functionality, the DFA team will need to continue to educate stakeholders and the public about digital options and seek support as part of Arkansas Forward for its authority to take additional actions as needed to create the most cost-effective office structure.

- Making targeted investments to help certain divisions execute on their mission, with examples of these investments including:
  - Four additional legal staff (Managing Attorneys) to be located in the new legal unit but support the Revenue division to support general questions, rulemaking, and legal opinions (GS-13);
  - Dedicated training resources for multiple teams within the Revenue division (1 Training Program Manager-GS-14; 6 training leads to report to Revenue Division leads in State Revenue Offices, Division of Motor Vehicles, Office of Child Support Enforcement, Income Tax, Excuse Tax, and Field Audit-GS-12; and trainers to support the divisions with the largest field staff including 5 for SRO and 4 for OCSE-GS-09). This investment in a small training team is meant to improve the productivity of the entire 1,900+ staff in the Revenue division by helping staff perform their jobs better, allowing leadership staff to focus on other areas instead of having to conduct on-the-job training as occurs today, and creating a pool of highly skilled resources that can support surges in demand or handle complex matters;
  - Internal communication lead to support the change management surrounding DFA's efforts to become more customer focused;
  - Project management support for the key Arkansas Forward and other customer experience projects; and,
  - Five fraud prevention and analytics resources, including three reporting to the Income Tax Team and one each reporting into to the Excise and Field Tax teams-GS-13.
- **Changes identified through implementation of Arkansas Forward initiatives:** To create the most efficient organization, DFA identified the following opportunities:
  - DFA has centralized certain functions previously (human resources and mostly information technology) but some additional opportunities to centralize were identified to create a central legal team and to further consolidate IT resources (pending statewide shared services actions).
  - The Arkansas Scholarship Lottery (Lottery) has further opportunities to strengthen its relationships with other divisions at DFA, including with the Tobacco Control Board and Alcohol Beverage Control Board. There are already efforts in process to improve coordination, including adoption of a single licensing platform among these entities which would improve the experience for their customers, many of whom are in common (e.g., grocery stores, liquor stores). Staff identified opportunities to achieve additional administrative efficiencies, support process improvement, and improve customer experience through this collaboration. Some statutory remedies may be needed if there are collaboration challenges to greater collaboration. Rather than remove

staff from the Lottery organization to report into other central teams, the recommendation is for the Lottery to retain its current organization structure but establish dotted line reporting between the areas where DFA otherwise has shared services functions (IT, Legal, etc.). This approach would help Lottery realize benefits of this enhanced collaboration in a more gradual fashion.

- **Changes necessitated by Arkansas' centralization of certain shared services functions:** Based on direction from the Steering Committee, Transformation and Shared Services (TSS) will assume responsibility for the Payroll and Help Desk functions statewide, as the first Human Resources and Information Technology functions to transfer to TSS in a statewide shared services model. Additional decisions on sequencing of further functions have not yet been determined.

## Optimize manager roles and team size for better control and efficiency - Initiative DFA #0

This initiative includes overseeing implementation of a tailored and modernized organization (including managing initiative sub-charters) to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions.

**Initiative Overview and Current State:** DFA's divisions are unique and distinct in their responsibilities. There can be a tendency for the divisions to work independently due, in some cases to their former status as freestanding departments. In addition, some divisions maintain duplicative functions due to the specialized natures of the work. Some divisions, such as the Revenue Division, maintain a lean operating structure, with large spans of control among leaders. There are many small units with 0-2 or 2-4 employees, particularly when considering the SROs.

**Rationale:** As part of Initiative DFA-0, to create the most efficient organization, DFA identified opportunities to:

- Continue with its shared services approach: DFA has centralized certain functions previously (human resources and mostly information technology) but some additional opportunities to centralize were identified:
  - Legal – Legal resources are located throughout DFA's divisions including the Arkansas Scholarship Lottery (known herein as "Lottery"), Child Support Enforcement, the Revenue Division, and within the Arkansas Tobacco Commission and Arkansas Beverage Commission. There is a need to elevate a leader responsible for all DFA's legal services that can act as an escalation point to the Secretary and supervise other legal staff. However, there are some instances (Lottery and Child Support Enforcement) where a dotted line relationship into this central team better supports other policy objectives of those divisions. DFA intends to hire four additional attorneys as part of this central team to support the Revenue Division with inquiries, rulemaking, and legal opinions.
  - Information Technology – Most of these resources are centralized. There are some IT resources within the Lottery including Help Desk and Application Support. The Help Desk resources could be consolidated with the other Help Desk resources at DFA and a dotted

line established between the Application Support staff and the DFA IT leadership to establish some collaboration between the teams. There are some policy reasons the IT staff may need to remain within the Lottery Team, including that the positions are self-funded from Lottery proceeds and expected to be dedicated to the Lottery.

- The Arkansas Scholarship Lottery (Lottery) has further opportunities to strengthen its relationships with other divisions at DFA, including with the Tobacco and Alcohol Beverage Control Boards. Not only are there administrative benefits and process improvement opportunities (which could be achieved through a dotted line reporting relationship), but also there are even greater benefits to the end user (e.g., convenience stores, liquor stores) which may interact with multiple state programs today and could experience improved streamlining of services and other benefits. In addition to the dotted line structure, DFA's shared services functions should forge more intentional linkages with their counterparts within the Lottery division (i.e., include them in team meetings and communications, establish recurring interactions).
- Make some targeted investments in staffing including by creating a dedicated training unit. This team would support new hires and offer ongoing development for staff within the Revenue division (see detailed allocation above).

**Implementation Considerations:** Appendix A – DFA Work Plan provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA staff include:

**Strategies to address potential risks and enable success:**

Communicating clearly to the broader DFA organization about the purpose of these changes will support the reorganization. Addition of an internal communication resource to support this and other Arkansas Forward initiatives will support the change management.

**Recommended steps to implement changes to DFA's organization structure include:**

- Create a Central Legal Team, which would include direct reports of all legal resources except the Lottery division, with Alcohol and Tobacco Control divisions, Assessment Coordination, and Child Support Enforcement (which would be dotted line reports into this team);
- Establish new dotted line reporting relationships for Lottery Functions where there is a shared services team (IT, Legal, Communication);
- Move IT Help Desk resources to IT shared services at DFA (this should be delayed pending statewide shared services actions);
- Make targeted investments to help certain divisions execute on their mission, with examples of these investments including:
  - Four new legal staff to the new legal shared services team to support the Revenue division;
  - Multiple training resources embedded throughout the Revenue division (see above);
  - An internal communication lead to support the change management surrounding DFA's efforts to become more customer-focused;
  - Project management support for the key Arkansas Forward and other customer experience projects; and,
  - Fraud prevention and analytics resources.

- Create dedicated training unit within Revenue division, hiring a Training Program manager and a highly skilled team of leads and trainers;
- Establish a clear communication plan and point of contact regarding all staff moves and ensure leaders understand “why” behind moves and can support change;
- Ensure provision of team-building and training resources to support formation and high functioning of teams impacted by organizational moves;
- Review select program areas for process standardization and staff training opportunities including legal services, the Lottery, and Alcohol Beverage and Tobacco Control functions;
- Use process mapping to compare the work flows and tools of the teams;
- Review skills and provide training to elevate the quality of the work for any staff moving to a shared service function;
- Monitor the impact of proposed changes through use of a staff engagement survey to monitor the changes (either overall or within affected departments); and,
- Build accountability for shared services staff by involving division heads (and customers) in staff evaluations.

**Alignment of department priorities with staffing and resources:** The proposed organization chart for DFA is provided above in **Figure 3**. Realignment of DFA in these areas will help the department further achieve its mission and implement Arkansas Forward.

**Process changes, associated with implementing changes in the strategic plans:** Formation of one legal team will result in the need for new escalation protocol to the leader and eventually to the Secretary. If processes are mapped and compared, further improvement is possible.

**Estimation of any anticipated costs and staffing needs:** This change is expected to have an upfront investment in the new staff positions (e.g., leader of legal function, other staff functions discussed above).

**Performance metrics to measure success post-implementation:** Proposed metrics to assess the impact of this initiative include:

- Improvement in employee satisfaction scores of management support/clarity of roles.

In addition to these measures, surveys could be utilized for impacted staff during the transition to identify and address any issues or concerns.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not expected to result in direct cost savings but is expected to result in benefits to DFA’s customers through improved quality and accuracy of work performed by DFA staff and improvements to the customer experience such as reduced wait times.

**Change Management Plan:** Clear communication with staff about the purpose for the changes should accompany any information on the new process changes. Recommended messaging and modalities are included for each audience in **Figure 6**. Key activities and timing for communication plan are included in **Appendix A – DFA Work Plan**.

**Figure 6 – DFA-0 Communication Plan**

Audience	Key Messages	Modalities	Owner
Staff impacted by changes	<ul style="list-style-type: none"> <li>• DFA is adding some new staff positions as a result of Arkansas Forward. We are investing in our team as a strategy to help us better serve our customers.</li> <li>• Detailed description of changes, including specific changes for every team impacted by the reorganization. Everyone continues to have a place on the team.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• Face-to-Face team meetings with leadership, future manager, and former manager.</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Hudson</li> <li>• Impacted division leads</li> <li>• Communication Director</li> <li>• Internal Communications resource</li> </ul>
Other DFA staff	<ul style="list-style-type: none"> <li>• These changes are to strengthen our team, support collaboration, and enable more efficient decision-making.</li> <li>• High level summary of changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• All staff email.</li> </ul>	<ul style="list-style-type: none"> <li>• Communication Director</li> <li>• Internal Communications resource</li> </ul>

## How this Department will meet the vision of an efficient and effective future department

DFA has identified organizational changes to drive an efficient and effective organization. Continued involvement by the Assistant Administrative Services Administrator and Arkansas Forward Project Manager will be a key enabling factor to support the execution of the proposed organization changes.

In addition, DFA has identified critical staffing investments to help the department execute on its mission. While all of these investments are important, two in particular will help execution of Arkansas Forward initiatives and help with the organization’s effectiveness and efficiency including an internal communication lead and project management support for the key Arkansas Forward and other customer experience projects.

## Key Initiatives Prioritized for Arkansas Forward Implementation

DFA leadership generated nearly 40 ideas to improve the departmental effectiveness and efficiency, before prioritizing 12 initiatives for immediate implementation as part of Arkansas Forward that collectively focus on improving customer and staff experience.

In 2022, McKinsey & Company completed a “State-of-the-States” survey providing a comprehensive, nation-wide evaluation of resident customer experience with state government services in the United States. The study included approximately 80,000 responses across all 50 states across 21 services including public benefits (i.e., Medicaid, mental health services, employment benefits), licensing permitting and registration (ex. Taxes, vehicle services, affordable housing services), and direct services (ex. transportation, medical services). Findings from this survey highlighted the importance of customer



experience (CX) in resident satisfaction, particularly in the areas under DFA authority such vehicle services and taxes, which ranked 1<sup>st</sup> and 2<sup>nd</sup> in terms of importance to Arkansas residents.

This study also found that compared to other Arkansas state services, satisfaction with vehicle and tax services is at and below average, respectively. However, the survey also highlighted that satisfaction with Arkansas vehicle and tax services is higher than peer states. Arkansas was found to have the opportunity to follow leading states in shifting compliance to a "help taxpayers get it right" mindset. Critically, the McKinsey study found that "reliability and consistency" were the most important drivers of resident satisfaction in Arkansas for tax and vehicle services, above ease of navigation, provision of clear and useful information, rapid response times, and courteousness of staff.<sup>1</sup>

As a result of this survey and the findings related to Arkansas, particularly in the areas of tax and vehicle services, many opportunities to improve CX and therefore increase resident satisfaction were identified. Addressing these initiatives cannot only improve CX, but also increase the effectiveness and efficiency of these DFA functions.

## Strategy: Improve Online Customer Experience

Initiatives to improve customer self-service online have been prioritized not only to support Arkansans who prefer to engage with state government through this method, but also to improve the experience of those who prefer in-person engagement by reducing lines and wait times through the shifting of some transactions online. These initiatives seek to create easy-to-use resources, with correct and up-to-date information, that offer comparable experience to in-office service delivery.

Initiatives part of this strategy include:

- Revamp DFA website to make it easier for public to access helpful information (DFA-9);
- Map and enhance DMV processes and technology to improve speed and service (DFA-8); and, This initiative includes multiple additional in-process projects related to improving operations:
  - Mobile Driver License
  - Reduce/eliminate friction in vehicle registration process related to assessment and payment of personal property taxes
  - Revisit digital titling process)
- Implement Government Services Portal (Single Sign-On Portal) for full access to all DFA services (and other departments) (DFA-14).

Discussion of three Arkansas Forward initiatives (DFA-9, DFA-8, and DFA-14 follows).

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<sup>1</sup> Source: McKinsey & Company 2022 "State-of-the-States."

## Update DFA website to increase customer satisfaction and increase efficiency–Initiative DFA #9

This initiative recommends updating and marketing the DFA website to make answers to citizens' questions more easily and readily available and establish the 1) appropriate communication channels (e.g. socials, website), 2) cadence, 3) format, and 4) content to most effectively convey tax expectations and other relevant content to citizens.

**Initiative Overview and Current State:** Implementing, expanding, and improving services through the use of technology and online platforms is one method by which DFA is working to improve its customer satisfaction. Updating its website is a key strategy to support citizens and increase self-service.

In 2017, DFA undertook a comprehensive effort to increase technology efficiencies and move driver and motor vehicle services online through a new website “MY DMV,” enabling Arkansas drivers to do online what had previously needed to be completed in-person at a revenue office. The initiative was highly successful, not only for DFA, reducing foot traffic and encouraging use of the website, but for other public agencies as well. As a prerequisite to renewing a vehicle registration online, a citizen must have assessed their personal property for the year and paid property taxes. DFA’s website redesign streamlined online renewals for vehicle registration, while expanding dialog between DFA and County Assessors and Collectors. As a result of the success of this effort, including the effective promotion of the initiative, DFA received an award in 2019 from NASCIO, the National Association of State Chief Information Officers.<sup>2</sup> For context from September 1, 2023 – September 1, 2024, the top six MyDmv/Online transactions included:

- Online Title and Registration-18,934
- Pay account balance-24,366
- Duplicate License-14,240
- Change of address-11,753
- License/ID Pre-Registration-15,029
- ARSTAR-765,485

More recently, to enhance customer experience for residents utilizing DFA services, the department has undertaken a new effort to expand the success of MY DMV through improvement of its main website (<https://www.dfa.arkansas.gov/>). The purpose of this project is to improve navigation and ease of use of the site, create a simple interface, correct and update existing content and remove obsolete information, expand self-service functionality for citizens through addition of features such as a chat bot, which are anticipated to result in a positive workload impact on DFA operations, and ensure the website experience matches the in-person experience in terms of offering great service. The new page will be launched in August 2024, with a second wave of the project that will focus on improved content for the other state departments DFA serves, estimated for completion by December 2024.

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<sup>2</sup> NASCIO State IT Recognition Awards, 2019, “My DMV, Digital Government - Government to Citizen,” <https://www.nascio.org/wp-content/uploads/2020/09/NASCIO-Award-Submission-MyDMV-DRAFT.pdf>.

The process to redesign the page has been data-driven and collaborative, including:

- Department staff reviewed current website analytics to determine the top visited pages and services (including seasonal changes during tax season to inform the layout of the redesigned DFA website), to enable the most popular services to be made more prominent and easily accessible;
- DFA division leaders provided insight on pain points with the existing website and any steps that could simply or streamline processes for customers and employees;
- The Communication Team, Legal staff, and DFA division leaders reviewed website content for updates and to identify obsolete content for removal;
- The project team and external vendor, Tyler Technology, also collected feedback from Secretary Hudson; and,
- Common questions and requests for information were analyzed to inform the development of the chat bot and related content library.

**Rationale:** The updated DFA website is a critical strategy in the department’s drive to become a best-in-class service department for residents of Arkansas, by engaging the public and improving customer experience. In addition, through the scheduled website updates, DFA and the State of Arkansas have the potential to reduce operational costs and increase revenue collections through the augmentation of digital transactions.

**Initiative DFA-9 directs the department to continue to invest in its updated website, with a focus on completing implementation of August Wave 1 release, planning for December Wave 2 phase, and creating a marketing plan to rollout new site and increase adoption.** While DFA has made significant progress in its website redesign, there are some outstanding steps to most effectively implement the new website, particularly in scoping and planning for Wave 2 of the project.

For the August launch (Wave 1), there remains a need to develop and implement a marketing campaign that can drive residents to its updated website to maximize the investment it has made in improving customer and employee experience. This recommendation is based on the success of DFA’s campaign to promote its new website in 2017. DFA, in partnership with the Information Network of Arkansas (INA), launched the “Skip the Trip” public awareness campaign that leveraged social media, ads, print communications, homepage callouts, trade show displays, and media relations. Representatives from DFA attended county fairs and worked with INA to produce marketing swag, business cards, flyers, and pop-ups to catch attendees’ attention.

For the Wave 2 launch, because DFA is in the initial planning stages, the project team will need to scope the project, work with division leaders to gather requirements, and develop and implement the project plan.

**Implementation Considerations: Appendix A – DFA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA staff and review of other state best practices include:

**Figure 7**, below, showcases some peer states that have enhanced their online state services, including what services are now offered and, where available, early outcomes of the roll-out.

**Figure 7 – Best Practices in State Online Service Rollout**

State	Services Offered via Website Enhancement	Outcomes
Montana Credentialing and Registration System (CARS)	<ul style="list-style-type: none"> <li>● Example of state with recent DMV website improvements, 18 other states use Fast system adopted in Montana</li> <li>● Sample of online functions:                             <ul style="list-style-type: none"> <li>○ Replace/renew licenses</li> <li>○ Change addresses</li> <li>○ Pay reinstatement fees</li> <li>○ Access driver histories</li> <li>○ Start applications for driver’s tests online (test still in person, reduces appointment length)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Not yet available</li> </ul>
Oregon License Issuance and Vehicle Registration (OLIVR)	<ul style="list-style-type: none"> <li>● Example of state with DMV improvements to website</li> <li>● Sample of online functions:                             <ul style="list-style-type: none"> <li>○ Renew registration/Replace registration card</li> <li>○ Get, renew, replace ID card</li> <li>○ Replace/transfer plates</li> <li>○ Requesting driver and vehicle histories</li> <li>○ Purchase Sno-Park permit</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Adoption rate - 1M transactions processed annually</li> <li>● Efficiencies gained - 58% auto-approved</li> <li>● 2023 data breach</li> </ul>
Texas.gov	<ul style="list-style-type: none"> <li>● Example of 20 years of investment in website to continually expand functionality and streamline customer experience</li> <li>● Sample of online functions:                             <ul style="list-style-type: none"> <li>● Moved to “digital first” approach to service, created Txt Digital Assistant which allows user to create one account to engage multiple state agencies</li> <li>● Top services: access vital records, apply/renewal handgun license, apply/renewal vehicle registration, renew/replace driver’s license, request license driver records, complete commissary purchase/deposit</li> <li>● Full list of online services: <a href="https://www.texas.gov/government-services-directory/">https://www.texas.gov/government-services-directory/</a></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● 14+ million transactions/year</li> <li>● Generated estimate of \$26M in revenue in 2020 (estimate)</li> <li>● High customer satisfaction: 2018-2020 data show 91% of respondents strongly agreed/agreed they would recommend online service to someone and 89% strongly agreed or agreed they were overall satisfied with experience</li> </ul>

**Strategies to address potential risks and enable success:**

- Establishing an ongoing process to review and update website content (including the library the chatbot utilizes) is critical to ensuring the reliability and consistency of information. The 2022 McKinsey “State-of-the-States” survey found that “reliability and consistency” were the most important drivers of resident satisfaction in Arkansas for tax and vehicle services, above ease of navigation, provision of clear and useful information, rapid response time, and courteousness of staff. There is a need to establish a centralized process to document that divisions review their assigned pages on a regular basis (i.e., annually or semi- annually) and to track that updates have been made. One of the advantages of Wave 1 is that

DFA will be implementing a new website content management system, which should enable these changes to be made more easily and by internal DFA staff.

- Investing in a campaign to drive website utilization will be important for DFA to realize its return on investment for the website project. There is a need to collect user feedback (could be done through a short survey on the page, stakeholder interviews, and data analysis among other methods) and analyze the site's performance continuously (monitoring for broken links, identify page traffic, monitoring online transactions) to identify opportunities for improvement and to mitigate the risk of user adoption challenges.

**Recommended steps to implement a new website with tax information (future state):** Many recommended steps identified for this initiative have already been undertaken and/or completed by DFA at time of report release. These are indicated with an (\*).

#### **Wave 1 (planned for August 2024)**

- Conduct a needs assessment, define project scope and objectives, identify key stakeholders, and develop a detailed project plan and timeline.\*
- Hold meetings with impacted staff/stakeholders to gather input and feedback for the new design and establish ongoing communication channels.\*
- Update wireframes and prototypes for the improved site navigation, enhance search functionality and ensure mobile responsiveness.\*
- Preview and receive approval from Secretary and broader DFA leadership team on improvements.\*
- Draft, review, and develop new content and translate content into multiple languages if necessary.\*
- Integrate the new website design with existing DFA systems, ensure seamless data flow, and implement necessary security measures to protect user data.
- Conduct comprehensive usability testing with a wide range of users, identify and fix any bugs or issues, and ensure the site meets accessibility standards.
- Communication department should build targeted marketing plan:
  - Establish key performance indicators to measure the outcome of the marketing campaign (website traffic, including for key pages; number of successful transactions performed).
  - Continue use of Google Analytics to analyze website traffic and successful transactions performed.
  - Revisit successful marketing and outreach strategies from 2017 MyDMV rollout.
  - Consider partnering with other departments or public entities that will benefit from DFA online service enhancements to encourage adoption of online services.
- Officially launch the updated website.
- Execute marketing plan.
- Conduct return on investment analysis for Wave 1.

#### **Wave 2 (Estimated to be December 31, 2024)**

- Project team should complete collection of requirements.
- Engage architecture review board to approve final website.

- Integrate the new website design with existing DFA systems, ensure seamless data flow, and implement necessary security measures to protect user data.
- Conduct comprehensive usability testing with a diverse group of users, identify and fix any bugs or issues, and ensure the site meets accessibility standards.
- Preview and receive approval from Secretary and broader DFA leadership team on improvements.
- Develop any additional communications required to outreach to other state agencies.
- Officially launch the second wave of website improvements.
- Execute marketing plan.
- Conduct return on investment analysis for Wave 2.

**Alignment of department priorities with staffing and resources:** Enhancing customer experience for taxpayers is a high priority of the Department, as are making DFA a premier workplace in the state of Arkansas and improving revenue collections for the state. Implementing and promoting the successful adoption of an updated website that can increase online traffic, reduce in-office visits, and increase resident and employee satisfaction is aligned with agency priorities. The Communication and Information Technology Teams at DFA have sufficient staffing resources to design the revised website.

**Estimation of any anticipated costs and staffing needs:** Initial estimates by DFA indicate that a website development contractor and IT infrastructure support are required for this initiative, as is funding for a marketing budget request. DFA has already secured the IT resources for Wave 1 but an estimated \$10,000 is needed for the marketing campaign as identified by DFA. Wave 2 will require similar IT support costs. It is anticipated that despite these upfront costs, this initiative has the potential recurring financial impact of approximately \$3.8 million.

**Process changes associated with implementing changes in the strategic plans:** DFA will need to establish policies and procedures to implement a regular process for website content review to ensure the content remains up to date. This could be managed centrally the enhanced DFA website (e.g., established the chatbot library and incorporate a digital workflow for any new functions not previously available through the website).

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve customer satisfaction and increase online service utilization and collections. Recommended performance measures include:

- Increased number of people who have used DFA online services;
- Reduced in-person visits to DFA offices to conduct business;
- Improved customer service quality measured through increased website traffic, decreased number of phone calls, and faster citizen response times;
- Improved employee satisfaction;
- Improved user satisfaction;
- Increased revenue collections across divisions with online transactions (i.e., in tax and vehicle services); and,
- Increased compliance with other state and local government entities.

**Identification and estimation of any savings the strategic plan could realize once implemented:** No savings were identified for this initiative but to the extent that utilization of the website increases substantially, this could result in revenue generation or create cost avoidance due to reduced operational costs.

**Change Management Plan:** DFA will achieve the expected return on investment if the public is able to navigate to the website and complete transactions online. A comprehensive communication plan, including a marketing plan, is recommended to support this effort. Communication tasks are included in **Attachment A – DFA Work Plan** and summarized in **Figure 8** below.

**Figure 8 – DFA-9 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
<ul style="list-style-type: none"> <li>Internal staff</li> <li>Client-facing staff</li> </ul>	<ul style="list-style-type: none"> <li>Website enhancements will improve not only customer experience, but will improve employees’ ability to conduct their job</li> <li>Trainings for staff will aid in adaptation and uptake of new website offerings</li> </ul>	<ul style="list-style-type: none"> <li>Face-to-face meetings with department leadership</li> <li>Face-to-face meetings with division leadership, including district offices</li> <li>Town-hall style meetings with agency staff</li> <li>Agency-wide emails</li> <li>Agency trainings on new website offerings, how to utilize</li> <li>Fliers in DFA offices</li> </ul>	<ul style="list-style-type: none"> <li>Jyothi Prasad</li> <li>Tamika Heard</li> <li>DFA Communications Team/Marketing Team</li> </ul>
Arkansans	<ul style="list-style-type: none"> <li>Residents can save time and receive reliable, consistent service by accessing services online</li> </ul>	<ul style="list-style-type: none"> <li>Social media outreach</li> <li>Media outreach</li> </ul>	<ul style="list-style-type: none"> <li>Jyothi Prasad</li> <li>Tamika Heard</li> <li>DFA Communications Team/Marketing Team</li> </ul>

### Map and enhance DMV processes with technology to improve speed and service - Initiative DFA #8

This initiative directs DFA to map current DMV processes to identify areas for improvement that could be bolstered by targeted technology investments (e.g., appointment scheduling tool) and then deploy those improvements with the goal of reducing DMV process times and increasing quality of DMV service to Arkansans. Note: This initiative is related to Initiative DFA-18 that looks to improve DFA processes across functions (but not limited to improvements through technology).

This initiative has been defined as an overarching strategy that also includes the following three in-process improvements for the DMV driven by DFA leadership:

- Mobile Driver’s License – DFA is launching a digital representation of the information contained on a physical driver’s license or state identification card (completion expected by February 2025);

- Vehicle Registration Process improvements – DFA is working to reduce/eliminate friction in vehicle registration process related to assessment and payment of personal property taxes; and,
- Revisit digital titling process – DFA is looking for efficiencies in the titling process, including digitization.
- Appointment scheduling and document uploading – DFA seeks to offer citizens greater convenience and improve processes through digitization.

**Initiative Overview and Current State:** DFA divisions collaborate to perform multiple statutorily required DMV functions including but not limited to:

- Issuing and renewing (as applicable) driver’s and commercial driver’s licenses;
- Issuing license plates, titles, and vehicle registrations; and,
- Administering driving and commercial driving tests and issuing results.

DMV leadership and staff stated their goal is to deliver these functions with exceptional customer service. DMV offers these services through its “My DMV” website and in-person offices (located within DFA’s state revenue offices (SROs) and embedded within county court buildings. **Figure 9** provides a Supplies, Inputs, Processes, Outputs, and Customers (SIPOC) diagram for the DMV processes as developed with division leadership and staff.

**Figure 9 – Suppliers, Inputs, Processes, Outputs, and Customers (SIPOC) Diagram**

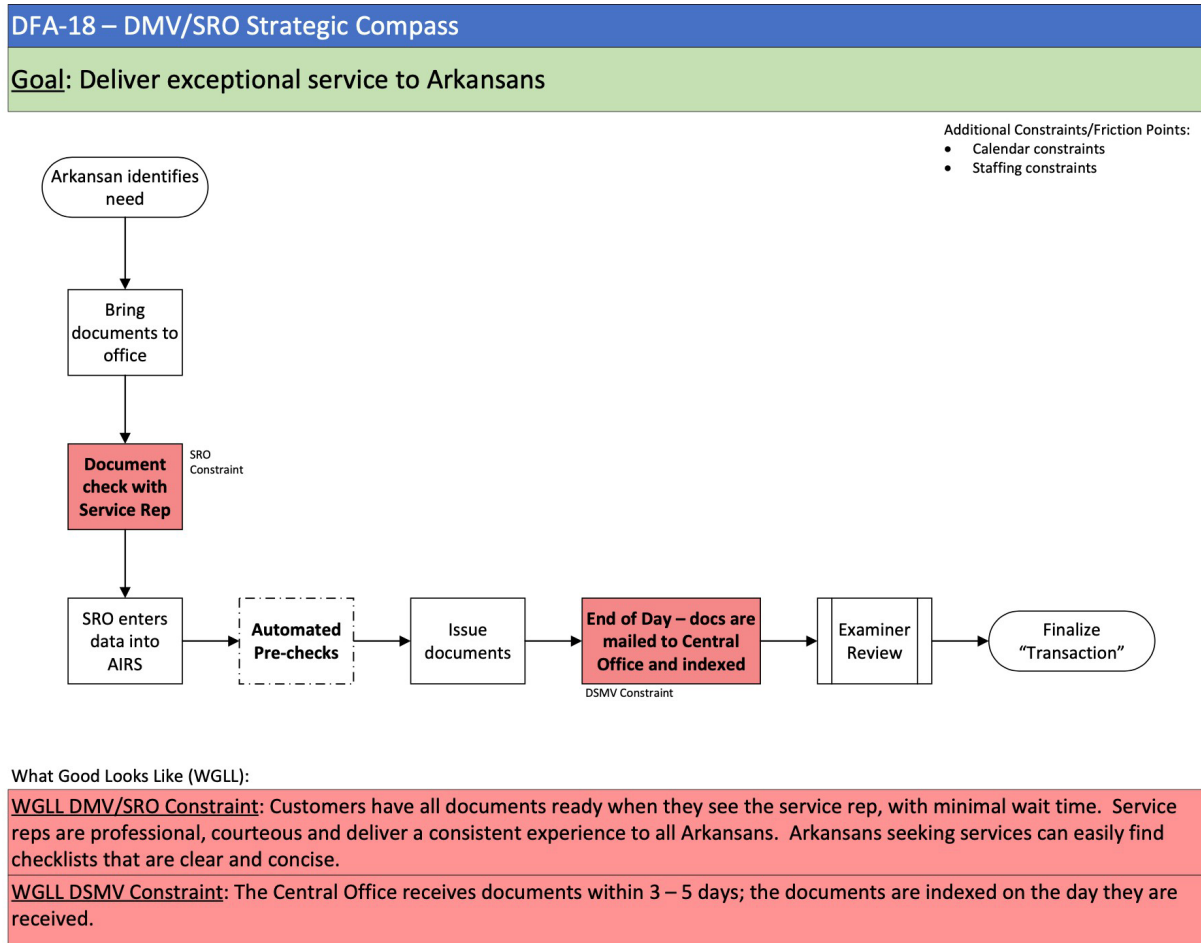
Suppliers	Inputs	Processes	Outputs	Customers
<ul style="list-style-type: none"> <li>• Legislature</li> <li>• DFA</li> <li>• Arkansans</li> <li>• DFA Staff</li> <li>• County Assessor</li> <li>• State/DFA Leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Federal and State Statutes</li> <li>• Forms and Applications</li> <li>• Need from Arkansans: Drivers Licenses, Title, Registration, CDL test, Renewal, Watercraft, ATVs, Driving Test/ CDL</li> <li>• Well-trained staff</li> <li>• Proof of assessment tax payment</li> <li>• Strategic leadership</li> <li>• Sales Tax</li> </ul>	<ul style="list-style-type: none"> <li>• Arkansan identifies needs</li> <li>• Get in line with documents</li> <li>• Document check with service rep</li> <li>• Enter data into AIRS</li> <li>• Some automated pre-checks</li> <li>• Issue document(s)</li> <li>• By End of Day the docs are mailed to Central Office where they’re imaged</li> <li>• Examiners Review packet</li> </ul>	<ul style="list-style-type: none"> <li>• License, card, titles, denials, requests for more information, suspense action, test result</li> <li>• Reports</li> <li>• Data to State Agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Arkansan w/ Need</li> <li>• Stakeholders receive reports</li> <li>• Arkansas Crime Information Center</li> <li>• Secretary of State</li> <li>• Counties</li> </ul>

Source: Prepared in a work session with DFA staff in June 2024.



Regardless of what output a citizen seeks from DMV, the high-level process is similar, and summarized in **Figure 10**: the Arkansan initiates the task, provides document and payment, and DFA issues the requested documentation.

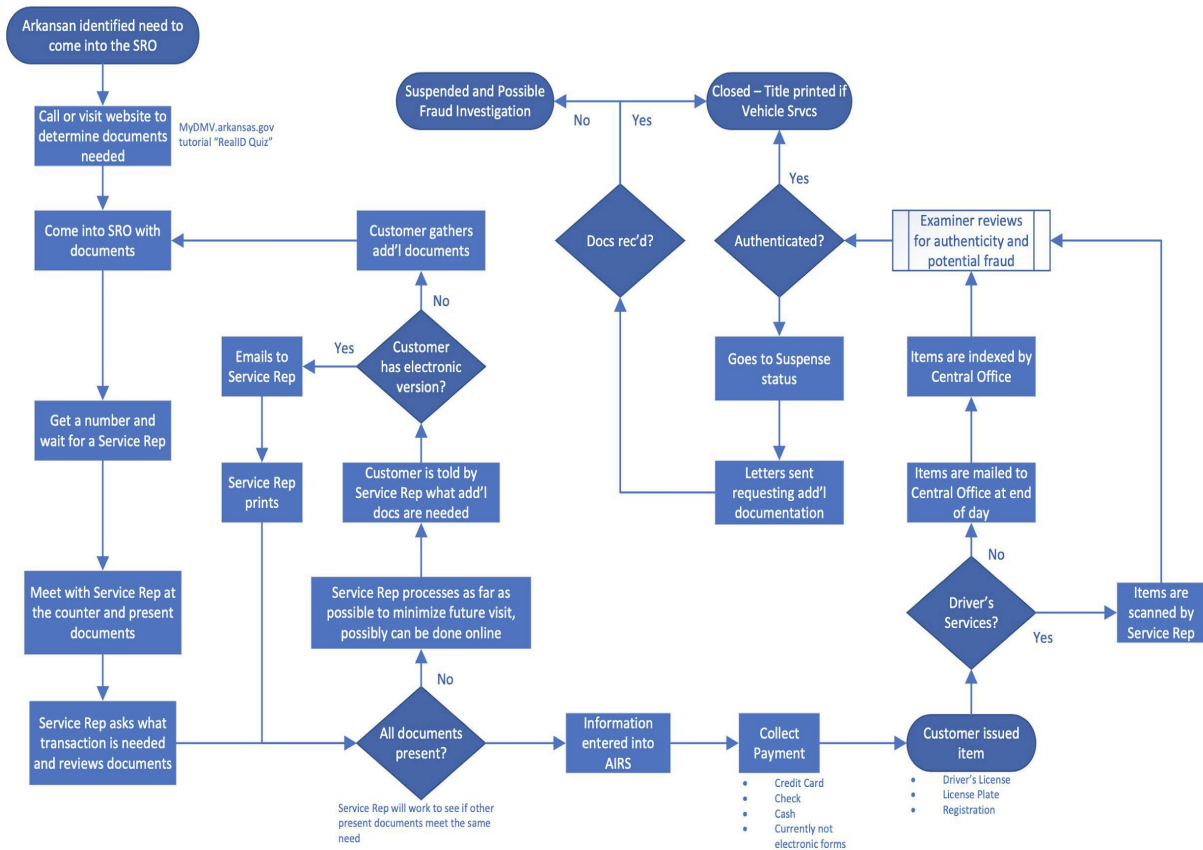
**Figure 10 – High-Level Current DMV Workflow**



Source: Prepared in a work session with DFA staff in June 2024.

To complete these functions, there are multiple steps that occur between the front-office staff who interface with the public (DMV) and the back-office staff who validate the information, index documents, and check for potential fraud (DSMV staff). A more detailed process map is shown in **Figure 11**.

**Figure 11 – DMV/SRO Workflow**



Source: Prepared in a work session with DFA staff in June 2024.

Observations about the current state include:

- “My DMV” offers full functionality of offices; certain segments of the population may be unaware of or unwilling to use the website. Other factors such as limited internet access may limit use in rural areas.
- The efficiency of the in-person workflow is compromised if customers do not bring all the required documents. Customers may have to make multiple trips if they do not bring sufficient documents, which causes dissatisfaction for customers, delays completion of their task, and creates additional operational strain for DFA.
- There are multiple internal delays in the process because the process is not automated fully. For example, at the end of each day, physical documents are mailed by the SROs to central office, where the documents are indexed and reviewed for authenticity before the customer can be issued the requested item. Use of scanning has been incorporated for Driver’s Services, but other functions do not use this option to expedite processing.
- There are certain wet signature and other statutory requirements which impact digitization of the process.

Some additional barriers to DFA in delivering exceptional service as identified by staff are shown in an interference diagram in **Figure 12**. The red boxes represent barriers to delivering the goal of exceptional service in the DMV process and the green boxes represent solutions, which are considered in the implementation plan.

**Figure 12 – DMV/SRO Interference Diagram**



Source: Prepared in a work session with DFA staff in June 2024.

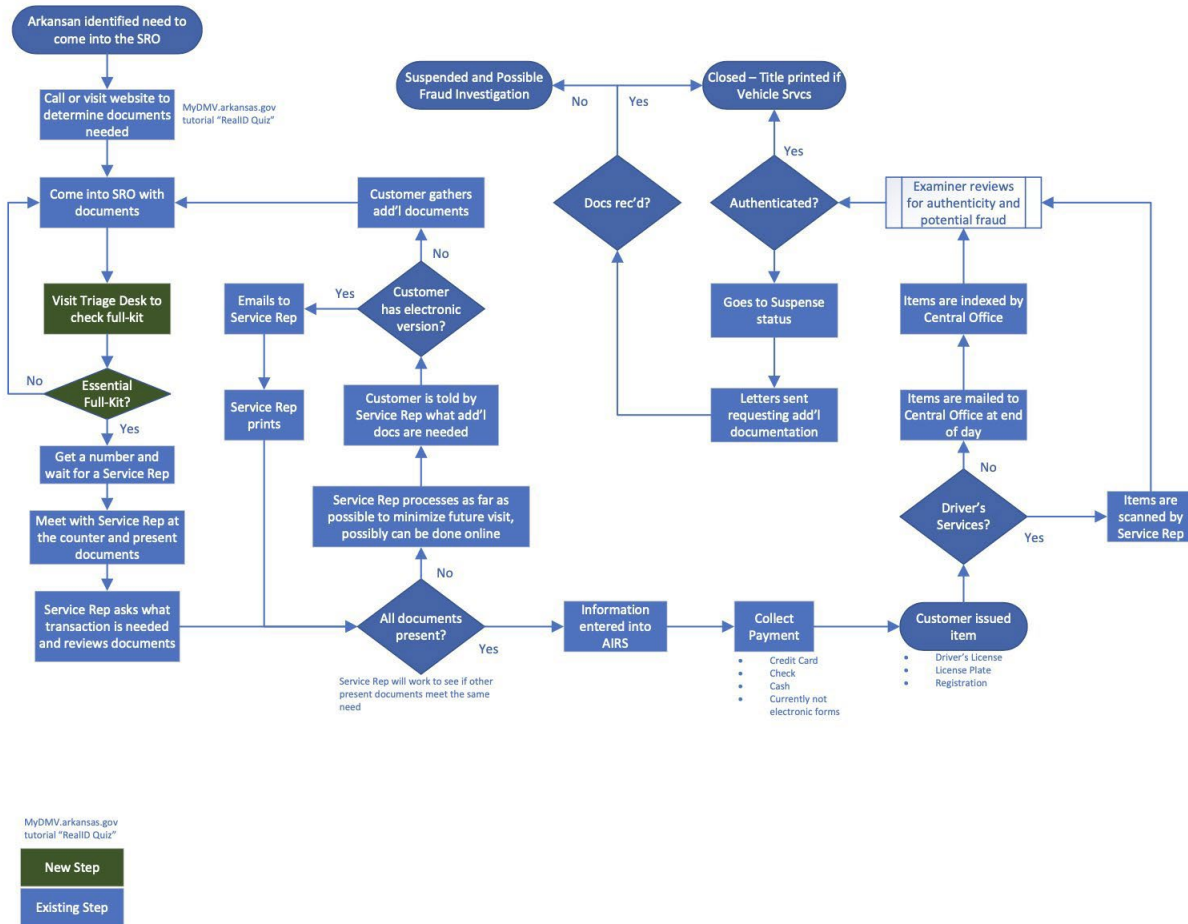
**Rationale:** Through process mapping and analysis, the DFA team can identify ongoing opportunities for improvement, to enhance the DMV experience for citizens, in addition to the multiple technology-enabled projects already identified.

Process improvement suggestions identified by the team are shown in green in **Figure 12** above. These solutions range from investing in the team (dedicated training staff) providing growth and advancement opportunities, hiring at higher position grades), to using technology to find fraud. Most of these improvements would not result in changes to the current state process map. One of the most significant process improvements will be to offer citizens the option to schedule appointments and upload documentation. Once introduced, these improvements may result in process changes or allow individuals to move through the existing process more quickly. In addition, a suggestion that would alter the existing process is to create a triage process, whereby citizens would check in with their documents before going into the wait queue for an appointment. If they did not have all documents required, they could receive guidance on what is needed and could return with the

documents. They would not have to wait the full duration to see a representative, to be turned away. This suggestion is shown on the future state process map in **Figure 13**, in green.

**Figure 13 – DMV/SRO Future State Process Map**

**DMV/SRO + DSMV – Future State Value Stream Map**



Source: Prepared in a work session with DFA staff in July 2024.

**Implementation Considerations: Appendix A – DFA Work Plan** – provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA staff and review of other state best practices include:

**Other states have continued to invest in digitization and technology improvement of DMV operations, including:**

- Many states have sought to make their DMV transactions available online, like Arkansas, either building proprietary systems or purchasing them. For example, Montana and 18 other states implemented the Credentialing and Registration System (Fast Enterprises software), which allows for replacement/renewal of licenses, address change, pay fees, and access

drivers history. Montana also deployed online appointment scheduling and plans to include title registration in the future. Montana has seen process efficiencies.<sup>3</sup>

- The American Association of Motor Vehicle Administrators published a comprehensive 2017 best practice guide after convening a workgroup of states and industry partners: “System Modernization Best Practices.”<sup>4</sup>
- **Arizona:** Arizona was the first adopter of online driver’s services “ServiceArizona.com” but its 20-year-old solution has become dated. Arizona recently upgraded its system to “Arizona MVD Now,” a cloud-based solution. The model is also unique in the funding model used; it was a “claw-back” or benefit-based funding models that did not require a state appropriation.<sup>5</sup>
- **Texas:** Like Arizona, while Texas has driven many changes through “MyTexas.Gov” successfully, the state is now turning to modernizing its DMV. Texas plans to upgrade the state’s Registration and Titling System (RTS), which was implemented in the 1990s and is working on obtaining the legislative appropriation to move forward.<sup>6</sup>
- **Oregon:** The Oregon Driver and Motor Vehicle Services (DMV) implemented an overhaul of its core system, which was nearly 100 years old. In addition, Oregon deployed OLIVR (Oregon License Issuance and Vehicle Registration). Functions include renewal of licenses online, as well as making payments, and purchasing permits. The state accepts electronic signatures and have seen improvements in paperwork reductions. The state plans to create self-service kiosks and add online exams. Consumer adoption of technology has gone as intended.<sup>7</sup>
- **New York:** New York’s experience offers some guidance into challenges that could be faced around digitization and fraud. One of the state’s early tests to use online permitting experienced fraud, requiring rethinking of the approach. The state is moving forward with other customer experience technology solutions such as use of e-signature tools, implementing chatbots and voice automation technologies, and creating a unified state ID (NY.govID+).<sup>8</sup>
- **Nebraska:** Nebraska purchased an “off the shelf” DMV solution. The state funded creation of an on-premises computing environment, hosted in the state’s primary enterprise data center and backed-up in a second data center. A number of the best practices cited in the

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<sup>3</sup>Statescoop, “Montana’s motor vehicles division is going digital,” November 3, 2023, <https://statescoop.com/montana-motor-vehicle-division-digital-driver-services-system>.

<sup>4</sup>American Association of Motor Vehicle Administrators, “System Modernization Best Practices,” May 2017, <https://www.aamva.org/assets/best-practices,-guides,-standards,-manuals,-whitepapers/system-modernization-best-practices>.

<sup>5</sup>ADOT, “Arizona MVD engages citizens and delivers value with the cloud,” December 9, 2020, <https://customers.microsoft.com/en-us/story/856405-arizona-department-of-transportation-governement-azure-en-united-states>.

<sup>6</sup>Government Technology, “Is There Hope for Modernizing State DMVs?” March 2023, <https://www.govtech.com/computing/is-there-hope-for-modernizing-state-dmvs>.

<sup>7</sup>Government Technology, March 2023.

<sup>8</sup>Government Technology, March 2023.

AAMDV publication turned out to be critical to Nebraska’s success including: 1) investing in data cleansing, 2) involving stakeholders, 3) using a vendor and state technology teams.<sup>9</sup>

**Strategies to address potential risks and enable success:**

- Continue to obtain citizen and stakeholder feedback to inform future improvements.
- Invest in communication plan to promote the new functionality developed, whether that is process improvement or technology enabled (such as the digital driver’s license). It is important for citizens to understand how to use the new tools to increase their adoption and help the state realize the return on investment.

**Recommended steps to implement DMV improvements (future state):**

There are many inflight projects related to DMV improvements. This project plan focuses on implementing some of the staff-generated ideas for improvement:

- Create a staff committee with representatives from the DMV/DSMV/SRO teams of all levels (frontline staff and management). These staff should be champions for change and can be part of the change management and communication strategy.
- Consider if it would be beneficial to conduct additional mapping at county offices to identify variations in county practices. If there is lack of adherence to the central process, there could be additional training initiatives developed to address variation.
- Review and prioritize staff improvement ideas identified in the facilitated session.
- Develop a plan to implement the selected initiatives.
- For the triage initiative:
  - Connect with counterparts in Texas to study implementation of the triage process used there.
  - Develop procedure and staff training materials for the pilot.
  - Identify metrics to use to measure success (i.e., the number of people turned away who have incomplete documents, satisfaction rate, and wait time).
  - Identify pilot offices where the solution can be implemented (suggest in at least two counties).
  - Pilot the triage concept for a set time period (suggest 60-90 days).
  - Assess the impact of the pilot and make the decision to expand (Secretary Hudson and Division leadership).
  - Make adjustments to the pilot design based on the experience of staff.
  - Expand pilot to statewide initiative.
  - Develop communication plan for statewide rollout.

**Alignment of department priorities with staffing and resources:** Improvements to the DMV are highly valued by the public and directly impact their views of DFA and state government. Leadership at DFA and within the Revenue division have already prioritized citizen experience as the top priority for the department and have committed to driving a culture change within the organization to achieve this. As noted above the 2022 McKinsey & Company “State-of-the-States”

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<sup>9</sup> State Tech, “DMV Modernization Initiatives Deliver Big Benefits for Citizens,” April 8, 2020, <https://statetechmagazine.com/article/2020/04/dmv-modernization-initiatives-deliver-big-benefits-citizens>.



survey, established a strong link between customer experience and resident satisfaction and illustrated that customer experience improvements can have tremendous benefits for government agencies and their staff and stakeholders.

**Estimation of any anticipated costs and staffing needs:** DFA staff valued training and other investments in its operations such as implementation of a triage process, but given existing workload, did not think these initiatives could be accomplished without dedicated staff serving in this capacity. If staff are diverted from current operations, in the short term, that could create capacity concerns. Over time, these initiatives are expected to reduce workload and improve efficiency, which may make it possible for the FTE count to be reduced, but in the short-term, DFA may consider making investments in the staff infrastructure to make some of these improvements possible.

**Process changes, associated with implementing changes in the strategic plans:** With this initiative, DFA's intention is to commit to a more detailed process mapping to identify further areas within the current "as is" workflow at a regional SRO offices, including the triage process identified by our own initial mapping, so as to ensure the Pilot is successful in reducing wait time and enhancing the customer experience through technology and a more efficient process. The triage process will have an impact on the existing process flow in office transactions. While it is noted in the process diagram, a more detailed workflow will need to be developed with the team for the pilot.

**Performance metrics to measure success post-implementation:** This initiative, and when including the other in-flight plans for DMV, should impact a variety of measures such as:

- In office wait time (reduce);
- Processing time (for transactions like issuing license) (reduce);
- Satisfaction (increase);
- Complaints (reduce);
- Number of visits (reduce, due to citizens needing fewer trips); and,
- Online transactions (various) (increase).

However, because some of these metrics are not readily measured, DFA leadership should consider in investing in the definition and capture of these metrics to allow for collection of a baseline data so that the result of these improvements can be quantified.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Up to \$10 million in potential positive fiscal impact has been identified with this initiative over time (when considering the multiple DMV-related improvements that are part of Secretary Hudson's vision). This includes increased revenue generation from digital transactions, as well as cost avoidance from some operational savings generated. However, there are some up-front investments to realize this positive fiscal impact as noted.

**Change Management Plan:** In several other states that have sought to modernize their DMVs, managing the change and driving culture change toward customer centric practices was important. These states found that implementing new technology solutions was not the only issue, they had to also address the culture, leadership, and training.<sup>10</sup> Multiple states such as Minnesota, Idaho, and Colorado discussed the need to find the right leaders and to support the culture change that comes with process improvement in the DMV. DFA has multiple initiatives focused on customer service as part of Arkansas Forward. Collectively, these initiatives will be important in helping the department to manage the culture change that goes along with the digitization.

Communication planning will be important to communicate any of the process improvements implemented by the DMV. Depending on the initiatives developed, a communication plan will need to be developed that explains new functionality to relevant public, legislative, DFA and other audiences using appropriate channels (website, press release, email, social media, and other).

### Create a single sign-on licensing portal with direct document upload - Initiative DFA #14

This initiative is to create a single sign-on portal with features that enable direct documentation upload to minimize paperwork and streamline and automate application review. The intent for this portal is to allow the user to have a personalized account where they can initiate and access online government services. Future functionality, such as the digital driver's license, would be accessible within the portal.

**Initiative Overview and Current State:** Since 2017, DFA has worked to expand citizen self- service online. DFA's current vision is to move from discrete functions to a single sign-on portal, where all functions can be accessed through one log-on. This solution is modelled after portals used in industries such as banking and would make Arkansas the first state in the nation to implement this solution in state government. This project is one of DFA's highest priorities, and DFA requested its inclusion in Arkansas Forward.

DFA scoped this project to focus initially on motor vehicle services, taxpayer access points, and child support and a glidepath to expansion could add hunting and fishing licenses, voter registration, immunization, and county tax assessor functions. DFA drafted a Request for Information (RFI) in 2024 to solicit information from qualified contractors to develop, test, and implement the Government Services Portal that may use the mobile driver's license app for online identity authentication while using state online services. Responsibilities will include managing, supporting, overseeing the enrollment of the overall Government Services Portal Solution, and establishing standards and requirements for Arkansas state departments and other entities that want to engage with the Government Service Portal program.

**Rationale:** DFA's proposal has significant potential to improve citizen experience. Citizens would be able to engage with applicable government services, creation of a single user identity "vault"

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<sup>10</sup> Statescoop, "Why is it so hard for DMVs to upgrade their technology?" April 21, 2020, <https://statescoop.com/it-modernization-why-so-hard-dmv-upgrade-technology/>.



would streamline application for numerous services, and dashboard functionality would provide much greater visibility and transparency to the user about the status of services.

**Implementation Considerations:** DFA is ready to develop this solution and views it as an essential next step in the evolution of its customer self-service tools. DFA has been working with the Department of Transformation and Shared Services (TSS) in the implementation of this project and ongoing collaboration will be important to its success.

**Appendix A – DFA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA staff. Because DFA is a leader in the development of this solution, there are not many other state examples to look to for guidance at this time.

**Strategies to address potential risks and enable success:**

- DFA and TSS executive leadership is engaged in this project currently, which will be important to ensure both departments continue to prioritize its implementation.
- Because this type of innovation has not been tried and tested in Arkansas, DFA should engage the vendor community through an RFI, which will inform the evolution of the project.

**Recommended steps to implement single service portal (future state):** A detailed project plan and project manager will be required to manage this process. DFA has already secured its project manager, and a project plan should be developed to issue the RFI. Should DFA move forward with this project after the RFI, a more detailed timeline should be issued for the RFP process and implementation. Some considerations for development of the RFI include:

- Project management resources at DFA and TSS;
- Project governance structure;
- Funding source (assumed to be DFA); and,
- Desired timeline for the project (to align with funding availability).

**Alignment of department priorities with staffing and resources:** This initiative remains one of the top priorities for DFA, and its resources have already been aligned to support its execution. For example, DFA has hired a project manager to oversee this project.

**Estimation of any anticipated costs and staffing needs:** The cost to implement the project have not yet been determined because requirements gathering has not been completed. The intent of this initiative is to result in the issuing of an RFI, which will help to scope the project.

**Process changes associated with implementing changes in the strategic plans:** This online offering is in addition to the in-office processes maintained across DFA's divisions. The RFI would have solicited information from qualified contractors to develop, test, and implement the Government Services Portal that may use the mobile driver's license app for online identity authentication while using state online services. Responsibilities identified in the RFI that would include process changes included managing, supporting, and overseeing the enrollment of the overall Government Services Portal solution, and establishing standards and requirements for Arkansas state departments and other entities that want to engage with the Government Services Portal program.

**Performance metrics to measure success post-implementation:** The primary indicator this initiative would seek to improve is citizen satisfaction/net promoter score with DFA (expected to increase). There could be benefits realized across divisions as more transactions occur online, which could reduce processing time for various transactions.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Approximately \$150,000 in recurring positive fiscal impact were identified as a result of this project (combination of revenue generation and cost avoidance). This portal it will make it easier for citizens to do business with the state without having to come to the DMV offices, without having to contact DFA and take up considerable time and resources enhancing the citizen experience. This will all lead to future cost avoidance that is undeterminable at this point and would be in addition to the recurring positive fiscal impact.

**Change Management Plan:** This project is not anticipated to result in significant change management, but a robust communication plan will be needed to promote the new offering similar to “MyDMV.” See Initiative DFA-9 for a discussion of communication costs around such campaigns.

## Strategy: Customer Experience at SRO Initiatives

Initiatives to improve customer experience at State Revenue Offices (SROs) have been prioritized to support Arkansans who prefer in-person engagement with DFA. Arkansas’ 133 SROs handle thousands of transactions each day (i.e., in the collection of fees for driver services, motor vehicles, sales and use tax, and real estate stamps) and remain the primary means by which citizens engage with DFA (over 4.0 million transactions in 2023 and 2.5 million in 2024 year-to-date). Intended improvements in SRO operations include technology-enabled improvements as well as investments in staff training and improved business processes.

Initiatives part of this strategy include five projects currently in process and two new initiatives:

- Refreshing credit card machines (in progress, with completion expected by 12/1/24);
- Reducing credit card swipe fees (complete as of 8/1/24), which will save taxpayers approximately \$2.7 million per year in fees;
- Creating an appointment system for SRO visits that allows for pre-visit document uploads; (target completion by 1/1/25);
- Establishing CX standards at SROs and train staff to follow (target completion by 3/31/25) (DFA-44);
- Identifying opportunities to streamline business processes by eliminating unnecessary steps and automating to drive self-service (DFA-18);
- Developing standardized dashboard to track SRO wait times; and,
- Establishing standards for SRO office appearance/cleanliness/comfort.

## Train all DFA employees on customer experience standards - Initiative #44

This initiative establishes seeks to establish department-wide customer experience (CX) performance standards and to train and train all DFA employees on these expectations, to reinforce the organization's focus towards becoming a more customer-focused organization and encourage high quality customer service outcomes. This initiative is intended to be a "quick win" and deployed over the next six months. Examples of customer service standards include politeness, accuracy, and for same day response.

**Initiative Overview and Current State:** DFA's unique divisions serve many constituencies in Arkansas. There are many in-person and telephonic touchpoints between citizens and DFA. Customer service is "everyone's job" but it is not measured and reinforced through staff training, among other methods. Access to data on customer experience and satisfaction also varies by program. For example, SRO leadership do not have a formalized report to track citizen complaints. Such data is a rich source of potential process improvement and lack of access to this data can make it challenging for leaders to identify issues and correct them.

**Rationale:** Initiative DFA-44 seeks to reinforce DFA's culture of customer service and experience by establishing expectations for the organization and training staff on these expectations. Investment in customer service skills for staff can have a positive impact not only on the clients served but also result in improved job performance and outcomes.

State and federal agencies have sought to model customer experience initiatives in the private sector by establishing performance standards. For example, recently, the federal Health Care Financing Administration (HCFA) established a customer service goal to improve the quality of information provided to Medicaid/Medicare beneficiaries. The standards adopted included:<sup>11</sup>

- 95% of responses to written inquiries are accurate and issued within 30 days;
- Telephone inquiries are accurately and timely answered;
- 97.5% or more telephone calls are answered within 120 seconds;
- All Trunks Busy (ATB) level is 20% or less;
- All manual requirements for accuracy are met; and,
- 98% of all claims are processed within 60 days.

There are many examples of curricula for public and private entities that seek to improve soft skills and customer service training. There are a plethora of vendors who have developed products, at various price points (Alliance Training and Consulting, ICMA, Human Resources Institute).<sup>12</sup>

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<sup>11</sup> Office of Personnel Management "Customer Service Standards," <https://www.opm.gov/policy-data-oversight/performance-management/reference-materials/historical/customer-service-standards/>  
<https://www.learningeverest.com/the-importance-of-customer-service-training-an-overview/>

<sup>12</sup> Alliance, "Meeting Customer Service Challenges in the Public Sector," <https://alliancetac.com/customer-service-training/onsite-course/meeting-customer-service-challenges-in-the-public-sector-course-outline> Human Resources Institute, "Customer Services Skills for Government Employees," [https://www.federaltraining.com/courses/professional\\_development/Customer\\_Service\\_Skills\\_training.asp](https://www.federaltraining.com/courses/professional_development/Customer_Service_Skills_training.asp) x ICMA, "Outstanding Local Government Customer Service," [https://shop.learninglab.icma.org/products/9973492-flg\\_olgs](https://shop.learninglab.icma.org/products/9973492-flg_olgs).

There are also examples of states that have developed customer service training for staff. For example, the Tennessee - Department of Children's Services implemented a GREAT Service (Greet, Relate, Exceed, Affirm, Thank) curriculum for employees developed by the State Department of Human Services, Strategic Learning Solutions division.<sup>13</sup>

### **Implementation Considerations:**

**Appendix A – DFA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA staff and review of other state best practices include:

#### **Strategies to address potential risks and enable success:**

- Must follow-through to make the customer service skills part of DFA's culture and values. If conducted as a one-time training exercise, staff will not adopt and exhibit these behaviors. However, if display of these skills and adoption of these values truly becomes part of how DFA does business, the department will realize the greatest value. More discussion of strategies to do this are addressed under "Change Management."
- Dedicated training resources would support integration of customer service into DFA's culture and values. The investment to create a training unit within the Revenue division is aligned with this initiative.

#### **Recommended steps to implement customer-centered training (future state):**

- Form a customer service workgroup, with representation from all business areas and Enhancing levels of the organization. This should include Human Resources and Communication resources.
- The workgroup to develop a proposed list of key values and behaviors to inform its customer interactions (these can be customer service values).
- Identify related measures that can be used to assess DFA performance across divisions in these areas.
  - Consider implementation of a Net Promoter Score, which is an overall measure of whether the clients served by DFA would recommend DFA to their friends and families.
- Based on the key values identified, develop or purchase training to reinforce these values. There are many "off the shelf" customer service tools and curricula that may be purchased. DFA could adopt a "Train the Trainer" model to contain costs.
- Create a comprehensive strategy to reinforce these new customer service values:
  - Create ongoing email / staff intranet content about the values and skills.
  - Create messages from DFA leadership reinforcing the values.
  - Create a staff recognition program for excellent performance in the values.
  - Send some physical object with the values to staff.
- Create a scorecard to use in sharing relevant metrics with staff. This could be a monthly or quarterly scorecard.

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<sup>13</sup> <https://files.dcs.tn.gov/training/DOHR/CFW1000P.pdf>

**Alignment of department priorities with staffing and resources:** Customer experience is among the department’s highest priorities and a focus of not only Arkansas Forward, but other initiatives as well. The staffing investments in an internal communication resource and a training unit, support the implementation of this initiative.

**Estimation of any anticipated costs and staffing needs:** A range of costs could be incurred depending on how DFA seeks to deploy this training. Development of training to communicate desired customer service behaviors to the staff can be done within existing resources, a curriculum could be purchased, or training seminars could be facilitated by a leader. If DFA invests in a training unit within the Revenue division as is contemplated in Initiative #0, it is assumed this investment will offset the cost of implementing a customer service training program, however there could still be costs to purchase a curriculum.

**Process changes, associated with implementing changes in the strategic plans:** This initiative directly is not expected to change processes, but depending on how leaders seek to integrate these values and behaviors into their work, future process improvement could occur.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve customer service across customer-facing functions at DFA. Metrics that could be used to measure this success include:

- Net Promoter Score – would you recommend DFA to your friends and family? This single question could be incorporated as a survey post-transaction with DFA and captured in a variety of methods (as a verbal question at the end of a call, a text-based survey, or on kiosks in SROs);
- Complaint rate (decrease);
- Improved first call resolution in call center;
- Turnaround time to response (regardless of method – call, email); and,
- Improved satisfaction rate (could implement “pulse” surveys at the end of transactions).

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not anticipated to result in direct cost savings but is expected to result in external benefits to Arkansans interacting with DFA staff. DFA could incur a nominal score cost to purchase or develop training, but these costs could be reduced if DFA uses a “Train the Trainer” approach and if a designated training unit is created as contemplated in Initiative #0.

**Change Management Plan:** Once DFA defines its customer service objectives and goals, and trains the team accordingly, additional reinforcement will be necessary to achieve the intended outcomes. There are many low or no-cost methods DFA can use to integrate its customer service goals into its culture and operations, such as:

- Creating a dashboard to measure performance related to the values and using this dashboard in management meetings on a persistent and ongoing basis with staff;
- Recognizing teams or individual staff members who embody the values in town halls, all staff newsletters, and other forums;
- Incorporating these standards into the hiring process;

- Incorporating these standards into the annual staff evaluation process; and,
- Providing staff with physical representations of them (signage in offices, mousepads, laminated cards, lanyards).

These examples illustrate how organizations can make their values “come alive” and remain relevant for the staff.

Key communication tasks are included in **Attachment A – DFA Work Plan** and summarized in **Figure 14**.

**Figure 14 – DFA-25 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
All Staff	<ul style="list-style-type: none"> <li>• DFA is adopting new customer service values.</li> <li>• Improving customer experience is our goal.</li> <li>• Customer service is everyone’s responsibility.</li> <li>• These values were identified by a team of staff.</li> <li>• We are going to provide tools and training to reinforce these values and skills.</li> </ul>	<ul style="list-style-type: none"> <li>• All staff emails.</li> <li>• Town halls.</li> <li>• Intranet/Sharepoint.</li> <li>• Face-to-face meetings.</li> </ul>	

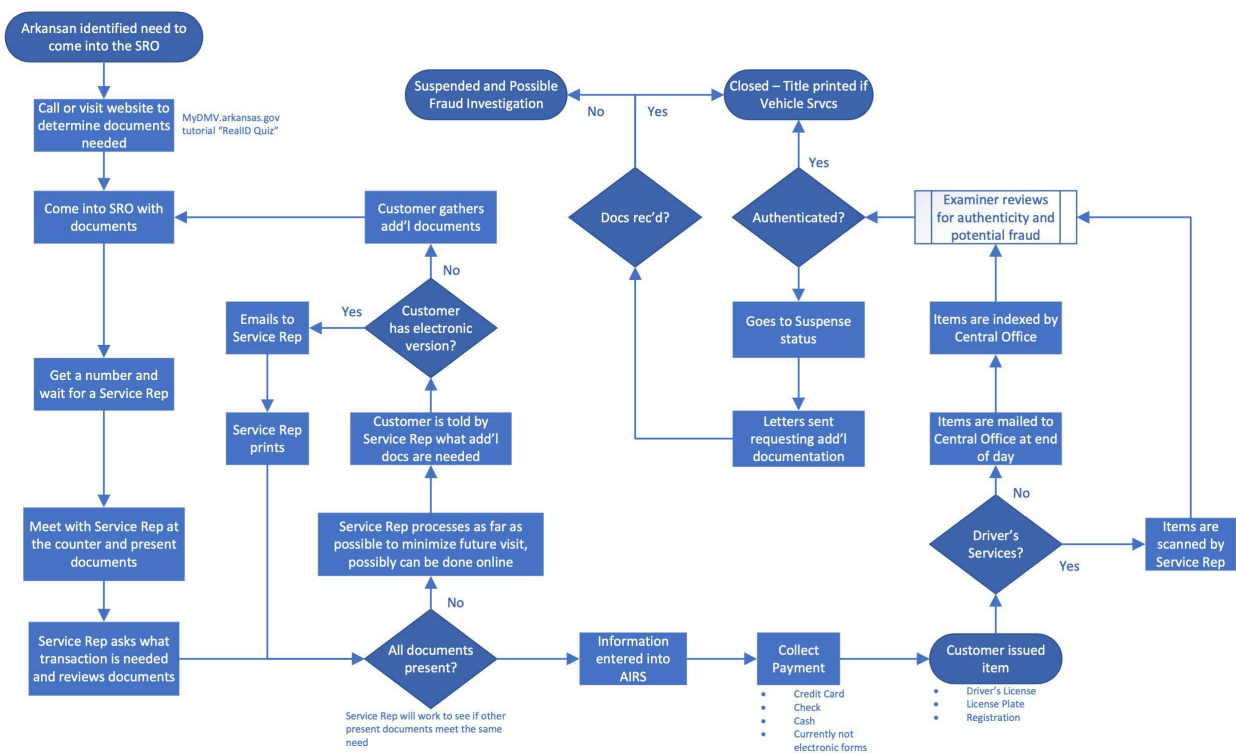
## Map DFA processes, identify issues, and improve efficiency and satisfaction - Initiative #18

This initiative seeks to map key processes within DFA and identify pain points and bottlenecks, then implement process solutions and organizational changes that improve process times and customer satisfaction for SRO and DMV. While this initiative focuses on SRO and DMV functions, to support process improvement, process mapping was used with the following additional Revenue organization areas to provide DFA with the tools to begin process improvement: Legal, Field Audit/Field Audit Collections, all Tax areas, with additional focus on Excise Tax and Corporate Income Tax.

**Initiative Overview and Current State:** There are opportunities within the SRO, DMV, and DSMV business processes to identify process improvements, not only in review of the central, official process flow, but also in review of practice at the multiple county offices to identify issues with adherence to the official process. Categories for consideration include: review of decision points and approvals (with the goal to consolidate to improve process flow), identification of process steps where digitization would be beneficial, and identification of bottlenecks.

To begin this work, a process map was developed with DFA staff and is shown in **Figure 15**.

**Figure 15 – DMV/SRO Workflow**



Source: Prepared in a work session with DFA staff in June 2024.

Another issue that affects the customer experience with regard to DMV operations is that Arkansas statute requires citizens to pay county personal property taxes (on vehicles) prior to vehicle registration. If an individual visits an SRO/DMV location with the intent to register a vehicle, s/he is unable to complete this transaction without paying any outstanding county property taxes. While approximately half of states continue to tax vehicles as personal property (though the trend is toward elimination of this tax), Arkansas is atypical in the manner of its tax collection, with most states choosing to collect this tax at the point of sale. Of states that tax vehicles as personal property, Arkansas is at the lower end in terms of the amount assessed.<sup>14</sup>

As noted in the introduction, other business processes were included in the scope of this item for the purpose of modelling the process improvement identified for SRO/DMV for other areas. The tools and process maps reflecting these work sessions are included in **Figures 16 – 24**.

**Figure 16 – Legal Process Suppliers, Inputs, Processes, Outputs, and Customers Diagram**

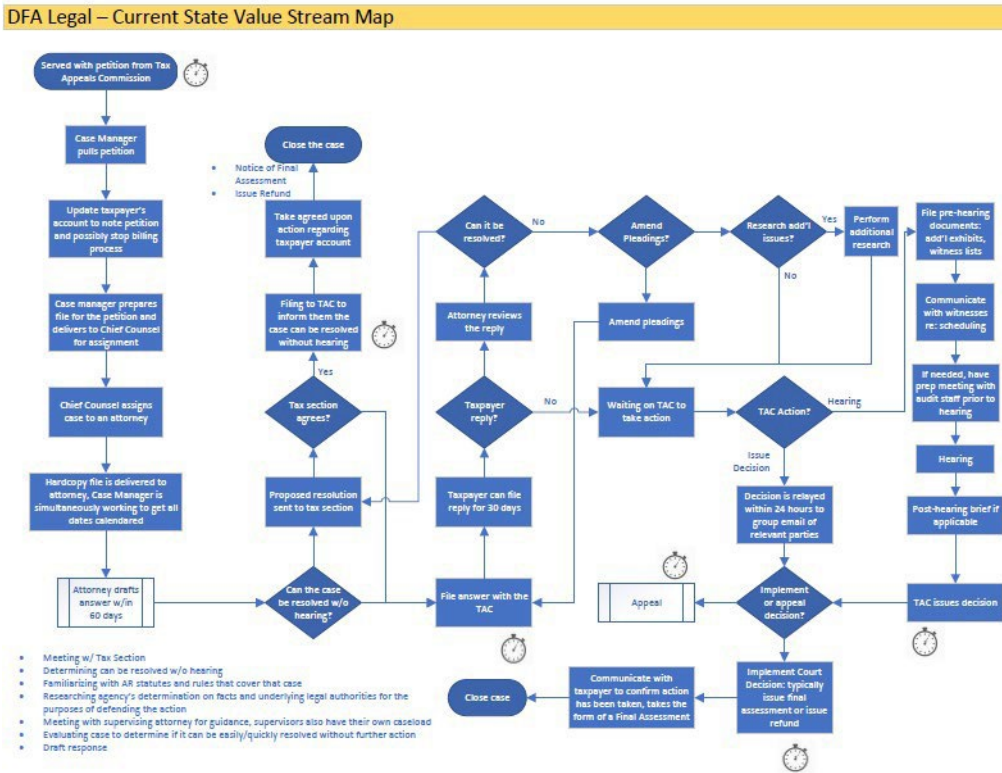
Suppliers	Inputs	Processes	Outputs	Customers
<ul style="list-style-type: none"> <li>• Staff</li> <li>• Tax Appeals Commission forwards petition to Revenue Legal</li> <li>• Tax Section</li> </ul>	<ul style="list-style-type: none"> <li>• Staff – both attorneys and support staff, highly competent and efficient – strong in written work and litigation. Strong in state taxation/ government, can be relied upon to simplify complex subject matter. Very much like law firm where all staff must be highly capable. Cannot miss deadlines or details.</li> <li>• Complaint</li> <li>• Administrative decision with documentation from Tax Section</li> </ul>	<ul style="list-style-type: none"> <li>• Served with petition from TAC</li> <li>• Assigned to Attorney</li> <li>• Attorney files answer w/in 60 days – reviewing, coordinating with tax section, resolved w/o answer?, draft/file answer</li> <li>• Waiting on TAC to schedule, issue decision w/o hearing, or petitioner could file reply</li> <li>• Attorney prepares for hearing; meets with Tax sections if needed</li> <li>• Hearing</li> <li>• Decision issued</li> <li>• Action to taxpayers account based on decision – issue refund, issue final assessment, file appeal (either side)</li> </ul>	<ul style="list-style-type: none"> <li>• Filing Responsive Plea with the Tax Appeals Commission, Circuit Court, etc.</li> <li>• Subpoena for Revenue Division</li> <li>• Represent Revenue in Hearing or Court proceedings until final decision is made</li> <li>• Release of fiscal impact statements</li> <li>• Revenue Legal opinion letters (Private Letter Rulings)</li> <li>• Guidance to tax sections within DFA – both real-time discussions in cases and also novel issues that arise in Commission proceedings</li> <li>• Rule promulgation process</li> </ul>	<ul style="list-style-type: none"> <li>• Taxpayers</li> <li>• Tax Divisions</li> <li>• General Assembly</li> <li>• Governor’s Office</li> <li>• Secretary/ Commissioner of DFA</li> <li>• Private Counsel</li> <li>• Relevant industry</li> </ul>

Source: Prepared in a work session with DFA staff in June 2024.

<sup>14</sup>John S Kiernan, “Property Taxes by State, 2024,” February 20, 2024, <https://wallethub.com/edu/states-with-the-highest-and-lowest-property-taxes/11585>.



**Figure 17 – Legal Process Map**



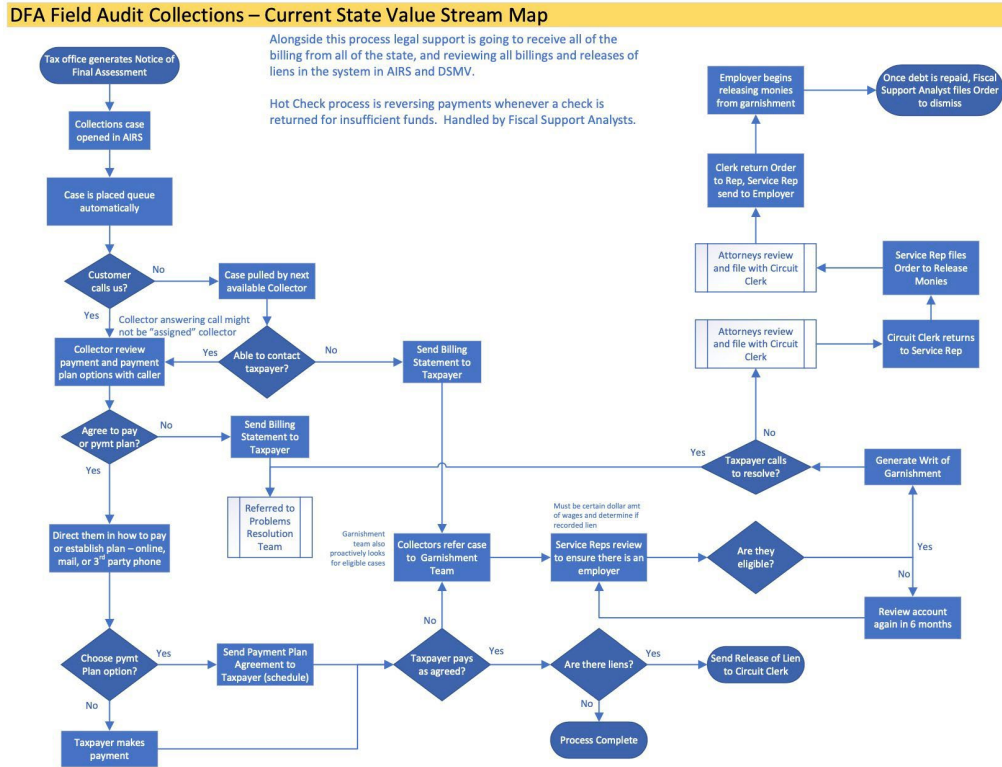
Source: Prepared in a work session with DFA staff in June 2024.

**Figure 18 – Field Audit Suppliers, Inputs, Process, Outputs, and Customers Diagram**

Suppliers	Inputs	Process	Outputs	Customers
<ul style="list-style-type: none"> <li>DFA Revenue Tax Offices (Excise, Income, MV, Drivers' Services)</li> <li>State Legislature</li> <li>Employer</li> <li>Circuit Clerk</li> </ul>	<ul style="list-style-type: none"> <li>Tax Returns</li> <li>State Statutes</li> <li>Rules/Regulations</li> <li>Final Assessment Letters</li> <li>Payment</li> </ul>	<ul style="list-style-type: none"> <li>Collection Case opens in AIRS</li> <li>Taxpayer Calls after Receiving Notice of Final Assessment or Collections calls them</li> <li>Tell Customers how they can make pymts</li> <li>Establish Pymt Plan</li> <li>Make payments</li> <li>File Tax Lien</li> <li>Referred to Garnishment</li> </ul>	<ul style="list-style-type: none"> <li>Filed Tax Liens with Circuit Clerk</li> <li>Garnishment with Circuit Clerk</li> <li>Writ of Execution (discontinued)</li> <li>Payment Plan Agreement</li> <li>Billing Statement</li> </ul>	<ul style="list-style-type: none"> <li>Circuit Clerk</li> <li>Taxpayer</li> <li>CPA</li> <li>Power of Attorney</li> <li>Employers</li> <li>State Legislature</li> </ul>

Source: Prepared in a work session with DFA staff in June 2024.

**Figure 19 – Field Audit Process Map**



Source: Prepared in a work session with DFA staff in June 2024.

**Figure 20 – Excise Tax Suppliers, Inputs, Process, Outputs, and Customers Diagram**

Suppliers	Inputs	Processes	Outputs	Customers
<ul style="list-style-type: none"> <li>• Taxpayers (or their representative such as Power of Attorney, CPA, etc.)</li> <li>• Local governments (or representatives)</li> <li>• Legislative changes</li> <li>• Administration</li> </ul>	<ul style="list-style-type: none"> <li>• Applications</li> <li>• Returns</li> <li>• Payments</li> <li>• Consumer use tax forms (similar to return but reporting tax on purchases) (CU1 form)</li> <li>• Rebate/Refund Requests</li> <li>• Overpayment refund</li> <li>• Customer Correspondence</li> <li>• Info updates, power of attorney, waiver, etc.</li> <li>• Amended returns</li> <li>• Rate changes, proclamations</li> <li>• Tax law updates, policy changes</li> <li>• Pre-payments</li> <li>• Inbound calls from taxpayers (type of correspondence)</li> </ul>	<ul style="list-style-type: none"> <li>• Application/Registration</li> <li>• Filing Returns/ Payments – primarily online</li> <li>• Complete Work Items for items not completed automatically</li> <li>• Collections/Business Closures – Active Acct Holders</li> <li>• Education/Training – policy/law, IT systems, etc.</li> <li>• Local collection – review revenue for 400+ locals to determine if they're above/below certain threshold</li> </ul>	<ul style="list-style-type: none"> <li>• Accounts (and permit if applicable)</li> <li>• Processed return/ payment</li> <li>• Revenue generated for the State</li> <li>• Refund issued</li> <li>• Explanation/Denial Letters if needed</li> <li>• Request for additional information if needed</li> <li>• Quarterly Statement/ Letter for rate changes</li> <li>• Website updates regarding law/policy</li> <li>• Pre-payment requirement letter w/ schedule</li> <li>• Payment plans for delinquent taxpayers (schedule within a letter)</li> <li>• Notice of Proposed Assessment</li> <li>• Clearance Ltrs for Permit Holder: ABC + Tobacco , Marijuana, Lottery</li> </ul>	<ul style="list-style-type: none"> <li>• Taxpayers (or their representative such as Power of Attorney, CPA, etc.)</li> <li>• Local governments (or representatives)</li> <li>• State of Arkansas</li> </ul>

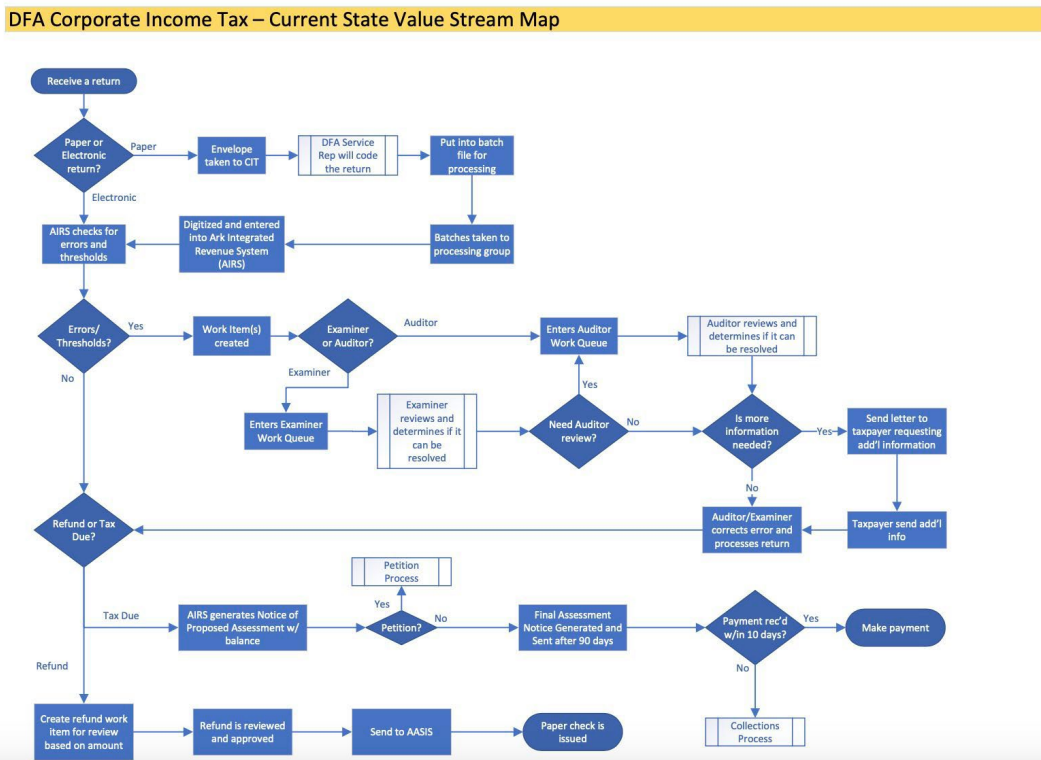
Source: Prepared in a work session with DFA staff in June 2024.

**Figure 21 – Corporate Income Tax Suppliers, Inputs, Process, Outputs, and Customers Diagram**

Suppliers	Inputs	Processes	Outputs	Customers
•	<ul style="list-style-type: none"> <li>• ATAP</li> <li>• AIRS</li> </ul>	<ul style="list-style-type: none"> <li>• Receive Returns (10 - 12% paper filings)</li> <li>• Paper Returns Coded then Imaged</li> <li>• Regular Work Items</li> <li>• Audit Review</li> <li>• Payments made throughout they year are applied to tax liability</li> <li>• Charge or Payment/ Refund then assessed</li> <li>• Send Payment file to State Auditor payment sent thru paper</li> <li>• Notice of Proposed Assessment – Final Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• ATAP</li> </ul>	•

Source: Prepared in a work session with DFA staff in June 2024.

**Figure 22 – Corporate Income Tax Process Map**



Source: Source: Prepared in a work session with DFA staff in June 2024.



**Figure 24 – SRO/DMF Interference Diagram**



Source: Prepared in a work session with DFA staff in June 2024.

**Rationale:** The purpose of this initiative is to review the business processes used by DFA staff to identify opportunities for improvement using a variety of tools. Staff identified process inefficiencies and challenges to delivery of excellent service including in an exercise summarized in the Interference Diagram in **Figure 25**. This diagram shows the inefficiencies in red boxes, surrounding the goal of delivering exceptional service in the blue box in the center of the diagram.

**Implementation Considerations:** **Appendix A – DFA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA staff include:

**Strategies to address potential risks and enable success:**

- Continue to obtain citizen and stakeholder feedback to inform future improvements.
- Invest in communication plan to promote the new functionality developed. It is important for citizens to understand how to use the new tools to increase their adoption and help the state realize the return on investment.



### **Recommended steps to implement DFA process improvements (future state):**

- Create a staff committee with representatives from the impacted division/program of all levels (frontline staff and management). These staff should be champions for change and can be part of the change management and communication strategy.
- Consider if it would be beneficial to conduct additional mapping at county offices to identify variations in county practices. If there is lack of adherence to the central process, there could be additional training initiatives developed to address variation.
- Review and prioritize staff improvement ideas identified in the facilitated session.
- Develop a plan to implement the selected initiatives.
- For initiatives prioritized:
  - Develop procedure and staff training materials for a pilot (which can be tested with offices or team units, depending on the impacted program).
  - Identify metrics to use to measure success.
  - Identify pilot offices or units where the solution can be implemented (suggest in at least two counties or units).
  - Pilot the concept for a set time period (suggest 60-90 days).
  - Assess the impact of the pilot and make the decision to expand (Secretary Hudson and Division leadership).
  - Make adjustments to the pilot design based on the experience of staff.
  - Expand pilot to statewide initiative.
  - Develop communication plan for statewide rollout.

**Alignment of department priorities with staffing and resources:** Improvements to the DFA’s processes across are highly valued by the public and directly impact their views of DFA and state government. Leadership at DFA and within the Revenue division have already prioritized resident experience as the top priority for the department and have committed to changes within the organization to achieve this. As noted above the 2022 McKinsey & Company “State-of-the- States” survey, established a strong link between customer experience and resident satisfaction and illustrated that customer experience improvements can have tremendous benefits for government agencies and their staff and stakeholders.

**Estimation of any anticipated costs and staffing needs:** Process improvements are expected to have an indeterminate positive impact on operating costs.

**Process changes, associated with implementing changes in the strategic plans:** With this initiative, DFA’s intention is to commit to a more detailed process mapping to identify further areas within the current “as is” workflow across SRO and DMV operations, but potentially other divisions/program areas. When initiatives for improvement are identified, they will be assessed for impact to existing business processes.

**Performance metrics to measure success post-implementation:** Using DFA-8 as a guide, performance metrics should be identified for each improvement area. These measures are instructive of the types of measures that should be considered across other program areas as well. Examples include:

- In office wait time (reduce);
- Processing time (for transactions like issuing license) (reduce);

- Satisfaction (increase);
- Complaints (reduce);
- Number of visits (reduce, due to citizens needing fewer trips); and,
- Online transactions (various) (increase).

However, because some of these metrics are not readily measured, DFA leadership should consider investing in the definition and capture of these metrics to allow for collection of a baseline data so that the result of these improvements can be quantified.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Up to \$350,000 in potential positive fiscal impact have been identified with this initiative over time by the department, based on its assessment of the impact other initiatives already in flight. The positive impact includes both increased revenue generated and cost avoidance from operational improvements.

**Change Management Plan:** As with DFA-8 and other initiatives noted, there will be change management work related to implementing these intended process improvements. Obtaining staff support for change is essential for long-term adherence to the intended changes, and ensuring staff understand the “why” behind these changes is important for their buy-in. This initiative is a “win” for DFA with its external stakeholders, as it demonstrates the department’s effort to become more customer-focused and solution-oriented. Developing a strategy to tout the improvements will be important for DFA in receiving credit for these investments. A communication plan will need to be developed that explains new process to relevant public, legislative, DFA and other audiences using appropriate channels (website, press release, email, social media, and other).

**Figure 25 – DFA-25 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Public	<ul style="list-style-type: none"> <li>• DFA has invested in process improvements to make the experience of doing business with government better.</li> <li>• Summary of improvements implemented [insert].</li> </ul>	<ul style="list-style-type: none"> <li>• Press release</li> <li>• Website updates</li> </ul>	Scott Hardin Communication Lead
DFA Staff	<ul style="list-style-type: none"> <li>• DFA has invested in process improvements to make the experience of doing business with government better.</li> <li>• These improvements has been developed with staff input (highlight detail as applicable).</li> </ul>	<ul style="list-style-type: none"> <li>• All staff meetings</li> <li>• Town halls</li> <li>• Staff emails</li> <li>• Feature “champions” of change who have been involved in the workgroup</li> </ul>	Internal Communication Lead

	<ul style="list-style-type: none"> <li>• Summary of improvements implemented [insert].</li> <li>• We will provide support and training for any business areas impacted.</li> </ul>		
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## Strategy: Improve Customer Experience with Tax Initiatives

Enforcing Arkansas’ taxation laws is a core DFA statutory responsibility and is essential to the operation of its state government. The complexity of and negative perceptions around state taxation requirements and collection inform not only how the public views DFA, but also state government. In response, DFA has identified multiple initiatives to improve customer experience with DFA’s taxation function ranging from technology solutions to process improvement, to investment in staff through training initiatives, including:

- Implement dedicated electronic tax lien filing system;
- Develop analytics coupled with AI to target audits (DFA-45);
- Stand up dedicated call center (DFA-23);
- Developed auditor training protocols (DFA-11);
- Update sales and use tax rules;
- Identify opportunities to update sales, use, and income tax laws and rules to increase clarity; and,
- Create more robust fraud detection unit.

Three of these initiatives are part of Arkansas Forward and are outlined here.

### Assess opportunity for implementing data-driven audits - Initiative DFA #45

This initiative directs DFA to assess the opportunity from implementing data-driven audits with the goal of increasing efficiency in achieving compliance in the current audit process through data-driven audit selection and collections. This initiative supports the creation of standard processes for audit selection, reduction in discretion in the selection process, and targeting of DFA’s Field Tax Audit resources toward the most significant potential cases of fraud or underpayment.

**Initiative Overview and Current State:** DFA’s Field Tax Audit function is responsible for audits related to all tax types, but primarily sales and income taxes. The average auditor completes 5-10 audits per year depending on the scope. The Team is divided into four districts, with approximately 90 staff who perform audits. Audits include taxpayer outreach, initiation of audits, and report review. A dedicated Auditor Coordination Team handles reporting and assessments (that are not full-blown audits).

Today, audit selection is a mostly manual process that includes referrals from a suspicious activity reporting intake form on the DFA website, through staff identification of anomalies using reports, and from internal referrals. Internal referrals are a significant share of these leads; auditors often uncover issues for further investigation when reviewing documentation for other audits.



**Rationale:** Some gaps with the current audit selection process include:

- Data are not readily available and the process to obtain and analyze it is time consuming. The team can request reports from the Arkansas Integrated Revenue System (AIRS) through a reporting team, but the team does not have access to real-time and user-friendly dashboards to inform their audit selection. The team understands that other states may be using different AIRS functionality.
- Data review is time consuming and complex. Auditors may be requesting multiple sets of data (which tend to be very large) and comparing them to look for any discrepancies, a process that must be repeated with regularity and across many different taxes. For example, the team compares sales data from liquor distributors with returns from liquor stores to identify discrepancies.
- This process introduces the potential for error and discretion. Reports provide data, but do not easily identify where to focus. This requires staff analysis, which can be manual and can result in missed opportunities. Further, it introduces discretion for auditors and management, which can result in fairness concerns.

DFA wants to shift to an automated, data-driven approach for audit selection using more formalized criteria. DFA could create criteria with corresponding scoring to apply to accounts, which would more clearly identify accounts for audit, remove user discretion, and create a fairer audit process. There is an expected time savings for auditors that could be redirected toward field work related to audit completion instead of searching for which audits to complete.

Other federal and state examples offer some opportunity for Arkansas. Since 2011, the Internal Revenue Services has used its Office of Compliance Analytics to conduct data mining to identify noncompliance, fraud, identity theft, among other issues.<sup>15</sup> Since then and across divisions, the IRS has expanded used data analytics in multiple areas. For example, the Large Business and International Division uses data analytics in its Corporate Compliance program to select corporations for audit. The National Coordinated Investigations Unit uses data for criminal investigation.<sup>16</sup>

Some states have also introduced analytics into audit processes. For example, New Mexico Taxation and Revenue, Audit and Compliance Division has established a Data Analytics and Analysis team within its, responsible for building models for audit selection and fraud detection, among other purposes.<sup>17</sup>

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<sup>15</sup> Kimberly Houser, "The Use of Big Data Analytics by the IRS: What Tax Practitioners Need to Know," *Journal of Taxation*, Vol. 128, No. 2, 2018. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3120741](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3120741).

<sup>16</sup> Christopher M. Ferguson, JD, "The IRS's Plans for Big Data," October 2021, *CPA Journal*, <https://www.cpajournal.com/2021/10/26/the-irss-big-plans-for-big-data>.

<sup>17</sup> New Mexico Taxation and Revenue, Audit and Compliance Division, <https://www.tax.newmexico.gov/about-us/audit-and-compliance-division>.

## Implementation Considerations:

**Appendix A – DFA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA staff include:

### Strategies to address potential risks and enable success:

- DFA may require a consultant team to design reports and build the scoring methodology to identify audit selection. The department may not have access to internal data analytics resources to support this project. Other State of Arkansas departments, such as Department of Inspector General, have adopted use of data analytics in its Medicaid fraud control effort and have established a team of internal resources as well as consultant support. This model could be used by DFA to create this process.

### Recommended steps to implement data-driven audits (future state):

- Identify internal data analytics resources and make decision whether to augment the team with consultant support or use the internal team.
- Conduct review of current audit processes to identify where data analytics may generate improvement.
- Meet with existing AIRS vendor and reporting team to explore whether additional functionality is available (outside DFA's existing contract).
- Make a decision whether to augment the current contract or go to RFP. Seek Secretary Hudson's approval.
  - If selected, draft and manage RFP process for data analytics software and tools for audit selection and revenue collections.
- Create new reporting tools/dashboards for staff.
- Establish staff work flows and process for audit selection enhanced by available data and reporting.
- Train audit staff and related support staff on new process.
- Begin implementing use cases with specific sources of data and reporting.
- Continue implementation into other uses cases.
- Complete return on investment analysis.

**Alignment of department priorities with staffing and resources:** This initiative aligns with the department's core responsibilities around enforcement of the state's taxation requirements. The department devotes significant resources today toward completing audits; this initiative would focus some staff around using data to improve the audit selection process (within existing FTE count), with the intent the audits completed are targeted toward the most significant and substantial cases which can increase collections. The staffing investments in Fraud Prevention as discussed in Initiative #0 would support this initiative, leading to collaboration within each tax unit to identify and investigate potential fraud.

**Estimation of any anticipated costs and staffing needs:** This initiative could result in contractor costs (involved in the design of the program) and purchase of additional software, at a cost to be determined. It is possible DFA could expand its existing ACIS contract.

**Process changes, associated with implementing changes in the strategic plans:** The audit selection process will change, requiring updates to work flows. Improvement of audit selection through a more prescriptive and data-driven process will not likely change how audits are completed but should free up auditor time from having to identify audit selection activities.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to enhance the efficiency of audit selection and increase available time for auditors to perform their audit duties. This should also reduce discretion and improve fairness of audit selection, which could improve citizen satisfaction with the process. Long-term, this should increase recoveries. Applicable measures include:

- Number of audits identified through data-driven process;
- Audit recoveries;
- Reduction in audit time; and,
- Accuracy of audit results.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative could result in a potential positive financial impact of up to \$9 million in recoveries/collections; when other departments such as DIG have implemented data analytics, such efforts have been used to pay for the investments in staff and systems.

**Change Management Plan:** This initiative is an internal business process change. Affected staff would need to be informed but the impact would be contained within Field Audit. Is not anticipated this would require significant external communication. DFA could issue a press release after the successful implementation to tout the effectiveness of the initiative.

### Create response management system to decrease response times and increase accuracy of information - Initiative DFA #23

This initiative recommends the assessment of issues with the current call response process at DFA by mapping processes and interviewing employees to create a response management system made up of a trained pool of individuals to provide consistent and quick solutions to callers.

**Initiative Overview and Current State:** The Arkansas DFA call center serves as the focal point for customers to resolve a plethora of different tax situations, mainly on the income side, although some calls are received on Excise and Corporate tax as well. The call center is often fast-paced, with six hundred calls per day during the peak time of the year. Despite the volume of calls received and processed, DFA management indicate there is no “one-size-fits-all” approach to the calls they receive, and they do not consider their function a true call center as each call received is unique and the response needed is individualized. In addition, DFA processes emails and faxes from customers. **Figure 26**, below, demonstrates the current inputs, processes, and outputs of the current call center function.

The DFA call center number is managed by TSS using a Cisco routing and call center software solution called Finesse. The physical call center is managed and staffed by DFA employees. TSS provides DFA with daily and weekly reports that include the typical call center metrics, including call volume, call abandoned rate, agent status, average handling time, and others, but these reports are not real time.

DFA management staff indicate they would like improvements to the quality of the information received, as well as consistency and reliability. Having more meaningful “real time” data, management staff indicate, would give DFA a better sense as to quality of calls and actual work of the intake counselors, and would enable better time management of employees. In addition, staff indicate that the current system does not allow them to make updates to staff listings, for example, which means information shared is often outdated. While CISCO Finesse has the capability to do many of the functions DFA is interested in having access to, DFA currently must go through TSS and OIS to perform certain functions.

Under the current configuration, DFA leadership is not able to collect feedback on user experience following a call to the agency for assistance. Management are also not able monitor staff or supervisors taking calls to measure their effectiveness, or to review what was said on a call to monitor performance. **Figure 28** below indicates the current work flow for calls to DFA for tax-related issues.

The DFA call center is also struggling with high turnover and effective new employee training. The DFA call center leadership team does not feel they provide a comprehensive training program for their staff. Their staff need to understand and have knowledge of a wide variety of tax codes and laws. Just recently, they designed an in-house training manual and job guides, but believe the next level of professional training is required to prepare their team for the demands of the job and slow down attrition. There is a stated desire to improve customer experience training at the agency and make this metric more of a focus at the agency for residents calling for help with tax issues.

Findings from the “State-of-the-States” 2022 survey highlight the importance of customer experience in residence satisfaction, particularly in the areas under DFA authority such vehicle services and taxes, with “reliability and consistency” found to be the most important drivers of resident satisfaction. As a result of this study DFA staff have made it an agency priority to improve customer experience.

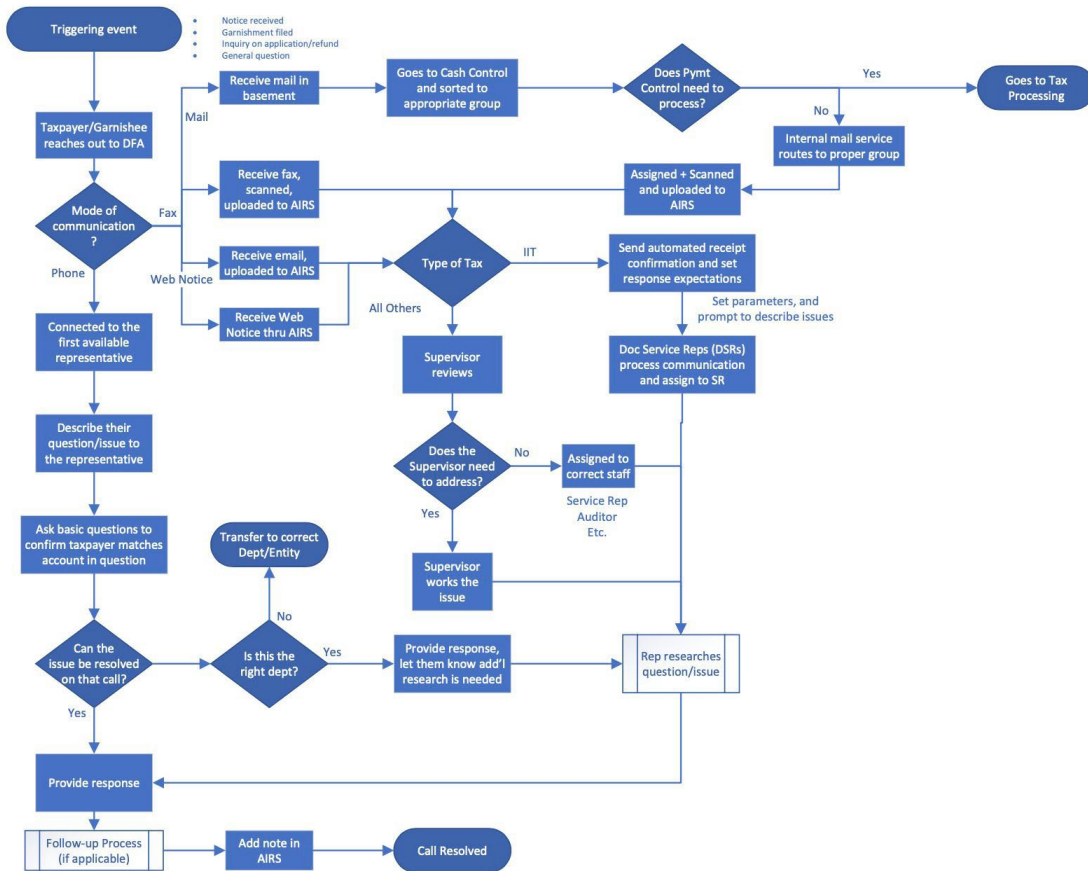
**Figure 26 – DFA Call Response Suppliers, Inputs, Processes, Outputs, Customers (SIPOC) Diagram**

Suppliers	Inputs	Processes	Outputs	Customers
	<ul style="list-style-type: none"> <li>· Staff</li> <li>· Cisco Finesse</li> <li>· AIRS</li> <li>· ATAP</li> <li>· FAST</li> <li>· Call or other communication (email, fax, mail)</li> <li>· Notice or triggering requirement, payment plan (through AIRS)</li> </ul>	<ul style="list-style-type: none"> <li>· Triggering event or notice</li> <li>· Reach out to DFA (phone, email, mail, fax, web notice, walk-in)</li> <li>· Routed to correct general area (or transferred)</li> <li>· Assigned to proper staff</li> <li>· Research account/engage</li> <li>· Resolve communication</li> <li>· Follow-up work if necessary</li> </ul>	<ul style="list-style-type: none"> <li>· Outgoing phone calls</li> <li>· Notices</li> <li>· Outcome: Resolved issue/satisfied customer</li> <li>· Feedback</li> <li>· Revenue receipt</li> <li>· Refund payment</li> <li>· Cleared liens</li> <li>· Dismissing writ</li> <li>· Audit</li> </ul>	

Source: Prepared in a work session with DFA staff in June 2024.

**Figure 27 – DFA Call Response Current State Value Stream**

**DFA Call Response – Current State Value Stream Map**



Source: Prepared in a work session with DFA staff in June 2024.

**Rationale:** Initiative DFA-23 directs the department to create a response management system to decrease response times and increase accuracy of information. Because DFA is not operating this function as a true call center today, it may be missing out on the opportunity to implement proven tools in managing similar functions in the public and private sector. Implementation of this initiative has the potential increase the department’s ability to effectively serve Arkansans with their tax- related issues in three areas, which may improve the state’s ability to recover taxes:

- Improved access to real-time data to inform workforce management and quality performance.
- Implementation of a quality assurance program.
- Enhancement of more staff training.

**Improved access to real-time data**

Principles of call center management allow leaders to oversee daily call center operations, including promoting a positive customer experience and satisfaction. Effective call center managers are responsible for monitoring inbound calls, designing call flows, hiring and training staff, creating schedules to match call volume, and tracking and forecasting performance metrics. The current

reports received from TSS on a regular cadence could be missing other metrics than what are currently provided to promote call center efficiency. Without the right strategies and technology, a call center will not meet expectations and struggle to achieve performance metrics and ensure the best customer experience.

TSS and DFA should develop protocols to enable DFA leadership to have access to real-time data to inform workload management and monitor the quality and outcomes of the calls, including in user-friendly dashboards that make the data more actionable. Staff currently cannot access data to inform workload management functions (scheduling staff, monitoring queues to ensure callers are not waiting excessively) and quality assurance functions (reviewing calls to determine if caller questions are resolved effectively, staff is providing accurate information, and to inform training).

Real-time access to the call center software is essential for properly scheduling the DFA team to align with call volume. Having more available staff at peak times would assist with staff success and retention. Leaders need to consider proper scheduling and workflow balance to get more work done without sacrificing quality. High call center attrition occurs when managers do not anticipate peak call volume, staff capacity, and staff ability. Most call center software includes a workforce management solution, and this should be unlocked and directly accessed by DFA call center leadership.

Effectively managing a call center also requires real-time access to the call center software solution and the creation of a centralized dashboard to increase access across the DFA call center teams. A centralized dashboard allows real-time decision-making for fast and easy access to call volume, wait times, and handling times. TSS should work with DFA call center leadership to offer real-time reporting on key metrics (but also reporting by unit and staff person), with industry standard metrics such as those summarized in **Figure 28**.

**Figure 28 – Example Call Center Metrics for Consideration for DFA Dashboard**

Measure	Purpose	Typical Standard
Average handle time	Measures the length of a call from start to finish.	Varies by industry
Average speed to answer	Measures the average time it takes for a call to be answered by a live agent.	30-60 seconds
Abandonment rate	Measures the percentage of calls that disconnect before being answered.	<3-5%
First call resolution	Measures ability to resolve customer issues within the first contact.	70-85%, industry leaders exceed 90%
Satisfaction Rate	Measures customer experience and satisfaction with the call center (not department overall)	90%

Source: Alex Doran, “12 Key Call Center Metrics & KPIs To Drive Better Performance,” 2/12/24, <https://www.nextiva.com/blog/call-center-metrics.html?v=2>.

Access to this data will allow DFA leadership to establish goals/service levels for each metric and to manage the performance of the call center. Because data are not currently available on these metrics and down to each unit/staff member, a prerequisite item for success of this initiative is to establish baseline performance before agreeing to a goal.

### ***Implementation of Quality Assurance Program***

In addition, DFA should work with TSS to obtain a mechanism to listen to a sample of live or recorded calls as part of establishing a quality assurance program. This functionality is not currently available. A sampling methodology can be created (typically a monthly percentage of calls for each worker), as well as a tool to score calls based on elements including customer service principles and accuracy of information. Findings can be provided to managers for their staff, which can be used to engage individual staff on their training and development and to develop tools for the entire workforce such as videos, online tools, FAQs, and experiential learning. Additionally, a satisfaction survey (a post-question survey call) could be implemented to obtain real-time feedback about the call.

### ***Enhanced training***

Today, the department does not have a dedicated training team focused on this function. Staff receive training, but not the level leadership think are needed to deliver quality outcomes for callers. Data can be used to generate topics of training for the entire team (to occur on an ongoing quarterly basis). Managers/supervisors can use performance data to develop individualized training plans for staff (i.e., if the quality assurance program showed one agent had ongoing issues in politeness, a soft skills training could be provided).

### **Implementation Considerations:**

**Appendix A – DFA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA staff and review of other state best practices include:

#### **Strategies to address potential risks and enable success:**

- Hold regular feedback sessions with the call coordinator and accountants to ensure clarity and address any issues promptly to address the risk of miscommunication leading to calls not being properly directed.
- Provide ongoing support and incentives for adherence to the new protocols to address the risk of inadequate adoption of the new process by the call coordinator.

#### **Recommended steps to implement customer-centered training (future state):**

- Coordinate with TSS DIS to gain real-time access to the call center performance data.
- Establish key list of metrics for use and set goals for target performance (i.e., average speed to answer less than 30 seconds). Establishment of the goals should balance national industry standards with historical performance.
- Create a centralized dashboard to display data (dashboards with drill down to team and agent). Monitors can be established in team areas to allow visibility to the statistics, as well as used by leadership.
- Develop a strategy to measure customer satisfaction (such as by implementing a one question survey at the end of the call) and otherwise exploring other customer satisfaction survey options (i.e., random sample of callers receive callback about experience, text-based surveys).



- Incorporate available data into protocols for workforce management (i.e., staffing to ensure metrics are achieved).
- Create a quality assurance program, making use of a sample of each agent’s recorded calls. This is dependent on accessing recorded calls. This could be incorporated into manager’s duties to listen to a percent of their team’s calls, or a separate unit could be created to focus only on assessment of quality across the entire team. Create a simple scorecard to evaluate calls and aggregate data by agent, unit, and broader division.
- Create ongoing staff training to address trends identified through a quality assurance program. Utilize various training formats such as videos, online tools, FAQs, and experiential learning with more experienced staff while developing training.
- Present proposals for quality assurance and training to Secretary Hudson and other DFA leadership for final approval.
- Implement the new training and quality assurance protocols, scheduling process, closely monitor process effectiveness, collect feedback from staff, and monitor employee performance.

**Alignment of department priorities with staffing and resources:** Enhancing customer experience for taxpayers is a high priority of the Department, as is making DFA a premier workplace in the state of Arkansas. Implementing improvements to its call center including use of real-time dashboards, implementation of more quality assurance activities, and improvements to workforce training and performance are aligned with these priorities.

**Estimation of any anticipated costs and staffing needs:** An area of anticipated cost would be for DFA to access the data it needs and build real-time dashboards to better manage its contact center. The cost estimates vary depending on how DFA seeks to approach this. Other departments such as the Department of Agriculture have used low-cost, web-based data visualization tools and handled programming internally within existing resources. TSS DIS may have access to additional platforms to support these activities.

Best practice would be to have dedicated quality and training staff; if these resources are unavailable, DFA could implement quality and training activities and decentralize these functions to have managers/supervisors take some of this on. Initial estimates by DFA indicate this initiative would have no recurring costs or staffing needs, utilizing existing resources.

**Process changes, associated with implementing changes in the strategic plans:** DFA will need to establish policies and procedures to collect and manage real-time data effectively, including for workforce scheduling, quality assurance, and training.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve workforce staffing deployment and training. Recommended performance measures include:

- Improved customer satisfaction (from reduced wait, improved escalation and routing)
- Increased first call resolution
- Improved employee satisfaction

**Identification and estimation of any savings the strategic plan could realize once implemented:** No potential savings were identified in relation to this initiative, however implementation may enable future revenue collection for the state through improved tax collection.

**Change Management Plan:** This initiative will introduce more structure and a data-driven focus in contact center operations, which will necessitate internal process changes. Affected staff would need to be informed. Is not anticipated this would require significant external communication. The key change management tasks are included in **Appendix A – DFA Work Plan** and the key communication tasks are included in **Figure 29**.

**Figure 29 – DFA-25 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Internal staff DFA managers	<ul style="list-style-type: none"> <li>Leadership are harnessing technology to better schedule intake coordinators using real-time data</li> <li>Training will be provided to better serve customers and improve customer experience</li> <li>Better workforce deployment and training has potential to improve employee retention and satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Town-hall style meetings with agency call center staff</li> <li>Agency-wide emails</li> <li>Fliers in DFA offices</li> </ul>	Katlyn Slabodnick
TSS DIS	<ul style="list-style-type: none"> <li>DFA leadership require real-time software data access to improve agency functions</li> <li>DFA can improve state tax revenue collection with improved customer experience</li> </ul>	Leadership meets with staff from different agencies	Katlyn Slabodnick

**Implement customer-centered tax auditor training within the Division of Field Audit at DFA to enhance cooperation - Initiative DFA# 11**

This initiative focuses on the implementation of a training program for DFA Field Audit focused on customer experience and has the potential to improve employee hiring, retention, and performance at DFA.

**Initiative Overview and Current State:** The duties of the Division of Field Audit (“Field Audit”) include conducting audits to determine compliance with Arkansas tax laws and collecting delinquent tax debts and fees. According to agency staff, within the DFA Revenue Division there are roughly 200 staff, with 150 tax auditors in the Division of Field Audit. Tax Auditors are trained once per year and when they are newly hired, with a training session for one week. Approximately 125 tax auditors complete the Field Audit training each year.

**Figure 30** provides a Suppliers, Inputs, Process, Outputs, and Customers (SIPOC) diagram for the Field Audit function. This tool is used to summarize the current state.

**Figure 30 – Field Audit Suppliers, Inputs, Process, Outputs, and Customers**

Suppliers	Inputs	Processes	Outputs	Customers
<ul style="list-style-type: none"> <li>Individuals and corporations (possibly thru 3<sup>rd</sup> party)</li> <li>Dept of Commerce (AR)</li> <li>Legislature</li> <li>DFA Legal</li> <li>Courts</li> <li>Internal Revenue Service</li> <li>Internet</li> <li>Publications</li> <li>Tax Appeal Commission</li> <li>Other State Agencies</li> </ul>	<ul style="list-style-type: none"> <li>Tax returns (individual, corporate, monthly sales, etc.)</li> <li>Refund claims</li> <li>Incentive certifications</li> <li>State statutes</li> <li>Rules/Regulations</li> <li>Internal Revenue returns (Federal)</li> <li>Bank Records</li> <li>Business Records</li> <li>Administrative Decisions</li> <li>Legal Precedents/ Opinions</li> <li>Court Decisions</li> </ul>	<ul style="list-style-type: none"> <li>Audit Selection</li> <li>Contact Letter to Taxpayer</li> <li>Confirmation Letter to Taxpayer</li> <li>Field Work/Complete Audit Work</li> <li>Customer Reviews Listing</li> <li>Complete Audit Finding</li> <li>Close Audit</li> <li>Audit Findings Reviewed by Mgmt</li> </ul>	<ul style="list-style-type: none"> <li>Summary of Findings</li> <li>Notice of Proposed Assessment</li> <li>Notice of Refund Denial</li> <li>No Change Letter</li> <li>Audit Finding to Excise Tax section – to approve refund</li> <li>Notice of Final Assessment</li> </ul>	<ul style="list-style-type: none"> <li>Individuals and corporations (possibly thru 3<sup>rd</sup> party)</li> <li>Excise Tax section</li> <li>Collections</li> </ul>

Source: Prepared in a work session with DFA staff in June 2024.

Interviews with DFA staff highlighted the department’s efforts to improve and enhance customer service and experience throughout the department and particularly in areas related to taxes and vehicle services. DFA Field Audit staff indicate that as recently as 2021, Field Audit had a “penal focus” culture of enforcement as staff interacted with taxpayers. Leadership are working to change this based on the belief that improving customer experience in areas such as tax services generate a strong return on investment. DFA has encouraged a shift towards more of a “customer” focus and working with taxpayers and businesses in a collaborative and educational manner, including in their training efforts.

The primary goal of the Office of Field Audit is to encourage voluntary compliance by taxpayers with state tax laws, increase revenues, and reduce tax delinquencies. The Office also supports the tax and licensing sections of the Revenue Division. According to Field Audit staff, the Office strives to educate audited taxpayers about the tax law, rules, and proper recordkeeping. While statutory interest must be assessed, Field Auditors are authorized to decline to assess otherwise required statutory penalties to audit liabilities when the taxpayer can show that the noncompliance is due to reasonable cause and not to willful neglect. Once the audit assessment is final, the DFA Secretary has discretion under the Arkansas Tax Procedure Act to further reduce audit liabilities if certain statutory requirements are met.

According to department staff, each year there are over 20,000 businesses who qualify for closure due to unpaid taxes. However, DFA Field Audit typically only closes about 12 businesses each year, or roughly .06% of those who qualify. Staff believe the office’s success is due to efforts to assist each delinquent taxpayer in getting back into compliance, rather than closing businesses, which is

only viewed as an option once all other options have been exhausted. Their goal is to increase collections via settlement agreements within three years, as opposed to reaching back as far as legally allowable.

DFA Field Audit staff report that with these efforts to improve customer experience, auditors in their division conduct their business face-to-face with delinquent taxpayers, often in very difficult situations. Despite the complex functions performed by staff and the risk level of the job, the position grade for these staff positions is misaligned and there are opportunities to elevate these grades to commensurate with the work. The position grades and salaries of other audit functions are provided as a point of comparison in **Figure 31** (though functions are not totally analogous).

**Figure 31 - Comparison of the Field Audit and Legislative Audit Positions and Associated Salaries**

**Comparison of Office of Field Audit and Legislative Audit Positions and Associated Salaries<sup>1</sup>**

OFFICE OF FIELD AUDIT														
Class Code	TITLE	Grade	Minimum	15% Above Min	Midpoint	30% Above Min	Maximum	Current Positions	Average Salary	Non-CPA	CPA	Avg Years of Service Non-CPA	Avg Years of Service CPA	Labor Mkt Rate Adj
A059C	TAX AUDITOR	GS07	\$ 40,340	\$ 46,391	\$ 49,416	\$ 52,442	\$ 58,493	13	\$ 49,417	14	1	1	1	\$ 69,116
A054C	TAX AUDITOR II	GS09	\$ 50,222	\$ 57,755	\$ 61,522	\$ 65,288	\$ 72,822	75	\$ 71,487	73	2	10	22	\$ 61,522
A033C	TAX AUDITOR SUPERVISOR	GS11	\$ 62,531	\$ 71,910	\$ 76,600	\$ 81,290	\$ 90,670	14	\$ 88,911	21	20	23	31	
A096C	DFA REVENUE TAX DIVISION MANAGER	GS13	\$ 77,862	\$ 89,541	\$ 95,381	\$ 101,221	\$ 112,900	4	\$ 105,583	3	1	27	33	
<b>TOTAL POSITIONS 3/11/2024</b>								<b>106</b>						

LEGISLATIVE AUDIT														
Class Code	TITLE	Grade	Minimum	15% Above Min	Midpoint	30% Above Min	Maximum	Current Positions	Average Salary	Non-CPA	CPA	Avg Years of Service Non-CPA	Avg Years of Service CPA	Labor Mkt Rate Adj
Q001C	LA STAFF AUDITOR	GS13	\$ 77,862	\$ 89,541	\$ 95,381	\$ 101,220	\$ 112,900	165	\$ 89,837	77	88	10	12	
Q018N	LA SENIOR AUDITOR	GS15	\$ 86,887	\$ 99,920	\$ 106,436	\$ 112,953	\$ 125,986	43	\$ 114,515	6	37	29	23	
Q010N	LA FIELD AUDIT SUPERVISOR	SE01	\$ 108,100	\$ 124,135	\$ 127,655	\$ 140,530	\$ 147,200	21	\$ 134,879	1	20	25	26	
Q006N	LA AUDIT MANAGER	SE02	\$ 120,543	\$ 138,624	\$ 138,822	\$ 156,706	\$ 157,100	4	\$ 147,327		4			24
<b>TOTAL POSITIONS 3/11/2024</b>								<b>233</b>		<b>84</b>	<b>149</b>			

<sup>1</sup>Grades and salaries based on data found on the Arkansas Transparency website: <https://transparency.arkansas.gov> on 3/11/2024.

Source: Department of Finance and Administration.

Research, interviews, and other field work indicate that DFA Field Audit can further enhance customer experience for taxpayers by aligning its training program with strategies and best practices related to collaborative communication and goal setting.

**Rationale:** While DFA Field Audit has implemented a number of operational changes to align its efforts with a more customer experience focus, DFA Field Audit indicates that it is still in the process of updating its annual and new hire training to reflect the shift from a penal focus to a customer focus. **Initiative DFA-11 directs the department to update its training protocols to better align its taxpayer services training with its enhanced “person-centered” customer experience practices.** Trainings would emphasize listening skills, negotiation, and other customer-centered competencies. Trainings would be done via a new curriculum delivered by district Field Auditor managers.

There are established approaches that could be incorporated into DFA’s training to help staff achieve its goal to be more person-centered. Motivational interviewing (“MI”) has been identified as an evidence-based modality used across disciplines such as child welfare, criminal justice, and

health, for collaborative problem solving and engagement that could serve as a best practice within Field Audit to more effectively serve individuals through a “customer-centered” model. MI can be described as “a collaborative, goal-oriented style of communication” that can aid in behavior change and help individuals become ready, willing, and able to make a change. **Figure 32** highlights the key features of MI.

**Figure 32 – Motivational Interviewing Key Features**

Motivational Interview Features	Other Approaches
Collaboration: Counseling involves a partnership that honors the client’s expertise and perspectives.	Confrontation: Overriding the client’s impaired perspectives by imposing awareness and acceptance of “reality” that the client cannot see or will not admit.
Evocation: Resources and motivation are presumed to reside within the client.	Education: The client is presumed to lack key knowledge, insight, and/or skills that are necessary for change to occur.
Autonomy: The Advisor affirms the client’s right and capacity for self-direction.	Authority: The Advisor tells the client what he or she needs to do.

MI is ideally positioned to help Field Tax auditors to have a challenging discussion with a business owner about unpaid taxes, and to move them from a state of inaction to the state’s desired action. Before contemplating making needed change, the dynamic in MI begins as shown in **Figure 33**.

**Figure 33 – How Facilitator Engages Client in Making Needed Change Using MI**

Client	Facilitator
Unaware that problem exists	Build rapport
Too discouraged to think about change	Build confidence, hope
Not considering change	Acknowledge both pros and cons of change
Not yet concerned	Double sided reflection
	Give menu of options with small steps

Through working with a facilitator trained in MI, a client undergoes: 1. contemplation of change, 2. preparation, 3. action, and 4. maintenance. As recurrences of past behavior occur, the facilitator aids clients in regaining their learned skills. MI has been proven to advance behavioral change, helps clients examine and accept their reality, and empowers clients to make personal change.

MI has been identified as a well-supported practice (highest rating) by the federal Title IV-E Prevention Clearinghouse. The Clearinghouse reviews research on programs and services to support children and families and prevent foster care placement, and categories programs/services as: well-supported, supported, promising, or does not currently meet criteria based on this evidence. It has been successfully implemented across state governments in child welfare, health and criminal justice. **Figure 34** summarizes some state examples of MI application.

MI has also been adopted by government entities in Arkansas, for example, by the Workforce Development Board of Eastern Arkansas.

**Figure 34 – Example State MI Applications**

State Entity	Summary
Texas Workforce Commission	“Transitional Motivation” class is available to staff and is used to help clients achieve the goals and outcomes in the Texas VR program, including customer motivation, is a function of Texas VR process.
Wisconsin Vocational Rehabilitation	Rapid engagement of clients through MI is used to develop the client relationship. Staff training includes MI and Trauma Informed Care principles. MI is included in the WIVR State Plan.
Michigan Department of Health and Human Services	The Michigan Department of Health and Human Services’ IV-E prevention plan includes use of MI for all caseworker training, along with trauma-informed care training.
New York State Office of Children and Family Services	New York’s IV-E prevention plan highlights the intervention as a family engagement approach that can be used in a variety of settings and contexts.

Source: Consultant team.<sup>18</sup>

DFA should also consider training for Field Auditors to include “first responder” behavioral health-centered modalities to ensure the safety of tax auditors in the field, who may be engaging individuals in crisis-type situations as they engage more in-person and with more customer-centered methods.

By reforming the existing training modules to be more customer experience-centered, such as through a methodology like Motivational Interviewing, DFA will not only more strategically align its training to its agency mission, but may also increase effectiveness in completing settlements, which may financially benefit the state.

### Implementation Considerations:

**Appendix A – DFA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA staff and review of other state best practices include:

#### Strategies to address potential risks and enable success:

- Participation in the trainings should be incentivized through recognition programs and potential career advancement opportunities to address the risk of inadequate engagement from taxpayer service representatives
- Implement standard training practice of contact with business owners in Arkansas to strengthen “customer” relationship, learn skills that help field auditors understand concerns business owners may have, develop good listening skills, and increase education opportunities for businesses.

<sup>18</sup> Child Welfare Information Gateway, “Motivational Interviewing: A Primer for Child Welfare Professionals,” Fact Sheet, September 2023, <https://www.childwelfare.gov/resources/motivational-interviewing-primer-child-welfare-professionals/>.

Texas Workforce Commission, VRS Manual: B-100 and course catalogue: <https://www.twc.texas.gov/agency/training-development>.



- Training field auditors in customer experience methodologies should be balanced with the need to maintain focus on encouraging and enforcing tax compliance.
- As DFA Field Audit encourages more collaborative engagement of businesses and taxpayers, the personal safety of staff in the field is a critical focus of any agency training.
- The State should consider opportunities to narrow or eliminate pay discrepancies for state auditors, particularly as DFA field auditors are encouraged more to engage taxpayers and businesses in-person to engage in negotiation, education, and resolution.

**Recommended steps to implement customer-centered training (future state):**

- Form a work group including frontline staff, management, and leadership that is responsible for revising the training available to Field Audit staff.
- This group should start by defining the outcomes it seeks to achieve (see below) and the core competencies it seeks to develop for staff, assessing whether current training builds those competencies or identifying gaps where new resources are needed.
  - One consideration is on diffusing escalating situations and ensuring the personal safety of Field Auditors. Field Auditors may not be effective in customer-centered roles if they do not feel safe or educated on personal safety; DFA may consider “first- responder-type: training for potential crisis-like situations.
  - Motivational Interviewing is a training protocol that should be considered as part of this assessment.
- Determine whether to build or purchase new training. Acquire new training materials.
- Create a pilot to test delivery of new materials with a dedicated unit(s).
- Assess the outcomes of the pilot, such as through a pre- and post-pilot survey of staff.
- Modify materials based on pilot and develop a timeline and implementation plan for division-wide implementation.
- Deliver training through new dedicated Revenue division training team.
- Establish a review process to continuously assess training effectiveness and make necessary adjustments.

**Alignment of department priorities with staffing and resources:** Enhancing customer experience for taxpayers is a high priority of the Department and implementing augmented training opportunities through this initiative to improve engagement with taxpayers aligns strategically with this priority. As noted in the introduction, creating a training unit within the Revenue Division would support implementation of this initiative. The plan for the training unit as it impacts the tax program areas includes a Program Manager (GS-14) with a lead (GS-12) embedded within each of the tax sections in the Revenue Division. Note that additional resources would be embedded within other Revenue Department divisions as outlined in Initiative #0.

**Estimation of any anticipated costs and staffing needs:** Initial cost estimates for FTE time and any necessary development costs have the potential recurring financial impact of approximately \$850,000. If the investments in training are made, there would likely be no additional cost to implement this initiative unless the team determined purchase of a curriculum is needed.

**Process changes, associated with implementing changes in the strategic plans:** The intent of this initiative is to provide staff with a resource to fulfill existing functions more effectively

and to build on the good results achieved today with even stronger results. While this could result in changes to staff standard operating procedures as MI is incorporated, it is not anticipated the high-level processes used by DFA Field Audit will change.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve the customer experience focus of an existing training program at DFA Field Audit, improve education and relationship opportunities with Arkansas businesses, and improve delinquent tax collections through improved negotiation and education of businesses and taxpayers. Recommended performance measures include:

- Increased incidences of engagement with businesses as part of training protocol.
- Increased responses and negotiations generated through new training modalities.
- Increased (number and value) of settlement agreements reached within 3 years.
- Improved customer satisfaction with DFA Field Audit tax auditor services.
- Improved customer service quality and increased knowledge among taxpayer representatives.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is anticipated to result in external benefits to DFA’s stakeholders and long-term increased effectiveness of the department in negotiating settlements and repayment.

**Change Management Plan:** MI is a methodology that supports the broader culture change that DFA is undergoing to be more customer focused. This effort will require ongoing commitment from leadership, follow-through, and time to reach all levels of employees including frontline staff. The implementation plan included in **Appendix A** includes tasks focused on managing this change, which will begin with clear communication to staff about the implementation and the “why” behind it. If interpreted by staff as another requirement or addition to their workload, this initiative may not achieve the intended results. If staff buy in to the approach and view the training positively as a tool to help them be more effective, adoption will be as intended.

**Figure 35 – DFA-11 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Internal staff	<ul style="list-style-type: none"> <li>• Continuing customer experience focus at DFA through tax auditor training.</li> <li>• Seeking improvements to taxpayer/business engagement to improve effectiveness and efficiency in performing tax audits.</li> </ul>	<ul style="list-style-type: none"> <li>• Face-to-face meetings with department leadership</li> <li>• Face-to-face meetings with division leadership, including district offices</li> <li>• Fliers in DFA office locations across the state</li> <li>• Agency-wide emails</li> </ul>	<ul style="list-style-type: none"> <li>• Eileen Henderson</li> </ul>



Audience(s)	Key Messages	Modalities	Owner(s)
Business community and taxpayers	<ul style="list-style-type: none"> <li>Building awareness in taxpayer/business community about tax policies and paying delinquent taxes; negotiating settlement agreements</li> </ul>	<ul style="list-style-type: none"> <li>Social media</li> <li>Fliers, emails at local business organizations</li> </ul>	<ul style="list-style-type: none"> <li>Eileen Henderson</li> </ul>

### Strategy: Improve Staff Experience

Improving staff experience is directly related to DFA’s goal to improve the customer experience: by investing in its organization, DFA can not only improve morale, engagement, satisfaction, and retention, but also pass those benefits on to the customers DFA serves through improved quality of work, efficiency, and customer service, among other benefits. Staff experience initiatives include three key Arkansas Forward initiatives:

- Expand DFA University to invest in emerging leaders (DFA-3)
- Establish a feedback system for employees to improve workplace conditions (DFA-25)
- Track and maximize fleet usage across departments (DFA-608)

### Expand DFA University (DFA-U) to better invest in emerging leaders for future leadership - Initiative DFA #3

This initiative recommends the expansion of the current DFA-U leadership program, which identifies DFA employees with leadership potential and has shown promising outcomes in its current small- scale configuration. Formalizing and investing in the program have the potential to improve employee hiring, retention, and performance at DFA.

**Initiative Overview and Current State:** DFA-U is a department-wide leadership program designed to identify employees within the department that demonstrate the characteristics and desire to be future leaders within DFA. DFA-U “aligns with the department’s mission by assessing leadership gaps, identifying potential leaders, and preparing these individuals to meet the department’s growing leadership needs.” DFA-U is also considered an important deviation from the “silos” that traditionally defined DFA.

DFA-U is offered in Little Rock over the course of a year, with attendees participating in monthly meetings consisting of learning about different branches of the agency, participating in workshops, completing assignments, and engaging in mentorship. Attendees are selected through a nomination process done by agency administrators, who are the “boots on the ground” identifying potential DFA- U candidates; administrators can pick 2-3 candidates to nominate.

According to data provided by DFA as shown below in **Figure 36**, the program has completed three “academic years” as of May 2024. As of this date, 51 total candidates, or 96% of DFA-U attendees, have completed the program. Of these 51 candidates, 49 are still at DFA, a 96% retention rate after 1-3 years. 45% of DFA-U graduates have been promoted, with 52% of this group promoted to “Manager” titles, with at least two direct reports.

**Figure 36 - DFA-U Outcomes To-Date<sup>19</sup>**

Program Completion Rate	96%	53 total candidates; 51 graduated
Graduate Retention Rate	96%	51 graduates; 49 graduates still at DFA
Program Promotion Rate	45%	51 Remaining Graduates; 23 Promotions to members since starting DFA-U *Some members were promoted multiple times.
Program Promotion to "Manager"	52%	12 of the 23 promotions were to a position that has at least two direct reports.
Year 1 Promotion Rate	92%	13 Remaining Graduates; 12 Promoted since starting DFA-U
Year 2 Promotion Rate	53%	15 Remaining Graduates; 8 Promoted since starting DFA-U
Year 3 Promotion Rate	13%	21 Remaining Graduates; 3 Promoted since starting DFA-U
<p>Notes: The data is provided by Department of Finance and Administration, as of 5/8/2024.            HR data only includes promotions granted after the employee began DFA-U. DFA University has completed three academic years. There has been a total of 53 candidates who accepted the invitation to DFA University:            - 49 graduates remain employed at DFA.            - 4 graduates are no longer employed at DFA.            - 2 candidates did not complete the program.  <b>The percentages provided were calculated using the total DFA-U graduates still employed at DFA.</b></p>		

While the program has demonstrated strong retention and promotion outcomes, interviews with DFA staff indicate that there is a need to formalize the program, develop strategic partnerships to bolster it, and expand its geographical range and programmatic offerings. For example, staff indicate that most of the program attendees are from the Little Rock area or Central Arkansas due to geographic constraints for other DFA employees. Staff have also identified that strengthening employee “hard” and “soft” skills, such as writing and public speaking, across the state is a necessity to improve leadership and advancement and develop their workforce pipeline as an agency. DFA staff also indicate DFA-U is key to retention of staff, with staff indicating that employees will otherwise move to different agencies. The agency would like to increase its graduates per year to 50 per year, as opposed to the approximately 20 graduates per year, currently.

Program leadership believes the success of the program is reliant upon its expansion by four different channels: 1) Offering the leadership program regionally and geographically; 2) Enhancing the current curriculum; 3) Offering Alumni training; and, 4) Developing Partnerships with Community Colleges

Assistance is needed to identify and implement best practices and improve the program. Program leadership has indicated that the DFA-U expansion cannot occur without the implementation of technical tools and support. Currently DFA does not have a full-time-equivalent (FTE) resource

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<sup>19</sup> DFA staff

dedicated to DFA-U. Instead, the program is run by DFA staff with other responsibilities. DFA also has plans to build on DFA-U with “DFA Grad School” to make additional training available for leaders.

**Rationale:** The costs associated with recruiting, hiring, and training new state employees can be considerable, with some estimates of replacing an employee ranging from approximately 16% to 200% of spending on annual salaries<sup>20</sup>; by other estimates, 150% of a departed employee’s annual salary.<sup>21</sup> By expanding the DFA-U program, DFA and the state may have the opportunity to increase talent identification of high-qualified individuals, improve retention, and increase internal promotion. In addition, the state of Arkansas may benefit from the increased production of high quality and well-trained employees delivering service. Staff indicate that DFA salaries for lower-level employees make attracting and retaining employees challenging; DFA-U is viewed as an alternative offering to help hire, train, and promote high performing, lower-level employees at the agency.

**Initiative DFA-3 directs the department to expand its DFA-U program**, which could involve greater dedication of resources for personnel and materials.

DFA-U has demonstrated promising outcomes within its three-year existence, but there are opportunities for expansion:

- Given limited internal curriculum materials and resources, greater resources and/or strategic partnerships could enable an improved and more geographically available curriculum.
- Improved access to information and development of the curriculum could help strengthen program offerings.
- Alumni of DFA-U need to be engaged intentionally to continue to develop their talent in skill such as project management.
- Collectively, these strategies support continued expansion and formalization of DFA-U.

Other states have successfully offered state-wide, multi-stage leadership training to help identify, develop, and retain public sector employees. **Figure 37** outlines a best practice from the Texas Health and Human Services Commission (HHSC), which has developed a leadership program consisting of four modules, two programs and two “academies” to serve four departments. Through this leadership program HHSC has reached 53,000 employees of HHSC. The program has existed for 12 years, with a retention rate of ~70% for all employees who have completed the program and an advancement rate of ~50%. HHSC program staff indicate that the rewards of their program are that the programs are highly visible, help further growth, and participants are able to network with agency employee with whom they would otherwise never work. Graduates receive certificates as well as training hours.

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<sup>20</sup> Government Executive, “What Keeps Public Employees In Their Jobs? It’s Not Just Pay,” January 11, 2023, <https://www.govexec.com/management/2023/01/what-keeps-public-employees-their-jobs-its-not-just-pay/381709/#:~:text=Turnover%20among%20government%20employees%20is,experience%20required%20for%20the%20job.>

<sup>21</sup> Government Executive, “Replacing a Government Employee Can Cost 150% of Worker's Salary,” July 22, 2021, <https://www.route-fifty.com/workforce/2021/07/replacing-government-employee-can-cost-150-workers- salary/183989/>

**Figure 37 – Best Practice: Texas Health and Human Services Commission**

Program	Program Features
<p><b>Extraordinary Contributors Program (ECP)</b></p>	<ul style="list-style-type: none"> <li>• Meant for high performing individuals, not managers or supervisors, that want to grow within their own skill set and within agency.</li> <li>• Four months in duration and it is 100% virtual.</li> <li>• Program consists of four sessions and then a graduation ceremony. The sessions are 1.5-2 days.</li> <li>• The purpose of ECP is for the employees to “Own Their Influence.” They are taught that leadership is influence and they leave with understanding that they take ownership of that principle.</li> <li>• Participants are paired up with a “Transitional Mentor” – a front-line manager that has made the transition to manager in the last two years. The Transitional Mentor is supposed to connect with the mentee on at least 4 sessions outside the program sessions.</li> <li>• Participants are asked to do projects and come up with recommendations, for example: how do you make meetings meaningful?</li> <li>• This program offers an opportunity to serve as coach; participants get a book called “Active Coaching” and receive a ½ day or full day of coaching.</li> <li>• The program puts participants in groups of six, which helps develop a bond with five peers.</li> </ul>
<p><b>Aspiring Leaders Program (ALP)</b></p>	<ul style="list-style-type: none"> <li>• Participants are high performing individuals who want to move into management or supervision.</li> <li>• Program assesses whether employees are equipped to make the shift mentally and emotionally to leadership roles: are employee’s individual contributions to a team or someone who can lead a team?</li> <li>• Focus on the different mental and emotional skill set needed to supervise people.</li> <li>• Objective for program is clarity – do they really want to supervise people?</li> <li>• The program is 4 months in duration; with 1.5-day sessions occurring approximately every 3 weeks.</li> <li>• The program offers a hybrid option of in-person or Zoom participation.</li> </ul>
<p><b>Rising Leaders Academy (RLA)</b></p>	<ul style="list-style-type: none"> <li>• The academy is for those new to the management and the leadership ladder.</li> <li>• Attendees are taught from book “The Five Dysfunctions of the Team” by Patrick Lencioni.</li> <li>• This academy includes in-depth leadership learning.</li> <li>• A 360 Self-Assessment is required for each participant.</li> </ul>
<p><b>Executive Leadership Academy</b></p>	<ul style="list-style-type: none"> <li>• The Executive Leadership academy is for senior leaders, senior managers and directors, to help prepare for executive leadership.</li> <li>• Unlike other leadership programs, for this academy, the head of the agency must approve a candidate’s attendance.</li> <li>• A 360 Self-Assessment is required, and candidates must also complete a leadership development plan.</li> <li>• Attendees are assigned a mentor.</li> </ul>

Source: Interview with Texas Health and Human Services Commission official.

For the ECP and ALP programs, participants complete an application, which a manager has to approve. Applications are based on first come first served. Program cohorts are limited to 36 participants for these for these programs. For the Academies, seats are selected by the executives in the agency. Academies meet for a total of six months. For all the programs, there is homework and prework, and for ELA, participants must come back to give a 15-minute presentation after they have completed the program.

HHSC reviews their leadership program every two years. Evaluations by participants are based on three principles: was the content relevant, reliable and applicable. Program staff at HHSC stressed that important factors of the program's success are: 1. That they do not spend time on agency information and do not have directors or bureau heads come in to give talks; 2. They do not use a traditional classroom; 3. They do not use the words "training" or "curriculum" or "info dump" – the curricula for their programs instead aim to be "fluid and organic" and focused on applicable tools that are relevant to the current workforce. The topics evolve between years. For graduates of their programs, there is an Alumni Association, which enables graduates to continue their leadership development. Alumni have access to an alumni list serve and there is also a newsletter that is sent out to graduates.

## Implementation Considerations:

**Appendix A – DFA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA staff and review of other state best practices include:

### **Strategies to address potential risks and enable success:**

- Conduct regular feedback sessions to understand and address any concerns, offer incentives for participation, and ensure programs are aligned with career aspirations to address the risk of low engagement from identified talent.
- Rotate mentors annually to prevent burn-out or waning interest from leadership address the risk of lack of engagement from leadership/mentors.
- Ensure follow-through and consistency in the program, by dedicating a full-time staff person to operate and lead the DFA-U program.

### **Recommended steps for expanding and formalizing DFA-U offerings (future state):**

- Assess current talent and skills gaps in the organization and identify potential future leaders.
- Develop an expansion plan for the current DFA-U model with the DFA-U leadership (e.g., expanding number of enrollees, adding additional programming).
- Identify technical tools and resources needed to expand and formalize existing program offerings.
- Consider tiered or progressive program offerings for different levels of professional development as identified in best practice case study.
- Consider the ability to offer a fully virtual or hybrid option for programs to enable increased geographic participation.
- Develop competency framework outlining the skills and competencies required for future leaders across all divisions.

- Partner with institutions of higher education such as Arkansas State University and community colleges to access education and training resources while also opening recruitment channels for future agency employees.
- Develop tailored training and development programs focusing on leadership, technical skills, and soft skills.
- Preview and receive approval from Secretary and broader DFA leadership team on expansion program.
- Implement best practices for mentorship program to improve and expand current offering to pair emerging talent with experienced leaders.
- Develop an alumni association or similar post-graduate program to keep graduates engaged and enable continued opportunities to network and develop skills.
- Regularly assess the progress and impact of the development programs through quarterly evaluations.
- Continuously refine programs based on feedback and performance data.

**Alignment of department priorities with staffing and resources:** Recruiting, training, and developing leaders throughout the organization to meet the agency’s high standards of performance is central to DFA’s mission and priorities, however there are no FTEs dedicated to the DFA-U program today. This project could be supported by implementation of Initiative #0, which locates a training unit within the Revenue division. DFA may choose to dedicate or partially dedicate staff to this program.

**Estimation of any anticipated costs and staffing needs:** DFA may consider augmenting its DFA-U program by hiring one person dedicated to developing materials, curriculum, and programming as well as scheduling, planning, and executing the program, but it is recommended this is done in a fiscally neutral manner through repurposing of vacant positions or by earmarking expected recoupments from improved employee retention.

Per DFA initial estimates, a potential recurring financial impact identified could be around \$500,000 per year to implement this initiative fully, including the hiring of an FTE to run the program and additional resources for curriculum development, training (including possible technology costs), and events.

**Process changes, associated with implementing changes in the strategic plans:** DFA will need to establish policies and procedures for DFA-U related to state-wide training offerings, developing an alumni component, and potentially creating a new role within the agency to staff the program.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to increase the number of DFA-U attendees in total, increase statewide participation in the program, develop strategic partnerships to augment the program, and improve DFA retention and promotion of employees. Recommended performance measures include:

- Number of DFA-U attendees
- Number of DFA-U graduates
- Geographic representation within DFA-U cohorts
- Promotion rate for DFA-U graduates
- Retention rate for DFA-U graduates

**Identification and estimation of any savings the strategic plan could realize once implemented:** No potential savings were identified in relation to this initiative directly, but the intent is to realize long-term cost avoidance through increased staff retention.

**Change Management Plan:** Collaboration with institutions of higher education is essential to this initiative. Recommended messaging and modalities are included for each audience in **Figure 38**. Key activities and timing for communication plan are included in **Appendix A – Work Plan**.

**Figure 38 – DFA-3 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Internal staff	<ul style="list-style-type: none"> <li>● Expanding an opportunity to recognize and develop leadership-caliber workforce within the agency.</li> <li>● Expanding ability for employees to attend throughout the state, either remotely or through hybrid offering.</li> <li>● Marketing to alumni of DFA-U that additional opportunities for advancement/training will be offered to continue refinement of skills and capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>● Face-to-face meetings with department leadership</li> <li>● Face-to-face meetings with division leadership</li> <li>● Fliers in DFA office locations across the state</li> <li>● Agency-wide emails</li> <li>● Social media</li> </ul>	<ul style="list-style-type: none"> <li>● Amy Valentine</li> <li>● Christa Hulett</li> </ul>
Prospective DFA employees	<ul style="list-style-type: none"> <li>● Marketing to prospective DFA employees that a benefit of employment with the agency is career development, leadership development, and upward mobility/opportunities for career advancement within the agency.</li> </ul>	<ul style="list-style-type: none"> <li>● Fliers, emails at local community colleges and 4-year institutions throughout the state.</li> <li>● Social media</li> </ul>	<ul style="list-style-type: none"> <li>● Amy Valentine</li> <li>● Christa Hulett</li> </ul>

**Establish a feedback system for employees to improve workplace conditions - Initiative DFA #25**

This initiative recommends the implementation of a feedback channel and response approach to collect and address employee pain points to become a premier workplace in the state by employees feeling heard and their working conditions improving over the next year. Examples of a feedback channel could include establishment of an annual employee engagement and satisfaction survey (or use of more frequent pulse surveys) and use of qualitative methods to gain a richer understanding of employee views generally and on specific topics through focus groups or employee town halls.

**Initiative Overview and Current State:** While there is no single perfect measure to assess employee satisfaction and engagement, existing data demonstrate some opportunity for improvement. In FY 2023, DFA reported having 2,261 employees across the agency and a vacancy rate of 17.7% (based on authorized position count of 2,747).

Overall turnover at DFA is 16.76% and turnover varies by division as shown in **Figure 39**, which may provide an opportunity to identify areas of focus to improve employee engagement and retention. Racing, Management Services, and Assessment Coordination Department, and the Lottery division have the lowest rates of turnover and may prove instructive in addressing turnover at the Revenue Division and within Shared Services, which have the highest rates.

**Figure 39 – DFA Turnover, 2024 year-to-date**

Division/Program	Turnover Rate
0490 ACD	11.54%
0610 Mgmt Svcs	10.77%
0611 ABC Admin	15.38%
0613 Lottery	12.33%
0630 Revenue Div	18.73%
<i>Field Audit</i>	<i>11.59%</i>
<i>Legal Counsel</i>	<i>13.16%</i>
<i>SRO</i>	<i>21.42%</i>
0631 Racing	0%
0634 OCSE	14.76%
9906 Shared Svcs	18.81%
Overall Average for DFA	16.76%

Source: Office of Personnel Management.

Note: Three sub-units of the Revenue Division are shown for illustrative purposes. There are additional staff units within the Revenue Division not shown.

DFA’s stated goal is to be a premier state department—a place people want to work and a trusted partner with which the public and other state departments want to do business. Arkansas DFA was also recently touted as a “State as a Model Employer” site by the Council of State Governments, for its policies and practices states designed to increase the recruitment, hiring, retention, and advancement of people with disabilities within state government. DFA undertakes its own employee training and leadership initiatives, with DFA-U (see DFA-3) showing positive outcomes in leader identification, promotion, and retention.

Despite DFA’s goals to make the department a premier workplace in the state, focus groups and interviews with DFA staff indicate that there is currently no employee feedback system in place aside from annual performance evaluations or exit interviews, which are reportedly not consistent and do not result in data that can be collected or analyzed to identify trends or issues. Without actionable insight into employee satisfaction, needs, and department culture, DFA is at risk of not only losing employees, but also inability to provide best-in-class service to residents of Arkansas through its multitude of citizen- and business-facing operations. Conversely, DFA can build a culture of feedback, informed by an employee feedback process, that will yield data to drive decisions, policy, and interventions aimed at improving staff experience, satisfaction, and professional development. These efforts will support DFA in its efforts to build a strong culture with engaged employees.



**Rationale:** Staff focus groups revealed a common sentiment that establishment of a regular and recurring employee feedback channel to collect and respond to employees could help improve workplace conditions.

**Figure 40 – Sample of Responses from Two June 2024 DFA Employee Focus Groups**

<p>Goals for Feedback System</p>	<ul style="list-style-type: none"> <li>● Improved workplace conditions and culture; barometer for happiness of employees and well-being</li> <li>● Breaking barriers between leadership and employees</li> <li>● Establishing culture that encourages and values feedback through regular meetings, surveys, and other dedicated feedback channels</li> <li>● Employee feedback system will help department leadership understand how employees feel and think about their workplace, and can be used to improve workplace conditions, and employee development</li> <li>● Improved communication</li> <li>● Better understand employee needs/learning styles</li> <li>● Identification of employee needs, gaps in training</li> <li>● Improved team mentality/feelings of inclusivity; improved workplace morale</li> </ul>
<p>Types of Information to Collect to Improve Agency Culture</p>	<ul style="list-style-type: none"> <li>● Opportunities to provide honest, confidential feedback, catch issues early on</li> <li>● Information gathered through “culture of emotional safety,” ability to speak up without perceived repercussions</li> <li>● Central repository for employee feedback: way to collect and aggregate exit interviews and other feedback data</li> <li>● Training feedback, effectiveness of training based on type, method; opportunities for improved trainings (ex. child support training) and professional development</li> <li>● Improved practice, policy information: are they outdated?</li> <li>● Evaluations of superiors- 360 Reviews should be considered</li> <li>● Office environment- if any changes needed, workplace satisfaction</li> <li>● Inclusive activities across all divisions</li> <li>● Customer experience and morale information</li> <li>● Information on Opportunities for advancement</li> <li>● Incentives and acknowledgement for employee excellence</li> </ul>

**Initiative DFA-25 directs the department to develop a feedback channel and response approach to collect and address employee pain points to become a premier workplace in the state by employees feeling heard and their working conditions improving over the next year.** Implementation of this initiative has the potential to identify opportunities to improve workplace experience, employee satisfaction and training, and strengthen inter-agency communication, among other benefits. These potential benefits to DFA employees may also be passed onto the customer through improved employee retention and experience, training, and job satisfaction.

**Implementation Considerations:** Many public and private employers use employee satisfaction and engagement surveys to collect employee feedback on a variety of topics. There are a variety of tools available for purchase such as the Glint, Perceptyx, Officevibe, Qualtrics. The benefit of engaging these firms is that they offer not only a survey tool to capture feedback but also access to resources to design a customized survey for the organization and data on other employers to benchmark data against other employers in their industry. There exists a large body of research on relevant domains of questions and question design types (Likert scales) by industry.

In addition to these tools, some states have developed their own tools or partnered with educational institutions to build customized surveys for their state employees. Some examples of how other states have approached this issue include:

- Texas Survey of Employee Engagement (SEE) survey: The survey is distributed every two years by the University of Texas Institute for Organizational Excellence to approximately 250,000 state employees (including higher education institutions and school districts) and includes areas such as communication, supervision, quality, teamwork, pay and benefits, training, diversity, ethics, management, engagement, and technology. Use of the survey consistently over time has allowed departments to establish a baseline and measure incremental changes, identifying where to focus.<sup>22</sup>
- Oklahoma State Employee Engagement Survey: The survey was implemented annually beginning in 2020 and is administered by the Oklahoma M ES Human Capital Management Team and includes domains such as work culture, satisfaction, culture, and engagement. The survey is administered in the Spring through a web-based application and is available for anyone with a state-issued email address to complete. An annual summary of findings is released publicly.
- Washington State Employee Engagement Survey (EES): The Office of Financial Management, State Human Resources division administers a survey to state employees, and individual departments have the option to administer their own survey. The survey occurs annually in October, dating back to 2006. The 2023 survey included 37 questions engagement, diversity, communication, resources, growth/development, inclusion/belonging, manager effectiveness, change management, among others. An annual summary of results is publicly available.
- Minnesota developed a guide for state agencies on how to use employee survey data proactively through creation of action plans.<sup>23</sup> Minnesota Management and Budget has used an annual state employee engagement survey since 2018. The MMB Enterprise Talent Development team has responsibility not only for developing the survey, releasing annual results, but also supporting state departments in using the information to support process improvement.

In addition to these methods, there are other ways organizations seeking to build a feedback culture can collect employee feedback on a more continuous basis (instead of only through an annual survey). Qualitative processes can be paired with surveys to conduct more thorough qualitative analysis on specific topics to gain additional detail and inform interventions. Some employers have created digital channels for employee engagement and feedback (e.g., publishing frequently asked questions in response to questions submitted online or through comment boxes) and creating digital town halls where the chat or comment function is enabled. These methods allow for employee engagement with leadership. They introduce different degrees of risk (e.g., the pressure to respond to questions live) but can be adapted based on the needs of an organization and preferences of leadership.

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<sup>22</sup> Texas Institute for Organizational Excellence, "Survey of Employee Engagement," <https://sites.utexas.edu/ioe/survey>.

<sup>23</sup> Minnesota MMB, "State Agency Employee Engagement Survey, Action Planning Toolkit," <https://mn.gov/mmb-stat/enterprise-talent-development/2019-engagement/state-agency-employee-engagement-survey-action-planning-toolkit.pdf>.

**Appendix A – DFA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Ensure employee awareness of and participation in feedback mechanisms created. Promote the feedback system through internal communications, offer incentives for participation, and highlight success stories to build trust to address the risk of low employee engagement. Most surveys can preserve employee anonymity to encourage participation, while gathering some information such as division to enable aggregation.
- Consider collecting feedback through multiple channels to encourage participation, such as an annual or semi-annual survey paired with a comment form posted on internal employee intranet or Sharepoint sites; physical comment boxes in offices; and interactive employee town halls. At least some methods should all provide for anonymity of feedback.
- Ensure dedicated resources for managing feedback received, establish clear accountability, and continuously review and improve response protocols to address the risk of inadequate responses to feedback. Creation of feedback channels can send a powerful signal to employees that their feedback is welcome and their concerns are heard by leadership. However, it is essential to convey to employees that their feedback is being acted upon; failure to respond to feedback undermines the process and can have the opposite impact of what is intended. Examples of how to use feedback include:

- Sharing survey results transparently with staff.
  - Analyzing data by division to identify low-scoring areas and working with those leaders to develop custom actions to improve staff experience.
  - Identifying low-scoring topics and creating strategies to address them that are built into annual strategic plans (e.g., improving training); and,
  - Sharing data with division leaders and supporting them in developing solutions specific to their teams (e.g., making more training resources available or addressing concerns with supervision).
- Commit to long-term change management through consistent use of feedback channels over time, sharing of results, and visible implementation of initiatives to respond to the feedback received. These efforts support the building of trust and buy-in, which were identified as barriers to implementation of a successful employee feedback system in the focus groups.

**Recommended steps to implement an employee feedback mechanism (future state):**

- Form a committee to oversee the design and implementation of employee feedback program, to include human resources leadership and representatives across divisions and staff levels (to include management and frontline staff).
- Complete a cost-benefit analysis of creating an internal survey vs. finding a partner such as an academic institution or vendor to develop and administer the survey.
- Identify additional feedback collection strategies (e.g., comment boxes, town halls, staff Q&As, leadership blog, meetings with executive leadership).
- Based on survey decision, either build or contract with entity to administer survey

- Develop communication plan, to promote survey in advance of release and include plan for dissemination of results.
- Administer survey and other feedback approaches.
- Create a summary of results to share with staff/public.
- Create toolkit for leaders to act upon feedback provided (annually for survey, including connection to strategic planning, and ongoing for other mechanisms).
- Conduct training sessions for employees and managers on how to use the feedback system and respond appropriately, and how to provide effective feedback. This includes efforts to promote transparency with managers/encourage managers and leaders to indicate they are listening and learning from data collected
- Regularly assess the quality of feedback provided to determine if adjustments to this approach are required. For example, the frequency of the survey may need to be adjusted or qualitative methods may be used to investigate issues that appear on a survey (e.g., if scores significantly decline in one domain year-over-year, a focus group may be needed to gain additional insights and support implementation of corrective measures).

**Alignment of department priorities with staffing and resources:** Enhancing customer experience for taxpayers is a high priority of the Department, as is making DFA a premier workplace in the state of Arkansas. Implementing an internal feedback system for employees to improve employee satisfaction and performance aligns strategically with the priorities of the agency.

**Estimation of any anticipated costs and staffing needs:** Initial estimates by DFA indicate that one full-time equivalent (FTE) resource would be required to develop, launch, and manage employee engagement and feedback programs. Technology will be required to track employee satisfaction and receive response submissions. Initial cost estimates for FTE time and any necessary IT tool development costs have the potential recurring financial impact of approximately \$250,000.

**Process changes, associated with implementing changes in the strategic plans:** Acting on collected feedback requires an ongoing central resource to manage analysis of feedback and oversee implementation of corrective steps and initiatives to address feedback. Creation of a culture of feedback requires the commitment of each leader to receive and act on feedback. Existing business processes may require change in response to employee suggestions (e.g., process improvements).

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to collect more actionable employee feedback data on the employee experience at DFA and effectively harness this data to improve agency operations. This initiative is expected to increase employee satisfaction, engagement, and retention. Recommended performance measures include:

- Employee satisfaction rate (net promoter score).
- Employee engagement rate (response rate); and,
- Employee retention (overall, by division, by position).

Over time, this initiative is also expected to improve customer service quality (which can shorten response times or improve the accuracy of transactions).

**Identification and estimation of any savings the strategic plan could realize once implemented:** No potential savings were identified in relation to this initiative in the short-term, though in the long-term is expected to contribute to greater satisfaction and retention, which reduces departmental hiring and training costs. Creation of this feedback program is one reinvestment as a result

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of Arkansas Forward; out of anticipated cost savings and cost avoidance from other Arkansas Forward initiatives, DFA would invest in dedicated staff and a tool to measure employee feedback. Costs are expected related to staff and the tool to administer the survey (which can be mitigated depending on how DFA chooses to administer it).

**Change Management Plan:** DFA-U is an established and respected program within DFA today. It is not anticipated that the department would experience significant change management in implementing this initiative, however, communication about program changes will be needed.

**Figure 41 – DFA-25 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Internal staff	<ul style="list-style-type: none"> <li>● Leadership at DFA wants to hear from staff to improve the work place and service delivery to the public.</li> <li>● A new feedback system is being developed to help support employees. Input will be anonymous and not used punitively.</li> <li>● Results will be shared and actions taken in response to feedback provided [add detail depending on design of program].</li> </ul>	<ul style="list-style-type: none"> <li>● Face-to-face meetings with department and division leadership.</li> <li>● Staff town halls.</li> <li>● All staff email from Secretary Hudson to encourage participation.</li> <li>● Physical flyers in DFA office locations.</li> </ul>	<ul style="list-style-type: none"> <li>● Amy Valentine</li> <li>● Christina Hulett</li> </ul>

### Track and maximize fleet usage across departments - Functional Initiative 608

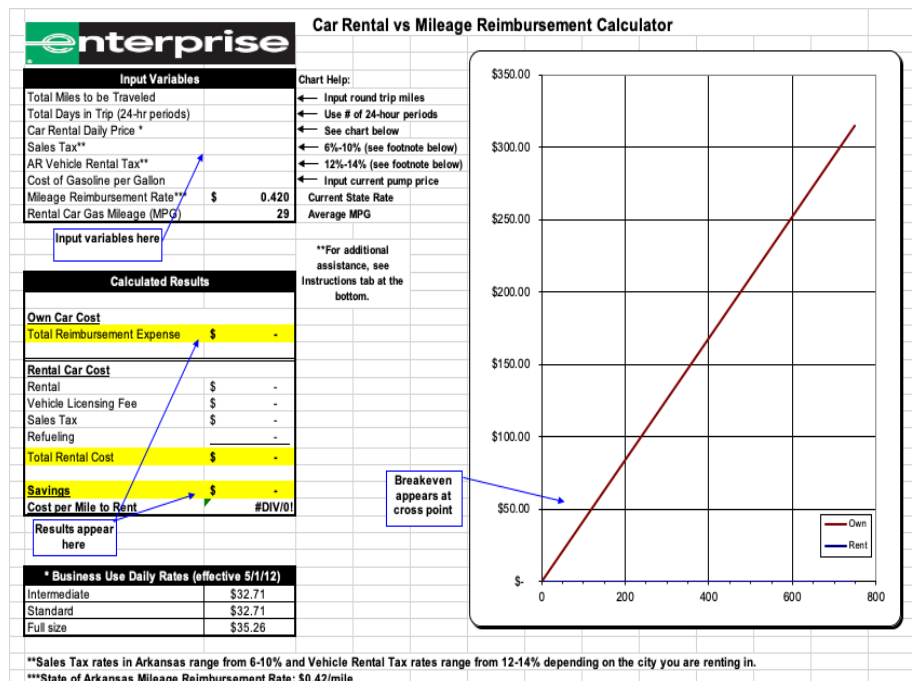
This initiative recommends the creation of a minimum viable web-based tool to realign trips to lowest-cost mode of transport (e.g., mileage reimbursement versus pool vehicle) to minimize waste and increase transparency. This initiative is intended first to support DFA staff in making the decision on whether to use a department vehicle or their own vehicle, and then to be expanded may be to all Arkansas departments based on success.

**Initiative Overview and Current State:** The DFA State Office of Accounting and Transformation and Shared Services (TSS) Office of State Procurement coordinate resources and negotiates contracts to ensure the greatest possible return on the state’s travel investment for Arkansas state government employees conducting travel in the performance of their job duties.

A.C.A § 19-4-902 places the authority and responsibility of authorizing and approving travel expenses with the board or commission in charge or the administrative head of the agency, department, or institution. Interviews conducted with state agency staff have highlighted the finding that there currently is a great deal of variation between and among agencies when it comes to travel. The Department of Health Services, for example, indicates that staff must use state vehicles or else forgo mileage reimbursement, while DFA requires use of vehicle if available but also allows for reimbursement. The DFA Travel Portal indicates prominently that “State employees should always refer to their agency's policy and procedures” when planning travel as a state employee.

A 2014 Enterprise tool, see **Figure 42** below, on the DFA website enables users to compare the cost of a car rental for a given trip versus the projected mileage reimbursement a state employee would receive for the same trip. DFA staff indicate they would like to transition from a spreadsheet-based tool to a user-friendly web-based tool. This tool would input information from a variety of sources: reimbursement rates for mileage as set by the Office of Accounting, as well as vehicle availability.

**Figure 42 – Travel Cost Calculator, DFA**



Source: DFA Website.

Standardizing the use of a minimum viable tool such as this throughout DFA has the potential to streamline cost considerations for state employee travel and may result in cost avoidance to the state.

**Initiative FUNC-608 directs DFA to create minimum viable digital tool to realign trips to lowest- cost mode of transport (e.g., mileage reimbursement vs pool vehicle) to minimize waste and increase transparency.** DFA can develop and pilot this tool in a single DFA department, with the potential to expand to other departments within DFA and eventually to other departments in Arkansas.

**Implementation Considerations:** Other states have tackled the issue of state travel by creating resources for state employees to use in making travel decisions. For example, the Texas Office of the Comptroller, Fiscal Management Team, maintains a web-based tool today; this resource was developed first as a spreadsheet and then modernized into a web-based tool. The Team has shared its coding with DFA for assessment in developing its own resource.

**Appendix A – DFA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Include DFA staff in the development and testing of the tool and related instructions to support roll-out across the department.
- Set policy to enforce use of the tool within DFA to help the department capture the benefit from the tool (financially).
- Implement regular data validation checks, ensure data is collected from reliable sources, and provide training on accurate data entry to mitigate risk of data inaccuracy.
- Consult other states or external resources to construct the tool, given that internal staff may not have the experience to convert existing business rules into requirements of the tool.

**Recommended steps to implement mileage tool (future state):**

- Collect existing travel rules and policies and related data for input into the tool (working with the Office of Accounting and Chief Fiscal Officer).
- Identify data source for real-time availability of DFA fleet for input into the tool.
- Document business rules and logic for the tool.
- Create the minimum viable web-based tool, including cost comparison feature.
- Implement the tool in a selected department to test functionality and gather initial data
- Preview and receive approval from Secretary and broader DFA leadership team prior to expanding the tool offering to other departments.
- Collect and analyze feedback from pilot users to identify necessary adjustments
  - Identify and coach any non-users to address any challenges or resistance to tool adoption
- Deploy the refined tool across all departments and provide comprehensive training for users.
- Track tool usage, cost savings, and user feedback, providing detailed reports to stakeholders.
- Expand to other departments as appropriate.

**Alignment of department priorities with staffing and resources:** Standardizing the calculation of state travel to identify the lowest-cost mode of transport to minimize waste and increase transparency is aligned with DFA priorities.

**Estimation of any anticipated costs and staffing needs:** It is assumed DFA can deploy this tool within existing resources.

**Process changes, associated with implementing changes in the strategic plans:** DFA should consider implementing policy to require use of the mileage tool and a mechanism to demonstrate the most cost-effective travel method was used as part of the travel reimbursement process.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to collect more actionable employee feedback data on the employee experience at DFA and effectively harness this data to improve agency operations. Recommended performance measures include:

- Increase in more efficient state vehicle utilization
- Cost avoidance/savings generated by utilizing tool
- Increased transparency in car utilization

- Increased standardization of travel cost estimates
- Broad uptake/full adoption of the tool

**Identification and estimation of any savings the strategic plan could realize once implemented:** If implemented with policy that employees must use the most cost-effective mode of transportation (allowing for certain exceptions related to emergencies), DFA could realize cost avoidance related to consistent employee use of the most cost-effective option for travel. There are expected to be some costs to deploy the web-based tool, but it is assumed this could be accomplished within existing IT resources.

**Change Management Plan:** Employee adherence to policy and use of the calculator tool is necessary for DFA to realize a return on investment for this initiative. Communication with staff about the tool and how to use it are an important part of implementation. These tasks are included in **Attachment A – DFA Work Plan** and summarized in **Figure 43** below.

**Figure 43 – FUNC-608 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Internal staff	<ul style="list-style-type: none"> <li>• DFA is implementing a new resource to help employees determine the most cost-effective means of travel.</li> <li>• Tool will aid in standardizing travel calculations for state employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Face-to-face meetings with department leadership</li> <li>• Face-to-face meetings with division</li> </ul>	<ul style="list-style-type: none"> <li>• Melanie Hazeslip</li> <li>• Office of State Procurement team</li> </ul>
Audience(s)	Key Messages	Modalities	Owner(s)
	<ul style="list-style-type: none"> <li>• Tool has potential to reduce costs for state agency.</li> <li>• DFA has created detailed instructions for employee use of this tool.</li> <li>• Evidence of use will be needed to receive travel reimbursement.</li> </ul>	<ul style="list-style-type: none"> <li>• leadership, including district offices</li> <li>• Agency-wide emails.</li> </ul>	<ul style="list-style-type: none"> <li>• TSS Office of Information Services team</li> </ul>



# Strategic Management Plan: Arkansas Department of Human Services

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## Overview

Arkansas Department of Human Services (DHS) is the largest agency in Arkansas state government, with a 2024 budget of more than \$10.6 billion primarily comprised of federal pass-through and entitlement funding, but state general revenue accounts for \$1.8 billion of that amount. DHS provides a variety of services for the citizens of Arkansas, including providing medical and behavioral health services and cash assistance to those in need, conducting adoption and foster home programs, operating HCBS and human development centers for the state’s residents with intellectual and developmental disabilities, and regulating nursing homes.

DHS leadership has articulated four pillars reflecting the department’s strategic priorities:

- Prevention, prevention, prevention!
- Medicaid sustainability review process
- Behavioral health continuum of care
- Improving employee experience

Through Arkansas Forward, a 2024 effort to improve the efficiency of Arkansas’ agencies, the department has placed an emphasis in aligning with these strategic priorities and its “One DHS” initiative, which looks for redundancies, potential synergies, and economies of scale across the agency to deliver a greater return on investment for taxpayers and allow the State of Arkansas to redeploy resources elsewhere to provide better value. Each DHS division is examining how it delivers services and how to prevent individuals from needing services, and developing the strongest team possible by ensuring it has the right leaders deployed in the right roles. These changes will lead DHS on the path of fiscal sustainability, higher quality service delivery, and the development of a stable, engaged team of employees for the future.

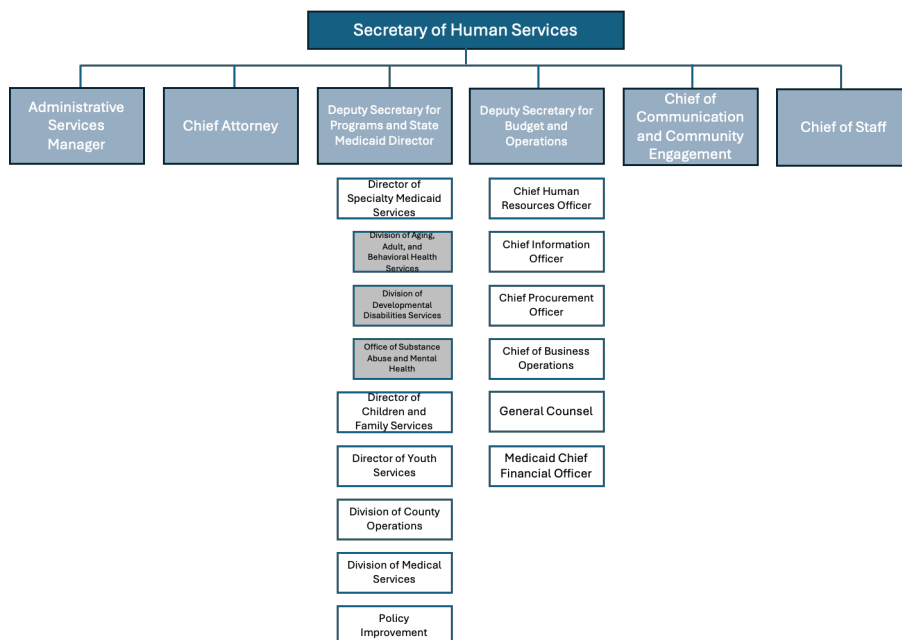
## Recommended Organizational Structure

Over the last seven years, DHS has implemented a variety of organizational changes to create a more efficient organization and align the organization’s structure with the department’s core roles and responsibilities, governance, and performance measure goals. Some examples of these efforts include:

- Centralization of shared services within DHS to drive productivity and efficiency (i.e., impacting areas such as procurement, finance, human resources, and information technology);
- Periodic reorganization of programs to support collaboration and efficiency (i.e., creation of the Director of Specialty Medicaid Services position to oversee the Division of Developmental Disabilities Services, the Division of Aging, Adult, and Behavioral Health Services, and the Office of Substance Abuse and Mental Health); and,
- Realignment of vacant positions to meet urgent department needs.

These efforts and others have resulted in the current organization structure, shown in **Figure 1**.

**Figure 1 – Current Organizational Structure**



As part of Arkansas Forward, DHS' structure was reviewed to identify opportunities for redesign in three areas:

- Changes that would support the department's execution of its mission;
- Changes identified through implementation of Arkansas Forward initiatives; and,
- Changes necessitated by Arkansas' centralization of certain shared services functions (i.e., information technology, human resources, procurement).

Recommendations based on department interviews and data analysis include:

- **Changes that would support the department's execution of its mission:** The department has identified three critical staffing areas where DHS requires upfront appropriation authority and funding to fulfill its mission, including 1) nursing, 2) finance, and 3) frontline investigators and other staff at the Division of Child and Family Services (DCFS) and Division of Youth Services (DYS). These are areas where DHS struggles to recruit and hire qualified candidates (based on available position grades and starting salaries) and to compete with the private sector. Over time, DHS has had to rely on contractors in some of these areas (particularly nursing and finance) to meet these needs. Through Arkansas Forward, DHS seeks reinvestment from the cost savings/avoidance generated by its ten key initiatives into these areas. This reinvestment is not only critical to help DHS fulfill its mission but is also expected to result in a positive fiscal impact over time as DHS shifts from higher cost contractors to more direct employees. This need is discussed more extensively in initiative DHS-8 later in this report.

In addition to these staffing investments, DHS has also identified a mission critical investment of approximately \$6.0 million in its Division of Youth Services for infrastructure and prevention services which would improve service delivery and outcomes for youth.

- **Changes identified through implementation of Arkansas Forward initiatives:** Initiative DHS-4 would consolidate DHS' budget for Medicaid into a single appropriation, with all other programs falling under a separate appropriation. If this initiative moves forward, DHS will seek authority to realign its organizational structure with this appropriation by consolidating Medicaid programs and associated support services under one leader (the Deputy Secretary for Programs and State Medicaid Director). This organizational change would occur incrementally over time and would yield a number of advantages for the department including allowing for the braiding and blending of state and federal funding sources; improving organizational efficiency; enhancing DHS' "No Wrong Door" approach for beneficiaries by aligning appropriations to allow for a more coordinated and holistic service delivery; improving staff collaboration; creating clarity for staff, beneficiaries, and stakeholders; and creating a more transparent operational structure.
- **Consolidation of Ombudsman Services:** Currently, DHS funds Ombudsman offices and services that are not consolidated and are housed within two different external organizations. The Provider-Led Arkansas Shared Saving Entity (PASSE) program has an Ombudsman office within DHS that works to protect older adults' health, safety, welfare, and rights by resolving problems and promoting better consumer protection at the facility, local, state and national level. There is a child welfare ombudsman division that is housed within the Arkansas Commission on Child Abuse, Rape and Domestic Violence at the University of Arkansas

Medical Sciences. This Ombudsman reviews issues and resolves concerns involving a child who has been subjected to abuse or neglect. There is also a Juvenile Ombudsman located at the Arkansas Public Defender Commission that provides important independent oversight and makes certain the health, safety and welfare of all vulnerable Arkansas youth receiving juvenile services are not compromised. To maximize funding, coordinate and align these important services, DHS believes citizens would be better served through consolidation of all Ombudsman offices at the Department of Inspector General, and would like to submit this organizational change to be considered as part of Arkansas Forward. The goals, objectives and critical mission of all these Ombudsman offices involve independent investigation, review, reporting, and resolution of citizen issues, and DHS believes Arkansas citizens in need and payment integrity would be better served through this consolidation.

- **Changes necessitated by Arkansas' centralization of certain shared services functions:** Based on direction from the Steering Committee, Transformation and Shared Services (TSS) will assume responsibility for the Payroll and Help Desk functions statewide, as the first Human Resources and Information Technology functions to transfer to TSS in a statewide shared services model. Additional decisions on sequencing of further functions have not yet been determined.

DHS' recommended organizational structure is to continue with its current structure with no immediate changes (with exception to those identified above), but to begin preparation for implementation of a new Medicaid structure that aligns with its appropriation.

### **Meeting the Vision of an Effective and Efficient Future Department:**

DHS leadership has continued to prioritize efficiency within its organization over the past approximately ten years, undergoing a major shared services consolidation in 2015/2016 and making additional improvements since then in alignment with the four strategic pillars and "One DHS" initiative. DHS desires flexibility for its operation of the Medicaid program, through a single appropriation, which would enhance efficiency of operations. DHS would match its organizational structure to this appropriation, if approved by the Legislature, which would create a more efficient operating model. Implementation of initiatives DHS-8 and DHS-9 will allow DHS to invest in its future leaders and deepened the skillset of its staff through cross-training. A skilled leadership team and workforce is essential for DHS in delivering on its mission and implementing the Arkansas Forward initiatives successfully.

## **Key Initiatives Prioritized for Arkansas Forward Implementation**

DHS leadership generated approximately 50 ideas to improve the departmental effectiveness and efficiency before prioritizing 10 initiatives for immediate implementation.

The complete list of the high priority Arkansas Forward initiatives for the department includes:

- DHS-1 – DHS Contract Oversight and Vendor Management Unit
- DHS-2 – Redesigned customer service capabilities and staffing model
- DHS-3 – Increase awareness of Home and Community-Based Services
- DHS-4 – Restructure Medicaid Operations Under a Single Appropriation

- DHS-5 – Increase customer contact points in community settings
- DHS-6 – Maximize additional federal funding opportunities
- DHS-7 – Strengthening payment integrity and FWA function
- DHS-8 – Focus on talent targeting and career development
- DHS-9 – Deploy internal trainings for DHS and cross-trained departmental staff
- DHS-10 – Streamline Medicaid eligibility and enrollment for maternity care

## Initiative DHS #1 - DHS Contract Oversight and Vendor Management Unit

This initiative seeks to create a central unit in DHS to manage contract oversight and improve vendor management, increasing return on investment (ROI) for DHS spending on contractors, improving service outcomes for customers, and freeing up DHS staff time.

**Initiative Overview and Current State:** Effective contract and vendor management is critical to DHS's ability to develop and maintain excellent and effective service delivery systems as well as a cornerstone for continuous success and positive outcomes. DHS spends over \$504 million annually on contracted services and manages 438 vendors across its divisions, with some examples including:

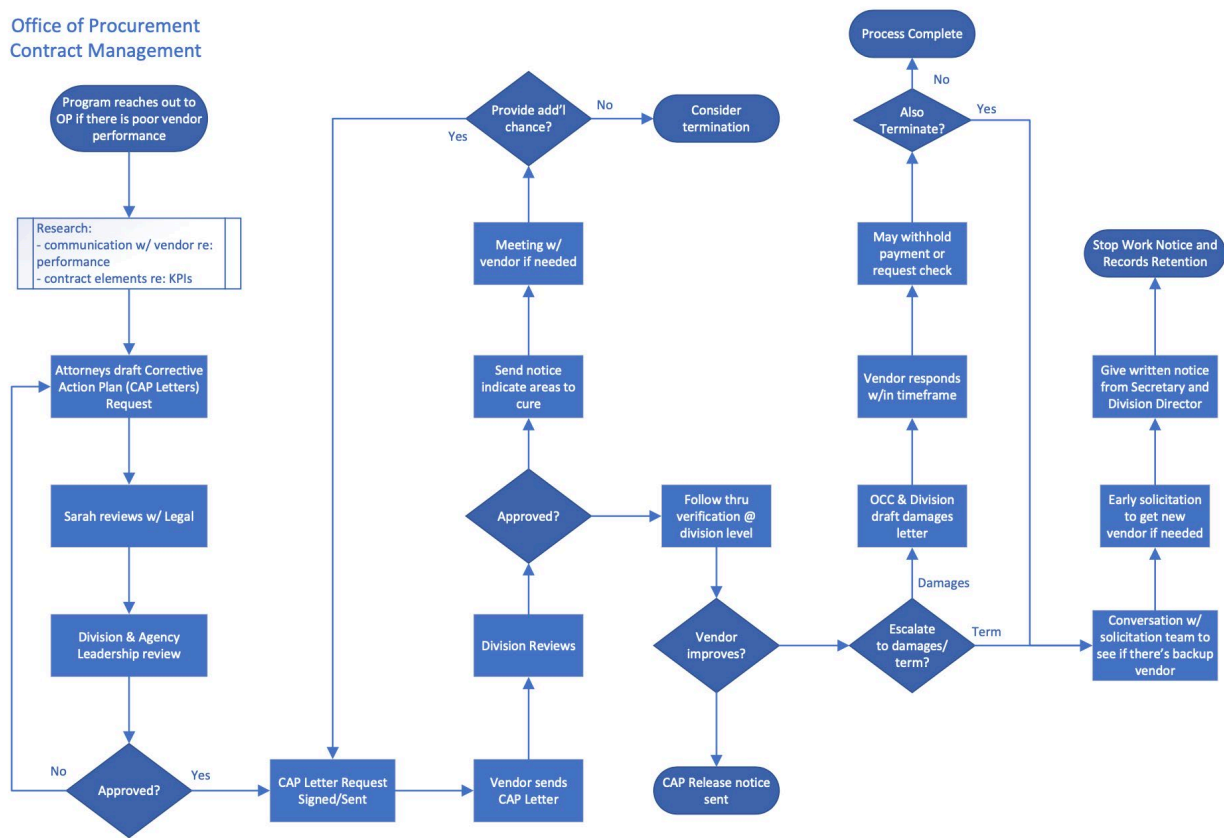
- The Division of County Operations: distributes Community Services Block Grant awards to Community Action Agencies
- The Division of Children and Family Services: contracts with private child placement agencies
- The Office of Information Technology: manages information technology contracts for DHS, including large contracts such as the integrated eligibility system for all public assistance programs and the Medicaid Management Information System
- The Home and Community Based Services: contracts with long-term services and supports providers

While procurement is a centralized function at DHS led by the Office of Procurement (OP), in coordination with the Transformation and Shared Services (TSS) Office of State Procurement, contract oversight and vendor management activities and functions take place within several divisions throughout DHS. Traditionally, this has occurred because division staff have been subject matter experts on the impacted programs and had the specialized knowledge to oversee the contracts. Division contract and vendor management teams perform the following functions today, including:

- Tracking vendor Key Performance Indicators (KPIs).
- Ensuring reports are accurate and timely submitted.
- Sanctioning vendors and taking corrective action when appropriate.
- Communicating with vendors.
- Obtaining, tracking, and storing documentation.
- Monitoring vendor certification and credentials.
- Monitoring compliance to contracts.
- Improving outcomes and delivery.
- Handling complaints.
- Improving efficiency.

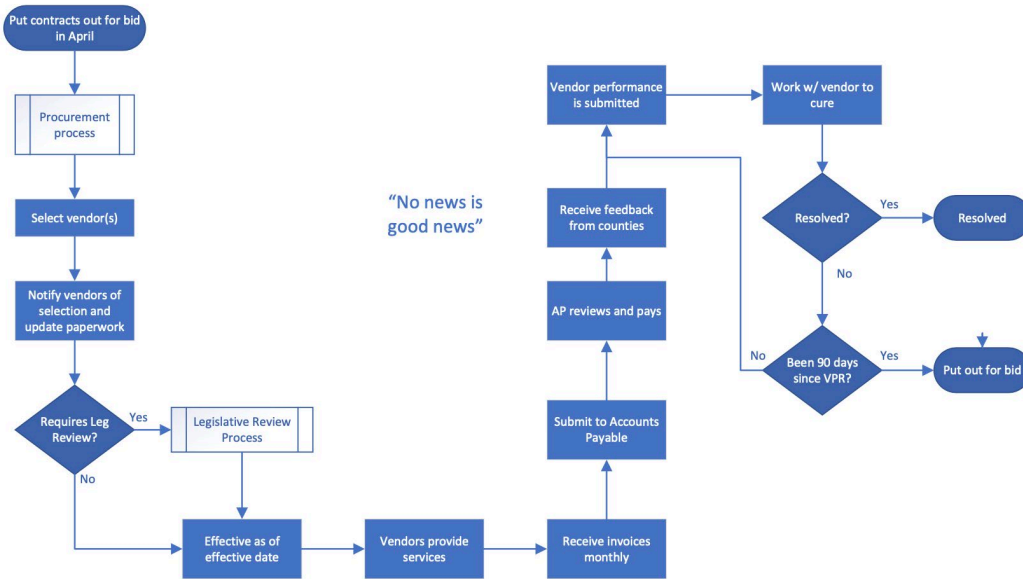
Most of these activities occur at the individual contract level, with a focus on the KPIs and compliance with the contract terms. Some vendor management activities such as vendor communication and relationship building currently are being performed. However, few activities deal with identifying risk and value-based outcome monitoring. Through work sessions and interviews with DHS’s division staff and leadership, some of the contract and vendor management processes were discussed and mapped. **Figure 2** provides a high-level workflow of the central process Office of Procurement follows when there is a performance issue; **Figures 3-6** provide examples of division contract oversight and monitoring activities.

**Figure 2 – DHS Office of Procurement Workflow – Poor Performance Scenario**



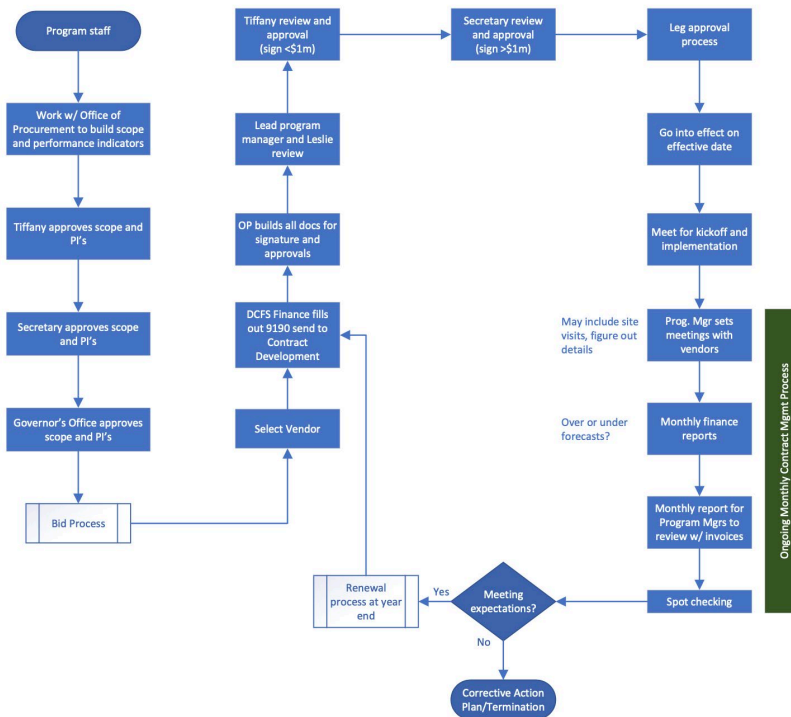
Source: Developed with DHS staff on 06/10/24.

**Figure 3 – Division of County Operations Contract Monitoring Workflow**



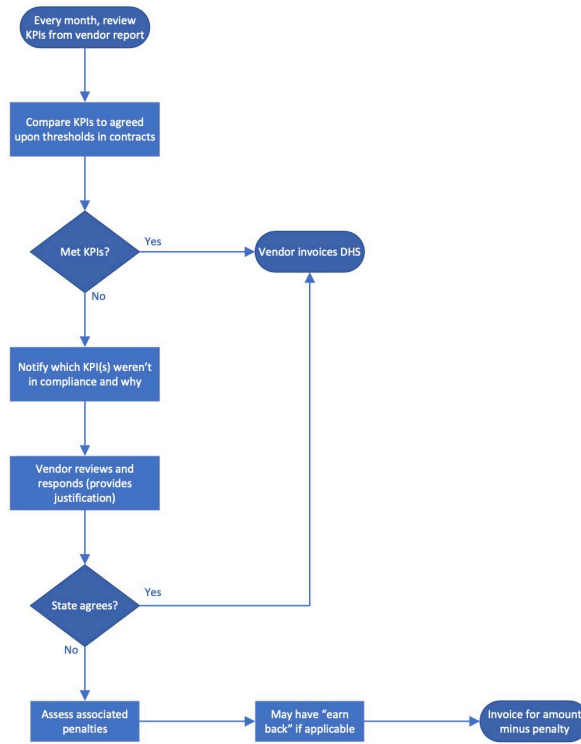
Source: Source: Developed with DHS staff on 06/10/24.

**Figure 4 – Division of Child and Family Services Contract Monitoring Workflow**



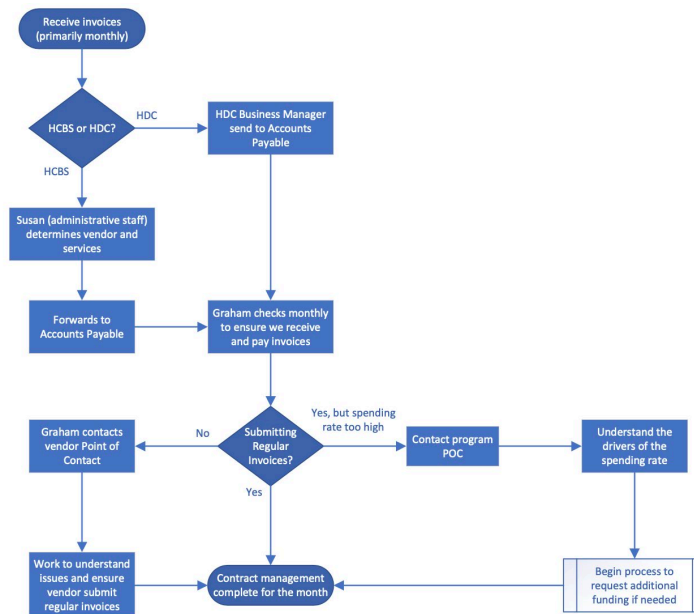
Source: Developed with DHS staff on 06/10/24.

**Figure 5 – DHS Maintenance and Operations (IT) Contract Monitoring Workflow**



Source: Source: Developed with DHS staff on 06/10/24.

**Figure 6 – Home and Community-Based Services and Human Development Centers Contract Monitoring Workflow**



Source: Developed with DHS staff on 06/10/24.



Some of observations about the current process include:

- Contract management is not centralized nor are staff solely dedicated to contract management duties. Divisions use a variety of staff for contract management and in most cases, they are not only focused on contract management. DHS divisions also manage their own contracts, which can result in variances in process and outcomes. As examples:
  - The Division of County Operations relies on a combination of staff and provider feedback to identify issues with vendors instead of a more proactive monitoring process. If necessary, DCO collaborates with the vendor to cure any issues.
  - The Division of Children and Family Services monitors monthly financial reports and spot checks vendors to determine if they are meeting expectations.
  - The Office of Information Technology reviews the vendors KPI's, assesses associated penalties, and conducts User Acceptance Test perform changes before moving into production.
- The Home and Community Based Services operates an Incident Management System (HCBS-IMS) which can be used to report health and safety issues, abuse, neglect, or exploitation.
- DFA collects damages since DHS does not have an account to deposit recoveries. The process for withholding money varies by division.
- There is no contract management IT system or platform, the workflow is either manual or utilizes spreadsheets. Use of a standard system could support process standardization and documentation across divisions.
- There is a focus on timeliness and appropriateness of paperwork submitted. Many of the oversight activities are 'checking the box' exercises.
- There is little training for those performing vendor management, especially around value-based purchasing arrangements.
- OP supports solicitation, reviews qualifications, obtains bids, and removes bids that do not meet minimum requirements. Inferior performance issues discovered are referred to OP, who conducts research, drafts corrective action letters, which are reviewed by the appropriate division, and sends letters to vendor. The division is responsible for verifying if there are improvements needed to prevent remedial actions. Remedial actions include correction action letter, withholding payments, requesting a refund, stop work order, or termination.
- Like contract monitoring, grants monitoring is done by the appropriate division. The focus is on monitoring the spending and compliance with the terms of the grant. The division may, if necessary, provide training and has regular calls with the grantee.

**Rationale:** DHS is steadfast in its responsibly to deliver high-quality, effective, and efficient services. Since DHS purchases numerous services, it is imperative that DHS operates a successful contract and vendor management system.

This system's goals are to monitor and evaluate the adequacy and appropriateness of services and pursue opportunities to improve outcomes, as well as employee, provider, client, and public satisfaction. Examples of activities to achieve this goal include the monitoring of data and performance measures, compliance with policies and procedures, productivity management, outcome measurement, results of satisfaction surveys and complaint tracking. The results of these

activities should be transparent and reported regularly. To accomplish this, a productive organizational structure with clear, defined roles and functions must be in place.

**Implementation Considerations:** The DHS Deputy Secretary of Operations and Budget will oversee implementation of this initiative. Representatives from division contract and management units will collaborate to complete several action steps to ensure the success of this initiative.

**Appendix A – DHS Work Plan** provides the Work Plan containing action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DHS staff and review of other state best practices include:

- Establishing a Contract and Vendor Management Team (CVMT) and appointing a Team Leader. This team will be responsible for coordinating and facilitating contract and vendor management throughout the department. Some functionality will be reassigned to the team; however, other functions will be retained by the divisions due to their subject matter expertise.
- Identifying what functions to centralize and those that should remain within their current organization.
- Reviewing and standardizing policies and procedures, making quick changes and improvements, when necessary.
- Developing employee skillsets in negotiating, vendor management and value-based procurement.
- Conducting a review and analysis of existing current contracts to identify areas of concern and facilitate implementation of appropriate changes.
- Adopting a more standardized approach to measuring performance and ensuring KPIs are identified for each contract.
- Modifying contracts that require new language or measures.
- Working with TSS to either purchase or build an enterprise contract management tool. Some of the data entry and reporting could be an activity of the CVMT.
- Developing a cadence of vendor management meetings, especially for PASSE, ARKids, ARHOME, PACE, child placement agencies, CMHCs, or any program that reimburses on a bundle or aggregated rate.
- Developing a risk assessment methodology to identify contractors or vendors who are at risk of not delivering value. This is a proactive approach that can identify issues or concerns before they escalate.

**Strategies to address potential risks and enable success:**

The success of the initiative will be dependent on identifying and mitigating risks. The following are risks identified to date:

- New positions not available in budget: Reallocate resources to this function or repurpose through open vacant positions. Identify and capture improved fiscal impact (expected savings or revenue from contractor penalties) which can be used to fund new positions in the future in a manner that is cost neutral.

- State not able to build team with requisite skills: Mitigate by early identification of needed roles and skills and creating a talent acquisition plan.
- Contractors may not agree to added terms and amendments: Mitigate by building a team with experience negotiating with large vendors, pre-emptively establish division’s stance and implement, and consistently prepare for re-procurement if current vendors not amenable to terms. Terminations or re-procurement may be necessary. Mitigate by ensuring that transition plans are in place and up to date.
- May experience resistance from and friction with vendors: Mitigate by being transparent and implementing an effective communication plan.
- Misaligned incentives may arise between department and vendors: Mitigate through strategies such as withholding a portion of payment to achievement of long-term outcomes, accurate data collection, or overachieving.

Some other state examples of contract management practices are summarized in **Figure 7**.

**Figure 7 – Examples of State Government Contract Management Strategies**

State	Example
<b>Rhode Island</b>	Manages health plans by meeting with them monthly. Each meeting is on a specific topic, which repeat every three months (topics include: 1) finance and health cost drivers; 2) operational business requirements such as call times, caseloads, response times, or prior authorization timelines; and 3) health care and other expected outcomes. This process has been going on for years and has proved to be successful. Plans are highly ranked, and Rhode Island’s managed care programs have been recognized for their achievements.
<b>Massachusetts</b>	Massachusetts, like most states, has standard terms and conditions in their contracts, but what it really sought was best value. Sometimes cost is important, other times it is the benefit to the consumers. Obtaining customers’ thoughts and understanding their needs, along with those of the contracts and vendors helps realize success but can be consuming. Massachusetts used third-party software to seek feedback from and about vendor performance, as well as requesting information from those having experience with the vendors. Capturing this information helped them better manage their vendors, reduce staff burden, and realize better results.
<b>Texas</b>	The Texas Comptroller of Public Accounts is required by law to provide for a Vendor Performance Tracking System (VPTS). This system evaluates vendor performance and affects the vendor’s suitability for state contracting. The VPTS provides state agencies and units with a system to evaluate and reevaluate vendors. This centralized tool helps to reduce risk and track unsatisfactory results.
<b>Wyoming</b>	Wyoming Medicaid had a third-party contract to provide population health services. Ten percent of the contract is tied to achieving better outcomes. There were ten outcomes that were based on HEDIS measures and other outcomes such as reducing the number of jaundice babies’ re-admissions and emergency room visits. Achieving these outcomes helped improve the health of the entire Medicaid population.

## **Recommended steps for establishing a centralized contract unit (future state):**

### ***Phase 1***

- Create a contract and vendor management team and charter that includes representatives from all divisions purchasing services which meets on a regular basis.
- Finalize team structure for new unit or team and create position requests.
- Hire or assign team lead for new unit.
- Complete hiring or re-assignment of all team members for new unit.
- Determine what functions will be centralized vs maintained in divisions.
- Diagnose current contracts, identify major pain points, and develop detailed implementation plan.
- Work with DFA to establish collection, budgeting, and spending instruments for damages.
- Work with DIS and OSP to scope technology needs for contract management system and decide buy/build.
- Work with OSP to identify and plan for upcoming contract renewals to introduce new performance guarantees and key performance indicators.
- Complete contract teardown and determine what would benefit by enterprise procurement and vendor management.
- Complete contract teardown to understand existing performance and uplift levers.
- Determine process to identify if contracts tasks and/or functions are eligible for enhance federal funding.
- Develop standardized policies and procedures for contract and vendor management.

### ***Phase 2***

- Determine KPIs for new unit and establish measurement mechanisms; if possible, conduct first round of measurement.
- Develop a template for reporting contract and vendor requirement metrics, outcomes, and issues that all parties complete; yet allows for individual business units to obtain additional information.
- Examine and develop risk assessment tools.
- Determine what additional tools could assist in contract/vendor management.
- Execute new contracts, monitor performance of vendors, and regularly measure KPIs to drive continuous improvement of new unit.
- Develop training in negotiating and in managing value-based contracts.
- Develop vendor and customer survey tools.
- Set up standard meetings with keep vendors. Determine who within DHS should attend, take minutes and attendance, and communicate to stakeholders.

**Alignment of department priorities with staffing and resources:** This initiative seeks to deploy existing contract management staff resources more efficiently under a centralized shared services vision within DHS. A team lead and team members will need to be identified. There will be additional information technology needs to support contract/vendor management system and survey tools. Third party contractors may be needed but a percentage of the funding should be

eligible for enhanced federal match. The cost estimate varies depending on whether DHS builds or purchases this technology.

**Process changes associated with implementing changes in the strategic plans:** DHS will need to prioritize changes to policies, procedures, and information system changes. DHS will also need to develop training materials in association with any changes. Centralization of contract monitoring may result in greater process standardization, which will require policies and procedures to be updated. There will also be a need to establish and adhere to standardized DHS meetings and vendor meetings by creating agendas and assigning a scribe to take minutes. Subject matter experts will need to collaborate with the contract/vendor management staff to provide the expertise that may not be available with the Contract/Vendor Monitoring Team. Additional measures will be collected and tracked, and vendor relations meetings will increase.

**Performance metrics to measure success post-implementation:** This initiative is expected to result in greater standardization of contract monitoring across DHS. Milestones for this project include:

- Formation of a Team and identification of a lead and team members for the contract/vendor oversight unit.
- Design and implementation of a contract management system that collects measurable performance factors.

Metrics that will demonstrate success include:

- The percentage of service contracts with defined performance guarantees and liquidated damages (expected to increase);
- Collections amounts (calculated quarterly) (expected to increase over time);

**Identification and estimation of any savings the strategic plan could realize once implemented:** DHS estimates indicate this initiative has the potential to generate an \$11.0 million positive revenue impact (cost savings or revenue generation) within twelve months of launch. This savings estimate is approximately 10% of the total expenditures at DHS for its largest 100 contracts. The estimate is based on the assumption that enhanced contract monitoring will increase the identification and collection of penalties and damages, which are not otherwise collected today. Moreover, the centralization and increased skill-set of the team will improve the quality of contract development and allow DHS to identify additional federal enhanced matching opportunities for some of these large technology projects.

### **Change Management Plan:**

The formation of a contract/vendor management team with a Team lead, as well as the development of clear and concise policies, procedures, and training combined with innovative technologies will improve DHS's ability to oversee, monitor, and manage vendors and contractors. This will be augmented by subject matter experts from the divisions and by increasing and improving communication with contractors, vendors, and DHS customers. Key activities and timing for the communication plan are summarized in **Figure 8** and included in **Appendix A – Work Plan**. DHS can leverage the DHS communications team as well as language guides and resources to ensure communications are meaningful and person-centered.

**Figure 8 – DHS-1 Communication Plan**

Audience	Key Messages	Modalities	Owner
<ul style="list-style-type: none"> <li>• Internal DHS Division Staff</li> <li>• DHS Shared Services Communications Team</li> </ul>	<ul style="list-style-type: none"> <li>• DHS is building the internal capabilities to better monitor vendors and contractors.</li> <li>• DHS will implement the safeguards needed to ensure compliance and improvement.</li> <li>• Clear statement of which functions will be centralized vs. retained in divisions.</li> <li>• Assurances to division leadership regarding responsiveness to their concerns and inclusion of feedback.</li> <li>• Collaboration will assist in fulfilling this initiative.</li> <li>• Summary of performance measures and expected outcomes, when available.</li> <li>• If a new IT tool is adopted, messaging will include information on the timeline and training and other resources.</li> <li>• Post-implementation, presenting results of new measures and outcomes to keep internal staff engaged.</li> </ul>	<ul style="list-style-type: none"> <li>• Policy Memo</li> <li>• Face-to-face meetings</li> <li>• Staff emails</li> <li>• Teleconference</li> </ul>	<p>Misty Eubanks</p>
<p>External Stakeholders:</p> <ul style="list-style-type: none"> <li>• Public</li> <li>• Individuals/beneficiaries</li> <li>• Medical Providers</li> <li>• Youth and child welfare organizations</li> <li>• Health Plans</li> <li>• PASSE entities</li> <li>• Child Care Provider</li> <li>• SNAP Providers</li> <li>• Other public assistance state agencies</li> <li>• Other public assistance vendors and contactors</li> <li>• TSS</li> </ul>	<ul style="list-style-type: none"> <li>• DHS is building the internal capabilities to better monitor vendors and contractors.</li> <li>• DHS will implement the safeguards needed to ensure compliance and improvement.</li> <li>• Collaboration will assist in fulfilling this initiative.</li> <li>• Summary of performance measures and expected outcomes, when available.</li> <li>• Post-implementation, presenting results of new measures and outcomes to keep internal staff engaged.</li> </ul>	<ul style="list-style-type: none"> <li>• Website updates</li> <li>• Email updates to stakeholder email lists</li> <li>• Live updates in stakeholder meetings/other public forums</li> </ul>	<p>Misty Eubanks</p>

## Initiative DHS #2 - Redesigned customer service capabilities and staffing model

This initiative seeks to establish a Consumer Service Center/solution to provide prompt, accurate, and consistent information regarding DHS programs, questions, and concerns and more efficiently and seamlessly match DHS beneficiaries with appropriate services and support. In doing so, this initiative will also result in a more efficient staffing model to address beneficiary questions and improve the beneficiary experience while reducing redundant costs. DHS's ultimate goal with this initiative is to use technology to build a more "virtual" call center/consumer services solution that reinforces DHS' "No Wrong Door" approach for all DHS beneficiaries and integrates with the LAUNCH platform that initially is focused on employment/employers.

**Initiative Overview and Current State:** DHS currently has multiple contact points for beneficiaries and families withing its own staff and operates contact and call centers<sup>1</sup> with multiple programmatic service vendors and their supporting software platforms.

- Vendor-operated DHS call center responsible for answering beneficiary questions, issues and concerns. Some example functions include, but are not limited to, answers questions related to Arkansas Health and Opportunity For Me (ARHOME) Waiver, provides information about mental health and substance abuse service providers, sends ConnectCare program information and assigns or changes primary care physician (PCP) to beneficiary relationship, connects families who are involved with the Division of Children and Family Services (DCFS) to resources, accepts and processes enrollment, disenrollment and reenrollment requests from Life360 providers, and transfers Medicaid, Supplemental Nutritional Assistance Program (SNAP) and Transitional Employment Assistance (TEA) application assistance to the appropriate DHS divisions and entity.
- DHS staff across multiple areas conduct operational support activities generated from calls, many within the Fiscal Agent and DHS Medicaid operations, including the Enrollment Broker Contact Center. DCO also addresses questions related to universal caseloads, which can be coordinated through a more centralized customer service approach.

The current system can often create a siloed, confusing and frustrating experience for Medicaid and other DHS beneficiaries and DHS staff as they navigate multiple contact numbers and touchpoints within DHS Medicaid. Moreover, current vendor call agents are unable to view a complete record of the beneficiary's previous interactions with DHS. There is also no unified record of DHS communications among platforms, which creates inefficiencies, can result in provision of conflicting or incomplete information, and causes confusion for beneficiaries. Multiple vendor platform environments currently exist and this also creates inefficient staffing models and redundant costs. Some of the pain points for beneficiaries identified by DHS include:

- Beneficiary experience prone to errors driven by multiple disconnected channels and manual touchpoints;
- Multiple entry points and unique web portals cause confusion for beneficiaries and create operational challenges because they are not linked;

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<sup>1</sup> The vision for this initiative is move from a "call center" model to a more customer service-focused, holistic approach to addressing beneficiary needs known as a "customer service center."

- Manual beneficiary contact and communication tracking that creates silos of information that are not centrally accessible to fiscal agents and state staff;
- Limited self-service options that create additional and unnecessary calls;
- Beneficiaries receive communications from multiple entities' and,
- Beneficiaries may not receive the most accurate information due to data access, quality, timing and synchronization.

**Rationale:** This initiative recommends that DHS redesign its customer service capabilities and operating model, toward a person/family-centered approach, as shown at right. To ultimately create a “No Wrong Door” customer service approach with all DHS beneficiaries, DHS will need a solution that consolidates enterprise-wide communications across DHS functional areas, supported by well-trained and knowledgeable staff using a common technology platform. This way, contact center staff, DHS staff, and any other DHS vendor staff, as designated by DHS, will all have access to the same information to save time and avoid duplication. Answers to queries will be consistent, reliable, and not redundant. DHS will move from a fragmented and decentralized beneficiary service environment to a streamlined and integrated environment with unified contact and operations support.



This new innovative Customer Service Center/solution would include the following components:

1. A call center with enhanced customer service capabilities;
2. Mobile-friendly website development and management to make information readily available and easily accessible to beneficiaries;
3. Multiple avenues of contact operated and resolved by a single vendor;
4. A Customer Relations Management (CRM) platform that gives visibility for DHS into all client interactions to ensure quality of communications; and,
5. Training materials and programs for all customer service staff designed to make the staff experts on programs and reduce the need over time for calls to be transferred to DHS internal division staff.

DHS should rely on the vendor community to help design and develop this innovative and integrated customer service solution. Planning should be done in coordination with the statewide LAUNCH platform and the approach should ensure alignment between state departments, as applicable.

**Implementation Considerations:** Appendix A provides the Work Plan containing action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DHS staff and best practices in other states have been incorporated in these recommendations.

The Customer Service Center solution would expand upon the current call center contract and include additional components that would allow for more integrated and centralized communication support to beneficiaries. Based on historical call volume data, DHS is estimating an annual triage



volume of over 690,000 calls. Today, many of these calls are routed to DHS divisional subject matter expert staff. With fully trained and skilled Customer Service Center staff, having the technology and tools available to operate in a more seamless and customer-centric environment, DHS internal staff will be able to focus more on other important day-to-day operational issues while the department receives the benefit of enhancing the overall customer experience.

The initial recommendation is for the Customer Service Center to take over existing call center services and be able to expand to address beneficiary inquiries in other service areas such as:

- Adult Developmental Day Treatment
- Early Intervention Day Treatment
- Occupational, Speech and Physical Therapies,
- PACE Program
- Early and Periodic Screening Diagnosis and Treatment (EPSDT)
- Home Health
- Hospital Services
- Independent Choices Waiver
- Living Choices Waiver
- Durable Medical Equipment
- Family Planning and Pregnancy related services
- Dental Fee For Service
- Dental Managed Care
- Behavioral Health Counseling
- Autism Waiver
- Personal Care Services
- Private Duty Nursing
- Targeted Case Management
- Skilled Nursing Facilities

This would also enable a more efficient and effective service delivery that truly optimizes the DHS beneficiary experience.

The initiative would be supported through various DHS beneficiary channels that may include but are not limited to interactions by telephone, text capabilities, mobile friendly websites, development of customer service knowledge, predictive call routing, and interactive voice response. In-person channels should also be explored that could include visits to DHS County offices, which could be captured and entered into a Customer Relationship Management (CRM) solution. The solution would also include Artificial Intelligence (AI) capabilities that are integrated into the call distribution, a knowledge base, chat bots, and other features. Intelligent search function capabilities must be part of the infrastructure platform, including AI to perform natural language searches (in English, Spanish, and Marshallese, if available) of knowledge content. The solution would ensure that there is an integrated beneficiary experience across DHS program divisions and beneficiary channels, including providing the call agents with a history of interactions via the CRM.

Customer Service Center support staff will need to be well-trained, qualified, and competent to address the many beneficiary inquiries, and there will need to be a very detailed Service Level Agreement (SLA) with the vendor that assures a baseline staffing solution that supports all the Customer Service Center responsibilities. This would include, but not limited to, providing sufficient baseline staff to support beneficiary contacts (i.e., calls, emails, texts, chat, and secure message) with escalation and ticket resolution processes to meet the requirements of the SLA. DHS should also assure that the vendor chosen has agreed to increase staffing levels when needed to support peak volumes to meet the requirements of the SLA and allow for a decrease of resources as needed based on volume reductions.

There is an opportunity for DHS to receive an enhanced federal Medicaid match for state information technology expenditures that improve access to covered Medicaid services, including access to mental health and substance abuse disorder treatment and care coordination.<sup>2</sup> CMS recently issued an Informational Bulletin that reminded state Medicaid agencies how to apply for enhanced Medicaid matching rates for these types of technology expenditures and the Customer Service Center Platform envisioned by DHS should qualify for 90% enhanced Medicaid funding for both design, development and implementation, and 75% for on-going maintenance. DHS should submit an Advanced Planning Document (APD) to obtain prior approval from CMS for the enhanced match.

DHS should also collaborate with the Department of Transformation and Shared (TSS) services as it prepares to implement, as part of an Arkansas Forward initiative, the statewide data hub that will increase the efficiency and comprehensiveness of government services, enhance the cohesiveness of Arkansas experience, and make use of leading technologies that improve business process efficiency and lower costs. DHS may want to require its chosen vendor to have the future capability of interfacing with the TSS data hub to support the implementation of the envisioned government services portal.

In addition to these considerations, several government entities have developed successful customer service centers and online resources as part of “No Wrong Door” solutions and to support beneficiary self-service which has a positive impact on satisfaction and reduces the operational impact to the agencies.

### **Tennessee**

Tennessee Department of Human Services (DHS) implemented a new call center model in 2020. This was an outsourced solution and included staffing support, technology augmentation, and overall modernization. DHS implemented the new call center mode to help it execute duties related to emergency benefits administration and increased call volume (which increased by over 12,600% in 2020). Some of the technology augmentation included self-service functionality and a portal for parents and schools. The contact center implementation also included a cloud-based telephony platform, which enabled enhanced call routing, IVR messaging, and statistical tracking of call types and volumes.<sup>3</sup>

### **Washington State Department of Social and Health Services**

The Washington Department of Social and Health Services has a Customer Service Center called “Contact DSHS.” It offers similar call center functionality to the San Diego model and has staff available to address questions related to the full array of benefits and services.<sup>4</sup> However,

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<sup>2</sup> See CMCS Informational Bulletin, *Accessing Enhanced Federal Medicaid Matching Rates for State Information Technology Expenditures to Improve Access to Mental Health and Substance Use Disorder Treatment and Care Coordination*, [https://mcusercontent.com/c0cc0bb7d7ade9649fb1ad184/files/48f5acca-9845-f233-d0d3-9680964ed22e/cib06142024\\_0.pdf](https://mcusercontent.com/c0cc0bb7d7ade9649fb1ad184/files/48f5acca-9845-f233-d0d3-9680964ed22e/cib06142024_0.pdf).

<sup>3</sup> State of Tennessee Department of Finance and Administration, “The State of Tennessee’s Department of Human Services Call Center Transformation,” 2022 NASCIO award submission, [https://www.nascio.org/wp-content/uploads/2022/08/TN\\_ICT-Innovations.pdf](https://www.nascio.org/wp-content/uploads/2022/08/TN_ICT-Innovations.pdf).

<sup>4</sup> Washington State Department of Social and Health Services, “Contact DSHS,” <https://www.dshs.wa.gov/contact-dshs>.

Washington has also designed the Service Center to allow for self-navigation through the “Washington Connections” website, where individuals find services, apply for benefits, create an account, watch a video, determine if they might qualify for benefits.<sup>5</sup>

### **Iowa Department of Human Services**

Iowa DHS recently submitted an APD to CMS for enhanced Medicaid funding for information technology that will support the Governor’s THRIVE initiative, a referral management solution, where closed loop referral technology will be used by navigators and care coordinators to refer individuals and families in need to services, including low/no-cost community and faith-based services.<sup>6</sup>

### **San Diego County**

San Diego County has The Access Customer Service Call Center. This Call Center adopts a similar No Wrong Door solution and is an extension of the County of San Diego Family Resource Centers (FRCs). The call center serves residents, providers, and other government agencies with questions or needs related to Family Resource Center programs and services, including providing case management services for existing FRC customers countywide. The Access customer service representatives are experienced eligibility workers and are trained in the state and county Medicaid and Human Service programs, such as CalWORKs, CalFresh, and Medi-Cal programs.

The Access call center staff attempt to address the caller’s issues on the first call (First Call Resolution) and, among other things, are able to help callers with:

- Reporting changes and updates to case information
- Finding out the status of an application or case
- Requesting forms, packets, applications
- Applying for benefits

There is a Customer Experience Survey online, where individuals can let the County know about their experience with a Call Center agent. They have the choice to submit their experience through the website or by visiting the county office.

There are also several ways a caller can self-serve to obtain case information and access services without having to speak with a Service Center staff, such as:

- Apply for services, upload required documentation and access case information via the BenefitsCal.com website.
- Apply for supplemental nutrition assistance program benefits (formerly known as food stamps) via GetCalFresh.org website (maintained by a third party).
- Submit documents and other verifications to San Diego County to support CalFresh, MediCal, or CALWORKS case via LaterDocs website (<https://www.sandiegocounty.gov/content/sdc/hhsa/programs/ssp/LaterDocs.html>).

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<sup>5</sup> Washington Connection, <https://www.washingtonconnection.org/home/>.

<sup>6</sup> Iowa Office of the Governor, “Supporting the Health and Well-being of Iowans,” <https://governor.iowa.gov/vision-iowa-0/supporting-health-and-well-being-iowans>.

- Obtain electronic benefit transfer (EBT) card information such as account balance, transaction history, and claim balance at the state’s EBT website: <https://www.ebtproject.ca.gov/>.

Callers can opt to receive text messages through the Access Call Center. When citizens visit the Access Call Center website,<sup>7</sup> they can obtain a detailed resource guide and listing that interfaces with San Diego County 211 and offers the caller information on available non-county government additional community social services, such as housing assistance, food and nutrition assistance and programs for children and families.<sup>8</sup>

**Strategies to address potential risks and enable success:**

The success of the initiative will be dependent on identifying risks and mitigating these risks. The following are risks identified:

- The Customer Service Center vendor chosen will need to have a range of qualifications and capabilities that include state of the art technology and functionality, a CRM that has the hardware, software and tracking capabilities to ensure real time transfer of important data regarding client interactions, and staff that are well-trained and continuously updated on all major Medicaid program changes. Some of these DHS programs are complex and there will need to be detailed training and continuous quality assurance to assure that the Service Center support staff are continuously providing consistent and reliable information. There will need to be the development of training manuals and connection to division knowledge libraries and staff to truly understand program initiatives. The vendor chosen will need to conduct all aspects of the contract in a timely, efficient, productive, consistent, courteous, and professional manner as they will be representatives of DHS.
- Expanding vendor responsibilities to areas previously not outsourced can be a risk, however that risk can be mitigated successfully with an accountable and well-structured performance-based contract that is effectively managed by DHS vendor staff. Initiative DHS-1 seeks to create a more accountable vendor management system at DHS, which will be important to ensuring the overall success of this initiative.
- There are also risks involved with the design of any new technology and, delays or concerns with implementation can often be resolved early with effective and appropriate vendor project management and state contract management.
- Implementation of AI technology at the Customer Service Center by the vendor introduces new risk. The rapid advancement of AI has the potential to transform government business processes, changing how state employees perform their work and ultimately improving government efficiency. These technologies also pose new and challenging considerations for implementation. Thus, DHS should continuously monitor other state applications of AI, as well as application in the Arkansas Customer Service Center. Contract requirements for a vendor should assure that any virtual customer assistant using AI is able to respond

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<sup>7</sup> San Diego County, “Access Call Center,” <https://www.sandiegocounty.gov/content/sdc/hhsa/programs/ssp/access.html>

<sup>8</sup> San Diego County, “Additional Resources page,” <https://www.sandiegocounty.gov/content/sdc/hhsa/programs/ssp/resources.html>.

effectively to beneficiary requests similar to a human call center agent. States are now offering guidelines meant to encourage purposeful and responsible use of generative AI to foster public trust, support business outcomes, and ensure the ethical, transparent, accountable, and responsible implementation of this technology.<sup>9</sup> The performance-based contract would be used as a vehicle with appropriate metrics to assure that AI functionality meets the goals and objectives of DHS in the contract.

- DHS will need to ensure that the vendor is continuously training its support staff, so they are updated in real time on any changes to eligibility rules, program rules, service delivery, or the Medicaid state plan.
- There will be future issues related to interoperability with separate DHS systems related to eligibility and service delivery. Linkages here may also allow for more efficient interactions with beneficiaries. The DHS Solution should require vendors to have the ability in the future for the CRM system to interface with other relevant DHS systems.
- Creation of a true “No Wrong Door” customer service model could be cost-prohibitive. However, DHS should look to (1) implement digital and self-serve technology that can reduce operating costs; and (2) continuously monitor ROI of different service interventions and increase investment in successful models.
- Measuring the customer experience and satisfaction with the Customer Service Center is an important mechanism to monitor the quality, consistency and reliability of the information relayed, as well as the overall experience. DHS should consider including in the specifications for the Service Center a customer experience survey at the end of a call or experience. This could also be used as a way to monitor the overall performance of the vendor chosen.

**Recommended steps for establishing a Customer Service Center future state:**

- Finalize and issue a Request for Information (RFI) where DHS will identify all the functionality it desires for the Customer Service Center and ask potential industry vendors to specifically identify how it would implement a staged in approach to both knowledge building for contractor personnel and implementation of supportive technology
- Draft an Advanced Planning Document (APD) and submit it to CMS for review and approval. Identify the desired solution in the APD.
- Review responses from RFI and begin to prepare the Request for Proposal (RFP) based on best vendor-provided solutions and include in the RFP the staged approach to develop capabilities and roll out the new Customer Service Center.
- Release RFP for Customer Service Center.
- Decide on new Customer Service vendor and establish joint project governance.
- Jointly determine KPIs for new customer service model and establish measurement mechanisms.
- Develop Operational Readiness Review process.

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<sup>9</sup> Washington Technology Solutions, Interim Guidelines for Purposeful and Responsible Use of Generative Artificial Intelligence, Approved August 2023, <https://watech.wa.gov/sites/default/files/2023-09/State%2520Agency%2520Generative%2520AI%2520Guidelines%25208-7-23%2520.pdf>.

- Conduct Readiness Review process with vendor, with project governance and management in place.
- Implement Customer Service Center for the initial phase (“Go Live”).
- Review performance of new Customer Service Center and consider modifications to operating model.
- Complete implementation of additional customer service capabilities, e.g., all departments of Arkansas DHS.
- Regularly measure performance across KPIs and continuously improve service model.

**Alignment of department priorities with staffing and resources:** This initiative seeks to build on current call center capabilities and expand to other areas of DHS programs and divisions and also add enhanced technology, including a new CRM and tools that allow for various modes of interaction. Because the model presumes a vendor would operate the Customer Service Center, there are no additional DHS staff that would be required to operate the Customer Service Center and it is anticipated expanded capabilities of the Center would increase beneficiary self-service, reducing the number of referrals made to division staff. It is anticipated this would free up department staff time to be applied toward other duties. This initiative may also result in the need to reallocate existing positions to project management and management of community partnerships.

**Process changes associated with implementing changes in the strategic plans:** DHS will need to work closely with Customer Service Center staff to assure there is a seamless transition to addressing a wider range of beneficiary questions and issues. There will also need to be a seamless process to communicate statutory, rule, and policy changes to the vendor to ensure they have the most accurate and updated information to address the concerns. DHS may look to assign a shared service staff member to coordinate these efforts.

For contract management, DHS will need to work with the DHS Office of Procurement to ensure an enhanced process is established to monitor the vendor, including establishment of policies and procedures for continuous contract monitoring. The contract requirements should outline Compliance and Security standards and an operational readiness review process where DHS would outline a checklist of requirements for the vendor to meet prior to “Go Live” (i.e., a problem escalation process, a security plan, and disaster recovery and business continuity plan). The contract should include clear SLAs. After “Go Live,” contract monitoring staff should validate the vendor’s performance on SLAs and in accordance with the updated policies and procedures for vendor management.

**Performance metrics to measure success post-implementation:** The expected performance measures of this initiative include:

- Percentage of calls with first contact resolution
- Number/percentage of calls with referrals to DHS staff
- Average handle time
- Average speed of answer
- Utilization of IVR and other self-service resolutions
- Volume of citizens served through community partners
- Customer satisfaction at various touchpoints across the beneficiary journey

The expected impact would be improved customer service levels; efficiency savings due to freeing up time for DHS staff to focus on other day to day operations; and, reduced benefits spend where the contact leads to resolution of the issue, reduction in risk level and referral to other non-government community-based solutions to promote independence and self-sufficiency.

**Identification and estimation of any savings the strategic plan could realize once implemented:** The current contract value for the AFMC call center is approximately \$23.4 million. Due to the requirements of the new contract, the future contract value is estimated by DHS to be approximately double the current contract. In addition, DHS may encounter additional information technology needs due to potential system updates and interoperability with the vendor’s CRM. These costs are indeterminable at present.

DHS has identified approximately \$45.0 million of savings within two years of this initiative launch. This is due primarily to cost avoidance measures resulting in reduced benefits expenditures where the contact leads to resolution of the issue, reduction in risk level, introduction of self-service technology to reduce operation costs, and referral to other non-government community-based solutions to promote independence and self-sufficiency.

**Change Management Plan:**

Development of clear and concise policies, procedures, and training combined with innovative technologies will improve DHS’s ability to resolve beneficiary and family issues and concerns. Key activities and timing for the communication plan are included in **Appendix A – Work Plan** and summarized below in **Figure 9**.

**Figure 9 – DHS-2 Communication Plan**

Audience	Key Messages	Modalities	Owner
DHS internal staff, including County Eligibility Operations	<ul style="list-style-type: none"> <li>• The State of Arkansas can realize significant benefits with new and innovative customer call center and self-navigation technologies, including introduction of AI, including government efficiency, financial cost avoidance and improving the customer experience</li> <li>• DHS will implement the safeguards needed to ensure accountability of the customer service center vendor’s entire operations</li> <li>• Improved collaboration between a vendor and DHS will improve beneficiary self-service, which is expected to reduce referrals to DHS and allow staff to focus on other duties</li> </ul>	<ul style="list-style-type: none"> <li>• Staff face-to-face meetings</li> <li>• Town halls</li> <li>• Emails</li> </ul>	Melissa Weatherton to lead team, to include: <ul style="list-style-type: none"> <li>• Mary Franklin</li> <li>• Elizabeth Pitman</li> <li>• Gavin Lesnick</li> <li>• Jeff Dean</li> </ul>

Audience	Key Messages	Modalities	Owner
	<ul style="list-style-type: none"> <li>There will be direct collaboration with all DHS divisions and their staff</li> </ul>		
<ul style="list-style-type: none"> <li>Current and future Beneficiaries and their families (customer)</li> <li>Individuals at risk of need for DHS programs and services</li> </ul>	<ul style="list-style-type: none"> <li>DHS is partnering with a vendor to launch a customer service center better able to answer beneficiary questions</li> <li>Self-service functionality will now allow beneficiaries to do [describe new functions]</li> <li>Process and timeline for accessing these resources</li> </ul>	<ul style="list-style-type: none"> <li>Press release</li> <li>Website Updates</li> <li>Interactive voice response</li> <li>Beneficiary letters</li> <li>Beneficiaries text messages</li> </ul>	<p>Melissa Weatherton to lead team, to include:</p> <ul style="list-style-type: none"> <li>Mary Franklin</li> <li>Elizabeth Pitman</li> <li>Gavin Lesnick</li> <li>Jeff Dean</li> </ul>
<ul style="list-style-type: none"> <li>Legislature</li> <li>External stakeholders (i.e., providers)</li> </ul>	<ul style="list-style-type: none"> <li>The State of Arkansas can realize significant benefits with new and innovative customer call center and self-navigation technologies, including introduction of AI, including government efficiency, financial cost avoidance and improving the customer experience</li> <li>DHS will implement the safeguards needed to ensure accountability of the customer service center vendor’s entire operations [Include greater detail on vendor requirements and contract monitoring and oversight]</li> <li>Improved collaboration between a vendor and DHS will improve beneficiary self-service, which is expected to reduce referrals to DHS and allow staff to focus on other duties</li> </ul>	<ul style="list-style-type: none"> <li>Legislative staff briefings/ Presentations</li> <li>Stakeholder meetings</li> </ul>	<p>Melissa Weatherton to lead team, to include:</p> <ul style="list-style-type: none"> <li>Mary Franklin</li> <li>Elizabeth Pitman</li> <li>Gavin Lesnick</li> <li>Jeff Dean</li> </ul>



### Initiative DHS #3 - Increase awareness of Home and Community Based Services

This initiative seeks to increase awareness of Home and Community Based Services (HCBS) through distribution of educational materials, enhancements to customer service capabilities, community partnerships, and communication channels to help beneficiaries make an informed choice for their long-term care options. The primary goal of the initiative is to ensure individuals and families have consistent, accurate, meaningful information regarding the availability of HCBS waiver programs and services available in the State with which to use in making decisions.

**Initiative Overview and Current State:** This initiative is one of several DHS efforts to expand, enhance, and strengthen HCBS waiver services statewide. DHS is in the process of actively implementing this initiative, with new resources developed and an external stakeholder campaign launched in June 2024.

This initiative was developed after an assessment of current education and training efforts at DHS related to the promotion of HCBS waiver services statewide. The contractor employed to do the assessment reviewed existing materials and solicited stakeholder input via a series of interview sessions and a stakeholder survey to identify whether there were gaps in stakeholder, consumer and provider education, knowledge and training around HCBS.

The key HCBS waiver services included in this initiative are:

- Autism Waiver
- Arkansas Choices in Homecare Waiver
- Independent Choices
- Living Choices Assisted Living Waiver
- Community and Employment Supports Waiver
- Private Duty Nursing
- Personnel Care Services
- State Plan Behavioral Health Services
- Program of All-Inclusive Care for the Elderly (PACE) Waiver

The key stakeholders assessed were those serving specialty populations that utilize HCBS programs in the State, including individuals with developmental disabilities, individuals with physical disabilities, older adults, and those with functional deficits due to their behavioral health needs. The stakeholder groups consisted of the following:

- Beneficiaries and their families
- Internal DHS divisions
- Providers and case managers
- Provider-Led Shared Services Entity (PASSE) providers
- Community Partners – (schools, Area Agencies on Aging)

The Assessment was completed in May 2023 and offered insights shared by DHS staff and external stakeholders to describe existing assets, critical challenges and key opportunities to enhance HCBS education efforts.

**Rationale:** Key findings of the assessment provide rationale for the Initiative.<sup>10</sup> The results showed that there was need for more effective HCBS education and training across the board. They were as follows:

1. Limited collaboration across the divisions responsible for HCBS and a lack of internal training processes, contributing to variation in HCBS educational materials and possible duplication of efforts.
2. Beneficiaries report existing education materials can be difficult to understand, causing confusion for families and beneficiaries when navigating the waiver application process and also understanding the care they are eligible to receive.
3. Multiple beneficiary families reported being unaware of program services benefits and resources available to support their needs.
4. There is not a clearly defined training plan or ownership for HCBS provider education.
5. Training and educational materials for providers can be difficult to interpret and access and sometimes lack clarity.
6. Providers have reported the need for consistent guidance and enhanced technical support from DHS to best equip providers to deliver services.
7. For the PASSE and Care Coordinators, it can be time consuming and challenging to identify providers to deliver a beneficiary's services due to a lack of clarity and guidance on each provider's service delivery arrangements.
8. Stakeholders have highlighted the importance of preventative HCBS services and engaging other entities involved in the HCBS system.

Based on the input, the survey results and a review of best practices seen in other states, recommendations were proposed to DHS as part of an overarching HCBS educational initiative to ensure that HCBS stakeholders have consistent, accurate, and meaningful information regarding the HCBS programs and services available. These recommendations involved providing education materials for individuals and families regarding HCBS programs and eligibility, providing training and education materials for providers to hopefully increase the number of providers and developing training materials across all HCBS programs that can help DHS as well. DHS, thereafter, chose to make this part of the Arkansas Forward initiative. Providers were mostly positive in their experience but wanted more helpful resources, virtual training sessions and enhanced technical assistance.

In July 2024, DHS launched its Medicaid Home and Community-Based Services (HCBS) Educational Campaign to empower stakeholders, including beneficiaries and their families, providers, and internal DHS staff with foundational Medicaid and HCBS information. The campaign includes:

- A dedicated HCBS homepage available at [ar.gov/hcbs](https://www.ar.gov/hcbs)
- Educational flyers on each HCBS program (for example, ARChoices waiver, the PASSEs, Personal Care), also available at [ar.gov/hcbs](https://www.ar.gov/hcbs). The flyers aim to enhance awareness of HCBS programs and ensure that program requirements, benefits, and resources are clearly presented.

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<sup>10</sup> During the Assessment conducted by Guidehouse, there were over 321 stakeholders surveyed, including 114 HCBS Clients, PASSE members and caregivers, 199 HCBS providers, and 9 Advocacy groups.

The team will also issue news releases, email blasts, and socials media posts to promote these resources.

**Implementation Considerations: Attachment A – DHS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. DHS has launched implementation of this initiative, including developing the “one pagers” for stakeholders about the services that are available through the HCBS programs statewide, along with its benefit structure and how to apply, and launching its communication effort with stakeholders to make them aware of resources.

Considerations for the implementation process identified through interviews and work sessions with DHS staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Ensure that all written one pagers or material available through the DHS website or stakeholders undergo review on a standard basis to ensure accuracy of information and incorporation of any key changes to HCBS program eligibility and/or service array.
- Use input from stakeholders to ensure that the HCBS educational and training materials use simplified language, address current gaps, and avoid jargon and clinical language. For example, survey findings found many families do not understand the term “1915(c) waiver.” Complex language can distract from the intention of the information, and it is important to use phrases and terminology that resonate with beneficiaries.
- Ensure contact information remains current and available in rural areas, possibly through community organizations to underserved populations.
- Ensure that the “one pagers” are framing the services in a way that highlights and focuses on how HCBS programs can benefit the beneficiary and family. This includes putting a “face” to HCBS to make the benefits/impacts real and tangible.
- Ensure that the “one pagers” also address the gap in not understanding the application process. Individuals can sometimes get lost in the number of questions and documentation requirements that are required prior to determining eligibility. Step-by-step guidance, such as a process workflow for the application process, including steps, timeframes, and expectations is desirable.
- Ensure that there is clear understanding in service delivery decisions so that beneficiaries understand why they are not receiving the same level of services as another beneficiary.
- The “one pagers” should specifically describe the array of services and resources so that beneficiary families are fully informed about the array of related medical and recreational programs that are available to families.
- Include providers and case managers in the review of important beneficiary communications because they regularly interact with beneficiaries and can better ensure the beneficiary receives the information.
- Use the Division of County Operations (DCO) offices to serve as learning/resource centers for beneficiaries in more rural areas especially if individuals are not able to access online resources.

- Conduct regular feedback sessions to understand the effectiveness of the “one pagers” in helping to educate individuals and families about the HCBS programs and eligibility process and criteria, including clarity of messaging.
- Periodically measure awareness and utilization drivers in populations using HCBS waiver services through surveys.
- Monitor continuously any changes in HCBS statute, rules, or policy and ensure that any updates to beneficiary materials are made expeditiously.

In addition to these considerations, several government entities have invested in educational materials to support beneficiary enrollment.

### **Colorado Dept of Health Care Policy and Financing**

Colorado developed a comparison chart for the state’s HCBS waivers and PACE program. It provides a detailed summary of each program’s eligibility requirements, costs, and waitlist processes. The document includes an additional detailed Comparison Chart,<sup>11</sup> with information for each program, including:

- Purpose of program
- Age requirements
- Populations served
- Waiting list
- Where to apply
- Level of care requirements
- Authority to select a service provider
- Waiver or program website
- Case management entities
- Administrative entities
- State contacts

The Comparison Chart serves as a “one-stop” helpful resource for beneficiaries and family members to differentiate between programs or provide additional information. The level of detail included in this chart this may be a helpful template for DHS to organize the details of its various programs and services for internal reference.

### **Iowa Department of Human Services**

Iowa DHS developed “Are Home and Community Based Services Right for You – Iowa,” a HCBS Waiver Program Brochure to provide a brief overview of the eight HCBS programs to prospective beneficiaries. The overview details populations that are eligible for services, the benefit of participating in a waiver program (e.g., easy access, person-centered approach, health and safety, flexible supports), services that beneficiaries may receive under each program, and resources to

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<sup>11</sup> Colorado Department of Health Care Policy and Financing, “Colorado Home and Community Based Services (HCBS) Children’s Waivers Comparison Chart,” March 2024, <https://hcpf.colorado.gov/sites/hcpf/files/HCBS%20Children%27s%20Waivers%20Comparison%20Chart-March%202024.pdf>.

contact for support if needed. Additionally, the Iowa DHS HCBS webpage includes PDF versions of a brochure for each HCBS waiver program in English and Spanish and outlines other available HCBS supports.<sup>12</sup>

### **Minnesota Department of Human Services**

Minnesota DHS developed “HCBS Waiver and Alternative Care Provider Training 101”<sup>13</sup> which equips providers with basic information about the State’s programs, operations, policies, and requirements. The training is housed in an online, self-paced learning center. Topics include:

- The Road to Home and Community Based Services in Minnesota
- Becoming an HCBS Waiver Provider
- Participant safeguards

Minnesota DHS also developed HCBS modules for person-centered organizations that include a self-paced toolkit with eight training modules focused on person-centered practices. In addition to the toolkit, DHS created three short videos to highlight excellent providers who demonstrate person-centeredness in their operations.

### **Recommended steps for increasing awareness of HCBS programs (future state):**

#### ***Phase One: Beneficiary Materials***

- Develop general Medicaid HCBS educational materials which provide an overview of the state HCBS programs, including services provided, populations serviced and how program services support beneficiaries. Coordinate review and approval across program staff. (complete)
  - Ensure clear application instructions and a link to the application process within these materials.
- Develop a comprehensive communication plan to distribute materials.
- Release HCBS one pagers/enhance educational material online and distribute physical copies to providers, stakeholders, and internal staff.
- Create mechanism for recurring review and update of materials to keep them current and ensure they meet stakeholder needs.
- Review orientation and onboarding process to help beneficiaries to ensure understand available HCBS services and resources.

#### ***Phase Two: Provider Education***

- Create provider workgroup to begin planning around dissemination of provider education materials.
- Develop draft provider education “one pagers.”

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<sup>12</sup> Iowa DHS, “Are Home and Community-Based Services Right for You – Iowa,” <https://hhs.iowa.gov/media/6538/download?inline=>.

<sup>13</sup> Minnesota DHS, “HCBS Waiver and Alternative Care Provider Training 101,” <https://mn.gov/dhs/partners-and-providers/training-conferences/minnesota-health-care-programs/provider-training/waiver-ac-provider-training-101.jsp>.

- Develop communication plan to distribute materials.

**Phase Three: DHS and Provider Training**

- Collect provider and internal staff feedback (survey is one potential method to measure) to identify areas for improved training materials.
- Develop comprehensive training plan across all stakeholders to guide implementation, identify training needs and identify prioritization for training.
- Develop standard training materials and procedures for HCBS programs.
- Strengthen provider training and technical assistance, create communication channels and leverage provider partnerships.
- Define DHS training and education role and capacity.
- Develop HCBS education materials to support HCBS provider licensing process.

**Alignment of department priorities with staffing and resources:** This initiative has started with the creation of the initial educational “one pagers” by DHS staff with assistance from a third party contractor. This initiative is aligned with the DHS overall effort to promote the availability and access to Medicaid HCBS services statewide. Support will come from existing DHS Medicaid HCBS waiver staff and staff that are part of the shared services. The DHS Communications team will identify internally dedicated roles for training and education, whether that is a staff member solely dedicated to the responsibility or an additional responsibility of an existing staff member.

DHS may look to other states that have dedicated communications and training staff members in informing its strategies for disseminating information, ensuring a feedback loop between stakeholders and the department, and increasing utilization of HCBS services. For example, the Kentucky Department for Medicaid Services has a staff member that develops training materials and manages the public comment process, reviews documents for language and accessibility, and manages the agency’s dedicated stakeholder email box.

DHS has promoted its programs through a campaign that includes website updates. There are no additional Information Technology resources that are needed for this initiative.

Some funding is anticipated to be needed for continued material development, implementation of surveys, and the delivery of effective provider training. This amount is not anticipated to exceed \$50,000 per year and will be absorbed through current DDS budget.

**Process changes associated with implementing changes in the strategic plans:** DHS will need to establish process for the ongoing review and approval of HCBS education materials to ensure their accuracy and a process to incorporate ad hoc changes to HCBS policy, rule, or statute. DHS may also need to develop training materials related to the HCBS provider education modules developed.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to increase the number of beneficiaries who apply for and are served by the above HCBS waiver services, allowing them to remain in their communities and at home, as well as increase the amount, education, knowledge and training of community-based provider partner agencies. Some of the key performance metrics to measure success of this initiative include:

- The number of established HCBS community partners with agreements;
- The number of applications for HCBS waiver services;
- The number of beneficiaries who are approved to receive HCBS waiver services increases, allowing them to remain in their communities;
- The percent utilization of HCBS for new long-term care beneficiaries and other high need populations;
- The awareness rate of HCBS options for care (to be measured by survey); and,
- Metrics related to views/utilization of communications material across channels.

**Identification and estimation of any savings the strategic plan could realize once implemented:** DHS has identified approximately \$7.0 million in cost avoidance savings to be realized within two years of this initiative launch. This is due primarily to increased application for and use of cost-effective home and community-based services, for those who would otherwise be served in higher cost institutional settings.

**Change Management Plan:** Development of clear and concise educational materials identifying clear paths to eligibility and benefits for receiving HCBS services, as well as continued collaboration with HCBS stakeholders is essential to this initiative’s success. Recommended “one pagers” on HCBS programs have been developed and a comprehensive stakeholder engagement plan. Key activities and timing for communication plan are included in **Appendix A – Work Plan** and summarized below in **Figure 10**. DHS can leverage the DHS communications team as well as language guides and resources to ensure communications are meaningful and person-centered.

**Figure 10 – DHS-3 Communication Plan**

Audience	Key Messages	Modalities	Owner
<ul style="list-style-type: none"> <li>• Individuals/beneficiaries</li> <li>• Parents/caretakers</li> </ul>	<ul style="list-style-type: none"> <li>• Summarizing the available HCBS waiver programs</li> <li>• Establishing eligibility criteria for programs</li> <li>• Outlining the eligibility process</li> <li>• Identifying services by program</li> <li>• HCBS programs are person-centered and exist to provide beneficiaries with the help they need to complete everyday activities in the least restrictive setting</li> <li>• HCBS programs empower parents/guardians to participate in treatment plans</li> </ul>	<ul style="list-style-type: none"> <li>• Website content to announce availability of resources on HCBS</li> <li>• HCBS waiver “one pagers” in digital and hardcopy formats</li> <li>• Presentations at stakeholder events</li> <li>• Messaging delivered through existing and new community partners (e.g., Arkansas AARP, PCPs, Schools, Higher Education, AAAs)</li> <li>• Emails delivered through stakeholder lists</li> </ul>	<ul style="list-style-type: none"> <li>• Melissa Weatherton</li> </ul>

Audience	Key Messages	Modalities	Owner
<p>External Stakeholders:</p> <ul style="list-style-type: none"> <li>• HCBS Waiver Providers</li> <li>• HCBS stakeholders and Associations, such as ADRC/AARP</li> <li>• Medical Providers</li> <li>• Judges</li> <li>• Attorneys</li> <li>• Youth and child welfare organizations</li> <li>• Hospitals and discharge planners</li> <li>• Psychiatric Residential Treatment Facilities (PRTF)</li> </ul>	<ul style="list-style-type: none"> <li>• Summarizing the available HCBS waiver programs</li> <li>• Establishing eligibility criteria for programs</li> <li>• Outlining the eligibility process</li> <li>• Identifying services by program</li> <li>• Identifying provider and other training resources available</li> </ul>	<ul style="list-style-type: none"> <li>• Website content to announce availability of resources on HCBS</li> <li>• HCBS waiver “one pagers” in digital and hardcopy formats</li> <li>• Presentations at stakeholder events</li> <li>• Emails distributed through stakeholder lists</li> </ul>	<ul style="list-style-type: none"> <li>• Melissa Weatherton</li> </ul>



## Initiative DHS #4 - Restructure Medicaid Operations Under Single Appropriation

This initiative seeks to restructure Medicaid operations within a single appropriation to enable strategic management of the DHS budget and services across Medicaid-related divisions and improve the organizational effectiveness and ability to develop and execute strategic priorities to advance the departmental vision.

**Initiative Overview and Current State:** DHS oversees human services across the State of Arkansas. Medicaid is the largest health services program and funding stream and is administered within DHS through separate divisions (as is done in most states). For example, the Divisions of Aging, Adult, and Behavioral Health Services and Developmental Disabilities Services administer Medicaid home and community-based waiver services for eligible seniors, individuals with intellectual and developmental disabilities, and those at risk of institutionalization. Eligibility determinations are made by Division of County Operations staff. The Division of Provider Services and Quality Assurances licenses and certifies Medicaid and long-term care providers and conducts related quality assurance activities. The Division of Medical Services is the lead administrative agency for Medicaid and administers the Medicaid program on a day-to-day basis, including, but not limited to, overseeing the PASSE program, paying fee-for-service claims, determining provider rates, program benefit coverage and service delivery settings. The Office of Secretary and Deputy Secretary of Budget and Operations provides executive leadership as well as shared services to the divisions, such as financial, human resources, procurement and technology.

These divisions are critical to the operations of DHS and enable the Medicaid program to operate while also delivering other state and federally funded services to populations such as children, and people in need of mental health and substance abuse services. However, the staff that run all the division programs are, to some degree, siloed within DHS.

Arkansas practices a hybrid budget approach where it recommends and reviews budgets on a biennial basis but enacts appropriations before each fiscal year.<sup>14</sup> For each fund account in the budget, individual appropriation bills establish maximum spending authority for categories of spending, such as salaries, personal services matching funds, itemized positions, and the operating expenses of the department.<sup>15</sup> Special language in the appropriation bill may be permissive, such as allowing transfer of appropriation, funds, positions, and programs, or may be restrictive of certain actions or require review of the Legislative Council or Joint Budget Committee.

Today, the Arkansas State Legislature makes appropriations to DHS through an appropriation act specific to each DHS division. Thus, general revenue allocations, like the appropriation acts, provide funding to each DHS division individually. State funds appropriated to DHS leverage multiple sources of financing including federal and other funds to support the department's total appropriation.

For example, out of the \$1.8 Billion DHS budget for Fiscal Years 2022 and 2023, the Behavioral Health Services appropriation is \$101,232,260. Behavioral Health funds cannot be transferred from the DHS

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<sup>14</sup> National Association of State Budget Officers, "Arkansas," <https://www.nasbo.org/mainsite/resources/proposed-enacted-budgets/arkansas-budget>.

<sup>15</sup> Arkansas State Legislature, Arkansas General Assembly Revenue Stabilization Law Allocations.

division that oversees behavioral health services to another DHS division within the biennium without the specific authority of the Legislature.

There is special language in the appropriation for the DHS Secretary's office provided in HB 1056, codified in Act 193, that recognizes DHS' challenges predicting the exact needs for funding by program and affords DHS limited reallocation of resource authority to adjust DHS division budgets, so long as it supports the Medicaid program. The Secretary must obtain the approval of the Chief Fiscal Officer of the state and report quarterly to the Legislative Council or Joint Budget Committee on Medicaid match transfers. This authority to reallocate resources, however, does not extend to moving Medicaid dollars out of one division and transferring them to another.

However, there is special language that allows DHS to make inter-agency and inter-divisional transfers to provide state funds that match federal Medicaid funds for reimbursement of direct medical services. This allows some flexibility to transfer positions and funds within and between existing and newly created divisions, offices, sections, and units of DHS, but it is limited to general funds only and does not extend to Medicaid. As a result, braiding and blending of funding to administer Medicaid across the Division of Medicaid Services, Division of County Operations, Division of Provider Services and Quality Assurance, the Division of Developmental Disabilities Services, the Division of Aging, Adult and Behavioral Health services is limited. The Secretary cannot share or transfer any Medicaid appropriations across these Medicaid divisions. Instead, the Secretary must balance and prioritize division-specific appropriations and state general revenue between Medicaid administrative costs and the expenses of other state and federally funded services they provide. This creates inflexibility in the Secretary's responsibility for leadership and oversight of the entire department's efforts in supporting the health and well-being of all Arkansans, especially those in most need.

**Rationale:** Medicaid enrollment fluctuates, new federal and state policies are considered and implemented, and beneficiary needs are dynamic. However, resources to manage these dynamics are fixed through individual appropriations and funding, which limits how DHS can deploy staff and focus financial resources. Reallocation of positions and funding from Medicaid to these divisions does not occur. Medicaid match transfers between divisions to fund Medicaid medical services payments highlight both the interdependencies of the DHS division budgets as well as the administrative effort to align funding where it is needed.

As DHS seeks to sustain the financial viability of Medicaid, it needs an appropriations structure that enables nimble and efficient administration. Removing barriers to flexibly administer Medicaid and related health services across DHS would enable organizational collaboration, braided funding, and maximizing federal to effectively and efficiently operate DHS in a more cost-effective manner.

Under this initiative, the State would combine appropriations for the Divisions of Medical Services, County Operations, Provider Services and Quality Assurance, Developmental Disabilities, Aging, Adult and Behavioral Health Services into one appropriation bill. This could create a single appropriation for an Office of Medicaid and Health Services so that directly related entities would be under one authority. Under this option, the Legislature would implement an appropriations structure similar to the DHS Secretary's Office Appropriation Act, which consolidates multiple appropriations into one appropriation act for inter-related shared services. This initiative would not change the

authority of constitutional boards that provide oversight to state facilities, which would remain in place.

Consolidating appropriations in this manner would allow for the seamless flow of funds to support efficient and effective alignment of health-related operations and medical services reimbursements across divisions. It would allow DHS to deploy personnel to effectively deliver services while maximizing all appropriate funding sources. It also advances a comprehensive request to the legislature for Medicaid and health services funding that transcends the current silos across separate divisions. Moreover, it is aligned with Arkansas' person-centered philosophy of treating Medicaid beneficiaries and families in a more holistic manner and working across divisions to enhance independence and self-sufficiency.

Under this initiative, separate appropriations would remain for the Divisions of Youth Services, and Children and Family Services, both of which provide services to Medicaid-involved children and youth but do not directly support Medicaid and health service delivery administration. The office of the Secretary would also maintain its structure as the umbrella shared service organization.

**Implementation Considerations: Appendix A – DHS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DHS staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Provide early outreach to Legislative leaders and outline in a clear manner the benefits to the State, its taxpayers, DHS, and its beneficiaries and families served.
- Develop a fiscal impact analysis that shows cost neutrality.
- Develop outreach materials designed to educate legislators about how:
  - This type of authority will help DHS more effectively operate health services for individuals and families.
  - It will allow DHS to more holistically meet its mission.
  - It will allow DHS to maximize additional federal funding.
  - DHS will more effectively leverage assets from finance and cost allocation purposes that will aid all divisions in meeting their initiatives, especially with allowing for braided and blended funding.
  - Moving away from funding silos will help DHS meet its growing demand and need for quality staffing in critical need areas without having to ask for future budget increases or have an impact in services, and without having to add new positions.

Arkansas is one of a few states that report very large amounts of individual Appropriation Bills during the budget process.<sup>16</sup> In 22 states, departments receive lump sum appropriations.<sup>17</sup> State agencies have varying degrees of flexibility to authorize transfers of previously enacted appropriations

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<sup>16</sup> National Association of State Budget Officers, Budget Process In the States, 2020-2021 [NASBO 2021 Budget Processes in the States S.pdf](#).

<sup>17</sup> NASBO, Table 23, p. 142.

between departments, programs and classes. Greater restrictions are placed on transfers between departments than between divisions or programs within the departments.<sup>18</sup>

Agencies have transfer authority to move funds between object classes of appropriations in 38 states and only 7, Arkansas being one, require legislative committee approval. Note, this legislative committee approval in Arkansas is limited to non-Medicaid appropriations. No state has reported that such transfers are not allowed without full legislative approval. However, as noted, in Arkansas this authority is not allowed if the transfer of appropriation involves Medicaid funds.

Transfers of funds between programs within a department or agency is allowed without any approval authority needed in 19 states. Among states that do not give agencies such authority, 23 of them give the budget or executive office that authority.<sup>19</sup>

**Recommended steps for establishing a single Medicaid appropriation for DHS (future state):**

- Review and verify financial systems capacity to properly account for and report budget to actual performance and financial statements to align with a consolidated appropriations act.
- Document business cases on how consolidated appropriations would enable DHS to effectively align the organization to achieve maximum efficiency.
- Meet with Legislative leaders from both Houses to develop support, outline the DHS roadmap for implementation, including strategies to address specific legislative concerns. Discuss business case.
- Work with group of key Legislators and the Office of Legislative and Intergovernmental Affairs to draft legislation that would consolidate appropriations into a single Office of Medicaid and Health Services, including co-design of financial reporting and controls.
- Receive Executive approval before moving forward.
- Engage stakeholders in review of proposed appropriation language and share Business Case.
- Ensure that the legislation has the appropriate transparency and organizational controls
- Establish the required financial controls.
- Develop a fiscal impact statement including analysis that demonstrates the cost neutrality or long-term savings for any such legislation.
- Pass required statutory changes to support single appropriation.
- Pass biennial budget under the new appropriation structure.

These proposed steps assume a time period of approximately three to six months to prepare documentation and meet with Legislative officials (including Legislative Council) to identify champions, build support, and file legislation. This time period also assumes upfront engagement of interested stakeholders such as key Medicaid provider groups across programs/within each of the DHS Medicaid divisions.

**Alignment of department priorities with staffing and resources:** This single appropriation initiative also supports a financial and organizational alignment of Medicaid with the continuum of

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<sup>18</sup> NASBO, Table 23, p. 145.

<sup>19</sup> NASBO, Table 25, p. 152.

health services provided through DHS and the broad infrastructure that supports Medicaid sustainability. There is no impact on staffing and no resources are needed for this initiative.

**Process changes associated with implementing changes in the strategic plans:** DHS would need to perform a fiscal impact analysis to demonstrate cost neutrality and/or a cost benefit calculation before any such legislation were to pass. Assuming passage, DHS should prepare to provide on-going and updated feedback to the legislature related to any fund transfers and also measure impact on an on-going basis.

**Performance metrics to measure success post-implementation:** This initiative is expected to result in:

- Improved coordination and planning across Medicaid divisions
- Improved ability to draw down Federal funds and allocate among most impacted divisions

Success could be measured using the ratio of federal funds to overall Medicaid funds (this would be expected to increase over time).

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative will lead to more efficient and effective management of DHS’s scarce resources across all divisions and will also serve to help maximize federal funds, through braided or blended fund transfers in a more impactful manner. It will also help with shifting funds to cover critical staffing resources. It is anticipated that this initiative will result in cost savings/cost avoidance but calculation is indeterminable at this time. A complete fiscal analysis will be conducted by DHS once preliminary approval is received for this initiative. DHS will then implement proper fiscal controls to monitor any future transfer and activities under this single appropriation Medicaid system.

**Change Management Plan:** DHS will need to ensure additional fiscal controls are in place with any inter-department transfers made between divisions. There will also need to be accounting and reporting that demonstrates factors impacting the cost allocation for any blended or braided Medicaid funding opportunities that are created, including personnel and operational changes. **Figure 11** summarizes communication tasks that are also included in **Appendix A – DHS Work Plan**.

**Figure 11 – DHS-4 Communication Plan**

Audience	Key Messages	Modalities	Owner
Legislative Stakeholders	<ul style="list-style-type: none"> <li>• Single Appropriation will enable more effective management of Medicaid Health Services</li> <li>• More flexibility to manage on-going day to day services for the Medicaid population and meet growing demands</li> <li>• Ability to transfer Medicaid funds among divisions will enhance DHS’s ability to maximize federal funding and allow for more appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings with Legislative leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Janet Mann</li> <li>• Misty Eubanks</li> </ul>

Audience	Key Messages	Modalities	Owner
	braiding and blending of funds rather than 100% use of general funds		
Division Leaders	<ul style="list-style-type: none"> <li>• Single Appropriation will enable more effective management of Medicaid Health Services</li> <li>• More flexibility to manage on-going day to day services for the Medicaid population and meet growing demands</li> <li>• Ability to transfer Medicaid funds among divisions will enhance DHS’s ability to maximize federal funding and allow for more appropriate braiding and blending of funds rather than 100% use of general funds Logistical changes will be communicated on an as-needed basis</li> </ul>	<ul style="list-style-type: none"> <li>• Staff bulletins</li> <li>• Staff emails</li> <li>• All staff meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Janet Mann</li> <li>• Misty Eubanks</li> </ul>
Providers and Stakeholders	<ul style="list-style-type: none"> <li>• more effective management of Medicaid Health Services</li> <li>• More flexibility to manage on-going day to day services for the Medicaid population and meet growing demands</li> <li>• Ability to transfer Medicaid funds among divisions will enhance DHS’s ability to maximize federal funding and allow for more appropriate braiding and blending of funds rather than 100% use of general funds</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder email lists</li> <li>• Stakeholder forum</li> </ul>	<ul style="list-style-type: none"> <li>• Janet Mann</li> <li>• Misty Eubanks</li> </ul>

## Initiative DHS #5 - Increase customer contact points in community settings

This initiative seeks to increase customer contact points in community settings with a high volume of potential beneficiaries and reduce costs for low-volume office locations, as practical. DHS seeks to implement this initiative in alignment with the statewide shared services strategy to modernize and maximize the state's real estate footprint and leverage technology to provide consumer-centered solutions to augment in-person contact center offerings.

**Initiative Overview and Current State:** Arkansas Code 25-10-115 (a) provides that the "Secretary of the Department of Human Services shall establish a county office of human services in each county of this state. The county offices shall provide the citizens of each county access to the various services and programs provided by the Department of Human Services as well as follow-up contact and services." Moreover, Section (b) of that same statute provides: "In establishing a county office of human services, it is necessary that each county office be staffed to provide complete access to services and programs of the department."

DHS' Division of County Operations (DCO) operates 80 county offices and ensures that Arkansans who need food assistance, health care, and other services can access help through DHS programs and operations. The DCO county office staff processes applications for several public assistance programs, including medical services (Medicaid), the Supplemental Nutrition Assistance Program (SNAP), and the Transitional Employment Assistance (TEA) program. In addition, DCO oversees the Emergency Solutions Grant program, which helps local communities address homelessness by providing resources for building repairs and support funds. The Division also assists newly arrived eligible refugees assimilate to the American way of life by providing financial and medical services for those eligible for up to eight months after arrival in the United States.

In addition to these DCO services, other important services and programs offered by other DHS divisions, such as Youth Services; Children and Family Services; and Aging, Adult and Behavioral Health Services are also housed and operated out of each of these county offices.

**Rationale:** Most of these county offices serve only DHS programs and are sometimes located in environments and locations that are neither the most familiar places to individuals and families who benefit from DHS programs nor the most desirable, family-friendly environments for children and others. Because of the statutory requirement to operate a location in each county, DHS continues to operate offices in areas with less traffic, preventing realization of some cost efficiencies.

Moreover, the pandemic underscored the need for governments to think and act differently in the face of a changing world. It is now incumbent upon the State to keep pace with those changes and identify how it can deliver high quality services at maximum value to its constituents.

Thus, DHS is looking to pilot moving some or all of its county operations and services in a given county to commonly used and known retail spaces, spaces that are family-friendly, used by, or in close proximity to, well-recognized community partners, and locations that are much more cost-effective, such as ones that leverage existing government agency partner services, such as community colleges and workforce development boards, among others. This could include a recommendation to identify a regional office setting that combines two or more counties, where it is more efficient, desirable, has minimal impact on access, and embraces the community fabric.



DHS is also looking to use technology to enhance the beneficiary experience in the future. One of the Arkansas Forward initiatives – DHS-2 – creates a more efficient beneficiary experience through a Customer Service Center. Greater availability of self-service functionality and technology-enabled engagement could diversify the delivery of services and mitigate any risk of impact to beneficiary access to DHS.

Finally, as part of the family friendly environment, DHS is considering options to pilot a county or regional office in a location that is open outside of normal business hours, so many of its families receiving services where parents are employed and have difficulty meeting with DHS staff during normal business hours can have the flexibility to meet after work.

**Implementation Considerations:** In implementing this initiative, DHS must be mindful of the current law, but should not consider the current law an impediment to identifying a location(s) that is less costly and more efficient and beneficial in terms of citizen access and experience. If the decision is to pilot a county office at a new location within the county, there would be no need to change the current law, so long as staff at the location “**provide complete access to services and programs of the department.**” **This can be accomplished through technology, including tools used by a new Customer Service Center at the new location. If the pilot involves** moving county operations to a more regional location, DHS will have to seek a statutory change. Such a change, however, should allow for flexibility to use technology and diversify delivery of services.

Other states have demonstrated creativity in service delivery to improve engagement of beneficiaries and offer options for consideration by DHS.

### Virginia

In the State of Virginia, some of the Local Departments of Social Services LDSSs, who administer the state social services programs in every county, have begun stationing workers in hospitals and schools, and some others co-locate at food banks a few days a month. Another example of co-location in the community is that of Richmond/Henrico Department of Health. The health department staff are state employees in Virginia, but there is a local funding contribution as well. They have several Resource Centers located in public housing communities that are staffed by Community Health Workers - <https://www.vdh.virginia.gov/richmond-city/resource-centers/>. These County Health District Resource Centers offer a variety of clinical and community health services in Richmond’s public housing communities and in the Southwood Apartments. All services are available to anyone, and the cost is based on a sliding scale. There are similar centers in other health districts.<sup>20</sup>

In addition, a partnership between Chesterfield County Public Library (CCPL) and the Chesterfield-Colonial Heights Department of Social Services (DSS) is bringing valued community resources closer to home for residents, while also eliminating barriers like cost, travel and technology requirements<sup>21</sup>. Clients come to the library searching for information on a variety of topics, such as public health, housing, food insecurity and more. Regularly hosting social services at the library allows citizens to get important information they need in a timely, accessible manner. DSS staff are

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<sup>20</sup> Source: Virginia Association of Counties

<sup>21</sup>[https://www.chesterfield.gov/CivicAlerts.aspx?AID=5121&fbclid=IwZXh0bgNhZW0CMTEAAR0G4lWZa-1FDbUll8nYK8OhZKP22xpzk6hs3xzL1w-BPIH3rzvkLQCJNFU\\_aem\\_T0DDa2kapRPSN6o72wBbJw](https://www.chesterfield.gov/CivicAlerts.aspx?AID=5121&fbclid=IwZXh0bgNhZW0CMTEAAR0G4lWZa-1FDbUll8nYK8OhZKP22xpzk6hs3xzL1w-BPIH3rzvkLQCJNFU_aem_T0DDa2kapRPSN6o72wBbJw)



available to help customers initiate services, determine eligibility for government programs, complete documents and inquire about the status of their cases. DSS offers a variety of programs and resources for community members, including information on:

- Adoption services;
- Companion services;
- Employment aid;
- Fuel assistance;
- Medicaid;
- Refuge assistance;
- SNAP benefits; and,
- View a complete list of DSS resources.

### **Oklahoma**

Over the past few years, the State of Oklahoma has embarked on a Human Services Real Estate Modernization (REM) strategy where they have closed 59 human service offices that were either leased or owned and saved an excess of \$10 million dollars annually. Human Service offices were moved to new and innovative “Human Service Centers” within retail spaces that were the center of the community.

### **Wisconsin**

Vision 2023 envisioned a state that offers the public convenient “one-stop” venues for government services both physically and digitally, and where state workers can deliver those services most efficiently. This vision was introduced “in response to the public’s raised expectations for governments to be more agile, accessible, and responsive.”<sup>22</sup> The Vision supported the hybrid work environment that can promote higher productivity, increased applicant interest, and higher retention among employees. It also made recommendations for state office locations where staff were afforded “telework opportunities that put family-supporting public service jobs within reach of Wisconsinites who live outside of the Madison and Milwaukee areas.” It allowed underused state properties to be acquired and redeveloped by the private sector, fueling new economic and community development opportunities in Wisconsin communities.

An example was the move in 2022 of the Wisconsin Department of Health Services (DHS) to relocate its Milwaukee Enrollment Services (MiLES) Center to improve safety, security, and access, and be better able to meet the needs of community members. In that case, the DHS offices were moved to a building that housed the Department of Labor services that saved the state \$15 million dollars.<sup>23</sup>

Vision 2030 for Wisconsin took the planning further to reduce the state office footprint to account for more remote work, with an expected savings of at least \$9 million.<sup>24</sup>

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<sup>22</sup> Wisconsin Department of Administration’s Vision 2023, for Wisconsin State Government Facilities and Workforce Space, Updated March 2023, page 1.

<sup>23</sup> Wisconsin Department of Administration’s Vision 2023, 4.

<sup>24</sup> Wisconsin Public Radio, March 22, 2024, “State agencies could offload even more office space, remote work audit finds,” <https://www.wpr.org/news/state-agencies-could-offload-even-more-office-space-remote-work-audit-finds>.

## **Maryland**

Maryland Department of General Services recently announced a state plan to relocating state agencies in from its State Center complex in Baltimore City to downtown Baltimore in order to “play an active role in revitalizing Baltimore’s central business district.”<sup>25</sup>

## **Federal Government**

In one example not focused on the citizen impact, General Services Administration has outlined its Workplace 2030 strategy related to the approach for the office space it owns and leases in over 2,000 locations nationally. Workplace 2030 encourages federal agencies to collocate as a savings strategy.<sup>26</sup>

### **Strategies to address potential risks and enable success:**

- DHS should develop and promulgate selection criteria and/or rules for community sites to minimize the perception of arbitrary selection of community partners.
- DHS should establish and monitor operational metrics for the pilot and review each stage of scaling and run parallel operations during any transition period so as to not disrupt any services for populations in need.
- DHS should identify the areas where a pilot makes most sense and, identify possible community partners, meet with the community partners and other stakeholders, assess any potential impact to access, as well as mitigation of risk and the overall benefits to that particular region of the state and its surrounding communities. DHS should meet with state and local lawmakers to provide transparency, obtain buy-in and support, and inform any future legislative requests/recommendations.
- DHS should meet with TSS to ensure alignment with this initiative and the state’s broader real estate portfolio strategy.

### **Recommended steps for establishing more community-based contact points (future state):**

- Map current processes, visit/transaction volume, and customer types across DHS services and counties;
- Define vision for new operating model, including benefits to Arkansans and to DHS employees;
- Develop screening process/criteria and data to identify potential community sites;

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<sup>25</sup> Maryland Department of General Services, “Maryland Department of General Services Announces Request for Proposals to Lease Space for Multiple State Agencies in Baltimore City,” April 30, 2024, <https://news.maryland.gov/dgs/2024/04/30/maryland-department-of-general-services-announces-request-for-proposals-to-lease-space-for-multiple-state-agencies-in-baltimore-city/>.

Federal News Network, “Agencies coming around to sharing office space as future plans come into focus,” March 23, 2023, <https://federalnewsnetwork.com/facilities-construction/2023/03/agencies-coming-around-to-sharing-office-space-as-future-plans-come-into-focus/>.

<sup>26</sup> Federal News Network, “Agencies coming around to sharing office space as future plans come into focus,” March 23, 2023, <https://federalnewsnetwork.com/facilities-construction/2023/03/agencies-coming-around-to-sharing-office-space-as-future-plans-come-into-focus/>.

- Meet with TSS to review plans and discuss opportunities to align with the state’s real estate strategy;
- Identify community settings with highest volume of potential customer touchpoints;
- Establish KPIs and measurement processes;
- Assess any potential impact to access, as well as mitigation of risk and the overall benefits to that particular region of the state and its surrounding communities;
- Meet with all local and state legislative representatives in the region to ensure buy in and support;
- Draft new policies and processes for community-based contact centers;
- Identify site(s) for pilot and conduct technology needs assessment based on location selected;
- Conduct internal trainings with pilot service teams;
- Run pilot program and collect / review data;
- Identify potential statutory changes and syndicate with legislative committees, including vision for new operating model and outcomes from pilot;
- Pass required statutory changes;
- Expand pilot to additional locations and counties; and,
- Assess potential of moving county operations to a new model.

**Alignment of department priorities with staffing and resources:** This initiative aligns with the spirit of Arkansas Forward and the goals of DHS. One of the goals of Arkansas Forward is to look to use technology to enhance the experience for beneficiaries and their families. This initiative considers how to deploy technology to enhance the customer experience without the need to visit the county offices for beneficiaries and situations in which this would be appropriate. In addition, another DHS priority initiative is the development of a Contact Service Center (DHS-2) that can utilize well-informed and trained person-centered call center staff and other technology (such as interactive voice response and artificial intelligence) to ease the burden of DOC and division staff. Currently, these staff have to be available continuously to address beneficiary, family, and citizen issues and concerns. This effort could result in more overall efficiency in DHS operations, which is aligned with the goals of Arkansas Forward.

DHS may need additional staff resources during the transition period to ensure no disruption in service. There may be a need for new technology systems for community operations and resources for leasing space in community settings. The fiscal impact cannot be determined without considering which offices would be impacted and which settings would be selected as alternate locations.

**Process changes associated with implementing changes in the strategic plans:** This initiative changes the location and settings where DCO staff perform job duties, which may result in the adoption of flexible work schedules for certain DCFS and DJS workers meeting children and families. DHS may revise personnel policies accordingly.

**Performance metrics to measure success post-implementation:** This initiative is expected to increase customer touchpoints; increase customer satisfaction; and decrease operating costs. Metrics to track the impact of this initiative include:

- Number of visits completed after hours and percent of after hours appointments (shows expanded availability to beneficiaries)
- Number of visits/transactions per location
- Number of customer touchpoints per employee
- Customer satisfaction measures (e.g., Net Promoter Score)
- Average cost per square foot of leased or owned office locations

**Identification and estimation of any savings the strategic plan could realize once implemented:** DHS believes that this initiative could result in a savings over a 2-year period of \$400,000. This estimate is based on reducing costs associated with existing leases for more cost-effective lease options and potential opportunities for consolidation of offices.

**Change Management Plan:** Development of options for more convenient and family-friendly community-based locations, including with greater flexibility and adoption of innovative technology will improve DHS’s ability to serve and resolve beneficiary and issues and concerns. Communicating changes in locations clearly to the public and relevant stakeholders will be important in managing this change. **Appendix A – DHS Work Plan** includes these tasks, which are summarized in **Figure 12**.

**Figure – DHS-12 Communication Plan**

Audience	Key Messages	Modalities	Owner
DHS staff (Including DOC Division)	<ul style="list-style-type: none"> <li>• We are piloting and co-locating staff with well-known community partners in places most familiar to folks in the county</li> <li>• This is opportunity to think about better hours for our clients, especially those that have to work during the day and adoption of a more family-friendly approach</li> <li>• This approach will also help to create a safe zone for our DCFS meetings/visitation</li> <li>• This initiative will create an opportunity for underused county locations and properties to be acquired and redeveloped by the private sector, fueling new economic and community development opportunities in Arkansas communities</li> </ul>	<ul style="list-style-type: none"> <li>• Staff emails</li> <li>• Town hall meetings</li> <li>• Division meetings</li> </ul>	Mary Franklin Team: Office of Legislative & Intergovernmental Affairs
<ul style="list-style-type: none"> <li>• Local and Legislative Officials</li> <li>• Community Partner(s)</li> </ul>	<ul style="list-style-type: none"> <li>• We are piloting and co-locating staff with well-known community partners in places most familiar to folks in the county</li> </ul>	<ul style="list-style-type: none"> <li>• Website update</li> <li>• Release of Assessment one pager with benefits</li> </ul>	Mary Franklin Team: Office of Legislative & Intergovernmental Affairs

Audience	Key Messages	Modalities	Owner
	<ul style="list-style-type: none"> <li>• We could fill a need in the community where areas need broadband</li> <li>• This is opportunity to think about better hours for our clients, especially those that have to work during the day and adoption of a more family-friendly approach</li> <li>• This approach will also help to create a safe zone for our DCFS meetings/visitation</li> <li>• This initiative will create an opportunity for underused county locations and properties to be acquired and redeveloped by the private sector, fueling new economic and community development opportunities in Arkansas communities</li> <li>• We will monitor constituent impact and be transparent about changes</li> <li>• Current statute does not require all DHS operations to be in one county building</li> <li>• This approach will be cost-effective/cost-saving for the state, which enables reinvestment into programming</li> </ul>	<p>and cost efficiency</p> <ul style="list-style-type: none"> <li>• Road show/</li> <li>• Community-based presentations</li> <li>• Press release</li> <li>• Local radio</li> <li>• Local Chambers of Commerce</li> <li>• Community Partners</li> </ul>	

## Initiative DHS #6 - Maximize additional federal funding opportunities

This initiative seeks to identify additional funding opportunities not currently maximized in DHS and develop plans to access funding to increase critical DHS program and service capacity and free up existing General Revenue funding for other state and departmental priorities. DHS further refined the focus to be on funding sources serving children, youth, and families served by DCFS and DYS.

**Initiative Overview and Current State:** DHS has long sought to identify applicable federal funding and to braid and blend funding sources to best meet the needs of its beneficiaries. However, DHS recognizes that there are additional federal funding opportunities connected to services for children and youth in DCFS and DYS that can be pursued, particularly as a result of new federal policymaking and opportunities now available. These funds can be used to enhance current prevention activities, while freeing general revenue for use elsewhere in the budget.

One opportunity relates to the 2018 passage of the Family First Prevention Services Act (FFPSA). This Act represents the most significant shift in federal funding for child welfare services in recent history. The act increases the focus of child welfare systems towards keeping children safely with family so as to avoid the trauma resulting from placement in out-of-home care. To meet this goal, the law provides families with greater access to mental health services, substance use treatment, and/or parenting skills courses and gives states the ability to access title IV-E federal funds to pay for these services. This significantly shifts how child welfare systems will coordinate and provide services to families and youth. As a result, it changes the role of community service providers, the way courts advocate and make decisions for families, and the types of placements available to youth placed in out-of-home care.

As one of the early adopters of FFPSA, Arkansas DHS has made significant strides as it relates to prevention services but, like many states, has struggled with many of the challenges related to implementation of FFPSA. DCFS recognizes the challenges that come with implementing a large-scale change to a longstanding service delivery system. While FFPSA allows Title IV-E funds to be used towards the provision of preventative services to families and children, prior to entry into foster care, the law requires significant planning, collaboration, and partnership between child welfare, Medicaid, and other existing divisions using federal funding to pay for the provision of these services. In particular, the Act is clear in that Title IV-E is the payor of last resort for those families that are Medicaid eligible.

To date, however, Arkansas DCFS has not fully expended, maximized, or leveraged federally available funds under Title IV-E to the degree other jurisdictions are able to achieve. This can include administrative training costs and service delivery. As a result, a disproportionate level of state funding has been required to operate the system. Data comparing some of the claiming of other states under the FFPSA shows that there are significant opportunities to increase federal Title IV-E revenue, while at the same time enhancing prevention service opportunities for many at risk children and families, a priority of DHS.

An additional opportunity relates to the fact that Arkansas is not drawing down federal Title IV-E funds for administrative costs that are tied directly to traditional candidates of foster care while other states are. This is an immediate opportunity to receive additional federal funding through cost allocation

and by looking outside of DCFS in a more global manner where many administrative shared service costs can be allocated to DCFS activity in case managing foster care children.

There are also opportunities to maximize Medicaid funding. In FY24 Arkansas, DCFS spent \$8.7 million (including \$2.1 million in general funds that are not matched) on its Intensive In Home Service (IIHS) program, while the Division of Youth Services (DYS) currently spent over \$14 million dollars for its Community Services and uses over \$3 million dollars of TANF to fund and operate its own Intensive In-Home Service (IIHS). DHS anticipates spending another \$1 million of TANF funds on this program in FY 2025. The IIHS program has had significant positive outcomes, and these services are also reducing higher costs for residential care. Currently, DHS is not using any Medicaid funding for IIHS, even where some of the case management activities would qualify for allowable Medicaid costs. This would require a change in the Arkansas Medicaid State Plan, which would have to be approved by CMS. This could also free up these TANF dollars to be spent in other important prevention areas.

Finally, Arkansas is also using Federal Title IV-B prevention dollars for administrative costs rather than actual prevention services. Through this initiative and effort to maximize federal funds, Arkansas can free up some of these IV-B dollars by supplanting with repurposed general revenue, TANF or Medicaid, where appropriate, and IV-B funding can be used to fund additional prevention programs that could serve to reduce the risk of future involvement with the DCFS or DYS program and avoid significant longer-term costs.

**Rationale:** After meeting with DHS and DCFS leadership, DHS cost allocation contract staff, and reviewing statewide payment and federal claims data, multiple opportunities were identified to enhance federal reimbursement for:

- Title IV-E eligible administrative expenditures for title IV-E Candidates;
- FFPSA title IV-E eligible costs, including additional services, administrative, and training;
- Future Community Pathways under FFPSA; and,
- Braiding and blending traditional Medicaid matching funds for FFPSA evidence-based programs and for DCFS and DYS IIHS.

#### *Claiming for Administrative Costs*

DCFS has not claimed federal reimbursement for all eligible title IV-E administrative costs. This includes expenditures related to both traditional title IV-E candidacy and administrative costs for eligible expenses incurred by contracted child placing agencies. Federal reimbursement for these costs may be claimed for the current quarter and retroactively for the seven (7) previous quarters.

Federal financial participation (at a rate of 50%) may be claimed for administrative cost expenditures necessary for the proper and efficient administration of the Title IV-E plan as identified at 45 CFR 1356.60(c). Reimbursement is available regardless of whether the child is actually placed in out-of-home foster care and becomes eligible for title IV-E foster care benefits. Such costs include:

The following are examples of allowable administrative costs necessary for the administration of the foster care program:

- Referral to services;

- Preparation for and participation in judicial determinations;
- Placement of the child;
- Development of the case plan;
- Case reviews;
- Case management and supervision;
- Recruitment and licensing of foster homes and institutions;
- Rate setting;
- A proportionate share of related agency overhead; and,
- Costs related to data collection and reporting.

Reimbursement is limited to those individuals reasonably viewed as candidates for title IV-E foster care maintenance payments consistent with section 472(i)(2) of the Social Security Act.

A candidate for foster care is federally defined as a child who is at serious risk of removal from home as evidenced by the Title IV-E agency either pursuing his/her removal from the home or making reasonable efforts to prevent such removal. It is important to note, a child may not be considered a candidate for foster care solely because the Title IV-E agency is involved with the child and his/her family. In order for the child to be considered a candidate for foster care, the Title IV-E agency's involvement with the child and family must be for the specific purpose of either removing the child from the home or satisfying the reasonable efforts requirement with regard to preventing removal.

A review of documentation provided by Arkansas DCFS indicates the state has not claimed federal reimbursement for expenditures related to children and youth considered to be foster care candidates. DCFS does have the ability to claim expenditures for the current quarter and retroactively for the seven (7) previous quarters. Thus, DHS should consider seeking retroactive claims for eligible past periods.

Finally, in claiming administrative costs, DCFS must think broadly, across DHS. Many of the claimable Title IV-E administrative costs in Arkansas are not only conducted by DCFS finance or administrative staff. DCFS can also look to administrative costs across DHS shared services and Medicaid and should ensure that it has done so before submitting any past or future administrative claims to the federal government.

Going forward, continued reimbursement for more global DHS administrative costs relevant to the administration of programs and services for Title IV-E candidates of foster care should be standard practice.

*FFPSA Title IV-E eligible costs, including additional services, administrative, and training*

Though Arkansas was one of the early adopters of FFPSA implementation in the nation, Arkansas has reported comparatively low expenditures and federal reimbursement for services. During FY 2022, Arkansas reported serving an average of 405 children per quarter and received federal Title IV-E reimbursement of \$1.8 million, for average federal reimbursement for children served per quarter of \$4,500.<sup>27</sup> According to ACF during the same time period, Washington D.C. served 465 children at an

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<sup>27</sup> Administration for Children and Families, "Title IV-E Prevention Program," <https://www.acf.hhs.gov/sites/default/files/documents/cb/fy-2022-title-iv-e-prevention-services.xlsx>.



average federal reimbursement for children served per quarter of \$15,951. Illinois reported serving 1,290 children at an average reimbursement per quarter of \$20,355 per child. Iowa served less than Arkansas during the same time period at 373 but reported an average reimbursement of \$13,885 per child per quarter. Arkansas can look to these other state claiming practices and identify additional Title IV-E funds to support its current evidence-based programming under FFPSA.

Additionally, Arkansas can look to add additional evidence-based programs to its Title IV-E Prevention plan and claim for these services. For example, Motivational Interviewing (MI) is an approved, well-supported evidence-based program under the FFPSA Federal Clearinghouse and has been shown to be an effective intervention when used by itself or together with a combination of other treatments to reduce risk of maltreatment and placement into out of home care. MI can be used to promote behavior change with a range of target populations and for a variety of problem areas. To be able to claim MI, DCFS would need to meet additional continuous quality improvement (CQI) activities related to MI. Federal guidance refers to the CQI requirements, including how implementation of services and programs will be continuously monitored, to ensure fidelity to the practice, determine outcomes achieved, and apply information learned from monitoring to refine and improve practice. Costs associated with delivering a MI service can be claimed to prevention services or prevention administration.

Moreover, case management is an allowable Title IV-E administration cost. When integrated with case management, MI is both a prevention service and an allowable administration cost, so DCFS may decide whether to claim MI costs under the rules governing claiming for prevention services or under the rules governing administration. When MI is incorporated into case management, it can be added to every prevention candidate's prevention plan as part of the strategy to prevent placement into foster care, even when the family needs no other approved Family First service. DCFS can begin claiming for these prevention services in addition to prevention services administration costs when a child's prevention plan begins, provided all other eligibility requirements are met. Thus, DCFS should consider training all front-line staff in MI and claim these expenses.

Finally, there are additional opportunities to maximize claiming for FFPSA training costs in DHS' Cost Allocation Plan. Training costs can also be claimed if the training is related to prevention and only for prevention staff, rather than for a larger group of workers such as prevention, foster care, and adoption services workers, at 50% federal financial participation.<sup>28</sup> Training costs can also be claimed at 75% when it relates to foster care training. It appears that Arkansas is maximizing funds appropriately for foster care training but for prevention services training, there still could be additional opportunities.

Prevention training costs include items such as: determining individuals who are eligible for the services or programs, how to identify and provide appropriate services and programs, and how to oversee and evaluate the ongoing appropriateness of the services and programs. Thus, DCFS should consider adding an FFPSA training activity code to its Random Moment Time Study (RMTS) survey to capture time that staff are in FFPSA related training, which should also increase Title IV-E funding.

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<sup>28</sup> ACF Children's Bureau, "Program Instructions - Approval of a revised form for reporting financial data on the title IV-E Foster Care, Adoption Assistance, Guardianship Assistance, Kinship Navigator and Prevention Services Programs," ACYF-PI-CB-18-12 pi1812.pdf (hhs.gov).

### *Future Community Pathways under FFPSA*

Recently, some states have received federal approval to broaden their FFPSA-eligible candidates for federal reimbursement by adopting community pathways that can provide Title IV-E funding for children and families that do not have an open DCFS case and have not yet even been reported for abuse and neglect. These children are at risk of entry into foster care but entered the system through a community-based prevention partner program, such as Healthy Families America. This allows for additional federal reimbursement and meets the Arkansas DHS priority of moving its programming upstream to reach families before they are involved with DCFS or other DHS services. Currently, DHS/DCFS has not expanded upon its Title IV-E Prevention Plan to include a Community Pathway. Developing a Community Pathway for prevention services in the state's Title IV-E Prevention Plan can help expand access and provide preventive services to these children and families while also reducing the future burden on the DCFS system and also generating substantial future cost avoidance.

### *Braiding and blending traditional Medicaid matching funds for FFPSA evidence-based programs and for other DCFS and DYS IIHS*

Arkansas DHS is not currently taking advantage of braided and blended funding opportunities that could serve to maximize the use of federal Medicaid and Title IV-E funds even further. For this initiative, there would need to be coordination with Medicaid. In fact, FFPSA was passed with the intention of leveraging existing Medicaid payments for mental health, substance abuse, and in-home parenting services when the family is Medicaid eligible. The Act is clear in that jurisdictions are to consider Title IV-E the “payor of last resort” when coordinating the provision of these interventions, as it was always contemplated where Medicaid is an allowable cost for these prevention services, states should use Medicaid before drawing down Title IV-E.

Thus, Arkansas DCFS could look to braid funding for some of its evidence-based programs that have therapeutic components of the service, so long as they are allowable costs under the Medicaid State Plan. DHS can then take advantage of a larger federal matching rate for the blended services, since the current federal medical assistance percentage (FMAP) of 72% federal funding is higher than the 50% Title IV-E match available under FFPSA.

Currently, therapeutic components of the FFPSA evidence-based programs are not being billed to Medicaid and other funding is being accessed to support the provisions of these programs, meaning that Arkansas is not taking full advantage of this higher match rate. Also, components of the IIHS program in both DCFS and DYS have Medicaid-allowable services that could be included in the Medicaid State Plan. This could also add considerably to the federal match. For example, the Intercept program, which is also an intensive, in-home evidence-based program that DCFS utilizes in several counties, is being funded through blending of general revenue and Title IV-E federal funds, not Medicaid. This program's case management components that are Medicaid-allowable have been approved by CMS in other state Medicaid Plans. The same is true for Family Certified Treatment, which CMS has approved for Medicaid reimbursement in North Carolina. By including the Medicaid-allowable services in the Arkansas Medicaid State Plan, this could have the advantage of maximizing additional federal funding opportunities and freeing-up the use of TANF funds to be deployed in other critical areas and allow for additional funds to cover services in DYS, such as expansion of CSTP and/or IIHS.

In maximizing opportunities to draw down additional federal funding, either through Title IV-E or Medicaid, Arkansas DHS can free-up general revenue as well as federal funding streams such as TANF to be used in other areas that are needed and part of DHS's prevention priority. This could also serve as direct savings and cost avoidance by reducing the risk of more costly future services and programming for many of these at-risk children, youth, and families.

Some examples of how this reallocation could occur through freed-up revenue include:

- If Medicaid funds paid for a portion of the IIHS program for Medicaid eligible children, youth and families, both DCFS and DYS could reallocate current general revenue and TANF revenue that is used for other prevention programs, which could also include an expansion of the existing footprint.
- DYS has funded the Civilian Student Training Program (CSTP) since it was created in 1993 for the purpose of providing training, education, health, welfare, rehabilitative and other services to juveniles. CSTP is open to juvenile court-ordered male participants ages 13 to 17 years old. It is an eight to nine-week residential program that teaches behavior management, criminal behavior deterrence, citizenship, physical fitness, academic and life skills, and community service. CSTP provides a structured, disciplined environment that promotes effective self-discipline, respect for authority, and good citizenship. When students leave the program, they participate in a one-year re-entry/mentorship program that helps them remain productive and successful members of their communities. CSTP staff is made up of professional staff, including trainers, nurses and teachers. Because CSTP is considered a diversion program from the juvenile court system, other court staff such as intake or probation officers could also make a referral of a youth on behalf of a family. DHS reports the cost of CSTP program to be \$15,000 per student, compared to the cost of DYS juvenile placement of \$49,500 per student, resulting in a savings of \$34,500 per CSTP student. The percentage of CSTP students that avoid DYS placement for a period of three years has been remarkably high, at 80%. Thus, DHS is looking to expand the CSTP program to add 32 additional beds, including at least 8 beds for females, broadening the opportunity for participation. The cost for such expansion is \$2.3 million dollars, including salaries for staff and capital expenditures, and much of this could be covered by enhancing claiming for Title IV-E and for drawing down additional Medicaid match.
- DHS is using most of its Title IV-B federal prevention funding for administrative costs rather than prevention programming. The claiming of these additional Title IV-E and Medicaid funds can also have the effect of allowing DHS to use IV-B for upstream prevention services in collaboration with communities.

**Implementation Considerations:** To claim for these additional federal funds, DHS will need to update its current Cost Allocation Plan and Medicaid State Plan, among potentially other documents. Updating these plans with new codes takes time and resources and DHS will need to be committed to this process and may need additional resources. Today DHS, uses contractors to develop and manage aspects of the Cost Allocation Plan. It may be more cost effective to have DHS develop the internal capacity to manage this process.

In addition, other states have had difficulty with braiding and blending Medicaid dollars with FFPSA evidence-based programming because of the complexities involved in establishing the portion of Medicaid allowable costs per program, and providers have had difficulty with Medicaid requirements so these funds can be claimed. This will involve an initial administrative burden for DHS and providers, but in the long run should generate a significant return on investment for DHS.

Finally, for any Medicaid State Plan change that would cover the delivery of any one of the FFPSA or IIHS evidence-based prevention programs, DHS should also be mindful in implementing the change that it does not require too high standards of provider certification – such as requiring master degree supervision where bachelor degree supervision is allowed – that it will have an impact on capacity and access in many of the rural areas of Arkansas that have a hard time finding providers. This can be done without compromising program outcomes.

Other state best practices also provide some guidance for DHS in implementing this initiative:

### *FFPSA Expansion*

#### **Indiana**

Indiana broadened its eligibility definition to include families serviced by Healthy Families Indiana/America, even if outside of the Department of Child Services, as eligible for FFPSA prevention services.

Indiana also adopted the Indiana Family Preserving Services (INFPS), shifting from fee-for-service to per-diem-based reimbursement and performance-based contracting with providers. Indiana included referrals that could be made to any California Clearinghouse evidence-based program. Indiana’s intervention is being evaluated by the Federal ACYF contractor now, and if approved even as a supported evidence-based program, this will open avenues for Indiana and other states to enhance claiming.<sup>29</sup>

#### **Nebraska**

Nebraska successfully included children without a service case (e.g., reunified with caregiver following a placement) as eligible for FFPSA prevention services.<sup>30</sup>

#### **Washington D.C.**

Washington D.C used FFPSA as an opportunity to embed motivational interviewing (MI) as a core approach to supporting families across agencies and community providers.

### *Development of Community Pathway*

#### **New York**

New York collaborates with Healthy Families New York (HFNY) and local departments of social services, making any child referred to the HFNY program or identified by any local social service

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<sup>29</sup> Indiana Department of Child Services, “Title IV-E Prevention Plan,” [September 29, 2021, Indiana-Prevention-Plan.pdf](#).

<sup>30</sup> Nebraska Department of Health and Human Services, “Nebraska’s Five-Year Title IV-E Prevention Program Plan 2020,” 2020, [NE FFPSA 5 Year Plan.pdf](#).

department considered a “candidate for foster care” thus expanding the reach of FFPSA Title IV-E funding to upstream at-risk families. The state has indicated that it intends to expand the criteria even further to include children identified by other state agencies as well.<sup>31</sup>

### **Washington D.C.**

In Washington D.C., the Child and Family Services Agency has received approval in its FFPSA plan to use Title IV-E for families that come to the attention of child welfare system and are referred to one of five community collaboratives. The Collaboratives connect families to a range of community services. They also provide case management using motivational interviewing to connect families to specific services based on their needs.<sup>32</sup>

### **Additional Resources**

Casey Family Programs has made additional resources available on how states are building community pathways through their FFPSA planning.<sup>33</sup>

### *Other Innovations under FFPSA that Will Enhance Claiming*

### **Kentucky**

In Kentucky, the Department of Community Based Services (DCBS) updated its business process across the agency to allow for the claiming of enhanced prevention services under FFPSA. DCBS has:

- Trained services providers to report child/family specific costs related to provision of Title IV-E evidence-based practices.
- Made changes in IT to create an invoicing portal for service providers.
- Made improvements to its cost allocation methodology to allow for costs to be claimed to Title IV-E, where appropriate.
- Updated quarterly claim process to capture as many Title IV-E allowable costs on the quarterly CB-496.

### **Massachusetts**

In Massachusetts, the state focused on enhancing Title IV-E claiming to maximize federal funding opportunities from 2016-2019. The Department of Children and Families located legal documents that were required to demonstrate Title IV-E eligibility for children under the supervision of the state. This effort produced over \$36 million in new federal reimbursement because of locating legal documents necessary for completing Title IV E determinations.

### **Washington D.C.**

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<sup>31</sup> New York State Office of Children and Family Services, “New York State Family First Prevention Services Act Prevention Plan,” February 23, 2022, <https://ocfs.ny.gov/main/sppd/docs/FFPSA-Prevention-Plan-2022Feb23.pdf>.

<sup>32</sup> DC Child and Family Services Agency, “Putting Families First in DC<” [DC CFSA Family First Prevention Plan Updated Dec 2023 Amendment 2.pdf](#).

<sup>33</sup> Casey Family Programs, “Family First Community Pathways,” August 2022, [August 2022\\_CFP Family First community pathways.pdf](#).

Washington D.C. used FFPSA as an opportunity to embed motivational interviewing (MI) as a core approach to supporting families across agencies and community providers. This has been a key component of their federal Title IV-E claiming approach.<sup>34</sup>

### *Braided and Blended Funding*

#### **Florida**

The Florida Department of Children and Families created a Blended and Braided funding workgroup to focus on identifying strategies to blend and braid Medicaid funding with their nine evidence-based programs contained within the state's FFPSA Prevention Plan. An example of an approach taken by Florida for Multi Systemic Therapy is provided in **Figure 13**.<sup>35</sup> Note that this workgroup is still meeting and there is no such plan approved and in place yet in Florida.

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<sup>34</sup> DC Child and Family Services Agency, "Putting Families First in DC<" [DC CFSA Family First Prevention Plan Updated Dec 2023 Amendment 2.pdf](#).

<sup>35</sup> Example provided by Co-Chair of the Florida DCF Blended and Braided Workgroup – existing work product.

**Figure 13 – Florida Blended and Braided Funding Approach Example – Multi-Systemic Therapy**

	Salary	FTE	Salary Costs	Benefits/ Taxes	Operating Costs	Indirect	Total Costs
Medical Director	\$ 300,000	0.02	\$ 6,000	\$ 1,620	\$ 1,905	\$ 1,095	\$ 10,620
Clinical Director	\$ 90,000	0.13	\$ 11,250	\$ 3,038	\$ 3,572	\$ 2,054	\$ 19,913
Clinical Supervisor	\$ 75,000	1.00	\$ 75,000	\$ 20,250	\$ 23,813	\$ 13,692	\$ 132,755
Therapist	\$ 60,000	4.00	\$ 240,000	\$ 64,800	\$ 76,200	\$ 43,815	\$ 424,815
Intake and D/C Specialist	\$ 46,000	0.10	\$ 4,600	\$ 1,242	\$ 1,461	\$ 840	\$ 8,142
Administrative support/data analyst	\$ 33,000	0.10	\$ 3,300	\$ 891	\$ 1,048	\$ 602	\$ 5,841
Compliance/QA specialist	\$ 46,000	0.10	\$ 4,600	\$ 1,242	\$ 1,461	\$ 840	\$ 8,142
<b>*requires \$32,000 per year in annual fidelity monitoring costs per team</b>							
							<b>COST OF 1 TEAM \$ 610,229</b>

MST	
Salary of Therapists	\$ 60,000
Cost of model (1 therapist)*	\$ 152,557
Traditional unit rate assumptions (41 weeks, 22 units/week)	\$ 169.13
Ave Caseload (or as limited by EBP)	5
Utilization assumption	83%
Daily rate calculation (Available slot/day)	<b>\$ 100.71</b>

EPISODE OF CARE	4	months
NUMBER OF CLIENTS SERVED ANNUALLY	50	
COST PER CLIENT EPISODE OF CARE	\$ 12,254	

**ROI Calculation**

Success rate	75%	Remain stable in home/community
Cost avoidance CCSU (SAMH/Med)	\$ 1,218	Based on \$406/day * 3 days
Cost avoidance DCF/CBC	\$ 19,000	Based on \$19,000/year case mgmt, non-room and board costs
	<b>\$ 20,218</b>	
Adjusted cost avoidance	\$ 15,164	Assumes % success
Cost of intervention	\$ 12,254	1 episode of care
ROI	\$ 1.24	for every \$1 invested

**ROI Documented \$ 3.02** [https://www.wsipp.wa.gov/BenefitCost?AreaSelection=BC&SearchQueries%5B0%5D.paramType=KEYWORD\\_ANY&SearchQueries%5B0%5D.paramJoin=AND&SearchQueries%5B0%5D.valueString=](https://www.wsipp.wa.gov/BenefitCost?AreaSelection=BC&SearchQueries%5B0%5D.paramType=KEYWORD_ANY&SearchQueries%5B0%5D.paramJoin=AND&SearchQueries%5B0%5D.valueString=)

**STAFFING AND CASELOAD ASSUMPTIONS**

200	Medical Director (1: ___ clients)
4	Therapist to Supervisor ratio
8	Supervisor to Director ratio
200	Intake specialist (1: ___ clients)
200	Admin/Data ratio (1: ___ clients)
200	Compliance/QA Specialist (1: ___ clients)
5	Clients on caseload
83%	Utilization rate (ave)
27%	Benefits/Taxes (as a % of salary costs)
25%	Operating costs* (occupancy, travel, training, data/comm) as a % of total personnel costs
12%	Indirect (as a % of all direct personnel and direct operating costs)

**UNIT COST ASSUMPTIONS**

2080	paid work hours in a year
-280	less 14 vacation, 12 holiday, 9 sick
-72	less training and professional development (6 hours/month)
-40	less lost productivity (no shows, missed appts), ave 3-4 hours/month
-24	less lost productivity (FMLA, turnover, time to hire ave 2 hours per month per FTE position)
-24	less administrative agency requirements (Time and attendance, accreditation req.)
1640	Available direct service hours to client
41	Available work weeks

**BILLABLE UNIT ASSUMPTIONS**

40	Hours per full work week
-5	Less Travel (1 hour/day)
-5	Less Documentation (1 hour/day)
-8	Less non billable activities (staffings, collateral contacts, additional assessments required by EBPs, on call, crisis de-escalation)
22	Available "billable hours" to funder

Source: Andy Sweet, CEO of Florida Children's Home Society, 2024.

### **Strategies to address potential risks and enable success:**

There is a risk that DCFS is currently underclaiming activities outside of DCFS that involve administrative duties related to Medicaid and shared services - finance, training, legal, human resources. In order to enable the success of this initiative, DCFS will need to work alongside its Division of Shared Services before making changes to its Cost Allocation Plan. This will assure that all related and indirect expenses are accounted for.

Moreover, this enhanced claiming activity will involve additional resource demands on DHS to ensure the integrity and accountability of the process. DHS will need to be careful to assure adequate reporting and documentation to support any potential federal audit. Thus, having proper controls in place to ensure claiming for any evidence-based services is critical.

Additionally, in the future, with any expansion of FFPSA evidence-based programs, there will be an issue of capacity of providers to meet the DCFS prevention focus and needs of the family. With the additional blending and braiding of Medicaid and building provider capacity for evidence-based services, rates must be structured to support the practice, so that more providers can implement them with fidelity and achieve the model's proven results. DHS must be mindful of this issue going forward to ensure future success.

Finally, for any additional Medicaid claiming, providers will need to be properly trained and credentialed for billing and it will be incumbent on DHS Medicaid to work with providers to ensure that the billing process is not so complex that providers are unwilling to participate. Stakeholders will need to be involved early in the process.

### **Recommended steps for maximizing federal funding (future state):**

In developing the steps needed to establish the future state and implement more aggressive strategies to improve Title IV-E and Medicaid claiming, DCFS and DYS will need to collaborate with other DHS divisions, including Medicaid and Shared Services, in creating and implementing the plan, to recognize the full benefit of this initiative. Steps include:

- DCFS and DYS to identify a federal maximization workgroup co-led by DCFS and DYS and to include members of other DHS divisions, including Medicaid Finance and Shared Services, and appropriate contractor staff.
- Develop a detailed workplan to maximize federal funding of Title IV-E (traditional foster care candidates/FFPSA candidates) and Medicaid and involve all impacted divisions of DHS outside of DCFS and DYS.
- As part of the workplan, identify:
  - Fiscal mapping and identification of specific programs and administrative areas where federal claiming can be enhanced.
  - The type of federal funds and claiming opportunity.
  - Where general revenue, TANF and IV-B funding can be freed up and used to enhance prevention focus.
  - Any additional evidence-based practice requirements, including staffing, service delivery, training and supervision and fidelity monitoring responsibilities to support model fidelity.



- Any additional funding requirements including client eligibility, provider eligibility, and service reimbursement coverage and limitations, and identification of opportunities to blend and braid funding sources.
- For Medicaid State Plan changes, consider workforce demands and possibly relaxing education requirements for service professionals to maximize workforce capacity and service accessibility.
- Establish cadence for continual demand measurement and projection to ensure funding plans are aligned with beneficiary needs.
- Implement needed financial oversight and controls for new funding sources, including braided/blended streams.
- Revise Cost Allocation Plan.
- Amend State Medicaid plan.
- Develop communication plan for community providers and stakeholders.
- Review and revise training plan.
- Amend State Title IV-E Prevention Plan to include additional evidence-based programming
- Develop the necessary procedures to claim title IV-E federal reimbursement for all eligible services and activities.
  - Administrative costs related to traditional title IV-E candidacy,
  - Administrative and training costs related to FFPSA implementation and operation,
  - Administrative and training costs incurred by subcontract providers.
- Consider the development of a Community Prevention Pathway to expand services to families identified as having children at risk of entry to foster care before they become known to the child welfare system. This will also require an amendment of the current Title IV-E FFPSA Plan to include this pathway.
- Engage local providers to operate the pathways to leverage additional allowable Title IV-E funding.
- Consider training all front-line staff in Motivational Interviewing (MI) and claiming these expenses.
- Measure demand and other KPIs to assess performance of new funding streams.

Finally, DHS should look to invest in developing provider capacity to provide evidence-based practices statewide. As it is difficult for providers to recoup the cost of recruiting, training, and credentialing staff to provide evidence-based services with fidelity to the individual model, DHS must seek to work with contracted providers to develop the staff capabilities required to provide prevention services to families, especially in remote, rural areas.

Together, these recommendations will not only serve to increase program capacity but serve to support sustainability through the improved ability to recruit and retain highly qualified staff capable of implementing evidence-based prevention programs with fidelity.

### **Alignment of department priorities with staffing and resources:**

This initiative seeks to enhance opportunities for additional federal funding that DHS is not currently taking advantage of. A preliminary estimate indicates this opportunity could fall between \$2.5-5 million in additional federal financial participation, based on the federal financial participation drawn down by states with a comparable number of children served. As already identified, this initiative will

involve DCFS and DYS staff working across other DHS divisions to enhance claiming opportunities which will result in a significant return on investment, meet the goals of Arkansas Forward, and is aligned with a key DHS priority to enhance upstream prevention programming for families that are at risk of DCFS and DYS services. Implementation of this initiative, however, is complex and will require changes to the DHS Cost Allocation Plan and Medicaid State Plan, as well as new training, outreach to stakeholders and changes that providers will need to make to some of their service delivery components. DHS will need additional resources to take full advantage of this initiative, either internally or through outside contractors.

DHS may also need to develop new capabilities for financial oversight and control of the new funding streams. However, all these activities will clearly be to the benefit of DHS and will further allow for the enhancement of current programming within DHS that has been able to produce significant positive outcomes.

### **Process changes associated with implementing changes in the strategic plan:**

Implementation of this initiative includes expanding activities for which certain funding sources are sought, shifting costs between funding streams to achieve more favorable matching rates, and any number of other related changes. This is expected to result in changes to the following deliverables (including but not limited to):

- DHS Cost Allocation Plan
- DHS Medicaid State Plan

DHS may need to ensure the development of additional controls and resources in the course of implementing this initiative, such as:

- Development of additional financial controls
- Outreach and communication to providers and stakeholders
- New Training for DCFS and DYS staff
- Provider billing and certification changes

**Performance metrics to measure success post-implementation:** The intent of this initiative is to increase federal funding available to DHS. Specific measures to demonstrate the success with this effort include:

- The percentage of additional funding for affected program areas
- The ratio of state to federal funds for affected program areas
- Claiming of federal funds for FFPSA prevention services as compared to baseline (expected to increase)
- Medicaid funding for prevention programming (expected to increase)
- Total increase in federal reimbursement (comparing fiscal years)
- Number of children, youth and families served in prevention programs (if total funding increases, this is expected to increase; if total funding is maintained with the proportion of state/federal funding changing, this will not be impacted)

**Identification and estimation of any savings the strategic plan could realize once implemented:** DHS has identified at least \$3 million dollars in annual general revenue savings that

can be captured within 12 months of implementing this Arkansas Forward initiative. These savings are in addition to the ability to draw down other funds to enable DHS to transfer existing general revenue and TANF dollars identified earlier on in this initiative. Moreover, by freeing-up general revenue and TANF funds to be used to enhance DHS’s prevention focus, there will be significant future cost avoidance based on this Arkansas Forward initiative that is undetermined at this point and, as, suggested above, it should be part of DHS’s implementation strategy to identify these savings and report back to the legislature the significant positive impact this initiative can have on reducing future DHS spending.

**Change Management Plan:** It is recommended that a team, co-led by DCFS and DYS, form to oversee this initiative and that this team either include or work closely with current Cost Allocation Plan and Medicaid finance contract staff to implement this initiative. It will be helpful for this group to ensure internal staff understand the approach, and the technical direction on how to implement this initiative. Part of the reason DHS may not be capitalizing on these funding sources today may be because federal policy continues to change and current staff or contractors may require some training and support to understand new opportunities. Transparent communication with DHS’ federal agencies will also be needed to ensure the success of the initiative and allow DHS to capture the anticipated financial benefit. Key communication tasks are included below in **Figure 14** and in **Appendix A – DHS Work Plan**.

**Figure 14 – DHS – 6 Communication Plan**

<b>Audience</b>	<b>Key Messages</b>	<b>Modalities</b>	<b>Owner</b>
Federal entities (CMS, ACYF)	DHS will need to communicate its intended plans to federal partners (i.e., CMS and ACYF) through multiple plans and submitted documents to achieve approval, where required.	<ul style="list-style-type: none"> <li>• Cost Allocation Plan</li> <li>• Title IV-E Prevention Plan</li> <li>• Medicaid State Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Sponsors Janet Mann and Misty Eubanks</li> <li>• Co-Leads DCFS and DYS Directors</li> <li>• Workgroup Representation from other impacted DHS divisions to form cross-department Teams</li> </ul>
DHS, Shared Services, DYS and DCFS Cost Allocation Plan Contractor Staff Medicaid Finance Contractor Staff	<ul style="list-style-type: none"> <li>• Enhancement of federal funding in Title IV-E and Medicaid can help free up funding to be reallocated to expand upstream prevention programming</li> <li>• Enhanced FFPSA and Medicaid claiming for evidence-based prevention programs, including Intensive In-Home Services will reduce the risk of future DCFS or DYS involvement</li> <li>• Will need to b</li> </ul>	<ul style="list-style-type: none"> <li>• Emails to staff</li> <li>• Division meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Sponsors Janet Mann and Misty Eubanks</li> <li>• Co-Leads DCFS and DYS Directors</li> <li>• Workgroup Representation from other impacted DHS divisions to form cross-department Teams</li> </ul>

<b>Audience</b>	<b>Key Messages</b>	<b>Modalities</b>	<b>Owner</b>
Providers External Stakeholders	<ul style="list-style-type: none"> <li>• Enhancement of federal funding in Title IV-E and Medicaid can help free up funding to be reallocated to expand upstream prevention programming</li> <li>• Enhanced FFPSA and Medicaid claiming for evidence-based prevention programs, including Intensive In-Home Services will reduce the risk of future DCFS or DYS involvement</li> </ul>	<ul style="list-style-type: none"> <li>• Website for comments to Plan changes</li> <li>• Official Notice to Providers for comment</li> </ul>	<ul style="list-style-type: none"> <li>• Sponsors Janet Mann and Misty Eubanks</li> <li>• Co-Leads DCFS and DYS Directors</li> <li>• Workgroup Representation from other impacted DHS divisions to form cross-department Teams</li> </ul>

## Initiative DHS #7 - Strengthening Payment Integrity and FWA Function

This initiative seeks to develop, implement, and strengthen Payment Integrity (PI) and Fraud Waste and Abuse (FWA) functions by updating PI policies and improving inter-agency FWA investigation collaboration to ensure appropriate care, billing, and use of DHS program funds.

**Initiative Overview and Current-:** DHS's Payment Integrity and FWA activities help to safeguard that:

- Eligibility determinations are correct;
- Providers meet and comply with federal and state policies and procedures;
- Services rendered are necessary and appropriate; and,
- Payments are accurate and conform with applicable policies and procedures.

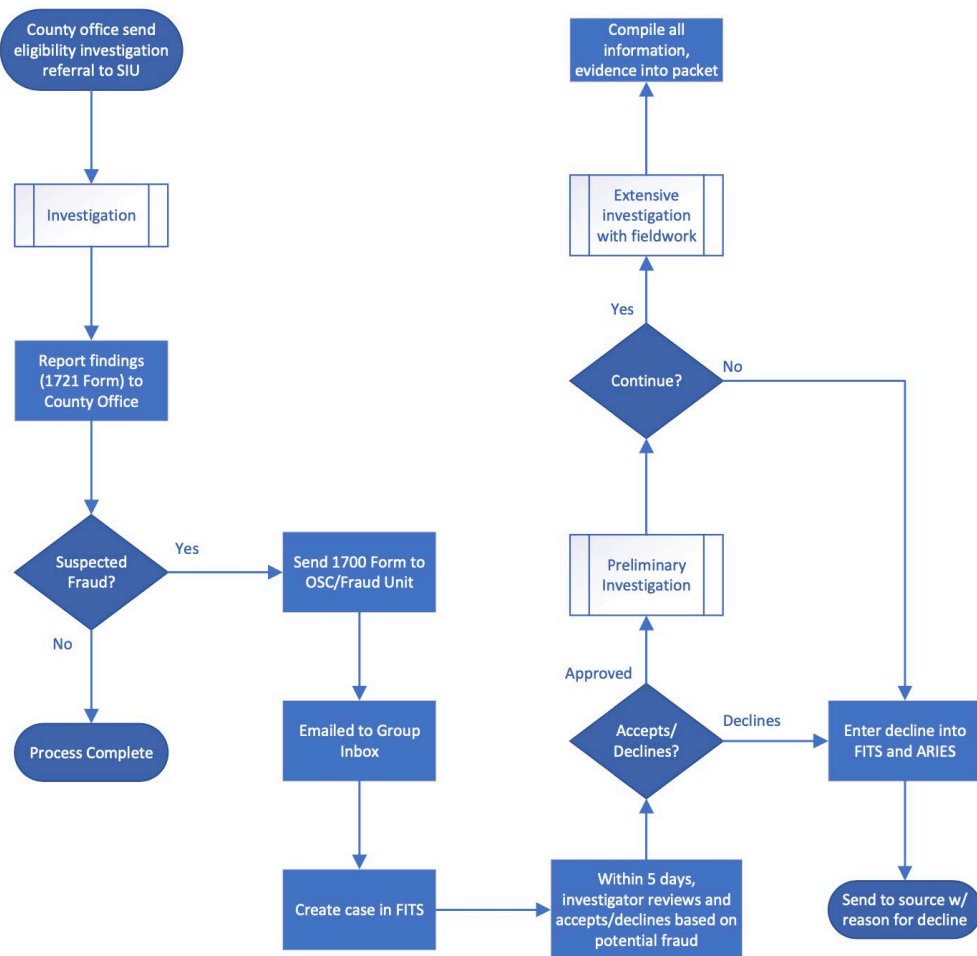
PI and FWA activities and functions are shared with the Department of the Inspector General Office of Medicaid Integrity General (OMIG) and the Attorney General's office. Through work sessions and interviews with DHS's division staff and leadership, DHS discussed and mapped some key processes and activities. Although most of the activities retained by DHS pertain to identifying and investigating beneficiary overpayment and fraud, DHS still operates a payment integrity program, that uses data analytics to identify occurrences where providers are using loopholes to be paid more than Medicaid requires. Provider cases are referred to OMIG for investigation and action. Many of the beneficiary activities are Supplemental Nutrition Assistance Program (SNAP)-related.

Some of the key current state activities and issues noted are:

- The department has a dedicated Payment Integrity and Quality Assurance division, however, some activities are performed by other divisions and as previously noted other departments. There is collaboration with OMIG and meetings between the departments occur quarterly.
- There is a Special Investigation Unit (SIU) within the Division of County Operations (DCO). This unit conducts investigations and compiles information and evidence into a packet. A work session identified the SIU workflow and is presented in **Figure 15**. The DCO has 20 FTEs, but the unit is also responsible for quality assurance and beneficiary investigation.
- **Figure 16** notes that Electronic Verification Vendors are desk audited and DHS works with OMIG on critical exceptions of these home health claims.
- Visit verification validation and MMIS edits assist in preventing FWA.
- Eligibility specialist document verification, and appropriate Quality Assurance and Quality Control identify issues and improve prevention. QC workers are reviewing thousands of cases a year.
- Self-employment cases and individuals using alternative banking like Venmo and PayPal are difficult to verify.
- There is focus on preventing errors and cost avoidance.
- DHS does conduct PARIS matches, date of death matches, and match with state-operated correctional facilities. There is no county jail data matching conducted.
- Income and asset data matches using data from commercial entities, such as Equifax have been previously evaluated but were determined to be not cost effective.

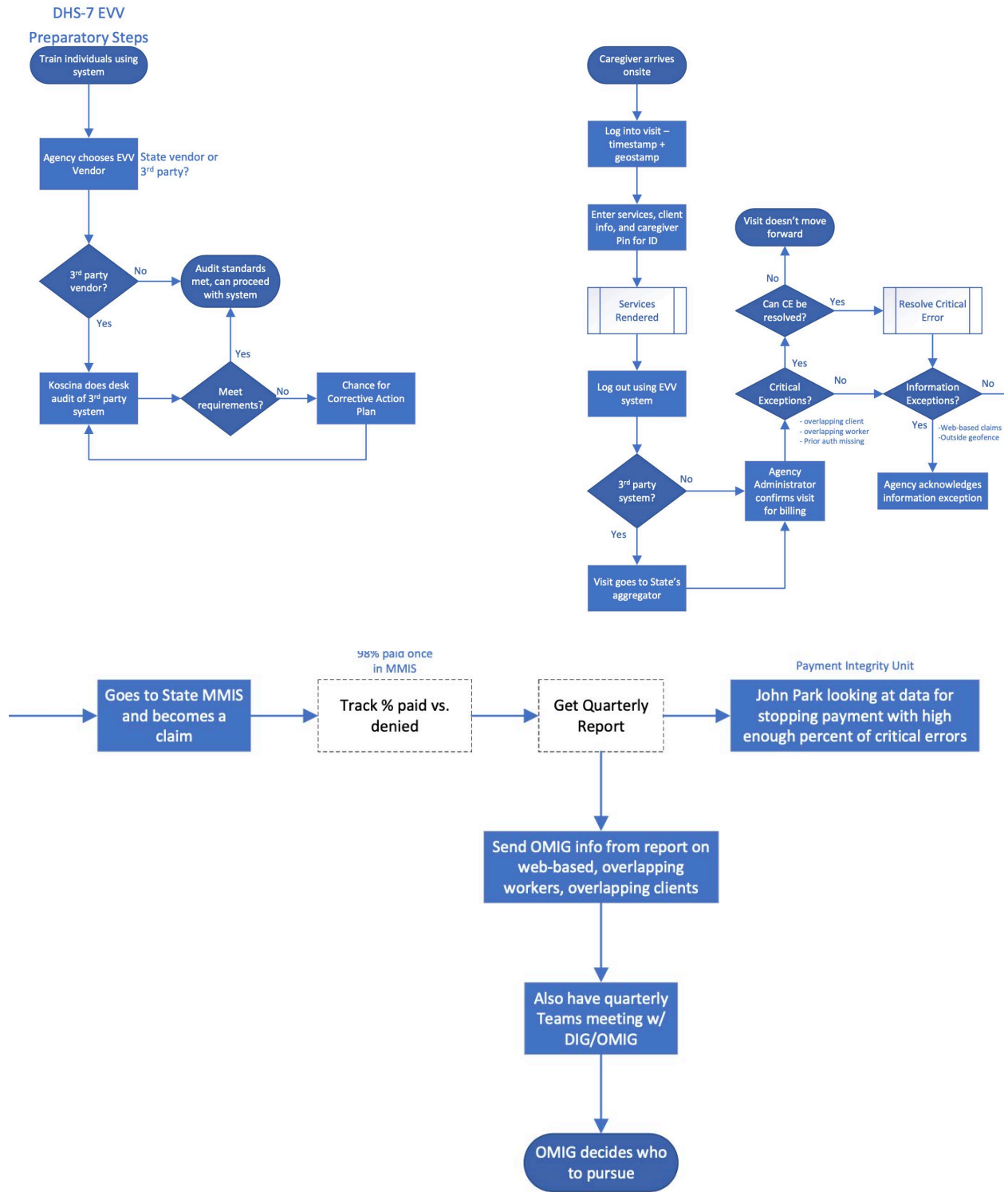
- DHS refers egregious potential Medicaid beneficiary eligibility fraud cases to county prosecutors.
- There are three investigators and there is a backlog of 15 to 18 months. DHS is in the process of hiring two additional investigators. Arkansas has one investigator for every 129,000 SNAP beneficiaries, notably below the average of one investigator for approximately 24,000 SNAP beneficiaries in states of Missouri, Louisiana, Iowa and Utah (examples provided by DHS).
- The 2023 SNAP overpayment error rate is approximately 10.03%, according to the USDA ([snap-fy23-qc-payment-error-rate.pdf \(azureedge.us\)](https://www.azureedge.usda.gov/snap-fy23-qc-payment-error-rate.pdf)), however, Arkansas DHS is capturing \$1.6 million a year or 4% of what has been identified as SNAP overpayment and/or fraud.
- A recent pilot project started where about 6 FTEs from the SIO work alongside PI investigators from the initial determination to the conclusion of the case, rather than the current hand off process. The handoff process where SIO completes its work and then hands off to PI suspected cases of fraud or overpayment is unique to Arkansas. This pilot has reduced the backlog and dropped the timeliness of case resolution from 147 days to 77 days.

**Figure 15 – DCO SIU Workflow**



Source: Developed with TSS staff on 06/10/24.

**Figure 16 – EVV Workflow**



Source: Developed with DHS staff on 06/10/24.

**Rationale:** DHS is entrusted to provide health and social services to the citizens of Arkansas, and in doing so has a responsibility to ensure that services are provided effectively and efficiently to those citizens who meet the eligibility requirements, to those providers who meet the enrollment criteria, and for those services that comply to the policies, procedures, and reimbursement rates. Unfortunately, there are some individuals and vendors who attempt to defraud the department, and the department has the obligation to identify, investigate, and resolve these situations.

After finding FWA, it is imperative that DHS act swiftly and effectively. If the matter involves provider fraud, DHS should work closely with OMIG. If the matter involves beneficiary overpayment or fraud, DHS should move to resolve, collect recovery and, in some cases refer to the county attorney for criminal investigation. Backlogs make it difficult to do so, thus reducing backlog of cases is essential. Also, having the data and analytics at the front end of the process enables cost avoidance, thus increasing prevention. All of these require that a clear, consistent, and concise policy be kept up to date and any changes are promulgated quickly. Ambiguity in policy leaves the department vulnerable to FWA.

**Implementation Considerations:** The Office of Security and Compliance, the Office of Payment Integrity, and the DCO Special Investigations Unit will coordinate this initiative. Representatives from these units as well as the Department of Inspector General's Office of Medicaid Inspector General will collaborate to complete several actions steps to ensure the success of this initiative.

Moreover, to the extent that additional state, federal or commercial data is used in a predictive and preventative matter, through an aggregator or data hub, DHS should also ensure collaboration with TSS, as this is consistent with Arkansas Forward's goal and strategy to enhance shared services and ensure alignment and leveraging of buying power and operations statewide.

**Appendix A** provides the Work Plan containing action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DHS staff and review of other state best practices include:

- Examining existing policies and procedures, making improvements, when necessary.
- Enhancing collaboration with the OMIG by reviewing key process steps used by both departments and ensuring there is no duplication in Medicaid investigations processes. If required, review and revise the current Memorandum of Understanding (MOU) between the two departments to articulate the duties, task, timelines, and responsibilities of each department.
- Continue building on quarterly meetings with DIG and Attorney General Medicaid Fraud Control Unit to ensure strategic alignment of programs, review process improvement opportunities, discuss investigation findings and mitigation strategies, and share best practices.
- Consider expanding the current pilot that manages eligibility fraud cases from beginning to end. It will be necessary to determine how to adequately resource this effort without compromising the quality assurance activity.
- Enhancing efforts to improve the number of non-SNAP related eligibility activities by focusing on Medicaid and other DHS programs eligibility.



- Augment data collection and analytics by examining the possibilities of accessing alternative data sources like the all-payer database or childcare system.
- Work with TSS and other agencies to address cross-department fraud, waste, and abuse data needs (exploration of multi-agency data warehouse and effective use of All Payor Claims Database).
- Examine opportunities for predictive analytics and front-end eligibility and financial tools to assist identification and investigation. An RFI for this area has been posted and is under review, which should generate new potential ideas in this area.
- Establish a clear definition of what constitutes fraud, waste, and abuse.

**Strategies to address potential risks and enable success:**

The success of the initiative will be dependent on identifying risks and mitigating these risks. The following are risks identified to date:

- New data and analytics capabilities poorly correlated with actual PI and FWA issues. Mitigation by using a specialized vendor and learning from other state programs (e.g., benefits department) in and outside of DHS.
- Lack of in-house talent with AI, data mining, and advanced analytics. Mitigation by identifying a vendor partner to develop capabilities and support ongoing data and analytics operations. DHS is looking to issue an RFP in the next couple of years.
- New policies and processes not followed consistently or in line with intent. Mitigation by using the inclusion of responsible team members in the development of new processes and policies.
- The reallocation of staff could negatively compromise other areas. Mitigation by continuing monitoring the affected units' activities.
- Lack of understanding new policies and how to use new tools. Mitigation with proper training.
- Policy and system changes take too long. Mitigation by developing a process diagram to determine where barriers and workflow changes could speed up the process.
- Improvement to the front end and identification could increase cases, causing backlog. Mitigation: Track volume and timeliness.

Other state examples illustrating approaches to enhancing Program Integrity and FWA include examples that:

- Use multiple data sources to identify FWA
- Establish collaborative relationships with other agencies, commercial entities and stakeholders
- Use technology to establish risk levels to triage and prioritize resources
- Use data analytics in a predictive manner to prevent future fraud, waste and abuse

**Texas**

Texas created a data warehouse and developed predictive analytics algorithms to apply a risk score to households applying for assistance. **Figure 17** lists the data sources that Texas used to generate reports. Each report will include a risk level and a summary to describe the information causing the risk level for the household. The following information is the source to generate a report:

- Eligibility System information entered for everyone (name, address, Date of Birth (DOB) and Social Security Number (SSN), if applicable)
- Information obtained from state and federal data sources for each individual age 16 and older.
- Additional data from third party data sources
- The information identifies as potentially questionable information determines the overall *Risk Level* and applies to the entire household. The *Risk Levels* range from lowest to highest.

Risk Level Examples that can be configurable are:

*Low Risk*

- Input SSN might have been mis-keyed.
- Input address is not consumer's best, most current address.
- Adult household member(s) income greater than program income limit

*High Risk*

- The client currently owns out-of-state property.
- The owner of the property of the application address may be living in the household.
- SSN or Case Number matched on latest EBT Out-of-State Shopping Report
- Potential Fraud
- Input identity reported as deceased.
- Individual address is outside of Texas.
- The client is currently incarcerated.

Referrals can be than triaged into different priority and/or risk levels.

**Figure 17 – Data Sources**

Texas State Data Sources	
<ul style="list-style-type: none"> <li>• <b>Tx Bureau of Vital Statistics (BVS)</b> Marriage and Divorce</li> <li>• <b>Tx Office of Attorney General (OAG)</b> Child Support</li> <li>• <b>Tx HHSC Quality Control (QC)</b> QC Sanctions</li> <li>• <b>Tx Lottery Commission (TLC)</b></li> <li>• <b>Tx HHSC Lone Star Business Services (LSBS)</b> EBT Out of State Shopping</li> <li>• <b>Tx Employer New Hire Report (ENHR)</b> Employer New Hires Lottery Winnings</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Tx Division of Motor Vehicles (DMV)</b> Motor Vehicle Registration</li> <li>• <b>Tx Workforce Commission (TWC)</b> Quarterly Wages and Unemployment</li> <li>• <b>Tx Department of Criminal Justice (TDCJ)</b> Correction Facilities</li> <li>• <b>Tx Department of Public Safety (DPS)</b> Driver's license Registration</li> <li>• <b>Tx HHSC Integrity Support Services (ISS)</b> Previous ISS Findings Potential Identity Theft</li> </ul>
Federal Data Sources	
<ul style="list-style-type: none"> <li>• <b>US Citizenship and Immigration Services (USCIS)</b> Citizenship &amp; Immigration</li> <li>• <b>National Directory of New Hires (NDNH)</b> National New Hires</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Electronic Disqualified Recipient System (eDRS)</b> Disqualified Recipient</li> <li>• <b>Federal Data Services Hub (FDSH)</b></li> </ul>
Commercial Data Sources	

<ul style="list-style-type: none"> <li>• Accuity</li> <li>• Price Digests</li> <li>• Equifax</li> </ul>	<ul style="list-style-type: none"> <li>• Lexis Nexis</li> <li>• Experian</li> </ul>
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## Arizona

Arizona sponsors a semi-annual meeting that includes representatives from all MCO Compliance Officers, all program integrity staff and other state divisions, the Attorney General’s Office, and CMS Regional Office staff. The meetings provide training, introducing fresh staff, updates on new initiatives and activities, and a means of networking. More referrals resulted and sharing of information on an ongoing basis increased.

Florida, Maine, Minnesota, Pennsylvania, Tennessee, Rhode Island, and Washington are some other states that use multi-agency and health plans regular meetings to enhance communication and collaboration.

## Ohio

The Ohio Department of Job and Family Services (ODJFS) is responsible for UI and Pandemic Unemployment Assistance (PUA). As ODJFS began to process new claims during the pandemic, they soon were inundated with fraud.

ODJFS turned to the Ohio Department of Administrative Services (DAS) and its InnovateOhio Platform (IOP) Data and Analytics team for help. ODJFS asked IOP to combine data from its two unemployment data systems, as well as other relevant state data, to create a fraud dashboard. This dashboard assisted in identifying potential fraud and provided the means to prioritize cases. This initiative provided a quick response, workflow improvement and better results.

## Washington

Identifying waste is a critical function to ensure the health and safety of our citizens. The Washington Health Alliance (WHA) within its All-payer claims database (APCD) implemented a cost calculator to identify wasteful health care services. The analysis revealed about \$282 million was spent on wasteful health care for 622,000 Washington residents.

## Utah

Utah’s All Payer Claims Database allows the state to analyze complete episodes of care, from initial diagnosis through treatment and follow-up.

## Rhode Island

The United States Attorney General merged Rhode Island’s Medicaid and Medicare data and found that one of the state’s substance abuse providers was providing more than 24 hours of care daily. Over \$26 million dollars in fraud was identified.

## Recommended steps for establishing improved DHS’ PI function (future state):

### Phase 1

- Create a working group with DIG OMIG to govern and coordinate PI / FWA initiative.
- Collaborate with providers and vendors to update PI policies based on findings of policy review.

- Determine a standardized definition of what constitutes fraud, waste, and abuse, and develop policies and procedures as to what cases should be referred for investigation.
- Create a workgroup within DHS to analyze, coordinate, and develop beneficiary payment integrity activities and make recommendations for improvement and process change for all public assistance programs.
- Conduct baseline capabilities, policies, and outcomes analysis for DHS payment integrity and DIG OMIG and identify areas with greatest potential value from investment.
- Develop a Payment Integrity Survey to be distributed to all entities who have PI responsibilities in and outside DHS.
- Examine the value of having a declared Public Fraud Prevention Week.
- Establish a new communication and collaboration framework between DHS and DIG.
- Examine alternative data sources such as death of death, business address moves, identify thief breeches at the front end of provider enrollment.
- Establish KPIs to measure outcomes from new policies, systems, and collaborations; conduct baseline measurements.
- Develop training for new policies and tools.

## **Phase 2**

- Enhance data collection, analysis, and sharing to ensure timely identification and corrective action on potential fraud, waste, or abuse.
- Examine the opportunity to create a centralized data warehouse.
- Identify elevated risk cases and opportunities for fraud.
- Examine the opportunity to develop a front-end tool to triage households buy risk scoring case for potential fraud and enable prioritization.
- Re-measure KPIs to understand progress and identify areas for additional strengthening.

**Alignment of department priorities with staffing and resources:** This initiative seeks to deploy existing staff resources efficiently, modifying allocation of staff time, or reallocation of staff; no additional staffing is required. Staff may require additional training and skill development, including data analytics, to achieve the intent of this recommendation. DHS can consult states highlighted in this report or engage a contractor to support staff development. However, the utilization of new tools, policies, and processes may generate an increase in referrals that could result in re-examining staffing models.

There will be additional information technology needs due to potential system updates, potential implementation of new data, analytics, and control. Current vendors may need to make changes. Additionally, third party contractors may be needed but should be eligible for enhance federal match.

**Process changes associated with implementing changes in the strategic plans:** DHS will need to prioritize changes to policies, procedures, and information system changes. DHS will also need to develop training materials in association with any changes. There will also be a need to establish and adhere to standardized meetings with partners by creating agendas and assigning a scribe to take minutes. This initiative has the potential to impact not only DHS, but OMIG and the Attorney General’s office for referral, intake/prioritization, and investigations processes. The number of cases may increase, but correspondently so should not number of recoveries and avoidance.

**Performance metrics to measure success post-implementation:** The expected performance measures of this initiative are to increase the volume of collections and recoveries, increase the number of incredible referrals while reducing the number of unlikely ones, and increase the number of substantiated investigations. There is also an expectation that the backlog will reduce and cost savings/recoveries increase. The implementation of any new data analytics must generate a positive return on investment.

The expected impact is that the time to update the claims system with FWA investigation outcomes will reduce. Recoveries will increase. The timeline to identify FWA will decrease. SNAP fraud identification will increase, thus improving the department’s SNAP error rate.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is estimated to have the potential for approximately \$45.0 million in anticipated savings within two years of this initiative launch. This is due primarily to an increase in case identification, enabled by analytics, resulting in recoveries and cost avoidance.

To place this number in context and demonstrate its achievability, in Texas, the OIG is a department included in the broader Health and Human Services Commission. As an HHSC agency, OIG has access to a data broker contract/vendor, which has been in place for 25 years. The vendor has entered into Memoranda of Understanding with other state and federal entities to leverage available data at no additional state cost except for construction of the data broker interface to connect to these data sources. Additional commercial data sources are also integrated into this system. In the first three quarters of 2024 alone, Texas OIG has recovered \$342.5 million from providers and beneficiaries.<sup>36</sup> This has included provider/MCO recoveries and beneficiary recoveries for programs including Supplemental Nutrition Assistance Program; Women, Infants, and Children; Medicaid; Temporary Assistance for Needy Families; and the Children’s Health Insurance Program.

**Change Management Plan:** Development of clear and concise policies, procedures, and training combined with innovative technologies will improve DHS’s ability to identify, investigate and recover fraud, waste, and abuse. This will be augmented by continuing to collaborate and communicate with all Payment Integrity stakeholders. Key activities and timing for communication plan are included in **Appendix A – Work Plan** and summarized in **Figure 18**.

DHS can leverage the DHS communications team as well as language guides and resources to ensure communications are meaningful and person-centered.

**Figure 18 – DHS-7 Communication Plan**

Audience	Key Messages	Modalities	Owner
<ul style="list-style-type: none"> <li>• Internal DHS Division Staff</li> <li>• DHS Shared Services Communications Team</li> <li>• Individuals/beneficiaries</li> <li>• Parents/caretakers</li> <li>• Medical Providers</li> </ul>	<ul style="list-style-type: none"> <li>• What is fraud, waste, or abuse?</li> <li>• What are the new policies, or procedures?</li> <li>• What new suspicious activities noted?</li> </ul>	<ul style="list-style-type: none"> <li>• Website</li> <li>• Handouts</li> <li>• Communication with External Stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Janet Mann</li> <li>• Brett Hayes</li> <li>• Jonathan Bibbs</li> </ul>

<sup>36</sup> Texas OIG, Q3 Fiscal Year 2024 Quarterly Report.

Audience	Key Messages	Modalities	Owner
<ul style="list-style-type: none"> <li>• Youth and child welfare organizations</li> <li>• Health Plans</li> <li>• PASSE entities</li> <li>• Medicaid Fraud Control Unit</li> <li>• Attorney General office</li> <li>• County Prosecutors</li> <li>• Child Care Provider</li> <li>• SNAP Providers</li> <li>• Other public assistance state agencies</li> <li>• Other public assistance vendors</li> </ul>	<ul style="list-style-type: none"> <li>• The State of Arkansas can realize significant benefits with expanded data analytics in fraud and abuse identification and investigation.</li> <li>• DHS will implement the safeguards needed to protect shared data. <ul style="list-style-type: none"> <li>• DHS is building the internal capabilities to leverage data use.</li> <li>• Collaboration with all PI partners will assist in fulfilling this initiative.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Messaging delivered via text, email, etc.</li> <li>• Stakeholder surveys</li> <li>• Policy Memo</li> <li>• Face-to-face meetings</li> <li>• Teleconference</li> </ul>	

## Initiative DHS #8 - Focus on talent targeting and career development

This initiative seeks to improve DHS's ability to target and attract talent and to develop careers paths for employees to improve the employee experience and continually develop skills needed to deliver the best service to Arkansans.

**Initiative Overview and Current State:** DHS leadership interviews and focus groups conducted in June 2024 identified several key themes regarding DHS' workforce, including the inability to attract top talent. One leader indicated the "Arkansas pay plan is so deficient" and most agreed "workforce is DHS's largest challenge." Commonly cited workforce challenges included:

- Low compensation and/or not competitive with the private sector;
- No career ladder;
- Lack of resources;
- Little to no flexibility with salary adjustments or moving positions to areas of high need and,
- Work-life balance for difficult DHS jobs.

Critical workforce shortages and needs highlighted by DHS were cited in the areas of Medicaid Finance, Nursing, and Division of Children and Families frontline staff.

- Medicaid Finance has become increasingly complex. DHS requires additional expertise in this area to ensure DHS maximizes federal funding as well as remains aware of the growing financial complexities that come with the Medicaid financing, cost allocation, and blending and braiding of funds.
- Being able to hire qualified nurses that can conduct long-term care assessments and other required health functions within its divisions is critical to the DHS Mission.
- Achieving quality outcomes for children and families served by DCFS is directly aligned with DHS' ability to build a high-quality, professional, and stable workforce with a manageable workload. Child protective services workers provide a unique and essential service. The work is a complex and challenging job, requiring significant mental and emotional demands.<sup>37</sup> As a result, the field has seen significant levels of turnover for more than three decades.<sup>38</sup> DHS turnover and the inability to attract new candidates impacts the continuity and stability of services for the families they serve, but also creates instability in the workplace through increased workload and the depletion of skilled workers.

Because DHS requires these key staff positions, a common theme reported by leadership was the practice of paying contractors at higher rates than salaries that would be required to compensate DHS staff to do the job. Compensation is a critical element for recruiting and retention success in more challenging careers and positions. The lack of a strong compensation strategy and salary progression signals to potential applicants limited opportunities and the unpredictability of rewards.

Even after the Covid-19 Pandemic, the current labor market continues to present challenges to both private and public sector employers at all levels. The combination of the pandemic, changing perceptions of the workplace to include remote work options, shifting employer needs, and life

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<sup>37</sup> Kothari et al., "Retention of child welfare caseworkers: The role of case severity and workplace resources," Children and Youth Services Review, July 2021. Annie E. Casey Foundation, 2003.

<sup>38</sup> (Lipien et al., 2020).

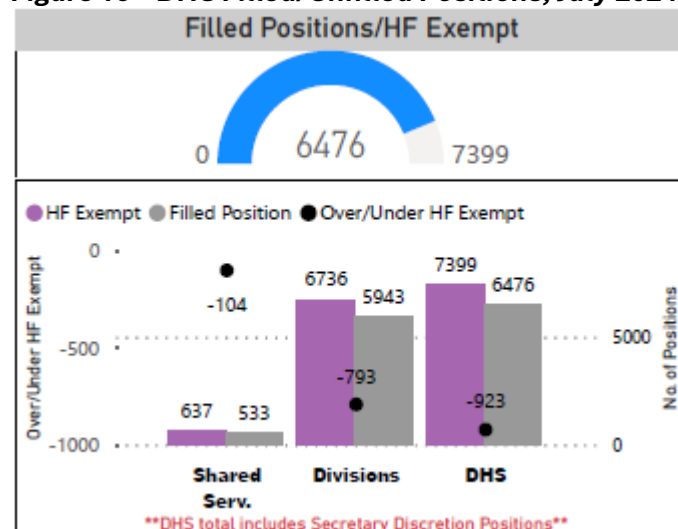
priorities all perpetuate skill shortages in key categories and industries. In 2023, DHS recognized the benefits of remote work options for its staff as well as the need to balance a remote work privilege with the inherently people-centered work conducted by DCFS and adopted a remote work policy. Employees who are approved for remote work must produce and complete job assignments at the same level as working in the office during normal business hours.

Finally, the Arkansas legislature, recognizing the issue related to the need for all agencies, including DHS, to attract talented candidates, especially in these workforce areas, passed Act 172 in the 2024 session. Section 21-5-227 of the Act allows for “Special compensation awards” “to recognize an employee’s outstanding performance in successfully completing a significant project or job assignment or completing a major project milestone...”<sup>39</sup> The department determines whether to offer the special compensation award and it can be a lump sum bonus not to exceed \$5,000 per award and up to 40 hours of incentive leave that shall be used at the end of the calendar year. It still will require Governor, Legislative and Administrative approval and the impacted divisions at DHS have yet to create these specific recognition plans. We have also been advised by DHS that it will be difficult to grant additional leave as an incentive when shift coverage is one of the main drivers for creating the recognition in the first place.

Human service leaders have long recognized the value of organizational stability to achieve desired outcomes. The impact of instability and an inexperienced workforce has severe consequences in many fields, but exponentially more in human services. The need for a well-trained, experienced, and those committed to the mission of human services are critical to achieving the best outcomes for the children and families served.

As of 7/8/2024, overall DHS, had 923 unfilled positions (12.5% of overall filled positions), as illustrated in **Figure 19**, provided by DHS.<sup>40</sup>

**Figure 19 – DHS Filled/Unfilled Positions, July 2024**



DHS is struggling to recruit and retain qualified workforce both in Medicaid and in other critical finance roles. According to DHS staff, DHS is currently paying approximately \$250 per hour on average for these services on various finance contracts (staffing, federal reporting, actuarial services, supplemental payment work). DHS has identified specific issues relating to the ability to attract and retain specialized Medicaid and health related positions that are essential to DHS fulfilling its mission. Many of these Medicaid finance experts are working for consulting agencies being paid sometimes two to three times as much as they can make in the public sector in Arkansas.

<sup>39</sup> Arkansas Legislature, <https://www.arkleg.state.ar.us/Bills/Detail?id=sb77&ddBienniumSession=2023%2F2024F>

<sup>40</sup> DHS, “Bi-weekly Change Report,” 07.05.2024-APP to DHS.pdf



DHS has experienced a severe shortage of nurses, especially at the Human Development Centers (HDCs), the Arkansas State Hospital (ASH), and the Arkansas Health Center (AHC). For FY23, the turnover rate at DHS for MP01-MP04 nursing classifications was 44.27%, (51.09% at DHS facilities) compared to the overall state turnover rate of 15.6%. The turnover rate for LPNs at DHS facilities was 45.99%, compared to the overall state turnover rate of 22.75%.

- DHS has proposed a 25% increase above entry for new hires, along with a 1% per non-state year grid and a 1.5% per state year grid. Additionally, shift and geographic differentials would be available to further support competitive compensation.
- For nursing classifications, grades MP01 – MP04, DHS proposed a 10% increase above entry for new hires, along with a 0.5% per non-state year grid and a 1% per state year grid. The OPM differential of up to 10% would also be available to nurses providing direct care to clients, in addition to geographic and shift differentials at all facilities.

Other identified areas where DHS is struggling with recruiting and retaining workforce is with Family Service Workers in DCFS and Division of Youth Services staff. Arkansas’ starting Family Service Worker (trainee) salary is a GS04 with a minimum salary of \$32,405 and midpoint of \$42,046. The majority of Family Service Workers and Specialists are a GS06, with a starting salary at \$36,155 and a midpoint of \$46,912. As shown in **Figure 20**, Arkansas’ Family Service Worker’s pay scale is considerably less than a sample of 11 comparison states, as well as the average salary for state child protective service worker of \$63,478.64.

**Figure 20 – National CPS Case Worker Salaries**

National CPS Salary		
	Starting	Average
New York	\$ 55,463.00	\$ 76,759.00
California	\$ 58,838.00	\$ 65,812.00
Pennsylvania	\$ 48,551.00	\$ 59,547.00
Michigan	\$ 47,000.00	\$ 58,891.00
New Jersey	\$ 57,402.00	\$ 62,000.00
Texas		\$ 54,315.00
Illinois	\$ 52,944.00	\$ 73,443.00
Missouri	\$ 57,000.00	\$ 59,000.00
Nevada	\$ 53,966.00	\$ 60,829.00
Colorado	\$ 64,053.00	\$ 64,053.00
Iowa	\$ 50,731.00	\$ 63,616.00
Avg	<b>\$ 54,594.80</b>	<b>\$ 63,478.64</b>

Source: Consultant Team Estimate<sup>41</sup>

<sup>41</sup> Sources include a sample of state child welfare websites, [www.indeed.com](http://www.indeed.com), [www.salary.com](http://www.salary.com). U.S. News and World Report, “Child and Family Social Worker Salary,” [https://money.usnews.com/careers/best-jobs/child-and-family-social-worker/salary#:~:text=Best%2DPaying%20States%20for%20Child,%2C%20and%20Maryland%20\(%2466%2C850\).](https://money.usnews.com/careers/best-jobs/child-and-family-social-worker/salary#:~:text=Best%2DPaying%20States%20for%20Child,%2C%20and%20Maryland%20(%2466%2C850).)

According to Zippia.com (the Career Expert) website, Arkansas ranks 49th out of 51 on the average pay for all children service worker jobs nationwide. Note: these positions include all children service positions and not just child protection.<sup>42</sup> The lower pay grades also have led to many vacancies for the Family Service Worker and Specialist staff. **Figure 21** shows all Family Service position classification in DCFS and whether filled or vacant.<sup>43</sup>

**Figure 21 – Vacancies by DHS Family Service Position Classification, July 2024**

Position	Total	Filled	Vacant
Family Services Assistant	6	6	0
Family Service Worker	577	413	164
Family Service Worker Specialist	143	132	11
Family Services Program Coordinator	1	1	0
Family Service Worker Clinical Specialist	21	15	6
Family Service Worker Supervisor	162	145	17
Family Worker County Supervisor	28	27	1
<b>Total</b>	<b>938</b>	<b>739</b>	<b>199</b>

Source: Department of Human Services.

In 2022, DCFS implemented a “teaming approach pilot” in Pulaski County with some promising results. DCFS was able to fill some key leadership positions and begin the structure to the teaming approach in Pulaski County. However, given the number of vacancies and the turnover, a complete teaming model has not been implemented. Some of the positions for the teaming model have also already been vacated. DCFS did utilize three of the Program Assistant positions to pilot Educational Specialists. Their function is to support frontline Family Service Workers in ensuring that children in foster care have all their needs met. The staff in these positions monitor children with Individualized Education Programs/504 plans, attend meetings at the school, and can identify how many children in that county assigned are receiving services. The position is also tasked with relationship building and collaboration with the school districts.

The Division of Youth Services has similar pay grades for its staff working with youth and maintains a similar high vacancy rate due to the inability to hire and retain qualified staff within the current GS labor grades, shown in **Figure 22**.

**Figure 22 – Vacancies by DYS Position, July 2024**

Row Labels	Count of Position Number	Sum of Positions Filled	Sum of Positions Vacant
<b>GS03</b>	<b>23</b>		
SECURITY OFFICER	14	8	6
YOUTH PROGRAM SPECIALIST	9	6	3
<b>GS04</b>	<b>6</b>		
ADMINISTRATIVE SPECIALIST III	4	3	1

<sup>42</sup> Zippia, “ Children's Service Worker Salary “ <https://www.zippia.com/salaries/children-s-service-worker/>

<sup>43</sup> Data provided by DHS.

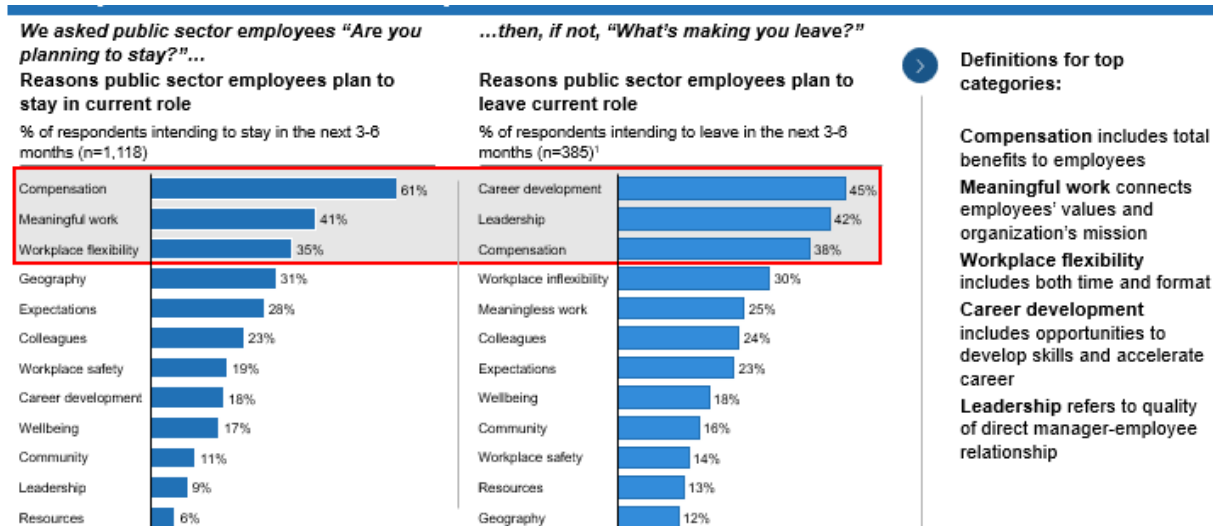
Row Labels	Count of Position Number	Sum of Positions Filled	Sum of Positions Vacant
INVENTORY CONTROL MANAGER	1	0	1
SECURITY OFFICER SUPERVISOR	1	0	1
<b>GS05</b>	<b>10</b>		
YOUTH PROGRAM COORDINATOR	10	9	1
<b>GS06</b>	<b>38</b>		
ADMINISTRATIVE ANALYST	2	2	0
CERTIFIED BACHELORS TEACHER	6	1	5
DHS BEHAV HLTH CASE REVIEW ANALYST	2	1	1
DHS PROGRAM SPECIALIST	10	3	7
GRANTS ANALYST	1	1	0
GRANTS SPECIALIST	1	1	0
INTERNAL AFFAIRS INVESTIGATOR	2	1	1
MILITARY PROGRAM COORDINATOR	3	3	0
YOUTH SERVICES ADVISOR	11	10	1
<b>GS07</b>	<b>13</b>		
DHS PROGRAM COORDINATOR	6	6	0
EDUCATION & INSTRUCTION SPECIALIST	5	4	1
STAFF DEVELOPMENT COORDINATOR	2	2	0
<b>GS08</b>	<b>17</b>		
CERTIFIED MASTERS TEACHER	3	2	1
DHS PROGRAM MANAGER	11	9	2
QUALITY ASSURANCE COORDINATOR	2	2	0
YOUTH PROGRAM MANAGER	1	1	0
<b>GS09</b>	<b>8</b>		
DHS PROGRAM ADMINISTRATOR	6	6	0
SPECIAL EDUCATION SUPERVISOR	1	1	0
YOUTH PROGRAM DIRECTOR	1	1	0
<b>GS11</b>	<b>1</b>		
DYS ACADEMIC ADMINISTRATOR	1	1	0
<b>GS12</b>	<b>1</b>		
BEHAV HLTH ASST DIR CHILDRENS SVS	1	1	0
<b>GS13</b>	<b>3</b>		
DHS BEHAV HLTH CHILDRENS SYSTEM CARE DIR	1	1	0
DHS/DBHS DIR ALCOHOL & DRUG ABUSE PREV	1	1	0
MANAGING ATTORNEY	1	1	0
<b>MP01</b>	<b>2</b>		
REGISTERED NURSE	2	1	1

Row Labels	Count of Position Number	Sum of Positions Filled	Sum of Positions Vacant
<b>SE02</b>	<b>1</b>		
DHS DIVISION DIRECTOR	1	1	0
<b>Grand Total</b>	<b>123</b>	<b>90</b>	<b>33</b>

Source: Department of Human Services.

Compensation is part of the equation and is being addressed through the Personnel Plan workstream in the Arkansas Forward Project to help alleviate some of the salary issues currently experienced within DHS. While compensation matters to those in the public sector there are other motivating factors that are aptly captured in **Figure 23**.<sup>44</sup>

**Figure 23 – State government talent challenges**



Source: McKinsey & Company, 2022.

The costs associated with recruiting, hiring, and training new state employees can be considerable, with some estimates of replacing an employee ranging from approximately 16% to 200% of spending on annual salaries<sup>45</sup>; by other estimates, 150% of a departed employee’s annual salary.<sup>46</sup>

<sup>44</sup> 2022 Great Attrition, Great Attraction 2.0 global survey - Public Sector

<sup>45</sup> Government Executive, “What Keeps Public Employees In Their Jobs? It’s Not Just Pay,” January 11, 2023, <https://www.govexec.com/management/2023/01/what-keeps-public-employees-their-jobs-its-not-just-pay/381709/#:~:text=Turnover%20among%20government%20employees%20is,experience%20required%20for%20the%20job.>

<sup>46</sup> Route 50, “Replacing a Government Employee Can Cost 150% of Worker’s Salary,” July 22, 2021, <https://www.route-fifty.com/workforce/2021/07/replacing-government-employee-can-cost-150-workers-salary/183989/>

**Rationale:** This initiative recommends that DHS target and attract talent and develop careers paths for employees to improve the employee experience and continually develop skills needed to deliver the best service to Arkansans.

- **Target:** skills demand forecasting, current skills assessments
- **Attract:** employee value proposition assessment, financial and non-financial recruiting incentives, new sources of talent, more flexible hiring bonuses
- **Develop career paths:** Work with OPM to develop career paths within and across departments to open up opportunities for advancement and enhance skills development and sharing of best practices to improve overall experience and effectiveness of Arkansas state government

The development of career paths through the implementation of specialized training, leadership development and incorporating mentorship DHS and the state may have the opportunity to increase talent identification of highly qualified individuals, improve retention, and increase internal promotion. In addition, the State of Arkansas may benefit from the increased production of high quality and well-trained employees delivering services.

**Implementation Considerations: Appendix A – DHS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with department staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Revise DHS policy 1131 to allow hiring of remote, out-of-state IT talent to enable filling IT positions with in-state technical talent.
- Consider changes in required education and experience in DCFS in alignment with best practice outlined below.
- Assign dedicated DHS staff to collaborate with OPM and oversee the development of the programs.
- Conduct regular feedback sessions to understand and address any concerns, offer incentives for participation, and ensure programs are aligned with career aspirations for identified talent.

Examples from other states related to top Arkansas DHS staffing priorities include:

**Specialized – Child Welfare Professionals**

In the past, some states, including Texas, Florida and New Mexico, have advocated for specific degree requirements for child welfare professionals. However, numerous studies from both the child welfare and business management literature suggest that specific educational and work experience are weak predictors of turnover in most organizational contexts.<sup>47</sup> New Mexico abandoned the Social Work degree requirement and Florida has recently allowed related experience to substitute for post-secondary education. Texas will now accept candidates with a 2-year associate’s degree and related experience.

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<sup>47</sup> Van Iddekinge et al., 2019; Perry, 2006; Nissly et al., 2005; Rosenthal et al., 1998.

To assist in attracting candidates from a very tight labor market, one state in particular, Florida, expanded its candidate profile for individuals performing child welfare services to include related work experience to substitute for post-secondary education. Individuals with an associate degree from an accredited college or 60+ college credits from an accredited college or university and one of the following:

- Two years of professional work experience or,
- Two years of full-time social work or human services experience

Examples of professional work experience could be, although not limited to: Guardian Ad Litem or similar child advocate role, family support worker, teacher’s assistant/aide, childcare provider/worker, therapeutic assistant, behavior health technician, home health aide, nurse (LPN or RN), Emergency Medical Services (EMS), or other professional jobs that require an assessment of factors that can contribute to trauma or protective capacities with children and families. Additionally, candidates with a high school diploma or GED equivalent and four+ years of full-time social work or human services experience can be considered.

**Texas HHSC Leadership Program**

Other states have successfully offered state-wide, multi-stage leadership training to help identify, develop, and retain public sector employees. **Figure 24** outlines a best practice from the Texas Health and Human Services Commission (HHSC), which has developed a leadership program consisting of four modules, two programs and two “academies” to serve four departments. Through this leadership program HHSC has reached 53,000 employees of HHSC. The program has existed for 12 years, with a retention rate of ~70% for all employees who have completed the program and an advancement rate of ~50%. HHSC program staff indicate that the rewards of their program are that the programs are highly visible, help further growth, and participants are able to network with agency employee with whom they would otherwise never work. Graduates receive certificates as well as training hours.

**Figure 24 – Best Practice: Texas Health and Human Services Commission**

Program	Program Features
<p><b>Extraordinary Contributors Program (ECP)</b></p>	<ul style="list-style-type: none"> <li>• Meant for high performing individuals, not managers or supervisors, that want to grow within their own skill set and within agency.</li> <li>• Four months in duration and it is 100% virtual.</li> <li>• Program consists of four sessions and then a graduation ceremony. The sessions are 1.5-2 days.</li> <li>• The purpose of ECP is for the employees to “Own Their Influence.” They are taught that leadership is influence and they leave with understanding that they take ownership of that principle.</li> <li>• Participants are paired up with a “Transitional Mentor” – a front-line manager that has made the transition to manager in the last two years. The Transitional Mentor is supposed to connect with the mentee on at least 4 sessions outside the program sessions.</li> <li>• Participants are asked to do projects and come up with recommendations, for example: how do you make meetings meaningful?</li> <li>• This program offers an opportunity to serve as coach; participants get a book called “Active Coaching” and receive a ½ day or full day of coaching.</li> </ul>

Program	Program Features
	<ul style="list-style-type: none"> <li>The program puts participants in groups of six, which helps develop an bond with five peers.</li> </ul>
<b>Aspiring Leaders Program (ALP)</b>	<ul style="list-style-type: none"> <li>Participants are high performing individuals who want to move into management or supervision.</li> <li>Program assesses whether employees are equipped to make the shift mentally and emotionally to leadership roles: are employees individual contributions to a team or someone who can lead a team?</li> <li>Focus on the different mental and emotional skill set needed to supervise people.</li> <li>Objective for program is clarity – do they really want to supervise people?</li> <li>The program is 4 months in duration; with 1.5 day sessions occurring approximately every 3 weeks.</li> <li>The program offers a hybrid option of in-person or Zoom participation.</li> </ul>
<b>Rising Leaders Academy (RLA)</b>	<ul style="list-style-type: none"> <li>The academy is for those new to the management and the leadership ladder.</li> <li>Attendees are taught from book “The Five Dysfunctions of the Team” by Patrick Lencioni.</li> <li>This academy includes in-depth leadership learning.</li> <li>A 360 Self-Assessment is required for each participant.</li> </ul>
<b>Executive Leadership Academy</b>	<ul style="list-style-type: none"> <li>The Executive Leadership academy is for senior leaders, senior managers and directors, to help prepare for executive leadership.</li> <li>Unlike other leadership programs, for this academy, the head of the agency must approve a candidate’s attendance.</li> <li>A 360 Self-Assessment is required and candidates must also complete a leadership development plan.</li> <li>Attendees are assigned a mentor.</li> </ul>

Source: Interview with Texas Health and Human Services Commission official.

For the ECP and ALP programs, participants complete an application, which a manager has to approve. Applications are based on first come first served. Program cohorts are limited to 36 participants for these for these programs. For the Academies, seats are selected by the executives in the agency. Academies meet for a total of six months. For all the programs, there is homework and prework, and for ELA, participants must come back to give a 15-minute presentation after they have completed the program.

HHSC reviews their leadership program every two years. Evaluations by participants are based on three principles: was the content relevant, reliable and applicable. Program staff at HHSC stressed that important factors of the program’s success are 1. That they do not spend time on agency information and do not have directors or bureau heads come in to give talks; 2. They do not use a traditional classroom; 3. They do not use the words “training” or “curriculum” or “info dump” - their programs instead aim to be “fluid and organic” and focused on applicable tools that are relevant to being applied now. For graduates of their programs, there is an Alumni Association, which enables graduates to continue their leadership development. Alumni have access to an alumni list serve and there is also a newsletter that is sent out to graduates.

**Mentoring in Government**

Mentoring is a process that focuses specifically on providing guidance, direction, and career advice. Mentoring programs can be either a standalone program or part of a training and development program within an organization. Organizations, including federal agencies run standalone formal mentoring programs to enhance career and personal development.<sup>48</sup>

The United States Office of Personnel Management (OPM) has developed the [OPM Best Practices: Mentoring](#) document which is a tool that assists agencies in creating a business case for mentoring by outlining critical steps in developing and implementing a formal mentoring program. The U.S. Patent and Trademark Office has created a [Mentoring Program Toolkit](#) that can be useful in developing a mentoring program.

Multiple federal agencies have implemented successful mentoring programs and the details for those can be found on the OPM's Training and Development Policy Wiki noted in the footnote below.

**Recommended steps to target and attract talent and develop careers paths:**

- Establish working group with OPM stakeholder and (optionally) HR leads from other agencies
- Further assess current critical areas for DHS talent and career development, such as Employee Value Proposition for roles with high reliance on external contractors and forecasting of future skills needs.
- Conduct a compensation analysis of DHS jobs to similar private sector jobs and a comparative market study by position type with like size states.
- Identify new sources of talent, such as partnerships with universities and community organizations, and develop strategies to engage with these sources.
- Develop more flexible hiring bonuses that align with the needs of the organization and the availability of funding; revise appropriation if needed; work with Department of Finance and Administration (DFA) to access performance pay budget.
- Work with OPM to develop career paths within and across departments to open up opportunities for advancement and enhance skills development.
- Develop financial and non-financial recruiting incentives to attract new talent, such as signing bonuses, relocation assistance, and flexible work arrangements; adjust policies as needed.
- Develop a strategic marketing and recruitment plan that contains a complete profile of the ideal candidate, a more creative and targeted analysis of the best places to source for talent, and positive branding and messaging to promote positive occupational awareness about the DHS positions.
- Create a mandatory and rigorous, realistic job preview process as part of the DHS hiring process and completed before an application is submitted that will improve the understanding of the role, increase the quality of the applicant pool, and create incoming job expectations.
- Focus on early career education for human services opportunities with high school and college students.

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<sup>48</sup> Office of Personnel Management, "Training and Development Policy Wiki," <https://www.opm.gov/wiki/training/mentoring-and-coaching.ashx>.



- Develop and deploy a community awareness campaign to increase understanding and desirability of human services as a career.
- Develop a digital-based employment branding plan to increase the size and quality of candidate pools
- Create recruitment partnerships with universities to offer job shadowing and internship opportunities.
- Use the expanded candidate profile for individuals performing child welfare work to allow qualified candidates without a 4-year degree but have an associate's degree and/or the specified background and substitute experience.
- Define specific KPIs to measure success of talent and career development initiative, identify or create new data to measure performance, and measure current performance.
- Monitor and evaluate the effectiveness of the talent targeting and attraction strategies and career development programs. Use data analytics and performance metrics to assess the impact of the changes and identify areas for further improvement.
- Continuously review and update the talent targeting and attraction strategies and career development.

**Alignment of department priorities with staffing and resources:** Based on interviews with DHS leadership, DHS would need to collaborate with OPM to support this initiative to build career paths, develop specialized training, leadership training and a mentoring program.

**Estimation of department priorities with staffing and resources:** Based on DHS initial sizing of costs, DHS expects that that the initiative can be accomplished through existing appropriations. It is anticipated existing human resources staff would coordinate these new initiatives.

**Process changes associated with implementing changes in the strategic plans:** Training and development of staff can help employees learn or strengthen skills; increase confidence, motivation and productivity. Leadership programs and mentoring create community. Best practice adoption builds credibility. To retain skilled employees and develop future leaders, it's critical to understand employee career objectives and align them with organizational goals. This initiative enables both career development and leadership development to help employees gain new skills and feel engaged with peers, management and DHS. By encouraging a learning culture DHS ensures that employees take an active role in spreading knowledge and best practices throughout their organization. These factors all lead to happier employees and better employee retention for a stronger, more effective organization.

**Performance metrics to measure success post-implementation:** Proposed metrics to assess the impact of this initiative include:

- Rate of employee satisfaction (expected to increase);
- Position fill rate (expected to increase);
- Retention and average employee longevity in key positions (expected to increase);
- Time to hire (expected to decrease);
- Turnover rate (expected to decrease);
- Increased number of applications; and,

- Number of contract applicant pool increases.

**Identification and estimation of any savings the strategic plan could realize once implemented:**

Cost savings and cost avoidance opportunities could be captured in the future, reduced costs related to overtime and contract staffing, reduced costs related to staff turnover, reduced overall cost from contracted staff in key areas, and increased retention. As discussed in the introductory section, this initiative would be accompanied by an upfront initial appropriations authority and investment to enhance salaries in the mission critical areas identified: Nursing, Finance, Child Welfare.

**Change Management Plan:** Clear communication with staff about the purpose for the changes should accompany any information on the new process changes. Recommended messaging and modalities are included for each audience in **Figure 25**. Key activities and timing for communication plan are included in **Appendix A – DHS Work Plan**.

**Figure 25 – DHS-8 Communication Plan**

<b>Audience</b>	<b>Key Messages</b>	<b>Modalities</b>	<b>Owner</b>
All Staff	<ul style="list-style-type: none"> <li>• DHS is embarking on a plan to develop career paths through specialized training and leadership training as well as the development of a mentoring program.</li> <li>• This will support employee development and improve customer experience.</li> <li>• This investment will help DHS better fulfill its mission.</li> </ul>	Staff Email	HR Director Division Directors Leadership
All Staff	<ul style="list-style-type: none"> <li>• DHS specialized training subject matter areas</li> <li>• DHS Mentoring program opportunities</li> </ul>	Staff Email Staff Bulletins Staff Announcements Staff Meetings	HR Director Division Directors Leadership
Emerging Leaders	<ul style="list-style-type: none"> <li>• DHS Leadership training opportunities</li> </ul>	Staff Email Staff Announcements Staff Meetings	HR Director Division Directors Leadership

## Initiative DHS #9 - Deploy Internal Trainings for DHS and Cross-Departmental Staff

This initiative directs DHS to work with the Department of Transformation and Shared Services, Office of Personnel Management (OPM) in developing and deploying internal trainings across DHS and in some cases, across departments, delivered at the point of onboarding and on an ongoing basis to create opportunities for employees to develop skills crucial to delivering best services to Arkansans.

**Initiative Overview and Current State:** DHS provides very few opportunities for professional development. If promoted to supervisor, there is a requirement for the leader to complete a 12-hour training, but there are no other formal training opportunities to support the new leader in developing a high functioning team. The Human Resources Department does offer a virtual voluntary “Take Charge Thursday” program that focuses on developing different leadership skills. Previously, DHS also partnered with the Sam M. Walton College of Business, University of Arkansas to conduct a 10-month leadership program, but this was a one-time program offering.

**Rationale:** Organizations with the greatest chance to exceed desired outcomes and thrive into the future are typically “learning organizations,” meaning that they encourage learning and professional development at all levels. Developing an internal training program for DHS involves creating a structured approach to ensure that staff members are well-equipped with the knowledge and skills they need to perform their roles effectively. Similar to DHS-8, this initiative recognizes that by providing more opportunities for professional development, DHS and the State of Arkansas broadly may have the opportunity to increase talent identification of highly qualified individuals, improve retention, and increase the rate of internal promotion. In addition, the State of Arkansas may benefit from the increased production of high quality and well-trained employees delivering services.

This initiative will help DHS to create opportunities for employees, especially those in positions critical to ensuring citizen health and well-being, to grow within DHS and develop skills crucial to delivering best services to Arkansans. DHS hopes to not only continue to deliver important services, but to become a “learning organization.” The concept of a learning organization is not new and although not developed by Peter M. Senge, it was amplified after his book “*The Fifth Discipline*” was published in the 1990s. What followed was numerous publications, conferences, and workshops dedicated to helping organizations become learning organizations. Senge defined a learning organization as, “organizations where people continually expand their capacity to create results, where new and expansive patterns of thinking are nurtured, collective aspiration is set free, and where people are continually learning how to learn together.”<sup>49</sup>

Learning organizations create a culture that encourages and supports continuous employee learning, critical thinking, and risk-taking with new ideas. A learning organization is a group of people skilled at cultivating, acquiring, and transferring knowledge in a supported environment. The learning organization moves away from basic employee training and shifts its focus to problem solving, innovation, and real learning. Becoming a learning organization would allow Arkansas DHS to develop a group of people that have the opportunity for enhanced and continuous learning integrated into their culture and business practice model.

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<sup>49</sup> The Fifth Discipline: The Art and Practice of the Learning Organization

Designing an effective training program requires dedicated human resources staff and includes a number of phases and elements that moves from assessing needs to identifying goals to curriculum design and development into implementation, evaluation and measurement as demonstrated in **Figure 26** below.

**Figure 26 – Internal Training Program Development Phases**

Phases	Steps
Needs Assessment	<ul style="list-style-type: none"> <li>• Identify Objectives: Determine the core competencies required for different roles within the department (e.g., case management, social services, administrative support).</li> <li>• Assess Skills Gap: Evaluate current skills and knowledge gaps through surveys, interviews, and performance reviews.</li> <li>• Regulatory Requirements: Incorporate any mandatory training related to legal and regulatory requirements for DHS.</li> </ul>
Define Training Goals	<ul style="list-style-type: none"> <li>• Core Competencies: Outline key competencies and skills to be developed (e.g., empathy, client interaction, data management).</li> <li>• Learning Outcomes: Establish clear, measurable learning outcomes for each training module.</li> </ul>
Design the Curriculum	<p><u>Core Module Examples:</u></p> <ul style="list-style-type: none"> <li>• Introduction to Health and Human Services: Overview of the department’s mission, structure, and key functions.</li> <li>• Client Interaction and Communication: Techniques for effective communication, active listening, and conflict resolution.</li> <li>• Case Management: Procedures for managing client cases, including intake, assessment, and follow-up.</li> <li>• Ethics and Confidentiality: Training on ethical standards, confidentiality, and handling sensitive information.</li> <li>• Cultural Competency: Understanding and working with diverse populations.</li> <li>• Regulations and Compliance: Overview of relevant laws, regulations, and policies.</li> <li>• Emergency Response: Procedures for handling crises and emergencies.</li> </ul> <p><u>Advanced Module Examples:</u></p> <ul style="list-style-type: none"> <li>• Leadership and Supervision: Skills for managing teams and projects.</li> <li>• Data Analysis and Reporting: Techniques for analyzing client data and generating reports.</li> <li>• Program Evaluation: Methods for assessing the effectiveness of services and programs.</li> </ul>
Develop Training Materials	<ul style="list-style-type: none"> <li>• Content Creation: Develop training materials, including manuals, presentations, e-learning modules, and case studies.</li> <li>• Resources: Utilize external resources such as industry publications, online courses, and expert speakers.</li> <li>• Interactive Elements: Incorporate role-plays, simulations, and group discussions to enhance engagement.</li> </ul>
Implement Training	<ul style="list-style-type: none"> <li>• Schedule Sessions: Plan and schedule training sessions to accommodate staff availability.</li> <li>• Facilitators: Identify and train internal or external facilitators who are knowledgeable and effective.</li> <li>• Delivery Methods: Use a blend of in-person training, online courses, and self-paced learning to cater to different learning styles.</li> </ul>

Phases	Steps
Monitor and Evaluate	<ul style="list-style-type: none"> <li>• Feedback Mechanisms: Collect feedback from participants to gauge the effectiveness of the training and identify areas for improvement.</li> <li>• Assessment Tools: Use quizzes, practical exercises, and evaluations to measure learning outcomes and retention.</li> <li>• Continuous Improvement: Regularly update training materials and methods based on feedback, new developments, and emerging needs.</li> </ul>
Support and Follow-Up	<ul style="list-style-type: none"> <li>• Ongoing Support: Provide resources for ongoing learning and support, such as mentorship programs or access to a knowledge base.</li> <li>• Refresher Courses: Schedule periodic refresher courses to reinforce learning and update staff on new practices or policies.</li> </ul>
Documentation and Reporting	<ul style="list-style-type: none"> <li>• Record Keeping: Maintain records of training attendance, completion, and evaluations.</li> <li>• Reporting: Generate reports on training outcomes, staff progress, and overall program effectiveness for department leadership.</li> </ul>

By following these steps, DHS can create a comprehensive and effective internal training program that enhances its capabilities and improves the quality of services provided to clients as well as citizen experience. Additionally, DHS should work collaboratively with OPM and consider adapting the culture of learning concept by:

- Adopting an organizational shift in how training and learning are approached and delivered
- Allowing learning to become part of a larger framework of their business systems and professional development
- Communicating this approach to staff to send a positive message that their work, job performance, and success is supported by the organization
- Developing the learning processes to align with DHS goals

**Implementation Considerations: Appendix A – ADE Work Plan** - provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DHS staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Culture: Promote a Learning Culture
- Encourage Participation: Foster a culture that values continuous learning and professional development.
- Recognition: Recognize and reward employees who excel in their training and apply their learning effectively.
- TSS OPM and DHS should convene a workgroup that includes HR leads for other departments to identify core modules, establish consistent and standardized training applicable across all departments (e.g., DFA-University or DFA-U).<sup>50</sup>

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<sup>50</sup> See Arkansas Forward DFA-3 (DFA-U is a department-wide leadership program designed to identify employees within the department that demonstrate the characteristics and desire to be future leaders within DFA),

Other states have successfully offered state-wide, multi-stage leadership training to help identify, develop, and retain public sector employees.

**Texas HHSC Leadership Program**

**Figure 27** outlines a best practice from the Texas Health and Human Services Commission (HHSC), which has developed a leadership program consisting of four modules, two programs and two “academies” to serve four departments. Through this leadership program, HHSC has reached 53,000 employees of HHSC. The program has existed for 12 years, with a retention rate of ~70% for all employees who have completed the program and an advancement rate of ~50%. HHSC program staff indicate that the rewards of their program are that the programs are highly visible, help further growth, and participants are able to network with agency employee with whom they would otherwise never work. Graduates receive certificates as well as training hours.

**Figure 27 – Best Practice: Texas Health and Human Services Commission**

Program	Program Features
<p><b>Extraordinary Contributors Program (ECP)</b></p>	<ul style="list-style-type: none"> <li>• Meant for high performing individuals, not managers or supervisors, that want to grow within their own skill set and within agency.</li> <li>• Four months in duration and it is 100% virtual.</li> <li>• Program consists of four sessions and then a graduation ceremony. The sessions are 1.5-2 days.</li> <li>• The purpose of ECP is for the employees to “Own Their Influence.” They are taught that leadership is influence and they leave with the understanding that they take ownership of that principle.</li> <li>• Participants are paired up with a “Transitional Mentor” – a front-line manager that has made the transition to manager in the last two years. The Transitional Mentor is supposed to connect with the mentee on at least 4 sessions outside the program sessions.</li> <li>• Participants are asked to do projects and come up with recommendations, for example: how do you make meetings meaningful?</li> <li>• This program offers an opportunity to serve as coach; participants get a book called “Active Coaching” and receive a ½ day or full day of coaching.</li> <li>• The program puts participants in groups of six, which helps develop an bond with five peers.</li> </ul>
<p><b>Aspiring Leaders Program (ALP)</b></p>	<ul style="list-style-type: none"> <li>• Participants are high performing individuals who want to move into management or supervision.</li> <li>• Program assesses whether employees are equipped to make the shift mentally and emotionally to leadership roles: are employees individual contributions to a team or someone who can lead a team?</li> <li>• Focus on the different mental and emotional skill set needed to supervise people.</li> <li>• Objective for program is clarity – do they really want to supervise people?</li> <li>• The program is 4 months in duration; with 1.5 day sessions occurring approximately every 3 weeks.</li> <li>• The program offers a hybrid option of in-person or Zoom participation.</li> </ul>

Program	Program Features
<b>Rising Leaders Academy (RLA)</b>	<ul style="list-style-type: none"> <li>• The academy is for those new to the management and the leadership ladder.</li> <li>• Attendees are taught from book “The Five Dysfunctions of the Team” by Patrick Lencioni.</li> <li>• This academy includes in-depth leadership learning.</li> <li>• A 360 Self-Assessment is required for each participant.</li> </ul>
<b>Executive Leadership Academy</b>	<ul style="list-style-type: none"> <li>• The Executive Leadership academy is for senior leaders, senior managers and directors, to help prepare for executive leadership.</li> <li>• Unlike other leadership programs, for this academy, the head of the agency must approve a candidate’s attendance.</li> <li>• A 360 Self-Assessment is required and candidates must also complete a leadership development plan.</li> <li>• Attendees are assigned a mentor.</li> </ul>

Source: Interview with Texas Health and Human Services Commission official.

For the ECP and ALP programs, participants complete an application, which a manager has to approve. Applications are based on a first come, first-served basis. Program cohorts are limited to 36 participants for these programs. For the Academies, seats are selected by the executives in the agency. Academies meet for a total of six months. For all the programs, there is homework and prework, and for ELA, participants must come back to give a 15-minute presentation after they have completed the program.

HHSC reviews their leadership program every two years. Evaluations by participants are based on three principles: was the content relevant, reliable and applicable. Program staff at HHSC stressed that important factors of the program’s success are: 1. That they do not spend time on agency information and do not have directors or bureau heads come in to give talks; 2. They do not use a traditional classroom; 3. They do not use the words “training” or “curriculum” or “info dump” - their programs instead aim to be “fluid and organic” and focused on applicable tools that are relevant to being applied now. For graduates of their programs, there is an Alumni Association, which enables graduates to continue their leadership development. Alumni have access to an alumni list serve and there is also a newsletter that is sent out to graduates.

**Recommended steps for deploying DHS training program (future state):**

***Professional Development Recommendations – Management***

- Create leadership development programs for high performing staff within DHS (emerging leaders) that desire to move into supervisory and management roles.
- Offer ongoing professional development and not just DHS Supervisor training.
- The learning organization model must be applied across the entire organization.
- Promote informal opportunities and forums for supervisors to share innovative methods, practices, and brainstorm new ideas.
- Prepare senior leaders to identify “up and coming” leaders.

***Professional Development Recommendations – Senior Leadership***

DHS could differentiate themselves from other state organizations by fostering a culture of learning and developing senior managers to be thought leaders. Ongoing professional development

opportunities can take the shape of many formal and informal programs, courses, certificates, and internal learning instruction, as demonstrated by the Texas HHSC best practice example.

Senior leaders need to evaluate strategic options with thoughtful and dialectic executive decision making. Leaders need to be inclusive and at other times, be decisive. They have to manage, influence, and lead change, have the capability to build teams, coach and develop others, all while achieving desired and measurable results. This is only a sample of leadership characteristics and skills. The list of desired leadership attributes is overwhelming and often causes an organization to become myopic and only focus on a few. Recommendations for a multi-tiered approach for ongoing senior leadership professional development, could include;

- First and foremost, shift from an organization that trains its staff and leaders, to an organization that fosters, promotes, and supports learning at all levels.
- Executive coaching and consulting by professionals with senior leadership experience to include external expertise in leadership development. There are a plethora of options available for DHS to consider.
- Most major universities and the Ivy League schools offer leadership certificate programs that can be completed online or with instructor-led options. Additional subject matter certification programs also exist through national associations including for Medicaid finance, child welfare, and other fields.
- Develop an internal leadership academy led by TSS and DHS executive level leaders. The academy should assign and rotate mentors to small groups of emerging leaders. Each mentor would focus on a specified topic and include experiential learning with business case reviews/discussions and projects to advance leadership skill development.
- Encourage formal and informal opportunities and forums for senior leaders to constantly share innovative methods, practices, and brainstorm new ideas.
- Involve institutions of higher learning by developing partnerships with Arkansas's universities that have management and public policy programs.

**Alignment of department priorities with staffing and resources:** This initiative assumes DHS would create a team focused on leadership development. The experience of other states suggests having dedicated staff support is important to sustain leadership development programs over time. Based on interviews with DHS leadership, DHS would need to collaborate with OPM to obtain approval if there is a need to reclassify positions to form this team.

**Estimation of department priorities with staffing and resources:** Based on DHS initial sizing of costs, leadership expects that the initiative can be accomplished through existing appropriations. Cost savings and cost avoidance opportunities (such as from reduced turnover) could be captured in the future but are indeterminable at this time.

**Process changes associated with implementing changes in the strategic plans:** Training and development of staff can help employees learn or strengthen skills and increase confidence, motivation, and productivity. Leadership programs and mentoring create community. Best practice adoption builds credibility. To retain skilled employees and develop future leaders, it is critical to understand employee career objectives and align them with organizational goals. This initiative enables employees to gain new skills and feel engaged with peers, management, and DHS. By



encouraging a learning culture, DHS ensures that employees take an active role in spreading knowledge and best practices throughout their organization. These factors can lead to happier and engaged employees, and better employee retention for a stronger, more effective organization.

**Performance metrics to measure success post-implementation:** Proposed metrics to assess the impact of this initiative include:

- Number of employees participating in programs
- Number/percent of participants earning promotions
- Tenure (in years) of employees participating in programs
- Satisfaction rate/net promoter score with trainings
- Employee satisfaction and engagement overall
- Turnover rate at organization

In addition to these more tangible measures, there are other benefits from a more tenure and trained workforce, which may be more challenging to quantify including:

- Measurable increase in key skills
- Measurable skills progression
- Effective delivery of public services
- Adherence to regulations
- Organizational efficiency

**Identification and estimation of any savings the strategic plan could realize once implemented:** Departments gain an advantage when employees have the proper skills and training to excel in their roles. Efficiently trained employees require less oversight, make less costly mistakes, and are better at problem solving than employees who have not been properly trained. Additionally, there are reduced costs related to employee retention and satisfaction.

**Change Management Plan:** Clear communication with staff about the purpose for the changes should accompany any information on the new process changes. Recommended messaging and modalities are included for each audience in **Figure 28**. Key activities and timing for communication plan are included in **Appendix A – DHS Work Plan**.

**Figure 28 – DHS-3 Communication Plan**

Audience	Key Messages	Modalities	Owner
All Staff	<ul style="list-style-type: none"> <li>• DHS is embarking on a plan to develop career paths through specialized training and leadership training as well as the development of a mentoring program.</li> <li>• This will support employee development and improve customer experience.</li> <li>• This investment will help DHS better fulfill its mission.</li> </ul>	Staff Email	HR Director Division Directors Leadership
All Staff	<ul style="list-style-type: none"> <li>• DHS specialized training subject matter areas</li> </ul>	Staff Email Staff Bulletins	HR Director

	<ul style="list-style-type: none"> <li>DHS Mentoring program opportunities</li> </ul>	Staff Announcements Staff Meetings	Division Directors Leadership
Emerging Leaders	<ul style="list-style-type: none"> <li>DHS Leadership training opportunities</li> </ul>	Staff Email Staff Announcements Staff Meetings	HR Director Division Directors Leadership

## Initiative DHS #10 - Streamline Medicaid eligibility and enrollment for maternity care

This initiative seeks to streamline the eligibility and enrollment processes for the maternal health prevention program by increasing enrollment for pregnant and new moms.

**Initiative Overview and Current State:** Expectant mothers can become eligible to gain access to prenatal care and services in Arkansas under the following scenarios:

**Traditional Medicaid:** An expectant mother who is 17% or below of the Federal Poverty Level (FPL), the expectant mother can become eligible for coverage for these Medicaid prenatal services under the traditional Medicaid program and will remain on Medicaid while she meets that income threshold for eligibility.

**Pregnancy Medicaid:** If the expectant mother is between 18% - 208% FPL, the expectant mother can be covered for the same prenatal services under the Pregnancy Medicaid program. That program is also designed to support expectant mothers who may not have the financial means to cover the costs associated with prenatal care, labor, and delivery. Medicaid coverage under Pregnancy Medicaid in Arkansas will continue for the mother post-delivery of the child up to 60 days after delivery. Pregnancy Medicaid is a powerful tool, empowering expectant mothers to take charge of their health and well-being. By offering financial assistance and comprehensive coverage, the program ensures that no woman is left without access to crucial prenatal care services.

**ARHome Waiver:** DHS also oversees the ARHome Waiver program that offers Medicaid Waiver services for beneficiaries who are eligible and at the FPL above traditional Medicaid and up to 138% of the FPL. The ARHome Waiver also covers prenatal and postnatal care and services for expectant and new mothers and coverage would continue while the mother remains eligible for the Waiver services.

The pre-natal services under each of these programs include check-ups, screenings, and diagnostic tests and they are needed to keep an eye on the health of both the mother and the growing baby.

Additionally, access to pre- and post-natal services for expectant and new mothers in Arkansas is available on the Federal Health Exchange with little to no premiums for those outside of these poverty limits up to 400% of the FPL.

There are current issues and gaps in service that this initiative seeks to address, including:

- Identifying expectant mothers who meet the income thresholds for these Medicaid services.
- Educating expectant mothers who are not currently eligible about the availability of these Medicaid programs and services.
- Streamlining the eligibility process for expectant mothers in their communities so that they can become eligible without any interruptions in important and timely care.
- Ensuring there are no gaps in coverage where an expectant mother, who was previously covered by Medicaid received a renewal request and allowed their Medicaid coverage to lapse for reasons other than ineligibility (no longer living at same address/never received the Notice/barriers to renew or the county offices/or other reasons).
- Assisting with any transitions to post-natal services that are available so that there is no gap in coverage after the 60-day period for new moms that have given birth that are covered by

Pregnancy Medicaid. These new mothers can transition to traditional Medicaid or the ARHome Waiver, assuming income eligibility, or can be assisted to move to coverage under the Federal exchange.

**Rationale:** Arkansas had the highest known rate of maternal mortality in the U.S. from 2018 to 2021, according to the CDC. Moreover, more than 43 mothers out of every 100,000 live births died during that span. The overall rate in Arkansas increased from 12.2 to nearly 29 between 1999 and 2019.<sup>51</sup>

Prenatal care should begin as soon as a woman knows or thinks she is pregnant. Early and regular prenatal visits are important for the health of both the mother and the fetus. Research shows that prenatal care makes a difference for a healthy pregnancy. Women who do not seek prenatal care are three times as likely to deliver a low-birth-weight infant. Lack of prenatal care can also increase the risk of infant death.<sup>52</sup> Arkansas sees roughly 35,000 births per year, but about 10,000 pregnant Arkansans do not seek medical care until after their first trimester and 1,100 do not see a doctor until they are giving birth,<sup>53</sup> and Medicaid pays for over 19,000 of these births a year, more than half of the births in the entire state.

As a consequence, in March of 2024, the Arkansas Governor issued Executive Order 24-03 to “Support Moms, Protect Babies, and Improve Maternal Health.”<sup>54</sup> The Executive Order creates an Arkansas Strategic Committee for Maternal Health to work with lawmakers, health care providers and advocacy groups to develop a statewide maternal health plan. The plan is to develop strategies that will jumpstart education on existing prenatal and postpartum health care availability, increase service access and improve statewide data coordination.

The order also includes a list of directives for DHS and the Department of Health (DOH) to “immediately enroll people in available health coverage, develop an ad campaign and look for ways to expand telehealth, home visiting and doulas.” It also creates a Workgroup consisting of DHS, DOH, and the Department of Education and key stakeholders, including legislators.

The Workgroup has started its work and is broken up into the four following Subcommittees:

- Medicaid Coverage and Access
- Clinical
- Education and Outreach

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<sup>51</sup> Axios NW Arkansas, “Arkansas Governor Sanders creates committee focused on state’s maternal health,” <https://www.msn.com/en-us/health/other/arkansas-governor-sanders-creates-committee-focused-on-states-maternal-health/ar-BB1jubaP>.

<sup>52</sup> Office on Women’s Health, “Publications: Prenatal care fact sheet,” March 6, 2009, Retrieved April 12, 2012, <http://www.womenshealth.gov/publications/our-publications/fact-sheet/prenatal-care.html>.

<sup>53</sup> Arkansas Advocate, “Arkansas governor authorizes committee, strategic plan aimed at bolstering maternal health,” <https://arkansasadvocate.com/2024/03/06/arkansas-governor-authorizes-committee-strategic-plan-aimed-at-bolstering-maternal-health/#:~:text=The%20state%20sees%20roughly%2035%2C000%20births%20per%20year%2C,doctor%20until%20they%20are%20giving%20birth%2C%20Sanders%20said.>

<sup>54</sup> Office of Governor Sarah Huckabee Sanders, “Sanders Signs Executive Order to Support Moms, Protect Babies, and Improve Maternal Health,” [https://governor.arkansas.gov/news\\_post/sanders-signs-executive-order-to-support-moms-protect-babies-and-improve-maternal-health/](https://governor.arkansas.gov/news_post/sanders-signs-executive-order-to-support-moms-protect-babies-and-improve-maternal-health/).

- Data and reporting

The Workgroup's Strategic Plan, post the Subcommittee's recommendations, is due to the Governor in late Fall 2024.

**Implementation Considerations:** DHS has chosen to include this initiative in Arkansas Forward in anticipation that it will be included in the Governor's Workgroup recommendations to streamline Medicaid eligibility and enrollment for maternity care. There are opportunities to close the gaps identified above and increase the number of expecting moms in Arkansas that obtain available prenatal Medicaid coverage as soon as they learn about their pregnancy.

Increased outreach and education in the communities through pediatricians, primary care physicians, Federally Qualified Health Centers, other providers and community-based partners, schools and other avenues available in the community will be important to identify potentially eligible beneficiaries or individuals who qualify for the Exchange.

Two of the key areas that were identified by DHS include a strategy for the implementation of Presumptive Eligibility (PE), which would require a change in the Medicaid State Plan. This initiative would allow for a pregnant woman to become presumptively eligible for Medicaid pre-natal services. PE determinations fast track the time it takes for pregnant individuals to receive certain pregnancy-related Medicaid services and access the healthcare they need as early in pregnancy as possible, while waiting for the full Medicaid eligibility process to be completed. This could expedite the process for especially those expectant mothers that were previously eligible but failed to renew for reasons other than non-eligibility.

Next is an effort to work with providers in identify ways in which rates can be adjusted to incentivize more primary care providers to be willing to provide the prenatal care needed and accept the Medicaid rate. There are issues providers have with the current global payment system, where payment is made to the provider as long as there is a prenatal visit and two post-partum visits. Without that providers do not receive the global payment. An alternative payment arrangement is being looked at that would create more of an incentive for providers to agree to participate in the Medicaid program.

Finally, DHS needs to focus efforts on the post-partum transition after the 60-day coverage limit for many of these new moms that continue to qualify for post-natal services in another Medicaid program (Traditional or ARHome) or need help with transitioning to one of the Silver plans on the Exchange that have little to no co-pay for post-natal coverage. This is in the State's interest, because many of these new first time moms will give birth again. There are also many available home visiting programs that DHS is well coordinated with that can be a big help in ensuring a warm transfer to continued eligibility for these important services.

One of the areas noted by DHS in streamlining and otherwise improving eligibility for pre-natal care is to also address some of the barriers to access to pre-natal care, including the need for and availability of childcare, transportation, the inability to see providers, and lack of trust in system, especially where there may be involvement with the division of children and families. The further a woman travels to receive maternity care, the greater the risk of maternal morbidity and adverse infant

outcomes, such as stillbirth and NICU admission.<sup>55</sup> Furthermore, longer travel distances to care can cause financial strain on families and increased prenatal stress and anxiety.<sup>56</sup> The distance a woman must travel to access care becomes a critical factor during pregnancy, at the time of birth, and in the case of emergencies. Nationwide closures of birthing hospitals have contributed to increased distance and travel time to care, especially in rural areas.

### **Strategies to address potential risks and enable success:**

- Work collaboratively with ADH on already available federal maternal health HRSA funded programs to align efforts and maximize the available resources geared toward promoting greater access to maternal health programs.
- Develop relationships with key stakeholders in the primary care provider community, and together discuss a rate structure that would serve to incentivize participation and access.
- Use mapping to identify maternal health deserts and apply additional resources to help remove barriers to care.
- Educate additional key stakeholders from the community, for example, mandatory reporters in the schools and educators, to be champions about prenatal care and Medicaid eligibility.
- Work within the Life 360 program with hospital providers to utilize the Parents as Teachers program to increase knowledge and access to maternal health services.
- Review for any Medicaid Management Information System (MMIS) updates that may be implemented to allow for claims data to be used for early indicators once DHS learns of a pregnancy, including indicators that can be sent to DCO staff where renewals of eligibility occur within the pregnancy.
- Identify current resources across DHS divisions that can focus on maternal health access and align on-going efforts with the Department of Health.
- Work with CMS on Presumptive Eligibility to ensure Medicaid State Plan changes that are efficient and accountable changes in the eligibility and enrollment process and meets the goals of this specific focused area of streamlining. DHS may need to conduct further analysis and a needs assessment to ensure the SPA appropriately meets the specific needs in a timely manner and does not create any unintended consequences.
- Ensure alignment with new eligibility and enrolment processes and the broader changes coming from the Governor’s Strategic Committee for Maternal Health and the Workgroup recommendations. Early and ongoing engagement with the subcommittees is important and DHS leadership is heavily involved in coordinating this entire effort to meet the Governor’s intent.

Other state examples of maternal health coordination are instructive for DHS.

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<sup>55</sup> Roa L, Uribe-Leitz T, Fallah PN, et al., “Travel Time to Access Obstetric and Neonatal Care in the United States,” *Obstetrics and Gynecology*, 2020;136(3):610-612. doi:10.1097/AOG.0000000000004053 5 Minion SC, Krans EE, Brooks MM, Mendez DD, Haggerty CL. Association of Driving Distance to Maternity Hospitals and Maternal and Perinatal Outcomes. *Obstetrics and Gynecology*. 2022;140(5):812-819. doi:10.1097/AOG.0000000000004960.

<sup>56</sup> Kozhimannil KB, Hung P, Henning-Smith C, Casey MM, Prasad S. Association Between Loss of Hospital-Based Obstetric Services and Birth Outcomes in Rural Counties in the United States, *Journal of the American Medical Association*, 2018;319(12):1239. doi:10.1001/JAMA.2018.1830.

## **Nebraska**

Nebraska Medicaid has presumptive eligibility (PE) determinations to fast track the time it takes for pregnant individuals to receive pregnancy-related Medicaid services and access the healthcare they need as early in pregnancy as possible. A pregnant individual may qualify for presumptive Medicaid coverage if they meet the following requirements:

- Are a U.S. citizen, U.S. national, or an eligible non-citizen;
- Their income is below the standard for their group;
- They are not currently enrolled in Medicaid or the Children’s Health Insurance Program (CHIP); and,
- They are currently pregnant.

PE is based on information provided by the pregnant individual to the provider and no verification of their information is required. The process includes:

- The provider confirms that the pregnant individual is not currently on Medicaid.
- The provider completes a simplified standard form with the pregnant individual.
- Information on citizenship, Nebraska residency, income, and household composition is noted on the form.
- Once the PE provider determines that the pregnant individual is eligible for presumptive Medicaid coverage, the standard form is completed.
- The pregnant individual then signs the form to confirm that the information listed is correct.
- The PE provider must submit the form within five business days to Nebraska Medicaid.
- The pregnant individual must also complete an application for Medicaid coverage within 60 days and they can do this online or submit it by:
  - Email
  - Fax
  - Over the Phone
  - Coming into any one of local DHHS offices and complete the and complete an application with a Social Service Worker.
- Hospital providers are required to assist individuals in completing and submitting a Medicaid application.

### ***Presumptive Medicaid Coverage Benefits***

PE covers only ambulatory prenatal care that is provided in the outpatient setting. PE does not cover:

- Inpatient hospital services related to pregnancy;
- Nursing home services;
- Labor and Delivery; and/or,
- The removal of an embryo/fetus from the mother, or services following such a procedure.

### ***Duration of Presumptive Medicaid Coverage***

If the pregnant individual does not complete, and submit, an application for Nebraska Medicaid coverage, PE coverage will end on the last day of the month following the initial month in which PE coverage was first approved. For example, if PE is approved on 3/22/24 and no application is

received, PE coverage will end on the last day of April (4/30/24). Thus, it is very important that the pregnant individual completes and submits an application for Medicaid so that they can access full Medicaid benefits if they are determined eligible, and this is an area that Nebraska Medicaid offers assistance and numerous paths.<sup>57</sup>

## **Mississippi**

In Mississippi, recent legislative action allows for anyone who is pregnant and makes at or below 194% of the federal poverty level to qualify for Medicaid and for presumptive eligibility. These individuals can start receiving care as soon as they find out they are pregnant by showing proof of monthly income to staff at a qualifying location.

Pregnancy presumptive eligibility in Mississippi is still not in effect, however, despite becoming law July 1, 2024. However, the Division of Medicaid said it has cleared several administrative hurdles and is awaiting action from the federal government. But a discrepancy between state and federal law may delay the process further. Legislators wrote in the bill that pregnant women must provide proof of income when seeking prenatal care. Federal guidelines, however, state that while the agency may require proof of citizenship or residency, it should not “require verification of the conditions for presumptive eligibility.”

### ***Mapping software used to help identify areas where resources are needed to improve access to care***

The distance a woman must travel to access care becomes a critical factor during pregnancy, at the time of birth, and in the case of emergencies. Nationwide closures of birthing hospitals have contributed to increased distance and travel time to care, especially in rural areas. In Nebraska, 51.6 percent of counties are defined as maternity care deserts compared to 32.6 percent in the U.S. 15.9 percent of women had no birthing hospital within 30 minutes compared to 9.7 percent in the U.S.<sup>58</sup> Mapping software is utilized to calculate distance, in miles and minutes, under normal traffic conditions and using real-world travel routes. The map indicates the average distance to the closest birthing hospital throughout Nebraska. Commonly used thresholds of 30- and 60- minute driving times were applied to measure the percent of birthing people with timely access to care. This information can help identify areas where resources are needed to improve access to care. Overall, in the U.S. women travel 9.7 miles to their nearest birthing hospital.

### **Recommended steps for establishing improved Medicaid maternal health eligibility process (future state):**

- Review all recommendations from the Governor’s Maternal Health Workgroup Subcommittees to ensure alignment.
- Establish cadence for meeting with maternity care working group to ensure initiative complements latest plans and priorities.

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<sup>57</sup> Nebraska Department of Health and Human Services, “Presumptive Eligibility,” <https://dhhs.ne.gov/Documents/PE%20Maternal%20Health%20Fact%20Sheet.pdf>.

<sup>58</sup> March of Dimes, “Where you Live Matters: Maternity Care in Nebraska,” <https://www.marchofdimes.org/peristats/assets/s3/reports/mcd/Maternity-Care-Report-Nebraska.pdf>.



- Identify the owner and any needed members from the working group to be part of a DHS maternal health team that can work across divisions.
- Map current eligibility and enrollment processes and identify pain points for access.
- Review any MMIS changes that could be used for claims indicators once it is learned that someone is pregnant that can be matched with eligibility system.
- Define specific KPIs to measure success of streamlining eligibility and enrollment for maternity care initiative, identify or create new data to measure performance, and measure current performance.
- Conduct interviews with range of maternity care beneficiaries to understand challenges in access and enrollment in Medicaid during pregnancy; if needed, identify key needs for different beneficiary segments.
- Design future state processes and outcomes, if needed, specific to beneficiary segments.
- Prepare Medicaid State Plan Amendment related to PE.
- Work with CMS to ensure timely approval and acceptance.
- Obtain feedback from stakeholder community.
- Educate Workgroup participants about the PE process.
- Educate lawmakers on the PE process.
- Enhance outreach efforts, including meeting with primary care providers and identify any needed rate structure changes.
- Design and develop new PE forms and make available through number of outlets, including providers, doctor's offices, website, county offices, and hospitals, among others.
- Develop information bulletin or training for DHS staff, including current eligibility staff at the County offices.
- Implement changes to eligibility and enrollment process with provider community.
- Prepare information bulletin or other educational "one pager" on the PE process.
- Review performance against baseline KPI measurements and revise systems and processes as needed.

**Alignment of department priorities with staffing and resources:** This initiative is in alignment with one of DHS's top priorities to enhance prevention services statewide. There also may be a need for additional resources related to changes to the enrollment systems and additional state general fund match rate for maternal health care claims. There are existing federal HRSA funds that are being used in Arkansas today as part of the Department of Health's statewide Maternal Health plan and those resources should be reviewed to ensure maximum use of available resources.

**Process changes associated with implementing changes in the strategic plans:** DHS has indicated that the current target for a Medicaid State Plan change needed to implement Presumptive Eligibility is January 2025, if approval is received. There will be a need for new forms and ease of availability and access to the forms. DHS staff as well as providers will need an informational bulletin and/or training on the new process to ensure its effective implementation.

**Performance metrics to measure success post-implementation:** The expected impact of this initiative is to increase the number of expectant mothers and new moms qualifying for Medicaid

services through PE, increased utilization of pre- and post-natal care, and subsequent improvements in birth outcomes and reduced maternal and child mortality. Specific measures include:

- Number of expectant mothers qualifying for services through PE
- Increase in overall Medicaid enrollment for expectant mothers and new moms
- Increase in expectant mothers and new mothers receiving pre-natal and post-natal care services
- Reduced incidence of low birth-weight Medicaid births
- Reduced incidence of pre-term birth Medicaid births
- Reduced incidence of maternal and infant mortality
- Reduced enrollment time

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative will enhance provision of prevention services and is expected to result in future Medicaid cost savings/cost avoidance due to reductions in risk and complications related to provision of more pre-natal and post-natal care. However, those savings are indeterminable, and DHS did not choose to identify any specific savings attributed to this initiative.

**Change Management Plan:** Development of PE policies, changes to eligibility process, training for DHS staff, and outreach to providers are all critical aspects of the new PE process. Successful stakeholder engagement and outreach to expectant and new mothers is critical for the success of this initiative. Additionally, key activities and timing for communication plan are included in **Appendix A – Work Plan** and summarized below in **Figure 29**.

**Figure 29 – DHS-10 Communication Plan**

Audience	Key Messages	Modalities	Owner
DHS Divisional staff, including County eligibility workers	<ul style="list-style-type: none"> <li>• DHS is implementing PE to increase provision of maternal health services</li> <li>• Arkansas stands to benefit from the availability of these services in terms of improved Medicaid birth outcomes and provision of cost-effective preventive care</li> <li>• Details of program implementation and timing [include]</li> </ul>	<ul style="list-style-type: none"> <li>• Staff meetings</li> <li>• Staff emails</li> </ul>	<ul style="list-style-type: none"> <li>• Elizabeth Pitman</li> <li>• Mary Franklin</li> <li>• Cross-department Teams</li> <li>• Arkansas Strategic Committee for Maternal Health</li> </ul>

Audience	Key Messages	Modalities	Owner
	<ul style="list-style-type: none"> <li>• Training will be available to support this new program</li> </ul>		
<p>Providers including:</p> <ul style="list-style-type: none"> <li>• Primary Care providers</li> <li>• Obstetricians</li> <li>• Hospitals</li> <li>• Community based organizations</li> <li>• Department of Health</li> <li>• Department of Education and local schools</li> </ul>	<ul style="list-style-type: none"> <li>• Early pre-natal care significantly reduces the risk of low birth weight and other potential complications</li> <li>• Medicaid eligibility process will be streamlined to ensure timely access</li> <li>• Critical pre-natal and post-natal coverage already exists for most low income expectant mothers and mothers who give birth, especially first time moms</li> <li>• Mothers who make up to 214% above the federal poverty line are eligible for benefits and that care is available at 70 health units around the state with "zero out-of-pocket expenses."</li> <li>• Many existing Home Visitation programs already exist in the communities to serve expectant and new mothers</li> <li>• Process for application for benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Press release</li> <li>• DHS Website</li> <li>• Stakeholder email lists</li> <li>• Physical materials distributed in provider offices (Obstetrician/Primary care offices, Hospitals)</li> </ul>	<ul style="list-style-type: none"> <li>• Elizabeth Pitman</li> <li>• Mary Franklin</li> <li>• Cross-department Teams</li> <li>• Arkansas Strategic Committee for Maternal Health</li> </ul>
<p>CMS</p>	<ul style="list-style-type: none"> <li>• Details of Arkansas' plan to implement PE</li> </ul>	<ul style="list-style-type: none"> <li>• Medicaid State Plan change</li> </ul>	<ul style="list-style-type: none"> <li>• Elizabeth Pitman</li> <li>• Mary Franklin</li> </ul>

Audience	Key Messages	Modalities	Owner
			<ul style="list-style-type: none"> <li>• Cross-department Teams</li> <li>• Arkansas Strategic Committee for Maternal Health</li> </ul>

# Strategic Management Plan: Arkansas Department of Inspector General

## Overview

Arkansas Department of Inspector General (DIG)'s mission is to promote accountability, integrity and efficiency in government through independent analysis and appraisal. Created by the Arkansas Transformation and Efficiencies Act of 2019, DIG houses four primary functions: 1) Office of Internal Audit (OIA), 2) Office of Medicaid Inspector General (OMIG); 3) Fair Housing Commission, and 4) Tax Appeals Commission. Two divisions are focused on prevention and detection of fraud and abuse and government efficiency:

- OIA seeks to earn and preserve the trust of Arkansans by promoting accountability, integrity, and efficiency in the operation of the executive branch of Arkansas government. OIA conducts audits and investigations for cabinet-level departments (non-Medicaid), including many that are statutorily required. All work performed by OIA is conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
- OMIG strives to prevent, detect, and investigate fraud, waste, and abuse within the medical assistance program (Medicaid), with a focus on provider fraud, waste, and abuse. OMIG works closely with providers and the Department of Human Services (DHS) to prevent fraud, waste, and abuse and refers suspected beneficiary fraud to DHS for investigation.

Through the Arkansas Forward project, a 2024 initiative to improve the efficiency and effectiveness of Arkansas' 15 cabinet-level departments, DIG realigned its organizational structure to strengthen its ability to perform core roles and responsibilities, and prioritized implementation of two initiatives to enhance fraud and abuse prevention and detection through elevated investigation quality and outcomes.

This Strategic Management Plan ("Plan") memorializes the work completed by DIG during Arkansas Forward, translating the department's vision into a plan consisting of recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics. A companion project plan ("Work Plan") provides a more detailed resource to support implementation of the initiatives by DIG's Arkansas Forward project management team.

## Recommended Organizational Structure

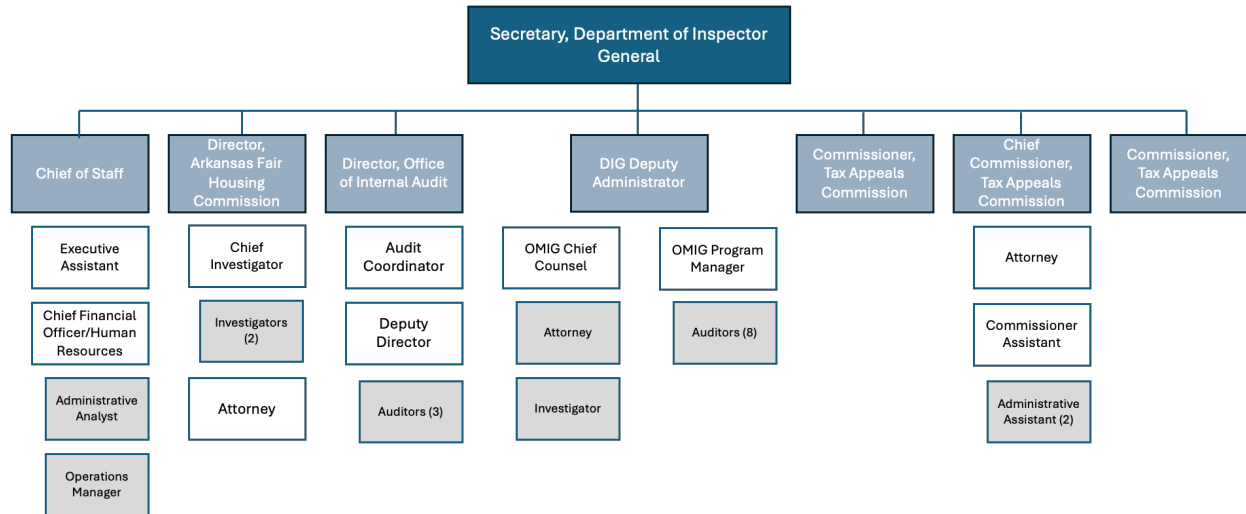
In late 2023, Secretary Allison Waldrip Bragg and DIG's leadership team made the following changes to align the organization's structure with the department's core roles and responsibilities, governance, and performance measure goals:

- Implemented a plan to reorganize and restructure positions in the department, including a consideration of appropriate spans of control and organizational layers
- Executed a reduction in force resulting in the termination of 5 employees.

- The total cost savings recognized from the reorganization and the reduction in force was about \$317,278, including about \$193,330 in general revenue savings.

These efforts have culminated in the current organization structure shown in **Figure 1**.

**Figure 1 – Current Organizational Structure**



Source: DIG, July 2024

As part of Arkansas Forward, DIG’s structure was reviewed to identify opportunities for redesign in three areas:

- Changes that would support the department’s execution of its mission;
- Changes identified through implementation of Arkansas Forward initiatives; and,
- Changes necessitated by Arkansas’ centralization of certain shared services functions (i.e., information technology, human resources, procurement).

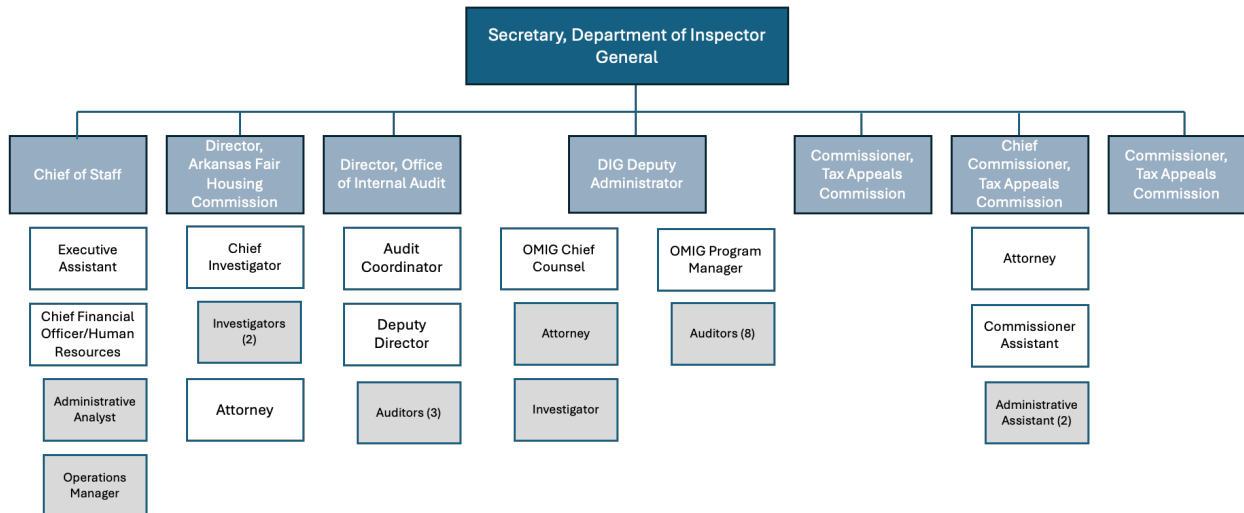
Recommendations based on department interviews and data analysis are included in **Figure 2**:

- **Changes that would support the department’s execution of its mission:** Given its independence and existing statutory authority, it has been recommended that the ombudsman functions currently housed at the Department of Human Services (DHS) and Public Defenders office be consolidated at DIG. DHS maintains multiple ombudsman functions: 1) Provider-Led Arkansas Shared Saving Entity (PASSE) program that works to protect older adults’ health, safety, welfare, and rights by resolving problems and promoting better consumer protection at the facility, local state and national level; 2) Child welfare ombudsman division housed within the Arkansas Commission on Child Abuse, Rape and Domestic Violence at the University of Arkansas Medical Sciences; and 3) Juvenile Ombudsman located at the Arkansas Public Defender Commission that provides important independent oversight and make certain the health, safety and welfare of all vulnerable

Arkansas youth receiving juvenile services are not compromised. To maximize funding, coordinate, and align these important services, DHS believes citizens would be better served through consolidation of all Ombudsman offices at DIG.

- Changes identified through implementation of Arkansas Forward initiatives:** Given the recent reorganization and reduction in force just completed in December 2023 no further redesign is recommended at this juncture. There is an opportunity to focus staff on additional use of data analytics (related to DIG Initiative #2) but to do so within existing resources (through repurposing of available vacant positions). As the use of data analytics increases to identify potential fraud, waste, and abuse, this could generate the need for additional investigators, necessitating additional changes to the department’s organization structure.
- Changes necessitated by Arkansas’ centralization of certain shared services functions:** Based on direction from the Steering Committee, Transformation and Shared Services (TSS) will assume responsibility for the Payroll and Help Desk functions statewide, as the first Human Resources and Information Technology functions to transfer to TSS in a statewide shared services model. Additional decisions on sequencing of further functions have not yet been determined.

**Figure 2 – Recommended Organizational Structure**



Source: DIG, July 2024

Note: Chart does not reflect transfer of ombudsman positions.

**Meeting the Vision of an Effective and Efficient Future Department:**

DIG previously implemented organizational changes to support effective and efficient delivery of its mission. The Arkansas Forward initiatives focus on DIG resource allocation and processes and are within the Department’s purview to address. Significant change management is not anticipated. DIG may wish consult the other states identified in this report to support implementation of these initiatives.

# Key Initiatives Prioritized for Arkansas Forward Implementation

DIG leadership generated several ideas to improve the departmental effectiveness and efficiency, before prioritizing two initiatives focused on its audit and investigations processes for immediate implementation.

## Initiative 1: Develop and implement a triage process to improve investigation quality, outcomes, and recoveries

This initiative seeks to develop and implement a triage process for sourcing and selecting cases to investigate to improve the quality and outcomes of investigations and result in higher recoveries, when appropriate. Applicable audits and investigations include:

- 1) Non-Medicaid programs (examples such as child support and taxation investigations, audits, consultation engagements, as well as non-audit projects), conducted by OIA; and,
- 2) Medicaid provider matters, which are conducted by OMIG.<sup>1</sup>

**Initiative Overview and Current State:** Ensuring appropriate use of state funds through prevention, detection, and investigation of fraud and abuse across government programs is central to DIG’s mission. Audits and investigations performed by OIA and OMIG are effective mechanisms to identify recoveries for the State of Arkansas and deter future fraud and abuse. **Figure 3** provides the number of audit and investigations performed by OIA and OMIG and **Figure 4** summarizes funds recovered due to these activities.

**Figure 3 – Internal Audit and OMIG Audit and Investigations Summary, 2020 – 2023**

		2020	2021	2022	2023
OMIG	# Fraud Investigations Opened	64	93	160	102
	Total Audits and Audit Activities	866	481	1,598	581
	Audit Activities excluding provider recoupment and awareness letters	601	351	368	421
	Referrals to Attorney General Medicaid Fraud Control Office	12	25	20	27
OIA	Investigations	4	93*	1	2
	Audits	2	9*	5*	4
	Consultations	1	0	0	1
	Non-Audit	4	1	3	6
	CSA	2,360 Hours	72 Hours	1,040 Hours	98 Hours

Note\*: COVID-19 CARES Act funding audits are included in FY2021 (nine) and FY2022 (four). In addition, there were 91 complaints that were received from the Department of Human Services regarding COVID-19 Direct Care Payments that OIA investigated in FY2021. Finally, OIA is responsible for administering the Control Self-Assessment biennially for executive branch and participating departments; therefore, those hours have been included. Source: OIA data request and OMIG Annual Reports, 2020-2023.

**Figure 4 – Summary of OMIG Funds Recovered, 2020-2023**

2020	2021	2022	2023
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<sup>1</sup> Suspected Medicaid beneficiary fraud cases are referred to the Department of Human Services.



\$1,966,660.59	\$381,560.42	\$8,712,324.67	\$1,404,683.95
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Source: OMIG Annual Reports, 2020-2023.

Through work sessions with division staff and leadership, three key tools were created for the OIA and OMIG triage processes: 1) a Suppliers, Inputs, Process, Outputs and Customers (SIPOC) diagram to capture key information about the intake/triage process, 2) a Strategic Compass to identify the goal of the triage process and high-level implementation steps, and 3) a more detailed current state process map.

**OIA Findings:** The three diagrams are shown in **Figures 5-7** and key findings include:

- OIA receives leads for audits and investigations (referrals) from multiple sources including referrals from other cabinet-level departments (for areas such as child support and taxation) and statutory requirements. Today, a significant portion of OIA’s resources is expended to fulfill statutorily required audits.
- Leadership reviews and assigns staff resources to each referral that meet certain criteria for immediate investigation. Leadership considers a high-level prioritization including whether the issue is politically sensitive, as well as the severity, financial impact, and complexity, among other factors. However, a formal prioritization process and related tool are not utilized.
- Because of the team’s staffing level, nearly all non-Medicaid audits and investigations can be initiated immediately. OIA has 9 appropriated positions with 6 positions currently filled. Of the 6 filled positions, 2.5 FTEs are dedicated to work being performed in accordance with Act 671 of 2021. OIA audit positions complete both audits and investigations.
- OIA’s audits and investigations vary depending on the nature of the audit and investigation’s scope of work. This prevents an established performance measure for completion timelines to be established. It is an OIA internal best practice that a report is issued within 30 days after completion of the fieldwork.

**Figure 5 – OIA Suppliers, Inputs, Process, Outputs, and Customers Diagram**

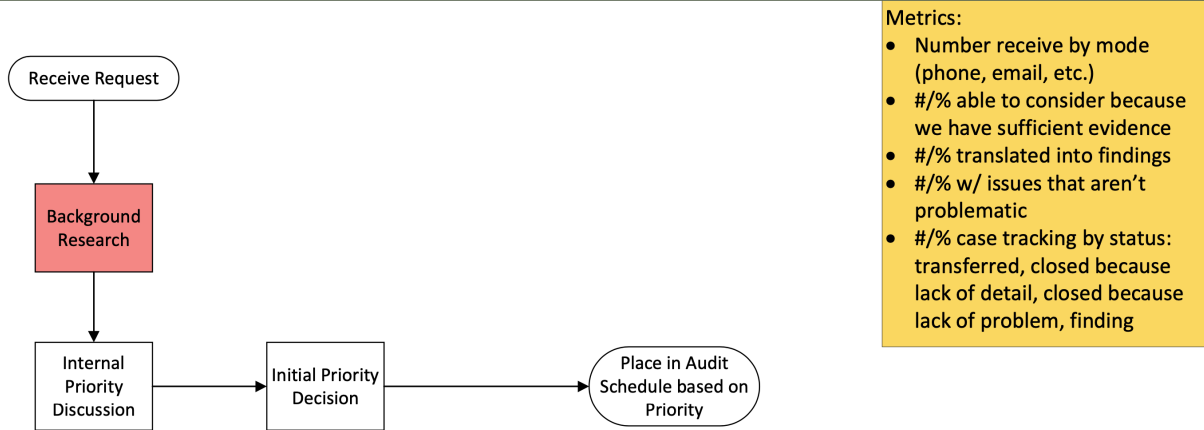
Suppliers	Inputs	Processes	Outputs	Customers
<ul style="list-style-type: none"> <li>• Audit Sources</li> <li>• Auditee Leadership</li> <li>• DIG Leadership</li> <li>• Audit Scope</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Engagement</li> <li>• Records from requests</li> <li>• Auditee cooperation</li> <li>• Prioritization Order of Operations (OOO)</li> <li>• Considerations: <ul style="list-style-type: none"> <li>• Governor</li> <li>• Political</li> <li>• Potential Severity/ Allegations- Financial/ Health &amp; Safety</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Receive request/report</li> <li>• Background Research “Build File”</li> <li>• Initial prioritization</li> <li>• Internal priority discussion</li> <li>• Place in Audit schedule based on priority</li> </ul>	<ul style="list-style-type: none"> <li>• Prioritized lists of engagements</li> <li>• Measured results</li> <li>• Improved OOO knowledge for future triage</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Office</li> <li>• Arkansans</li> <li>• Agencies</li> <li>• Auditees</li> <li>• Legislature</li> </ul>

Suppliers	Inputs	Processes	Outputs	Customers
	<ul style="list-style-type: none"> <li>Complexity</li> <li>Publicity</li> <li>Statute</li> <li>Frequency</li> <li>Staff availability</li> </ul>			

**Figure 6 – OIA Strategic Compass**

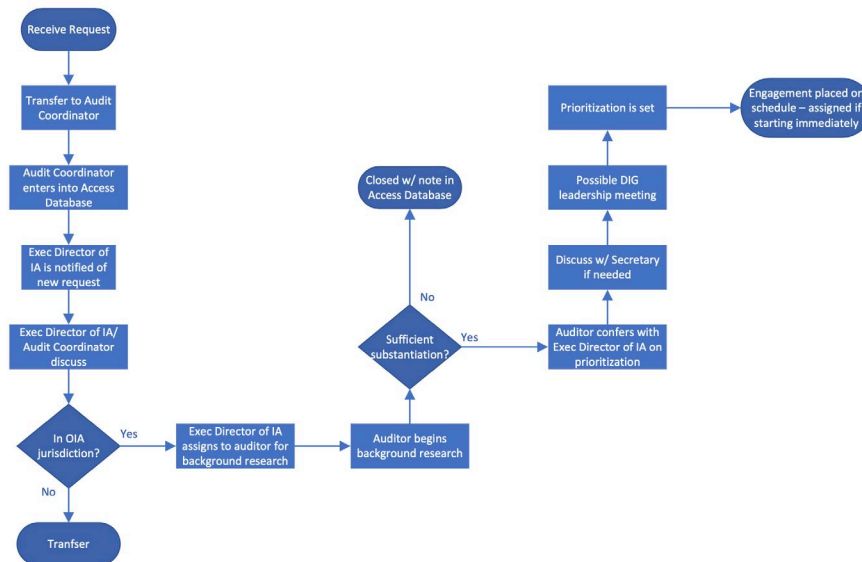
**DIG Audit Triage Strategic Compass**

**Goal:** Prioritize audits so that engagements with the most weight and potential impact on Arkansans are addressed first and with the right expertise.



Source: Developed in work session with DIG staff on 06/05/24.

**Figure 7 – OIA Referral Intake and Triage Process**



Source: Developed in work session with DIG staff on 06/05/24.

**OMIG Findings:** The three diagrams are shown in **Figures 8-10** and key findings include:

- Most referrals received are identified initially by an internal OMIG data analytics resource (the percentage varies each year). Other referrals are received from OIA, the OMIG fraud hotline, Special Investigations Units at the Provider-Led Arkansas Shared Savings Entities (PASSEs) and external departments such as the Department of Human Services (DHS).
- OMIG has a team of 1 investigator, 5 auditors, and 6 additional staff (1 FTE for data analytics, 2 claims processors, 2 legal, and 1 program administrator); current capacity requires prioritization of cases for investigation because the workload is greater than available resources. OMIG’s data team reviews referrals prior to investigation or audit. Division leadership discuss and prioritize referrals to enable the assignment of resources. As one strategy to expand engagement of Medicaid providers without requiring staff interventions, OMIG also implemented recoupment and provider awareness letter campaigns.
- While there are steps in the division’s process for leadership to review referrals, a formal prioritization process and related tool are not utilized.

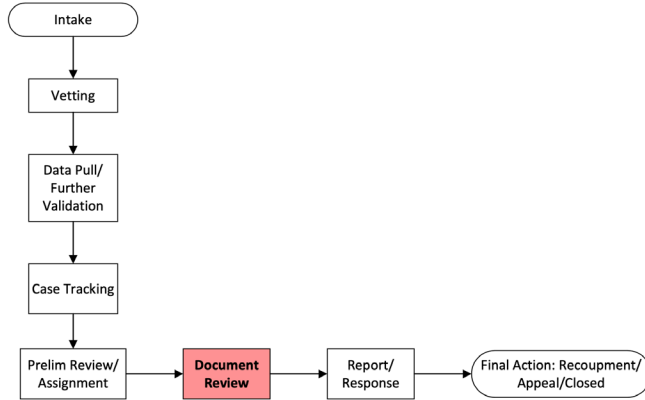
**Figure 8 – OMIG Suppliers, Inputs, Process, Outputs, and Customers Diagram**

Suppliers	Inputs	Processes	Outputs	Customers
<ul style="list-style-type: none"> <li>• Qlarant-contractor, FWA-gearred solutions</li> <li>• Optum-independent state data contractor</li> <li>• OMIG team provides data analytics</li> <li>• Anonymous public from the website/ calls/emails</li> <li>• DHS referrals</li> <li>• Legislature</li> </ul>	<ul style="list-style-type: none"> <li>• Allegation: who, what, where, when, why how?</li> <li>• Data analytics to identify potential fraud from trends</li> <li>• Federal and state regulations (primary focus) concerning Medicaid practices</li> </ul>	<ul style="list-style-type: none"> <li>• Intake</li> <li>• Vetting</li> <li>• Data pull to further validate</li> <li>• Case tracking</li> <li>• Preliminary review</li> <li>• Assign as project</li> <li>• Document review</li> <li>• Report/responsive</li> <li>• Recoupment/ Appeal/Closed</li> </ul>	<ul style="list-style-type: none"> <li>• Referral to MCFU</li> <li>• Case created Optum Case Tracking for data analytics</li> <li>• Referral to Auditor or investigator</li> <li>• Recoupment letter</li> <li>• Referral to DHS for beneficiary issue</li> <li>• Referral to outside agency</li> </ul>	<ul style="list-style-type: none"> <li>• Provider</li> <li>• Outside agency</li> <li>• Contractor: Optum or Qlarant</li> </ul>

Source: Developed in work session with DIG staff on 06/27/24.

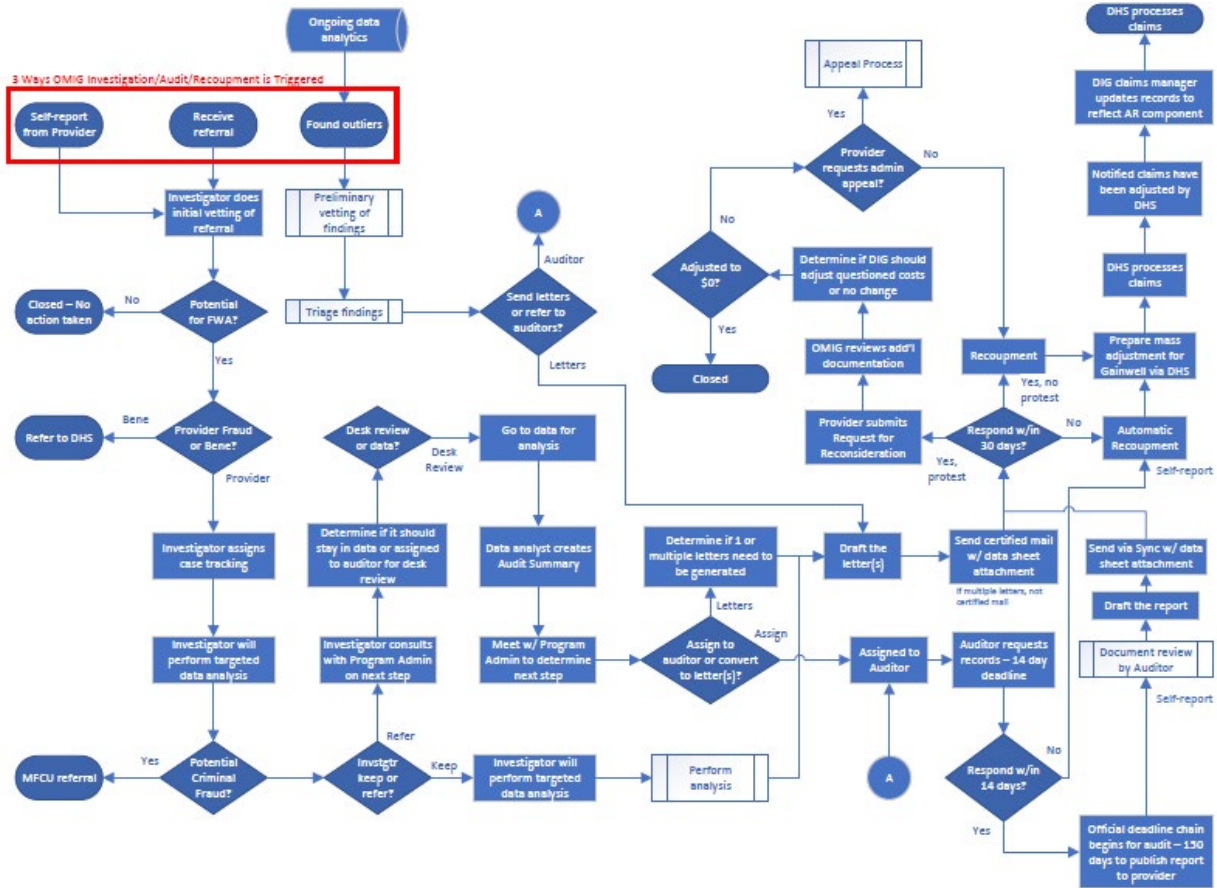
**Figure 9 – OMIG Strategic Compass**

DIG/OMIG Strategic Compass  
**Goal:** To identify Fraud, Waste, and Abuse within the Medicaid program to avoid excessive and unnecessary expense. The disallowed expenses recovery rate is very high.



Source: Developed in work session with DIG staff on 06/27/24.

**Figure 10 – OMIG Referral Intake and Triage Process**



Source: Developed in work session with DIG staff on 06/27/24.

**Rationale:** It is anticipated that the number of Medicaid and non-Medicaid audits and investigations will continue to increase in the future as DIG better leverages available data to identify potential fraud, waste, and abuse (see Initiative DIG-2), necessitating a more formalized process (prioritization tool) for triaging audits and investigations in OIA and OMIG, to ensure the best use of DIG’s finite audit and investigation resources. Based on this anticipated need, **Initiative DIG-1 directs DIG to implement a triage process which is anticipated to improve the quality and outcomes of investigations, and ensure resources prioritize cases to maximize recoveries for the state.** Other state examples illustrating the potential of a more comprehensive triage process at DIG are shown in **Figure 11.**

**Figure 11 – Other State Examples: Triage**

State	Process Overview	Triage Questions
<p>Florida Office of Inspector General</p>	<p>The OIG function is embedded within each state agency. Using the example of the Department of Health, OIG receives complaints from multiple sources (public, employees, contractors, other departments). Complaints are logged, triaged, and assigned a prioritization in their Incident Report System. Using the identified triage questions, each complaint receives a status (direct excerpt from tool):</p> <ul style="list-style-type: none"> <li>• No Further Action – the complaint does not meet the standard for further review or investigative action and is closed.</li> <li>• Preliminary Inquiry – the complaint needs further review to determine the course of action that will be taken.</li> <li>• External Referral – the complaint falls under the jurisdiction of another entity and it is referred to that entity.</li> <li>• Management Advisory or Management Referral – the complaint is determined to be one of a management issue and is sent to management for review and action deemed appropriate. Management may be asked to report back to the OIG their results and any action taken.</li> <li>• Internal Investigation – the non-whistleblower complaint will be investigated by OIG staff.</li> </ul>	<p>OIG management considers a variety of factors when determining the best course of action for handling each non-Whistleblower complaint. Examples of the criteria they consider include (direct excerpt):</p> <ul style="list-style-type: none"> <li>• Does each allegation suggest a potential violation or law, rule, and/or policy?</li> <li>• Did the complainant(s) provide supporting evidence for each allegation?</li> <li>• Did the complainant(s) provide witnesses for each allegation?</li> <li>• What OIG staff resources and expertise will be needed and are they available?</li> <li>• What is the seriousness of each allegation?</li> <li>• Could additional evidence be reasonably obtained by OIG staff?</li> <li>• Is the allegation a management issue, best handled by local management?</li> </ul>

State	Process Overview	Triage Questions
	<ul style="list-style-type: none"> <li>Whistle-blower (WB) Investigation – the complaint will be investigated by the OIG as a whistle-blower investigation, subject to the requirements of the Whistle-blower’s Act.</li> </ul>	
Texas Office of Inspector General	<p>The Texas Predictive Analytic Tool is a product developed by the Texas data broker (vendor) to identify the risk level for applicant households and to support assignment of more senior staff based on case complexity. It has been piloted and is expected to be used widely in the near future. Early usage of the tool has made it possible to identify cases as high risk that may not have otherwise resulted in an investigation and identifying cases where there is not a need to expend more investigations resources.</p> <p>A version of this tool is being used today in Ohio for Medicaid ex parte automated renewals. The tool can also be adapted to support the triage process (such as to identify referrals as low, medium and high risk).</p>	<p>The risk levels are based on information provided by applicants about the household and other information including:</p> <ul style="list-style-type: none"> <li>Eligibility System information entered for each individual (name, address, Date of Birth (DOB) and Social Security Number (SSN), if applicable);</li> <li>Information obtained from State and Federal data sources for each individual age 16 and older; and,</li> <li>Additional data from sources specific to Predictive Analytics model.</li> </ul> <p>The information PA identifies as potentially questionable determines the overall Risk Level and applies to the entire household. PA assigns the highest Risk Level to the report.</p> <p>The Risk Levels range from lowest to highest:</p> <ul style="list-style-type: none"> <li>No Risk</li> <li>Low Risk</li> <li>High Risk</li> <li>Potential Fraud</li> </ul>

**Implementation Considerations: Appendix A – DIG Work Plan** – provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DIG staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Conduct end-to-end investigations process mapping and formalize policies and procedures for the intake, evaluation/prioritization, and audit and investigation processes (for both Medicaid and non-Medicaid investigations). This will support completion of consistent and efficient investigations and can serve as a training tool. Some specific process gaps to consider include:
  - How to conduct value-based audits, given their growing use in government programs.
  - Formalizing mechanisms for tracking investigation outcomes to drive accountability in achieving outcomes.
- Enhance collaboration with the Department of Human Services (DHS) by reviewing key process steps used by both departments and maximizing collaboration in the Medicaid investigations processes. If required, review and revise the current Memorandum of Understanding (MOU) between the two departments to articulate the duties, task, timelines of each department.

- Establish an ongoing, defined cadence of meetings with DIG’s partner departments including DHS and the Attorney General Medicaid Fraud Control Unit to ensure strategic alignment of programs, review process improvement opportunities, discuss investigation findings and mitigation strategies, and share best practices.
- Explore the feasibility of expanding DIG OIA investigator access to data to support the quality of investigations (see Initiative DIG-2).
- Vet workflow management tools (also known as case management systems) to support DIG divisions with real-time task management, improve collaboration, and ensure timely completion of investigations. Divisions that may especially benefit from such a tool include OIA and OMIG. Some organizations choose to purchase an available software as a service solution (i.e., Salesforce, Amazon Simple Workflow) and some choose to build their own platform. DIG should consult with TSS DIS, as it has some relevant tools immediately on hand, as well as some that will be available in the near future with workflow features (e.g., ServiceNow and IBM CloudPak for Automation).

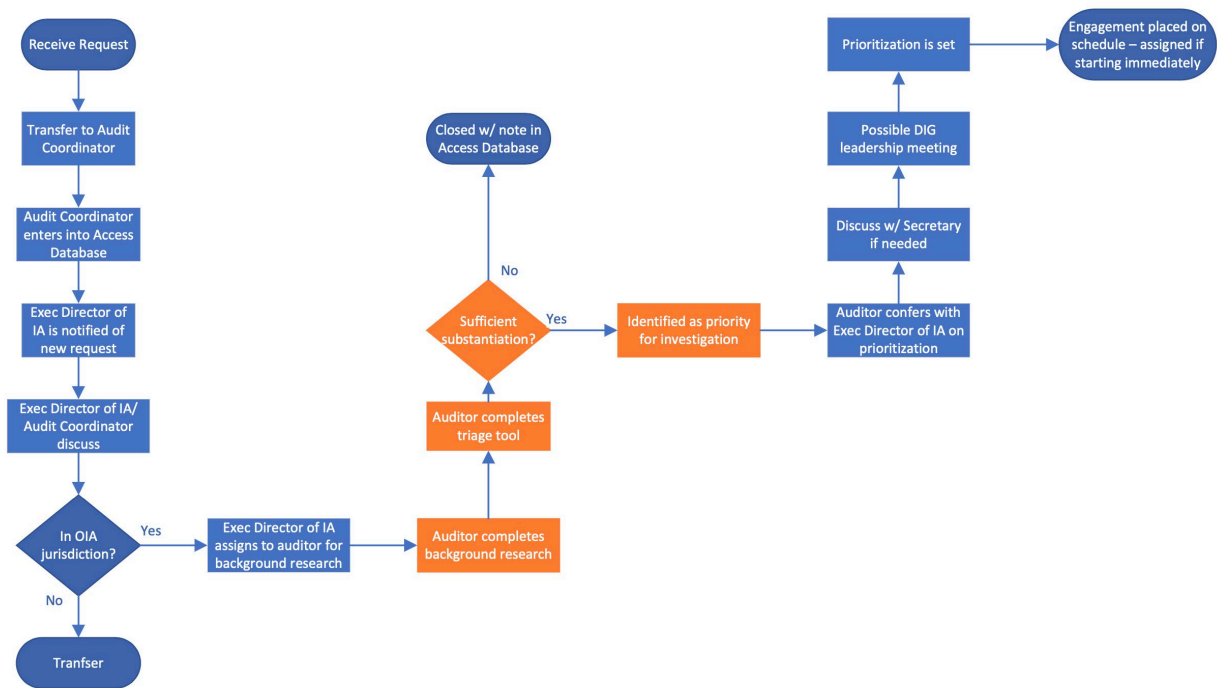
**Recommended steps for establishing an improved and standardized triage process (future state):**

- Review audit and investigation outcomes to identify common factors for successful and non-successful cases (separated by case type).
- Identify and formalize criteria for prioritization of Medicaid and non-Medicaid audits and investigations and obtain leadership buy-in on criteria (e.g., beneficiary impact, high-risk provider types, funding threshold).
- Review current intake form for audit and investigation referrals to DIG with a workgroup of auditors and investigations staff to identify additional data fields for inclusion that could provide more complete information to use in the prioritization process and subsequent investigation. These fields should tie to the criteria identified for triage (e.g., if beneficiary impact is one of the criteria added for the triage process, related fields for the form could provide coded options for the referring entity to categorize the beneficiary impact (e.g., health and safety, improved experience, fiscal impact).
- Create a workflow for new triage process and a standard process for prioritized investigations, with clear steps, decision points, and accountable parties (separate processes for Medicaid and non-Medicaid audits). Note that Figures 12 and 13 provide a high level view of the process, with the triage steps noted, but this recommendation would be to develop the triage sub-process in greater detail.
- Pilot and refine the triage program criteria using a set of well-understood and documented case types. Measure results of the pilot and compare outcomes against baseline measurements to identify the impact of process changes on investigation quality and outcomes. Because there is not a current baseline, defining and collecting initial data to serve as a baseline will need to be addressed in the planning for this initiative.
- Implement the new triage process fully for all audits and investigations, based on pilot results. Refine approach if pilot proves unsuccessful.
- Establish regular review of triage process to ensure continuous improvement. A risk of developing a codified triage process is that such a process could create “blind spots” for DIG that allow new adverse patterns to expand and grow unchecked. To mitigate this risk, DIG should (1) conduct regular audits on leads falling out of current triage process to identify any trends or patterns; and (2) consider revising triage criteria if patterns based on findings.

**Alignment of department priorities with staffing and resources:** This initiative seeks to deploy existing staff resources efficiently; no additional staffing or re-organization of staff is required.

**Process changes, associated with implementing changes in the strategic plans:** This initiative has the potential to impact OIA and OMIG for referral, intake/prioritization, and investigations processes. **Figures 12 and 13** illustrate a proposed “future state” for OIA and OMIG, respectively, which includes implementation of more formalized and documented triage processes using a triage tool (see new steps shaded in orange). OIA and OMIG could create a triage template or tool that can be used to recognize opportunities for fraud, incentives for fraud, and high-risk areas using certain indicators. The reviewer would check for the presence of certain characteristics or indicators and aggregate the total number of indicators identified. While each indicator would be a separate event, combining the indicators in the determination of an overall score helps to determine the opportunity of suspicious activity. Over time, weights for the indicators can be established (e.g., certain indicators may be more often linked with fraud, waste, and abuse) and a more sophisticated scoring system developed. A sample of key indicators are identified in **Figure 14**. It is recommended that DIG staff meet to review this list as well as other state best practices to finalize a tool, scoring, and process for OIA and OMIG. Comprehensiveness of the tool should be balanced with limiting the number of indicators to avoid creating a form that is too burdensome for staff to complete. This method can be used to triage audit requests, investigation requests, grant monitoring, and/or other transactions.

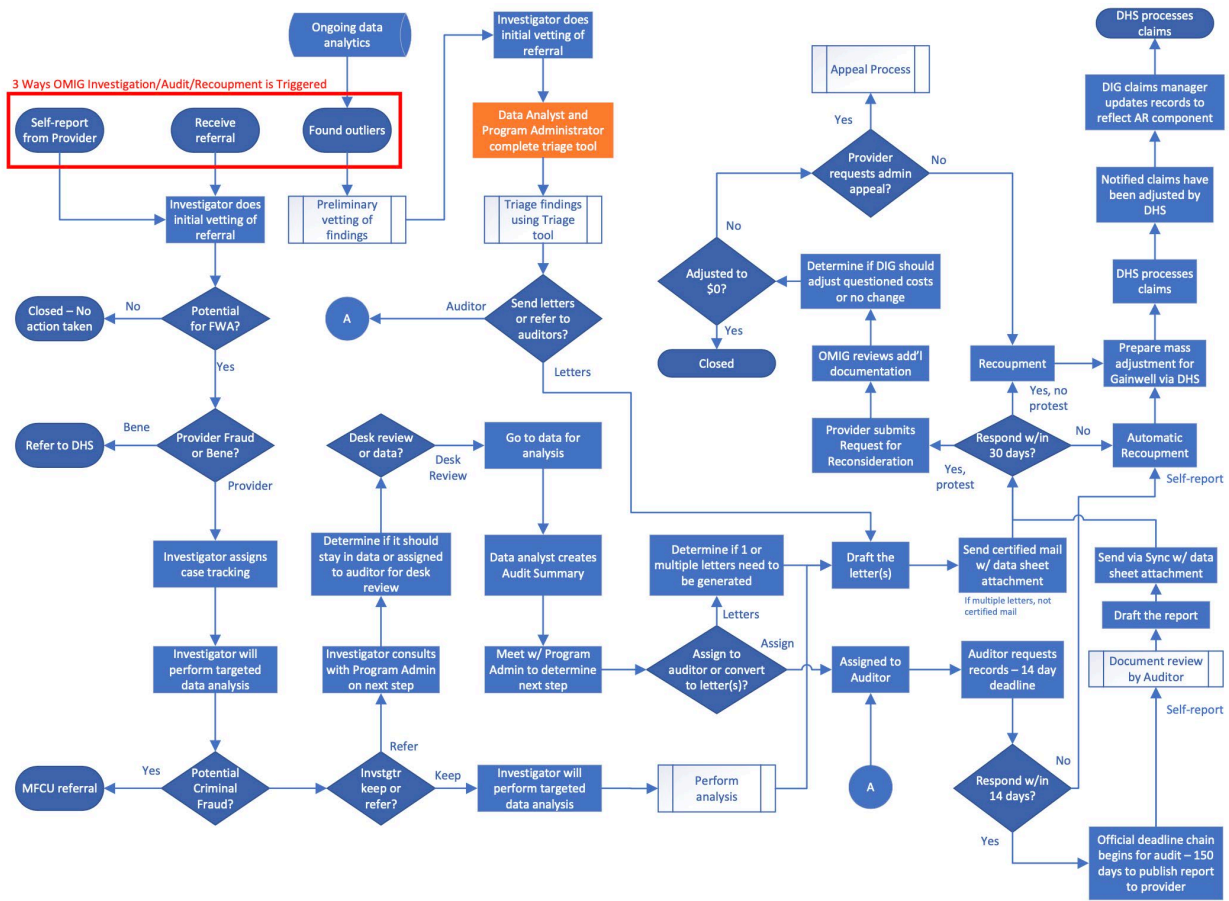
**Figure 12 – Proposed “Future State” OIA Triage Process**



Source: Developed in work session with DIG staff on 06/05/24.



**Figure 13 – Proposed “Future State” OMIG Triage Process**



Source: Developed by consultant team.

**Figure 14 – Sample Indicators to Consider in Developing a Triage Template**

Sample Indicators for Consideration	
<ul style="list-style-type: none"> <li>• Is the referral from the governor, secretary, or legislature?</li> <li>• Is the potential for the issue to receive news coverage?</li> <li>• Is there a health or safety issue?</li> <li>• Are the acts not compliant with state and federal laws and regulations?</li> <li>• Are there operational inefficiencies?</li> <li>• Are expected outcomes not being achieved?</li> <li>• Is the occurrence very likely to happen?</li> <li>• Is the occurrence more likely to occur?</li> <li>• Is there a significant fiscal impact or potential fiscal impact?</li> <li>• Is there an opportunity for incurring unnecessary costs?</li> <li>• Is there an increase in claims for reimbursement?</li> </ul>	<ul style="list-style-type: none"> <li>• Are there operational inefficiencies?</li> <li>• Is there a high turnover rate or key staff resignations?</li> <li>• Is there an opportunity for incurring unnecessary costs?</li> <li>• Are there inadequate controls?</li> <li>• Has overtime increased?</li> <li>• Are there potential conflicts of interest?</li> <li>• Are there instances where there is a failure to provide required items?</li> <li>• Is there a lack of financial controls that could lead to embezzlement?</li> <li>• Are there frequent instances where reports are not submitted in a timely manner?</li> <li>• Is information or data subject to falsification?</li> <li>• Is there potential for the substitution of materials or supplies?</li> </ul>

Sample Indicators for Consideration	
<ul style="list-style-type: none"> <li>• Are there delays in producing documentation or lack of documentation?</li> <li>• Are appropriate signatures missing?</li> <li>• Are there handwriting discrepancies?</li> <li>• Is there a high turnover rate or key staff resignations?</li> </ul>	<ul style="list-style-type: none"> <li>• Does the vendor or contractor have safeguards in place for identifying and reporting fraud, waste and abuse?</li> </ul>

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to target use of audit and investigation resources efficiently on the most significant instances of fraud and abuse based upon agreed criteria, supporting process improvement, timely completion of audits and investigations, and maximizing state collections. To support performance measure development and setting of goals, DIG should establish goal turnaround times for each priority level. Recommended performance measures include the following and should be captured for OIA and OMIG activities:

- Average time to close an audit (by priority level, measured in days)
- Average time to close an investigation (by priority level, measured in days)
- % of high priority audits completed within X days (need to establish goal based on current performance and goal turnaround for high priority audits)
- % of high priority investigations completed within X days (need to establish goal based on current performance and goal turnaround for high priority audits)
- % of completed and successful investigations resulting in a referral for prosecution
- Value of collections identified (in dollars)
- \$/% of collections successfully recovered

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on DIG’s initial analysis and re-evaluation, Initiative DIG-1 has the potential positive annual reoccurring financial impact of \$50,000, which includes cost savings/cost avoidance opportunities that could be captured in the future. It is anticipated that the costs of creating a triage process can be accomplished within existing resources. If some of the ancillary recommendations are implemented (such as adoption of a workflow management tool), there could be additional IT costs incurred (this could range significantly if an internal tool is developed vs. purchase of a software as a service solution). If this value is captured, it 1) may address an already agreed upon budget target, 2) may be reinvested, and/or 3) may be harvested in a budget reduction. This initiative could begin implementation immediately, with benefit being captured in 6 months, and according to staff, completion of this data initiative occurring in 2026.

**Change Management Plan:** This initiative may include formalization of processes and establishment of uniform processes. Clear communication with staff about the purpose for the changes should accompany any information on the new process changes. The primary changes contemplated in this initiative are internal to DIG and are not likely to require significant external change management. However, DIG may wish to expand collaboration with its key partner departments on the intake process (to improve the quality of referrals) and on its internal prioritization process to manage partner expectations. Recommended messaging and modalities

are included for each audience in **Figure 14**. Key activities and timing for communication plan are included in **Appendix A – DIG Work Plan**.

**Figure 14 – DIG-1 Communication Plan**

<b>Audience</b>	<b>Key Messages</b>	<b>Modalities</b>	<b>Owner</b>
Staff within Internal Audit Office	<ul style="list-style-type: none"> <li>• These process improvements are about professionalizing processes to achieve DIG’s mission.</li> <li>• DIG seeks to formalize processes to ensure continued focus on investigations with the potential greatest impact for Arkansans and to maximize the state’s recoveries.</li> </ul>	<ul style="list-style-type: none"> <li>• Town halls.</li> <li>• Emails and internal staff memos.</li> <li>• Policy manuals.</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Bragg</li> <li>• Ricky Quattlebaum</li> <li>• Samantha Blassingame</li> </ul>
External partner departments	<ul style="list-style-type: none"> <li>• DIG asks for support in expanding the information submitted with a referral (on the intake form) to support a new triage process. This could require more time/effort on the part of external staff submitting these referrals.</li> <li>• This information will help DIG triage referrals and ensure continued focus on investigations with the potential greatest impact.</li> </ul>	<ul style="list-style-type: none"> <li>• Face-to-face meeting with leadership of impacted departments.</li> <li>• Emails for impacted staff.</li> </ul>	<ul style="list-style-type: none"> <li>• Ricky Quattlebaum</li> <li>• Samantha Blassingame</li> </ul>

## Initiative 2: Use data/analytics to detect financial irregularities

This initiative recommends that DIG use data/analytics to detect financial irregularities for further investigation rather than relying primarily on referrals and complaints, to improve timeliness and outcomes of investigations and result in higher recoveries. The scope of this initiative includes use of data to identify investigations completed by OIA and OMIG.

**Initiative Overview and Current State:** Under A.C.A. § 20-77-2505, OMIG is required to “(1) Prevent, detect, and investigate fraud and abuse within the medical assistance program; (2) Refer appropriate cases for criminal prosecution; (3) Recover improperly expended medical assistance funds; (4) Audit medical assistance program functions; and (5) Establish a medical assistance fraud and abuse prevention program.” OMIG receives referrals from internal audits and data-driven analysis, the OMIG fraud hotline, DHS, law enforcement, and Special Investigative Units of Medical Managed Care Organizations (Dental Managed Care Organizations and Provider-Led Arkansas Shared Savings Entities).

OMIG’s organization includes one staff resource with education and training in advanced data analytics and access to two external vendors to support data analytics (Qlarant and Optum). The majority of OMIG’s audit and investigations workload today is generated through DIG’s own data

analytics efforts (the percentage varies from year to year but is typically half to three-fourths of the total referrals and complaints).

Under A.C.A. § 25-43-1004, OIA's authority is established, including that it may, but is not required to, audit (1) executive branch entities' financial and operating controls and transactions "to determine the level of conformity with established laws, standards, rules, and procedures;" as well as (2) executive branch entities' to appraise the efficiency and economy of operations and the effectiveness with which the functions achieve operational, reporting, and compliance objectives. Statute does not establish all areas of purview for audits and investigations; nearly all statutory guidance for audit activities is provided in departmental authorizing statutes.

For non-Medicaid referrals, access to data and analytics resources is limited and OIA's investigative functions are hindered by its lack of access. Despite the transfer of certain investigatory duties and resources from the Department of Human Services (DHS) and the Department of Finance and Administration (DFA) to DIG under the Arkansas Transformation and Efficiencies Act of 2019, DIG staff have not been able to obtain direct access to many state data bases, such as the adult and child maltreatment registry at DHS, and, in a number of cases, will have to make a specific request for temporary access to certain applicable state data from other departments. OIG staff have identified approximately 25 data sources that could improve the effectiveness and efficiency of investigations including but not limited to:

- Merged claims and encounter data across fee-for-service and managed care Medicaid programs;
- Access to additional claims data through the Arkansas Medicaid All-Payer Claims database; and,
- Other programmatic data housed in the Department of Finance and Administration's data warehouse.

**Rationale:** Access to data resources, capabilities, and needs differ for OIA and OMIG staff, but in both cases, significant opportunity exists to expand use of data to inform individual investigations and enable success of systemic efforts to eradicate fraud and abuse. **Initiative DIG-2 directs the department to expand use of data/analytics in the investigation process to improve fraud detection and the timing and quality of investigations, which could result in larger identification of recoupments.** For OMIG, expansion could involve greater dedication of resources for data analytics; for OIA, there is an opportunity to model some of the effective practices used by OMIG if the division can obtain access to necessary data.

At OMIG, data analytics have proven highly successful in identifying potential fraud and abuse, but there are opportunities for expansion:

- Given limited internal analytics resources, greater resources could enable greater analysis into additional data sets, provider types, and in building machine learning/AI or other models to proactively.
- Enabling OMIG staff to combine data sets (e.g., FFS and managed care data, or Medicaid and other payer data) may identify result in the proactive identification of new instances of suspected fraud, waste, and abuse in state programs based on provider behavior in other programs.

- Use of non-traditional data sources (such as social media platforms), which may support identification of fraud, waste, and abuse.

Collectively, these strategies support continued expansion and maturation of OMIG’s data analytics capabilities.

At OIA, for non-Medicaid audits and investigations, there are barriers to access needed data, which not only hinders completion of individual audits and investigations but prevents implementation of systemic interventions proven effective by OMIG such as data mining, predictive analytics, artificial intelligence. Other states have leveraging additional sources of data effectively to drive new investigations and collections in non-Medicaid programs. **Figure 15** outlines a best practice from the Texas Office of Inspector General (OIG), which has continued to invest in data analytics, calling these efforts “...one of the most effective uses of state resources, allowing investigators to identify risks program-wide instead of relying on individual referrals to identify misuse by a single provider...”<sup>2</sup> In addition, data-based monitoring of the many grant recipients in Arkansas represents an untapped area of oversight.

**Figure 15 – Best Practice: Texas Office of Inspector General**

Process Overview	Key Data Sources
<p>Texas OIG is a department included in the broader Health and Human Services Commission. As an HHSC agency, OIG has access to a data broker contract/vendor, which has been in place for 25 years. The vendor has entered into Memoranda of Understanding with other state and federal entities to leverage available data at no additional state cost except for construction of the data broker interface to connect to these data sources. Additional commercial data sources are also integrated into this system.</p> <p>Outcomes: In the first three quarters of 2024 alone, Texas OIG has recovered \$342.5 million from providers and beneficiaries.<sup>3</sup> This has included provider/MCO recoveries and beneficiary recoveries for programs including Supplemental Nutrition Assistance Program; Women, Infants, and Children; Medicaid; Temporary Assistance for Needy Families; and the Children’s Health Insurance Program.</p>	<p>State Data Sources available:</p> <ul style="list-style-type: none"> <li>• Texas Bureau of Vital Statistics: Marriage and divorce records</li> <li>• Texas Office of the Attorney General: Child support</li> <li>• Texas Health and Human Services Commission Quality Control: Quality sanctions</li> <li>• Texas Lottery Commission: Lottery winnings</li> <li>• Texas Health and Human Services Lone Star Business Services: EBT Out of State Shopping</li> <li>• Texas Employer New Hire Report: Employer New Hires</li> <li>• Texas Division of Motor Vehicles: vehicle registration</li> <li>• Texas Workforce Commission: Quarterly Wages and Unemployment</li> <li>• Texas Department of Criminal Justice: Corrections data</li> <li>• Texas Department of Public Safety: Driver’s license registration</li> <li>• Texas Health and Human Services Integrity Support Services (ISS): Previous ISS findings and potential identity theft</li> </ul> <p>Federal Data Sources available:</p> <ul style="list-style-type: none"> <li>• US Citizenship and Immigration Services (USCIS): Citizenship and immigration data</li> </ul>

<sup>2</sup> Texas OIG, March 23, 2023, <https://oig.hhs.texas.gov/about-us/news/data-analytics-strengthens-oig-process>.

<sup>3</sup> Texas OIG, Q3 Fiscal Year 2024 Quarterly Report.

Process Overview	Key Data Sources
	<ul style="list-style-type: none"> <li>• National Directory of New Hires (NDNH): National new hires</li> <li>• Electronic Disqualified Recipient System (eDRS)</li> <li>• Disqualified Recipients</li> <li>• Federal Data Services Hub (FDSH)</li> </ul> <p>Additional commercial data sources (OIG pays to utilize this data through the data broker contract):</p> <ul style="list-style-type: none"> <li>• Accuity</li> <li>• Price Digests</li> <li>• Equifax</li> <li>• Lexis Nexis</li> <li>• Experian</li> </ul>

Sources: Texas OIG, Quarter 3 Fiscal Year 2024 report, Interview with state official.

**Implementation Considerations:**

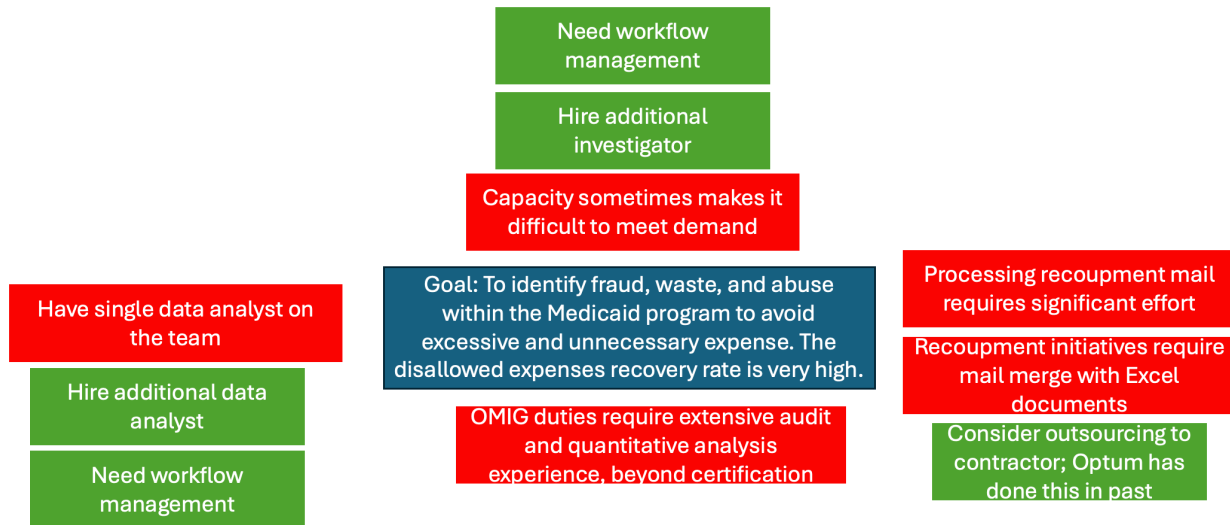
**Appendix A – DIG Work Plan** – provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DIG staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Cross-department coordination with multiple entities will support the implementation of these recommendations. OIA should form a workgroup with key partners like Transformation and Shared Services Department of Information Systems (DIS), Department of Finance and Administration among others, to support implementation of these recommendations and establish governance for shared data. Once implementation is complete, this body could continue meeting on a regular cadence to provide oversight.
- OIA, in collaboration with DIS and DFA, should determine the most feasible and cost-effective approach for data sharing, based on current and future capabilities. Obtaining access to discrete data sources or departmental data warehouses could address OIA’s needs in the short-term, while a longer-term integrated data warehouse approach or some other means of data sharing could be vetted. An incremental “crawl, walk, run” approach could be developed to allow the state to begin to immediately realize value from this initiative at low or no cost while longer-term solutions are vetted.
- OMIG’s current organization includes one primary staff resource with education and training in advanced data analytics and access to two external vendors to support data analytics (Qlarant and Optum). OMIG may consider repurposing existing vacant positions to expand the capacity of its internal team in a cost-neutral manner. Finally, to fully realize benefits of models such as data mining, predictive analytics, and artificial intelligence, DIG may consider identifying a vendor to build work with DIG staff in building these tools.

In planning for the implementation of this initiative, a work session with staff sought to define the anticipated barriers to success. **Figure 16** is an interference diagram, which depicts the main barriers/challenges (in red) to achieving the desired goal or outcome (shown in blue) and the proposed methods to overcome them (in green). The recommended steps to implement this initiative have been informed by these potential risks and proposed solutions.

**Figure 16 – OMIG Interference Diagram**



Source: Developed in work session with DIG staff on 06/27/24.

**Recommended steps for establishing an improved and standardized triage process (future state):**

- Identify OIA’s comprehensive data needs to improve investigations and anticipated data sources. This assessment should include not only the domains of data that would improve investigations but include identification of any reporting needs or dashboards that would support utilization of this data.
- Engage partner departments where data sources are housed and build support for initiative (begin execution of communication plan).
- Form a workgroup with DIS staff, and staff from other impacted departments as needed.
- Engage General Counsel at DIG and impacted departments to develop MOUs to support DIG’s data access (identifying the sources, frequency, data access process).
- Complete technical requirements to enable data access/sharing and automated tools to detect FWA.
- Build reporting and dashboards to support investigations.
- Create policies for data governance and use and revise investigation workflows and standard operating procedures.
- Develop periodic trainings to train staff in value-based FWA, identifying anomalies, pattern recognitions, behavior analytics, and predictive modeling techniques.



- Explore opportunities to utilize alternative data sources like social media, all-payer database, public domain demographics, and automated news feeds; and data analytic tools to mine the data.
- Train OIA staff on available data sources; methods to access data; and new policies, workflows, and standard operating procedures.
- Monitor the identified KPIs to assess impact on number of investigations and recoveries (complete return on investment analysis).

**Alignment of department priorities with staffing and resources:** Reducing fraud and abuse is central to DIG’s mission and priorities and there are staff dedicated to investigation of Medicaid and non-Medicaid fraud today. Expanded access to data for OIA enhances the volume of investigations and the effectiveness and efficiency of investigations. OMIG’s staff have been highly effective in applying data analytics to address Medicaid fraud and expansion of capacity is likely to increase the impact of fraud and abuse investigation activities and increase recoveries.

**Estimation of any anticipated costs and staffing needs:** DIG may consider augmenting its OMIG internal data analytics resources team but it is recommended this is done in a fiscally neutral manner through repurposing of vacant positions or to be paid out of expected recoupments. OIA may require additional technical expertise to develop new data models as part of its investigations (mirroring the approach used by OMIG).

**Process changes, associated with implementing changes in the strategic plans:** The process changes will be primarily implemented at OIA, which will need to establish policies and procedures for data governance and use, as well as interoperability/data exchange.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to increase the number of investigations (for OMIG and OIA), improve the quality of and timeliness of fraud investigations, and increase the amount of recoveries by engaging in systemic, data-driven approaches. Recommended performance measures include:

- Number of investigations completed
- Average time to close an investigation (by priority level, measured in days)
- % of investigations with a finding of fraud or abuse
- % of completed and successful investigations resulting in a referral to the Attorney General Fraud Control Unit
- Value of collections identified (in dollars)

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on DIG’s initial analysis and re-evaluation, DIG-2 has the potential positive annual reoccurring financial impact of up to \$500,000, which includes cost savings and cost avoidance opportunities that could be captured in the future. If this value is captured, it 1) may address an already agreed upon budget target, 2) may be reinvested, and/or 3) may be harvested in a budget reduction. This initiative could begin implementation immediately, with benefit being captured in 6 months, and according to staff, completion of this data initiative occurring in 2026.



**Change Management Plan:** Collaboration with DHS and other state entities is essential to this initiative. Recommended messaging and modalities are included for each audience in **Figure 16**. Key activities and timing for communication plan are included in **Appendix A – Work Plan**.

**Figure 16 – DIG-2 Communication Plan**

Audience	Key Messages	Modalities	Owner(s)
External partner agencies	<ul style="list-style-type: none"> <li>• DIG OIA investigations staff need access to [Insert Name of Data Set] to be able to complete more investigations timely and successfully.</li> <li>• The State of Arkansas can realize significant benefits with expanded data analytics in fraud and abuse investigations, which will allow the expansion from individual cases to systemic investigations.</li> <li>• DIG will implement the safeguards needed to protect shared data.</li> <li>• DIG is building the internal capabilities to leverage data use.</li> <li>• Collaboration is needed to help both agencies continue to fulfill missions.</li> </ul>	<ul style="list-style-type: none"> <li>• Face-to-face meetings with department leadership</li> <li>• Face-to-face meetings with division leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Ricky Quattlebaum</li> <li>• Samantha Blassingame</li> </ul>

# Strategic Management Plan: Arkansas Department of Transformation and Shared Services

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# Overview

Arkansas Department of Transformation and Shared Services (TSS) is recognized as the administrative arm of Arkansas state government. Its focus is to identify efficiencies and cost-saving measures to streamline operations while providing optimal service to the state. TSS was formed in 2019 following the passage of Act 910, known as the “Transformation and Efficiencies Act” of the 92nd General Assembly.

TSS achieves its mission by supporting all departments and agencies through shared services and implementing new and ongoing transformation initiatives throughout state government. In addition to the Secretary’s Office, TSS is comprised of the Division of Building Authority (DBA), the Division of Information Systems (DIS), the Office of State Procurement (OSP), the Arkansas Geographic Information Systems Office (GIS), the Employee Benefits Division (EBD), the Office of Personnel Management (OPM), and

Below in **Figure 1** is a table of TSS’ six component offices at TSS and their mission statements and core functions.

**Figure 1 – TSS Component Offices/Divisions**

<p><b>Division of Building Authority (DBA)</b></p>	<p>The Division of Building Authority (DBA) mission is to act as the State’s agent in all state lease negotiations; provide direction, assistance, and approvals to Departments in all aspects of capital improvement projects and property transfers needs; and actively maintain and operate DBA owned or managed buildings efficiently and economically according to laws, rules, and regulations</p>	<ul style="list-style-type: none"> <li>• Leasing agent for private sector and state-owned property leasing</li> <li>• Maintains and operates a building portfolio of 1.6 million square feet</li> <li>• Provides architectural and engineering design reviews and conducts formal bidding and site inspection for capital improvement projects</li> <li>• Assists with property purchase or disposition transactions</li> <li>• Manages the Sustainable Building Revolving Loan Program for promoting energy-efficient upgrades</li> <li>• Provides oversight for the State’s Public Private Partnership (P3) contracting program</li> </ul>
<p><b>Division of Information Services (DIS)</b></p>	<p>The Division of Information Systems (DIS) mission is “Empowering the citizens of Arkansas through Technology.” The DIS Cybersecurity Office establishes security standards and policies for information technology in state government and serves as the focal point for cybersecurity issues. The office monitors and protects the state network and responds to any threats to the state’s technology infrastructure.</p>	<ul style="list-style-type: none"> <li>• Works 24 hours a day, 365 days a year, to ensure public services provided by the state Departments, boards and commissions, K-12 public schools, institutions of higher education, and city and county governments are always available to the citizens of Arkansas</li> <li>• Hosts critical applications that enable citizens to access online public services</li> <li>• Provides the following services: data center hosting services, network services, storage, and backup services, voice services, operational services, professional services, etc. Examples include Data Storage, Network Security, Private Cloud for Public Sector, Email, Windows Desktop support, Application Development, and more</li> </ul>
	<p>The Office of State Procurement (OSP) serves the citizens of Arkansas by ethically, efficiently, and transparently procures quality commodities and services for the State. OSP works to</p>	<ul style="list-style-type: none"> <li>• Registers business owners who supply the State with commodities or services</li> <li>• Posts opportunities to bid on State contracts</li> </ul>

<b>Office of State Procurement (OSP)</b>	make sure Arkansas Procurement Law and best practices are applied whenever commodities and services for the various Departments of the State are purchased.	<ul style="list-style-type: none"> <li>• Assists State Departments in their solicitations for commodities and services</li> <li>• Reviews contracts submitted for legislative review</li> <li>• Manages the State purchase card program</li> </ul>
<b>Geographic Information Systems (GIS)</b>	The Division of Geographic Information Systems (Arkansas GIS Office) mission is to promote the efficient development, maintenance, and distribution of Arkansas’ geographic information resources. The GIS Office also houses the Division of Land Surveys. Its mission is to be the national leader for the state’s archival, preservation, and restoration of the Public Land Survey System.	<ul style="list-style-type: none"> <li>• Maintains the Arkansas Master Address Program, Arkansas Centerline File, Municipal Boundary and Annexation Program, County Assessor Mapping Program, Arkansas Digital Ortho imagery Program, Corner Restoration Program, and Survey Plat Archival</li> </ul>
<b>Employee Benefits Division (EBD)</b>	The Employee Benefits Division (EBD) oversees the Health and Life Insurance Plans for State and Public School employees. EBD serves 158,000 members from state departments and agencies and 300+ school districts. Coverage reaches new hires, active employees, retirees, and covered dependents. EBD strives to ensure members have access to healthcare by providing affordable plans with rich benefits.	<ul style="list-style-type: none"> <li>• Operationalizes decisions made by the State and Public School Health and Life Insurance Board</li> <li>• Audits and provides oversight of vendor partners that service ARBenefits members</li> <li>• Provides customer service to members and Health Insurance Representatives by phone or in-person at EBD offices</li> <li>• Travels the state to educate members on the ARBenefits plan and benefits</li> </ul>
<b>Office of Personnel Management</b>	The Office of Personnel Management (OPM) administers the state’s personnel system and establishes necessary policies and procedures to ensure system uniformity under state and federal laws. OPM provides for the efficient utilization of state resources and the effective management of Classification and Compensation, Payroll, and Training.	<ul style="list-style-type: none"> <li>• Establishes job classifications, including job duties and minimum requirements to perform each job, as well as the statewide pay scale</li> <li>• Manages payroll system and ensures that all state employees are timely paid</li> <li>• Establishes and maintains the statewide performance evaluation system</li> <li>• Develops catalog of training courses for employee development and job performance</li> <li>• Manages programs: grievance procedure, catastrophic leave, and employee suggestions</li> </ul>

Source: Division mission statements taken from AR.gov, [https://portal.arkansas.gov/state\\_agencies/department-of-transformation-and-shared-services/](https://portal.arkansas.gov/state_agencies/department-of-transformation-and-shared-services/).

TSS’ initial purpose was to increase efficiencies in state government by pooling resources and provide a base for shared services in the offices consolidated within the agency. However through the Arkansas Forward project, a 2024 initiative to improve the efficiency and effectiveness of Arkansas’ 15 cabinet-level departments, TSS identified several opportunities to enhance its function as a shared services entity, and support the work of the other departments across the state through an enterprise-level approach. TSS believes a shared-services model related to four core functions -- Human Resources, IT, Real Estate, and Procurement -- will improve efficiencies.

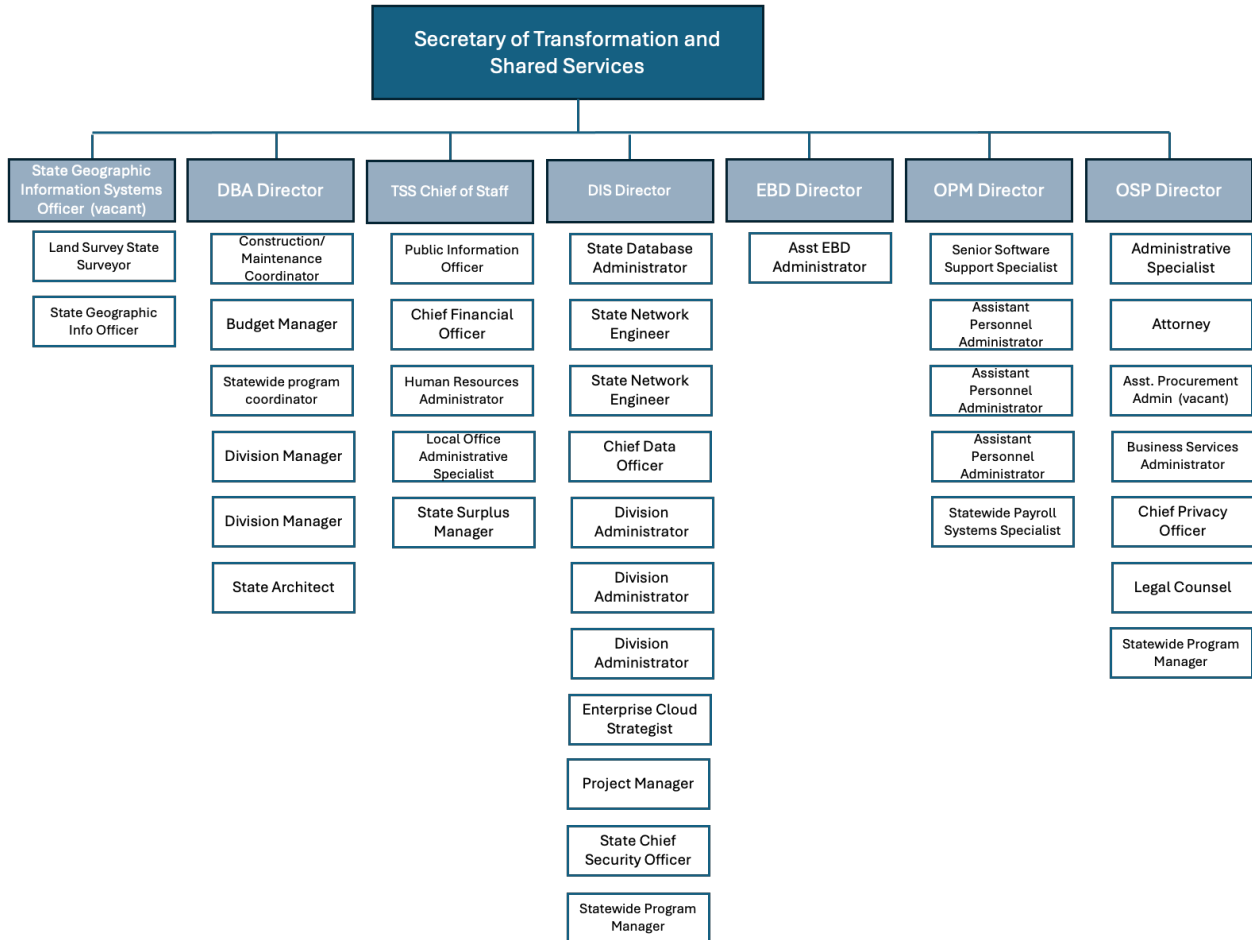
This Strategic Management Plan (“Plan”) memorializes the work completed by TSS during Arkansas Forward, translating its vision into a plan including its recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics (as captured

in each of the subsequent sections). A companion project plan (“Work Plan”) provides a more detailed resource to support implementation of the initiatives by TSS’ Arkansas Forward project management team.

## Recommended Organizational Structure

TSS’s current organization chart is shown in **Figure 2**.

**Figure 2 – Current Organizational Structure**



As part of Arkansas Forward, TSS’s structure was reviewed to identify opportunities for redesign in three areas:

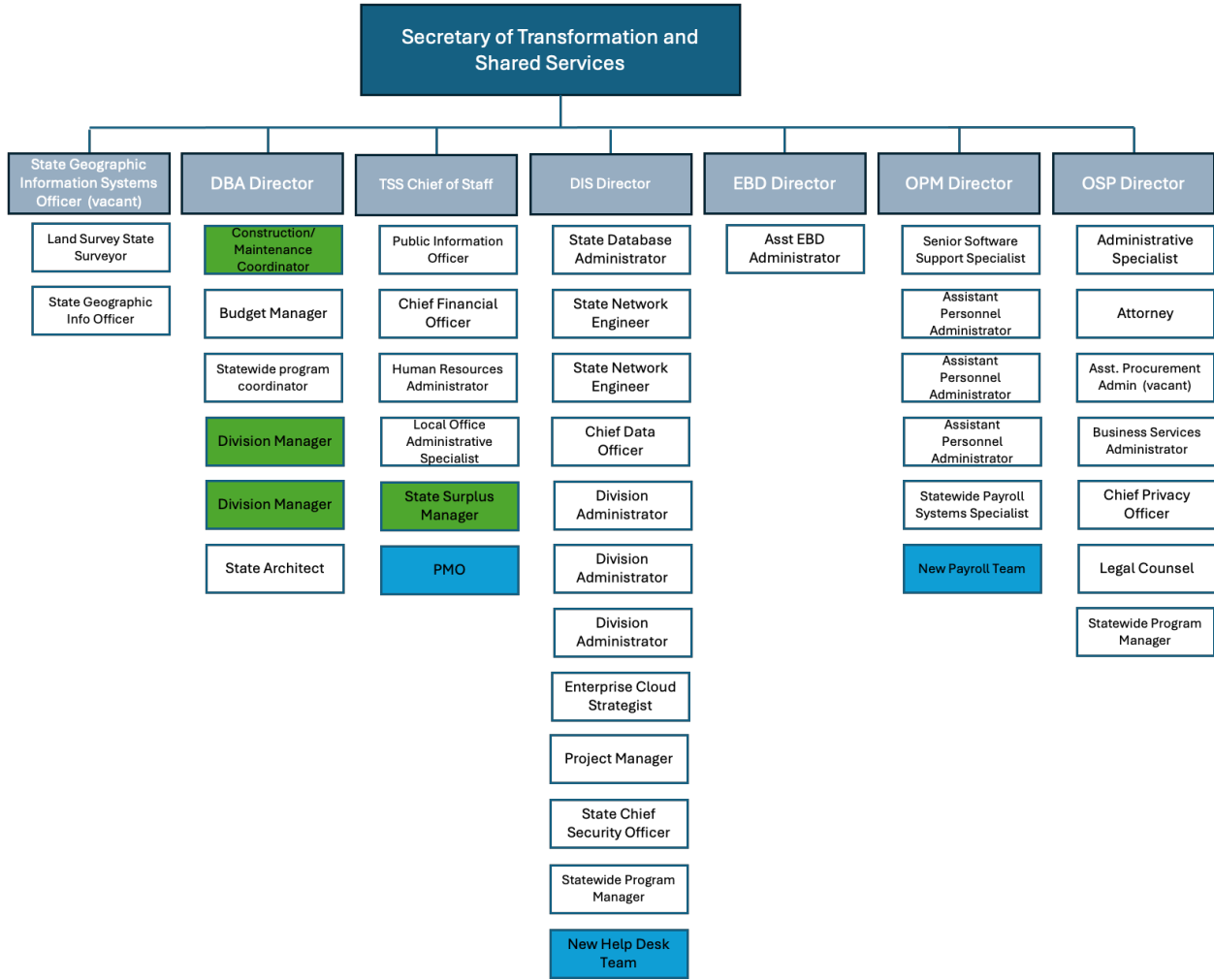
- Changes that would support the department’s execution of its mission;
- Changes identified through implementation of Arkansas Forward initiatives; and,
- Changes necessitated by Arkansas’ centralization of certain shared services functions.

TSS faces the dual challenge of becoming a more efficient and agile organization, and planning for the future of greater centralization of shared services. Balancing these competing priorities results in a nuanced path forward for the department. Recommendations for TSS’ future state organization, based on department interviews and analysis include:

- **Changes that would support the department’s execution of its mission:** Creation of a project management office (PMO) under the organization of the Chief of Staff is needed to support implementation of Arkansas Forward. This team will engage the departmental project managers, complete project status reporting, and provide support to the Chief of Staff in driving the work forward.
- **Changes identified through implementation of Arkansas Forward initiatives:** Diagnostic analysis identified the opportunity to review the span of control (team size) and organization of the Division of Information Services (DIS), the Division of Building Authority (DBA), and the State Surplus (reporting to the Chief of Staff). Throughout these functions, there are multiple instances of a leader with 1-2 reports, including several of the same position title. In some instances in which teams can be consolidated to improve collaboration and efficiency, with some leaders transitioned to senior subject-matter roles with no impact on pay, but this would require OPM to create these positions, which do not exist currently. DIS’ organization review was paused until further decisions about shared services centralization are made. Some of the small teams may be enlarged to account for additional staff transfers and DIS may reallocate existing leaders to supervise new functions, which would widen their span of control. Retention of DIS’ top talent is important in preparing the division for an expanded statewide role. A more detailed discussion of planned review activities for the other impacted areas will follow in TSS-0.
- **Changes necessitated by Arkansas’ centralization of certain shared services functions:** Based on direction from the Arkansas Forward Steering Committee, there is a need for both OPM and DIS to prepare for the transfer of additional resources from other departments as they centralize the payroll and help desk functions. OPM’s organization is lean and fairly flat, with reasonable and balanced spans of control today, but will need to plan for growth. TSS will need to prepare its organization for the increased responsibility and number of employees, which will require additional staff to perform these duties and may result in added layers of middle management. Throughout this report, recommendations for how TSS can strengthen its organizational capabilities are noted. There are several strategic investments flagged throughout the report including for project management and communication resources, and instances in which outside subject matter consultants may guide the TSS team in the implementation of these initiatives.

Recommendations for TSS’ future state organization are included in **Figure 3**. The boxes shown in blue represent new shared services functions which will be reporting to TSS’ management team. Decisions about the structuring of those teams have not yet been determined by TSS. Boxes in green show areas for review by division leadership for potential span of control and layer issues.

**Figure 3 – Recommended Organizational Structure**



**Meeting the Vision of an Effective and Efficient Future Department:**

As a department charged with transformation and improvement, TSS can take steps to make its current organization structure more efficient, serving as a model for the other cabinet-level departments. An initial investment in project management resources will provide support to sustain the work of Arkansas Forward. To drive the effective centralization of state services in the areas contemplated under Arkansas Forward, TSS must also ready its organization for the expected growth in staff (to be accomplished via transfers from other departments, at no net increase to the State of Arkansas) and responsibilities for additional functions. Additional resources (whether through transfer of positions or new positions) would be required to implement the additional human resources and information technology shared services contemplated for transfer to TSS). In addition, implementation of a change management strategy that places the customer experience of its peer departments, a commitment to service level improvement, and transparency at the center will support this statewide shift toward efficiency.

# Key Initiatives Prioritized for Arkansas Forward Implementation

TSS leadership generated over 190 ideas to improve departmental effectiveness and efficiency, before prioritizing 19 initiatives for immediate implementation as part of Arkansas Forward. These ideas included initiatives identified through TSS workshops (known as “TSS initiatives”) and initiatives that were developed as a result of the cross-functional workstreams (“Functional Initiatives” or FUNC”). The origin of the recommendation is noted in the naming convention for the initiative. The complete list of the high priority Arkansas Forward initiatives for the department is provided in numerical order, for ease of navigation and includes:

- TSS-0 – Optimize TSS manager roles and team size for better control and efficiency
- TSS-6 – Launch centralized FOIA processing division
- TSS-9 – Develop shared services performance framework
- TSS-10 – Consolidate executive branch boards and commissions
- TSS-11 – Improve coordination among procurement roles across the state
- TSS-12 – Improve coordination among HR roles across the state
- TSS-13 – Improve coordination among IT roles across the state
- TSS-30 – Create an IT procurement center of excellence
- TSS-36 – Establish a statewide data hub
- TSS-39 – Deploy Arkansan- and employee-facing platforms to leverage statewide data hub
- FUNC-4 – Standardize specifications for long tail purchases and award state contracts for those purchases
- FUNC-11 – Optimize professional services contracts
- FUNC-25 – Host an OSP roadshow for state departments
- FUNC-27 – Modify governance process for statewide contracted commodities
- FUNC-41 – Consolidate Little Rock office space in line with metro area plan
- FUNC-49 – Consolidate statewide office space outside of Little Rock
- FUNC-60 – Collaborate across statewide operational excellence and citizen experience roles
- FUNC-73 – Standardize and improve large IT program governance and management
- FUNC-82 – Reduce reliance on outside contractors

In addition to listing the initiatives in numerical order above, a functional organization follows, which groups reports of similar subject matter:

## **Facilities**

- FUNC-41 – Consolidate Little Rock office space in line with metro area plan
- FUNC-49 – Consolidate statewide office space outside of Little Rock

## **Procurement**

- TSS-11 – Improve coordination among procurement roles across the state



- FUNC-4 – Standardize specifications for long tail purchases and award state contracts for those purchases
- FUNC-11 – Optimize professional services contracts
- FUNC-25 – Host an OSP roadshow for state departments
- FUNC-27 – Modify governance process for statewide contracted commodities

### **Information Technology**

- TSS-13 – Improve coordination among IT roles across the state
- TSS-36 – Establish a statewide data hub
- TSS-39 – Deploy Arkansas- and employee-facing platforms to leverage statewide data hub
- FUNC-73 – Standardize and improve large IT program governance and management

### **Human Resources**

- TSS-12 – Improve coordination among HR roles across the state
- FUNC-82 – Reduce reliance on outside contractors

### **Other TSS Initiatives**

- TSS-0 – Optimize TSS manager roles and team size for better control and efficiency
- TSS-6 – Launch centralized FOIA processing division
- TSS-9 – Develop shared services performance framework
- TSS-10 – Consolidate executive branch boards and commissions
- FUNC-60 – Collaborate across statewide operational excellence and citizen experience roles

TSS’ focus as part of Arkansas Forward is to manage the centralization of multiple statewide functions to help the State of Arkansas realize the intended benefits from its shared services strategy. It should be noted that initiatives TSS-9-13 and several of the functional items contemplate centralization of various shared services at TSS and the drafts for these sections may provide helpful information to the initiative owners who are navigating their implementation. In each section, relevant best practices are included, but the core themes and lessons learned extend across several initiatives: communication, change management, and project management, among others. TSS has an opportunity to collaborate with the peer states who have implemented these strategies and are highlighted in this report, including by conducting site visits and meetings to learn about their experiences firsthand.

At the heart of this centralization is the importance of customer service and transparency about performance. The initiatives that contemplate centralization of various functions (such as TSS-11-13) are not only about centralization for efficiency’s sake, but also seek to leverage the expertise of a central team at TSS to deliver improved performance for the State of Arkansas and other cabinet-level departments. Notably, TSS-9, which directs TSS to establish a shared services performance framework (deployed through a tool such as a dashboard), is a building block for TSS to create support for centralization, establish accountability for performance, and drive continuous improvement. Throughout these drafts, there are discussions about the importance of adopting service-level agreements to formalize the relationship between departments and to foster accountability for TSS’ delivery of those services.

## Initiative TSS #0 - Optimize TSS manager roles and team size for better control and efficiency

This initiative seeks to optimize TSS manager roles and team size to create a more agile and efficient organization. It is a primary component of Arkansas Forward: for each cabinet-level department to build an agile organization. It includes implementation of a tailored and modernized organization to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions.

**Initiative Overview and Current State:** TSS' divisions are unique and distinct in their responsibilities. To identify opportunities for improvement, the following process was utilized:

- Leadership review of diagnostic tools and existing organization charts to find high-level areas of priority across all of TSS' divisions. Examples of the functions tested during this step included span of control, organizational shape, and number of organizational layers.
- Meetings conducted with Chief of Staff and division leaders of DBA, DIS, OPM, and OSP to review diagnostic tools and identify opportunities for improvement within their organizations.
- Leadership review of recommendations collected.

**Rationale:** Recommendations identified through the above process include:

- Prioritize DBA and State Surplus for first round of organizational improvements. There are multiple instances of supervisors with small teams, likely a function of location. There is an opportunity to increase span of control and expand team size, allowing for like positions to collaborate as members of a team. In some instances, certain leaders can transition to senior subject matter roles, pending the creation of these positions by OPM as part of the State Pay Plan.
- Pause reorganization of DIS until decisions about shared services are determined (e.g., the initial decision about Help Desk transfer has been made, but there may be additional staff moves if application support and development moves to DIS). DIS will need to conduct a more thorough analysis and discussion with impacted departments to identify how many staff will likely transition to DIS and what the corresponding team structure should be.
- Regarding readiness for shared services, DIS and OPM will require transfer of additional staff from other departments (no net increase to the state), particularly if service levels are established that elevate performance above the status quo (e.g., faster turnaround times, shorter timeframe for resolution of tickets). OSP is likely understaffed based on current duties (not assuming any major centralization of duties) and if there are expectations for increased volume of work due to departments using OSP for the types of procurements they currently handle in-house, the staffing demand will increase further. A department-by-department analysis of staff will be required to determine the intended impact to TSS' resources.

**Implementation Considerations:** Appendix A – TSS Work Plan provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff include:

**Strategies to address potential risks and enable success:**

- TSS needs a clear communication plan for each division’s organizational changes and point of contact regarding any staff moves. TSS needs to ensure that leaders understand the “why” behind moves and can support change in their conversations with staff (may need one-pagers or frequently asked questions). This is particularly important for managers
- Resources should be made available for newly formed teams to support team building and to support the teams’ reforming and ability to become high performing teams.

**Recommended steps to implement changes to TSS’s organization structure include:**

- Identify changes required by division (complete).
- Develop financial model (i.e., cost allocation methodology or method of charging departments for shared services) and funding sources.
- Review legal implications of proposed changes (in process).
- Obtain leadership approval for changes (in process).
- DBA and Chief of Staff (overseeing State Surplus) to prepare proposed organization charts based on efficiency improvements opportunities identified.
- DIS and OPM to begin planning for organization structure changes and assumption of shared services duties.
- Develop a Communication Plan – Need clear communication plan and point of contact regarding any staff moves, need to ensure leaders understand “why” behind moves and can support change.
  - Coordinate the announcements to support staff. It is best practice for staff to receive news of a transfer or major team change from their direct supervisor. If staff are moving teams, they should also receive contact from their new supervisor. After all individuals impacted directly by major team changes or moves are notified, a team meeting should occur. As these conversations move to deeper layers of the organization, it becomes important for leaders to be ambassadors of the message. The leadership team should understand what is happening and why so they can facilitate these discussions.

**Alignment of department priorities with staffing and resources:** The proposed organization chart for TSS is provided above in **Figure 3**. Realignment of TSS in these areas will help the department further achieve its mission and implement Arkansas Forward.

**Process changes, associated with implementing changes in the strategic plans:** Formation of central teams in the shared services areas will result in the need to review and revise team protocols (i.e., Human Resources will need to implement one timekeeping policy, one onboarding process for new staff).

**Estimation of any anticipated costs and staffing needs:** This initiative is not expected to result in additional costs. Most of the proposed organization changes would be achieved through the use of existing vacancies and other internal changes; in instances where this is not the case, OPM and Legislative approval is needed.

**Performance metrics to measure success post-implementation:** Proposed metrics to assess the impact of this initiative include:

- Span of control (size); and,
- Number of organization layers.

In addition to these measures, surveys could be utilized for impacted staff during the transition to identify and address any issues or concerns.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This change is not expected to yield cost savings but it will be an enabling factor contributing to greater efficiency at TSS.

**Change Management Plan:** Clear communication with staff about the purpose for the changes should accompany any information on the new process changes. Recommended messaging and modalities are included for each audience in **Figure 4**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 4 – TSS-0 Communication Plan**

Audience	Key Messages	Modalities	Owner
Staff impacted by changes	<ul style="list-style-type: none"> <li>• TSS is making some changes in our organization structure as part of Arkansas Forward.</li> <li>• TSS is investing in our team as a strategy to help us better serve our customers and fulfill our mission.</li> <li>• Detailed description of changes, including specific changes for every team impacted by the reorganization. Everyone continues to have a place on the team.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• Face-to-Face team meetings with leadership, future manager, and former manager.</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Fisker</li> <li>• Impacted division leads</li> <li>• Communication Director</li> </ul>
Other TSS staff	<ul style="list-style-type: none"> <li>• These changes are to strengthen our team, support collaboration, and enable more efficient decision-making.</li> <li>• High level summary of changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• All staff email.</li> </ul>	<ul style="list-style-type: none"> <li>• Communication Director</li> </ul>

### Initiative TSS #6 - Launch centralized FOIA processing division

This initiative includes creating a centralized Freedom of Information Act (FOIA) request processing division to field, triage, and fulfill FOIA requests and reduce administrative burden on state employees. Implementing this initiative has the potential to improve the efficiency and accuracy of FOIA requests to improve agency functionality and response quality and volume.

**Initiative Overview and Current State:** The Arkansas Freedom of Information Act (FOIA) of 1967 governs the request and provision of information of public record. The intent of the FOIA is to ensure an open government by elevating transparency so that citizens may be fully informed of the workings of their government and the actions of their public officials.<sup>1</sup>

Under Arkansas's FOIA law, state agencies have three working days to respond to a FOIA request with the requested public information if a public record is in active use or storage and therefore not available at the time a citizen asks to examine it; if it is available, it must be provided immediately. Departments, the custodians of the records, must determine within twenty-four hours of the receipt of the request whether the records are exempt from disclosure under state law. Either the custodian, requester, or the subject of the records may immediately seek an opinion from the Attorney General, who, within three working days of receipt of the request must issue an opinion stating whether the decision regarding the release of information is consistent with FOIA. When FOIA requests necessitate this level of review, they can become timely and cumbersome for the state agencies.

Currently, requests under FOIA for Arkansas state department-held public information are handled at each of the 15 cabinet-level departments, all of which are responsible for responding to FOIA requests received for their public records. For example, today in the Department of Public Safety, there are three attorneys that devote most of their time to addressing FOIA issues, when some of their time could be directed to other mission critical duties. Under state law, each state agency, board, and commission is required to prepare and make available the methods by which the public may obtain access to public records and a list and general description of its records, including computer databases.

While this enables subject-matter experts from the agencies to respond to FOIA requests requiring in-depth content knowledge, many FOIA requests do not require this level of expertise, and agency legal staff are constrained by the time requirements needed to review documents to be sent out in response to a FOIA request. Anecdotally, requests received are often poorly defined, making it challenging to respond timely.

TSS has a dedicated FOIA Officer. This employee is the point of contact for all requests for records. The FOIA Officer maintains an electronic record of all received requests at TSS and tracks the status of fulfillment for each request. Each entity within TSS has a designated point of contact who coordinates with the FOIA Officer in identifying the requested records, redacting any possible exemption, and providing those records to the FOIA Officer within the appropriate timeline. The division point of contact works through the TSS FOIA Officer and in conjunction with legal. Year-to-date 2024, TSS' FOIA Office has received 80 actionable requests and approximately 200 requests from non-citizens or custodians, which do not require resolution per statute.

In 2015, the Arkansas General Assembly established the Open Data and Transparency Task Force to determine the best practices to achieve the most efficient systems for maintaining and delivering the state's public records and data. This task force issued a report in December 2016 which recommended creating the position of chief data officer housed within DIS at TSS to lead a data warehouse program. Following these recommendations, Act 912 of 2017 created the positions of the

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<sup>1</sup> 2022 Arkansas FOIA handbook.

Chief Data Officer (CDO) and Chief Privacy Officer (CPO), established the Data and Transparency Panel (DTP) and required completion of a feasibility and cost study on the development of a statewide data warehouse program. These ongoing efforts are known as the ARDATA team housed with the Secretary's Office at TSS.

In 2017, the Arkansas General Assembly created the "Arkansas Freedom of Information Task Force:" a State sponsored entity given "the responsibility of evaluating proposals being promoted by various members of the State Legislature which, if adopted, would affect, in some way, the Arkansas Freedom of Information Act of 1967, as amended." The Task Force includes 9 appointees, including:<sup>2</sup>

- One (1) member appointed by the Governor;
- One (1) member appointed by the President Pro Tempore of the Senate;
- One (1) member appointed by the Speaker of the House of Representatives;
- One (1) member appointed by the Arkansas Press Association, Inc.;
- One (1) member appointed by the Arkansas Freedom of Information Coalition;
- One (1) member appointed by the Arkansas Pro Chapter of the Society of Professional Journalists;
- One (1) member appointed by the Arkansas Broadcasters Association;
- One (1) member appointed by the Association of Arkansas Counties; and
- One (1) member appointed by the Arkansas Municipal League.

**Rationale:** By centralizing all state FOIA requests through TSS, the State could streamline operations, reduce costs, and improve transparency. **Initiative TSS-6 directs TSS to create a statewide centralized FOIA processing division**, which could involve greater dedication of resources for personnel and materials.

Consolidating FOIA requests and channeling them through a centralized request processing division at TSS will enable department legal staff to devote more time and resources to their department-centric functions. In addition, centralizing some FOIA functions has the potential to improve the efficiency and accuracy of FOIA requests to improve agency functionality and response quality and volume.

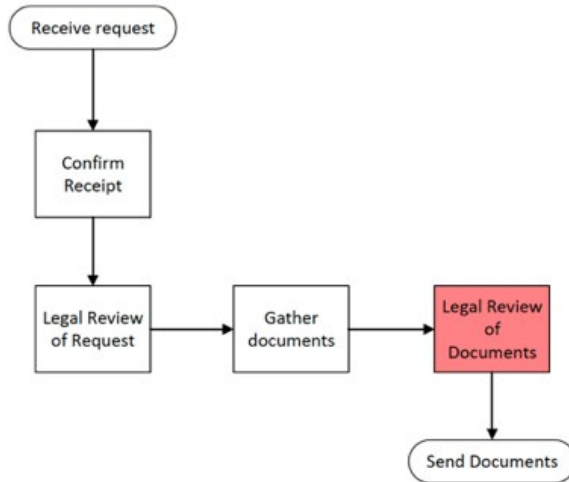
TSS' goal is to achieve government transparency by enabling the public to review public records, accounting for exemptions that protect government functions by not compromising policy or certain operations. A strategic compass for this initiative can be seen below in **Figure 5**. This figure presents the overarching goal of the initiative and the high-level process steps and constraints.

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<sup>2</sup> Arkansas Code, 25-19-111.

**Figure 5 – FOIA Process Strategic Compass**

**TSS-6 FOIA Strategic Compass**  
**Goal:** Achieve government transparency by enabling the public to review public records accounting for exemptions that protect government functions by not compromising policy or certain operations



**WGLL Inside Constraint:** Records are organized logically and condensed where possible. Scope is confirmed or narrowed by Requestor. There is a plan to accomplish large reviews. Review time helps accomplish 3-day turnaround where possible. There is a thorough analysis of exceptions. The Attorney General is consulted wherever needed.

Source: Work session with TSS staff on June 25, 2024.

As one possible model for consideration, Hawaii operates a separate state agency charged with interpreting, advising and enforcing the law and releases information in an open data format. The “Office of Information Practices” (OIP) is administratively attached to the Department of Accounting and General Services. OIP provides uniform interpretation, advice, and training on two Hawaii laws intended to promote open and transparent government: the Uniform Information Practices Act (UIPA), which requires open access to government records, and the Sunshine Law, which requires open public meetings. OIP renders advice and assistance on questions concerning the public’s right to access to government records or meetings and provides training to help agencies comply with the laws. OIP’s Attorney of the Day service enables members of the public or government agencies to email or call the agency to obtain general, non-binding advice regarding the UIPA or Sunshine laws.

OIP does not act as a clearinghouse processing all the record requests for government agencies statewide, however it administers the “Records Report System” (RRS), a digital database containing a description of more than 29,000 record titles from records maintained by State and county government agencies. In addition, through its Attorney of the Day service, OIP achieved same-day resolution of 89% of the approximately 1,584 formal and informal requests for services that it received and resolved in fiscal year 2022. OIP reports that agencies usually conform to OIP’s informal



advice, preventing or quickly resolving disputes that would otherwise lead to more labor-intensive formal cases.<sup>3</sup> According to data issued by OIP, of 2,253 formal requests to state agencies received in FY 2023, 366 (16%) were personal record requests, 124 (6%) were complex requests, and the remaining 1,763 (78%) were nonpersonal and noncomplex requests, i.e. “typical” requests. This suggests that, assuming Arkansas state agencies receive a similar breakdown in public records requests, a large majority do not require substantive subject matter expertise or specialized knowledge of department data.

By learning from this model, Arkansas and TSS have the potential to establish a centralized FOIA function to aid in cutting down on agency time to respond to FOIA requests, by handling non-complex or non-specialized information requests. For other requests requiring more content-related knowledge, TSS should consider utilizing a model such as “Attorney of the Day” as implemented in Hawaii (see above) where TSS can consult with other departments to ensure responses are provided accurately and timely.

**Implementation Considerations: Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

**Figure 6** illustrates some of the barriers to success identified by staff in implementing a statewide FOIA process. The barriers to achieving the goal are shown in red and solutions to overcome them are shown in green.

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<sup>3</sup> “The Facts about the Office of Information Practices,” April 21, 2023, <https://oip.hawaii.gov/the-facts-about-the-office-of-information-practices/>.



Figure 6 – FOIA Process Interference Diagram



Source: Work session with TSS staff on June 25, 2024.

### **Strategies to address potential risks and enable success:**

- The volume of requests is often significant; having an external review firm or utilizing eDiscovery software can help address this risk.
- Department subject-matter complexity may be difficult to centralize, and agency-specific exemptions require Subject Matter Experts (SMEs) and legal reviews; strategies to address these risks include having specialized areas of focus for centralized team members, doing regular trainings, and establishing a FOIA Taskforce with agency reps.
- Leverage TSS capabilities to deploy materials to Arkansans about FOIA improvements to address the risk that perception of changed FOIA processes among Arkansans could be negative.
- TSS will lead implementation of a centralized FOIA function, and lead the collaboration effort with Governor's Office, Freedom of Information Task Force, and departmental General Counsels to ensure policies and practices developed will appropriately meet the needs of the state.
- TSS must collect and understand confidentiality requirements, as not all records can be shared between state departments/entities.

### **Recommended steps for implementing centralized FOIA function (future state):**

TSS staff identified the following key process steps as part of a facilitated work session:

- Identify workgroup of state staff to conduct a needs assessment – request each department to share data on the number and nature of FOIA requests to inform this assessment:
  - Establish a diverse needs assessment group comprising various agencies and legal experts.
  - Ensure representation from key departments with large number of FOIA requests to provide comprehensive insights into FOIA challenges and improvement opportunities.
- Conduct FOIA needs assessment to identify current FOIA processing challenges and improvement opportunities:
  - Identify team goals and objectives:
    - Define clear, measurable goals and objectives for the Task Force based on the findings of the needs assessment.
    - Align objectives with overarching state transparency and efficiency targets to guide the initiative effectively.
  - Identify departments to participate in FOIA needs assessment:
    - Identify a spectrum of agencies with varied FOIA demands to ensure a representative sample for the assessment.
    - Engage agencies early to foster collaboration and buy-in for the assessment process and subsequent reforms.
  - Discuss eDiscovery software options with DIS to support identification and packaging of materials for public release (e.g., emails, reports, and other deliverables).
- Identify team size, roles, and individuals that make up the response team (known as FOIA Taskforce):
  - Inventory of agencies' eDiscovery software tools and comparative benefits and drawbacks:

- Compile a comprehensive inventory detailing each agency's eDiscovery software tools, evaluating their functionalities and limitations
    - Assess the compatibility of existing tools with FOIA requirements to inform potential upgrades or standardized solutions
  - Inventory of agencies' FOIA processes and the comparative benefits and drawbacks:
    - Document current FOIA processes across agencies, highlighting strengths and weaknesses in responsiveness and transparency
    - Compare efficiencies and legal compliance across agencies to identify opportunities for harmonization and improvement
- Identify optimal system or systems to support expedited/timely FOIA responses, redaction capability, and document chain of custody maintenance:
  - Involve Governor's Office and Legislature in planning and development of the future state:
    - Engage the Governor's Office and Legislature early in the planning phase to secure commitment and alignment with the initiative's objectives
    - Leverage high-level support to navigate potential regulatory or legislative changes necessary for implementation.
  - Obtain Legislative and Governor's Office support:
    - Secure formal endorsements from the Legislative and Governor's Office to solidify backing for the initiative's strategic goals.
    - Foster ongoing communication to address any concerns and ensure continued support throughout implementation.
  - Develop appropriations/funding mechanism, including cost-sharing among departments:
    - Formulate a detailed funding mechanism outlining cost-sharing strategies with participating agencies.
    - Outline a budget proposal that addresses system implementation and operational costs, ensuring sustainable funding sources.
- Consider a centralized process where not all resources migrate to TSS: for highly complex, specific requests, TSS would engage experts from the impacted departments.
  - Consider: Role of DIS in supporting email and file identification and transmission.
  - Consider Hawaii example with "Attorney of the Day" support model.
  - Consider: seeking legislation to expand the Arkansas Freedom of Information Taskforce to include agency representatives or create a TSS FOIA taskforce including agency representatives.
- Secure authority with OPM assistance through legislative process to transfer team members to TSS (position authority and budgetary authority) and establish new team. Engage Office of Personnel management to enable this transfer and Legislative approval as needed.
  - Complete a return-on-investment analysis by department to capture the savings opportunities by consolidating activities under one department (i.e., the three attorneys at the Department of Public Safety who could be freed-up and diverted to other purposes and elimination of need to hire a fourth attorney as is planned today).
- Develop policy for new FOIA team.
  - Best Practices review:

- Conduct a thorough review of national and state-specific best practices in FOIA management to inform policy development.
    - Benchmark against industry standards to incorporate proven methodologies into the centralized FOIA framework.
  - eDiscovery software training:
    - Develop tailored training sessions to familiarize agency staff with eDiscovery software functionalities and compliance requirements.
    - Offer hands-on workshops to ensure proficiency in using software tools to streamline FOIA response processes.
  - Training materials from Attorney General:
    - Collaborate with the Attorney General’s office to develop comprehensive training materials addressing legal nuances and updates.
    - Incorporate legal precedents and case studies into training modules to enhance understanding of FOIA compliance requirements.
  - Develop training materials for specific subject matters:
    - Create specialized training materials focusing on distinct FOIA subject matters such as privacy, redaction, and exemptions.
    - Customize content to address agency-specific challenges and ensure uniform understanding of FOIA guidelines.
  - Develop training regarding coordination with the Division of Information Services (when FOIA requests can be satisfied by DIS, i.e., files and emails):
    - Design training sessions centered on requests for DIS, outlining standardized workflows for efficient handling.
    - Incorporate feedback from legal advisors to ensure alignment with legal standards and procedural fairness.
  - Consolidate material into a uniform process:
    - Streamline training materials and procedural guidelines into a cohesive user-friendly format accessible to all FOIA stakeholders.
    - Ensure consistency in messaging and procedural steps to foster transparency and streamline response efforts.
  - Validate with Attorney General:
    - Validate proposed FOIA processes and guidelines with the Attorney General’s office to ensure legal compliance and consistency.
    - Seek expert advice to refine processes and address any legal implications or concerns early in the development phase.
  - Validate with departments:
    - Solicit feedback from participating agencies to validate proposed FOIA processes and guidelines against practical operational scenarios.
    - Incorporate agency insights to tailor processes and enhance feasibility and effectiveness across diverse administrative contexts.
  - Documentation of uniform process:
    - Document finalized FOIA processes and guidelines in a standardized format for internal reference and external transparency.
    - Include procedural workflows and compliance checkpoints to facilitate consistent implementation and oversight.
- Establish standardized FOIA request processes and guidelines, both internal to the FOIA team and external to govern how the FOIA team interacts with departmental stakeholders
  - Vet with Governor’s Office and Legislature:

- Present finalized FOIA request processes and guidelines to the Governor's Office and Legislature for validation and endorsement.
    - Seek input to refine guidelines and ensure alignment with state transparency goals and legislative requirements.
  - Address public relations concerns and inform the public:
    - Develop a communications strategy to address public concerns and promote awareness of the enhanced FOIA processes.
    - Provide public updates on improvements and achievements to enhance transparency and public trust.
- Establish clear protocols for revising and updating guidelines based on evolving legislative requirements and stakeholder feedback.
- Train FOIA team and external stakeholders on new approach to FOIA response:
  - Design training based on developed processes and guidelines:
    - Customize training modules based on finalized FOIA processes and guidelines to address specific roles and responsibilities.
    - Tailor content to ensure comprehensive understanding of procedural changes and compliance requirements.
  - Implement training with ongoing updates:
    - Roll out training initiatives with regular updates to reflect any revisions or enhancements to FOIA processes.
    - Incorporate feedback from training sessions to refine educational materials and ensure continuous improvement.
- Monitor ongoing impact of FOIA centralization and adapt as needed
  - Implement a monitoring framework to track the impact of centralized FOIA processes on responsiveness and transparency.
    - Define performance metrics aligned with transparency goals to measure the effectiveness of centralized FOIA processes (suggested metrics are identified below; will need to establish internal benchmark or target for each selected metric).
    - Establish benchmarks to track response times, compliance rates, and stakeholder satisfaction for continuous improvement.
  - Update on regular schedule and consult with the Task Force on the results:
    - Schedule regular updates to report on the progress and outcomes of centralized FOIA initiatives to the Task Force.
    - Collaborate with Task Force members to analyze findings and adjust strategies as needed to optimize FOIA operations.

**Alignment of department priorities with staffing and resources:** Establishment of a statewide FOIA team would be a new statewide service for TSS to administer; TSS is positioned to fulfill this function effectively on behalf of the State of Arkansas and the purpose of this centralized team aligns with TSS' overall mission. During the needs assessment, TSS should identify staff resources at other departments with expertise in FOIA and volume of requests fulfill statewide, to determine how many team members will be needed to transfer to TSS to support this effort.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that a dedicated project team with expertise in FOIA processing and project management will be required, as well as new or upgraded systems. TSS would require an investment in eDiscovery

staff and resources for staff training, and that some staff would transfer to TSS to support the establishment of this function (no net increase to the State of Arkansas). TSS estimates a statewide FOIA process will have a potential positive annual financial impact of around \$400,000 per year from expected cost avoidance to departments (this will be realized across all departmental budgets, including TSS). A focused team of resources, working full-time on FOIA requests should achieve efficiencies in fulfilling these requests.

**Process changes, associated with implementing changes in the strategic plans:** TSS will need to create policies and procedures to establish a centralized FOIA process at TSS, including engaging individual departmental staff as needed for complex FOIA requests.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve the number, speed, and accuracy of FOIA request responses as well as free up agency legal and administrative staff time otherwise dedicated to responding to FOIA requests. Recommended performance measures include:

- Average time to complete FOIA request;
- Number of requests completed annually (is not expected to change as a result of the initiative but workload should be tracked to measure efficiency of process);
- Uniformity of compliance and responsiveness across departments; and,
- Number of hours saved for staff across agencies not responding to FOIA requests (estimated based on the total number of requests received and an estimated average time per request that would have been incurred by the department had the centralized process not been established).

**Identification and estimation of any savings the strategic plan could realize once implemented:** It is expected the statewide expenditures for FOIA will decrease as a result of this request. It is not anticipated that the potential savings noted above can be captured by directly TSS (savings above would be realized within the individual departments where resources are currently expended on FOIA). TSS will need to develop a costing methodology to charge departments for FOIA services or propose to consolidate appropriations for FOIA activities at its department.

**Change Management Plan:** Collaboration across state agencies, state leadership, and with citizens is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 7**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 7 – TSS-6 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
State Department General Counsels	<ul style="list-style-type: none"> <li>• Centralized FOIA function will reduce resource strain on GCs and other admin/legal staff allowing them to focus on core functions</li> </ul>	<ul style="list-style-type: none"> <li>• Agency emails</li> <li>• Town-hall style virtual meeting</li> <li>• Emails</li> </ul>	<ul style="list-style-type: none"> <li>• Courtney Traylor, TSS</li> <li>• Jessica Patterson (TSS) and Kelsey</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
	<ul style="list-style-type: none"> <li>Agency GCs/legal will be utilized as subject matter experts as needed; process developed to obtain information as needed</li> </ul>		Swindle (Governor's Office)
State leadership: Governor's Office, Attorney General's Office	<ul style="list-style-type: none"> <li>Consolidating FOIA responses within TSS will improve accuracy and timeliness of responses, potentially reduce costs, and save staff time</li> </ul>	<ul style="list-style-type: none"> <li>Leadership meetings</li> <li>Emails</li> <li>Legislative briefings</li> </ul>	<ul style="list-style-type: none"> <li>Courtney Traylor, TSS</li> <li>Jessica Patterson (TSS) and Kelsey Swindle (Governor's Office)</li> </ul>
Arkansans	<ul style="list-style-type: none"> <li>Arkansas is committed to transparent and open government-enabling one agency to oversee FOIA improves citizens' abilities to ask questions and get information about their tax dollars and how they are being used</li> <li>Cost to administering FOIA process is [INSERT] and this initiative seeks to use taxpayer dollars more wisely</li> <li>TSS' function is to improve the efficiency of state government operations; FOIA responses will fit well within the scope of the agency</li> </ul>	<ul style="list-style-type: none"> <li>Social media</li> <li>Open trainings/info sessions for the public</li> </ul>	<ul style="list-style-type: none"> <li>Courtney Traylor, TSS</li> <li>Jessica Patterson (TSS) and Kelsey Swindle (Governor's Office)</li> </ul>
AR Freedom of Information Task Force	<ul style="list-style-type: none"> <li>Consolidating FOIA responses within TSS will improve accuracy and timeliness of responses, potentially reduce costs, and save staff time</li> <li>The Task Force will play a role in ensuring FOIA function remains responsive and appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Open meetings with task force, news organizations, advocacy groups</li> <li>Social Media</li> </ul>	<ul style="list-style-type: none"> <li>Courtney Traylor, TSS</li> <li>Jessica Patterson (TSS) and Kelsey Swindle (Governor's Office)</li> </ul>

Note: There are intentional placeholders for initiative owners to add more detail to the messages once developed.

### Initiative TSS #9 - Develop shared services performance framework

This initiative includes the development of a performance framework for shared services that defines the customer base, establishes success metrics, and tracks and mitigates underperformance to those metrics. The establishment of service level expectations for all shared services functions and

a dashboard or “report card” that provides accountability for performance, will help TSS build trust and confidence in TSS’ capacity to lead additional shared services functions. In addition, in the future, if TSS shifts to a funding model where departments purchase certain services from TSS, establishment of a performance framework will be an important component to this model.

**Initiative Overview and Current State:** TSS’ primary focus is to identify efficiencies and cost-saving measures to streamline operations while providing optimal service to other departments. There remain opportunities to encourage and support TSS’ role among state departments to highlight the value TSS can provide as a shared services provider.

In its current state, TSS has not articulated a comprehensive performance framework across its shared services functions that includes: 1) what is measured, 2) who is responsible for measuring and reviewing performance, 3) how often performance is reviewed (monthly, quarterly, annually), and 4) what the escalation/remediation mechanisms include when performance is below expectations.

Examples of what metrics could include are as follows:

- Established timeframe to acknowledge and resolve escalations (similar to an IT Help Desk Ticketing system, but for each shared service).
- Average turnaround timeframes for standard requests.
- Overall process duration (e.g., length of procurement, time to hire).
- Overall process outcomes.
- Number of Service Level Agreement breaches (assuming creation of service levels).
- Average time to remediate Service Level Agreement breaches (assuming creation of service levels); and,
- Department satisfaction rates with TSS performance.

TSS confronts multiple barriers to the establishment of such a framework including:

- Timeframes not captured for all tasks performed today by TSS, making establishment of a baseline difficult and requiring TSS to change processes and documentation to enable capture of this data.
- Lack of access to data on certain processes that are partially centralized, where departments have some responsibility and control (e.g., all procurements not captured by TSS, making it challenging to assess average duration); and,
- Lack of consensus among cabinet-level departments on what metrics TSS should capture or would be valuable to departments.

Without this data, TSS cannot demonstrate to other Arkansas departments how its current array of shared services are performing. State agencies may be hesitant to avail themselves of shared services over which they have less control and visibility and may instead opt to keep these functions or services “in-house,” which can create inconsistencies and redundancies in services like IT support.

**Rationale:** For all shared services, develop a performance framework that defines the customer base, establishes success metrics, and tracks and mitigates underperformance to those metrics.



This effort would not only increase transparency, but also build confidence among state agencies that TSS can provide excellent services.

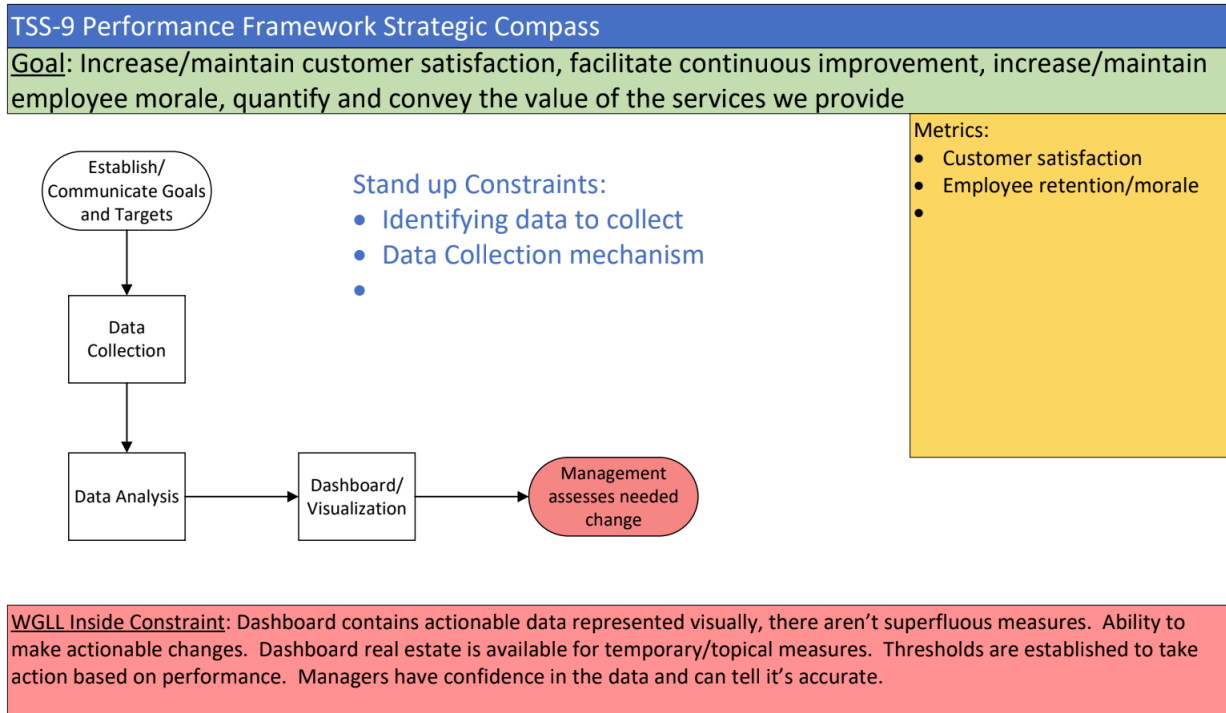
During field work, TSS completed a Performance Framework Strategic Compass, which can be viewed below at **Figure 8**. As it highlights, the goal of developing a framework for shared services performance is to increase/maintain customer satisfaction, facilitate continuous improvement, increase/maintain employee morale, and quantify and convey the value of the services TSS provides. This compass lays out the high-level process flow desired to reach the eventual end goal, along with a few metrics for the process achievement.

In this future state, TSS shared services would have available a dashboard (such as one that could be supported using a tool such as PowerBI or Tableau, or built using a proprietary tool) containing metrics for each shared service area. The dashboard would show current performance (trended over time, such as year-to-date) and include the agreed upon goal for each measure (e.g., 97% of Help Desk tickets resolved in 48 hours). TSS would manage to the dashboard internally and share it externally with partner departments on a regular frequency, such as monthly. TSS could establish the practice that if a target is not met, the department includes an action plan to improve performance in the following month. Using the example of the Help Desk above, if performance was 90%, TSS would include analysis of the root cause of the issue and identify solutions such as a staff refresher training and improvements to the routing and escalation processes as remedies. Annually, TSS can review targets and adjust them to drive continuous improvement. For example, if in its baseline, TSS found current performance for the Help Desk was that only 90% of tickets were closed in 48 hours, it could establish a plan to improve performance over time, by changing the target each year.

TSS could begin to develop this framework today for the functions over which TSS already is offering shared services and begin collecting some data in a pilot approach. By taking a piloted approach, a tiered methodology to collect data, measuring performance, and reporting outcomes can be implemented. For example, TSS can begin some of its Office of Personnel Management functions and then expand into the new shared services functions such as Payroll. TSS also use Help Desk tickets and how many are closed and resolved satisfactorily within a certain timeframe. This phased approach allows TSS to implement an initial dashboard concept quickly, build buy-in, and demonstrate value to its partner departments.

TSS can simultaneously or sequentially identify areas on which it would like to measure performance and collect data moving forward. Part of the process will be identifying and acknowledging 1) where TSS has no data or metrics; and 2) where performance data is available, but the agency is not doing well (and develop a corresponding process improvement plan. KPIs will be critical to governance to allow agencies some oversight into the functions of TSS, but these KPIs must be not only measured, but utilized to drive performance improvement.

**Figure 8 – TSS Performance Framework Strategic Compass**



Source: Work session with TSS staff on June 26, 2024.

TSS does not currently have all of the staff or resources required to successfully undertake the initiatives related to centralization and shared services. TSS will need to establish performance metrics for itself and develop a way to hold itself accountable and promote transparency for its functions as an agency and as they related to shared services. This can demonstrate the department's willingness to hold itself accountable and improve.

TSS will need to develop a change management plan to cultivate a culture of customer service, viewing the departments that they serve as customers or clients. When New Hampshire shifted to a shared services model for IT under the Department of Information Technology (DoIT), the Chief Information Officer credited his efforts at change management as being one of the most critical aspects of their success. Previously, DoIT viewed other agencies as peers, but they needed to shift to viewing them as customers, as their funding and structure depended upon other departments' adopting, using, and being satisfied by their service (more detail is provided in the "Overview" Section). TSS must similarly take an approach to providing other agencies with exceptional service, demonstrating value through, for example, ease of use, streamlined service provision, timely support, and process improvement.

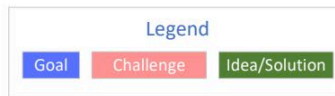
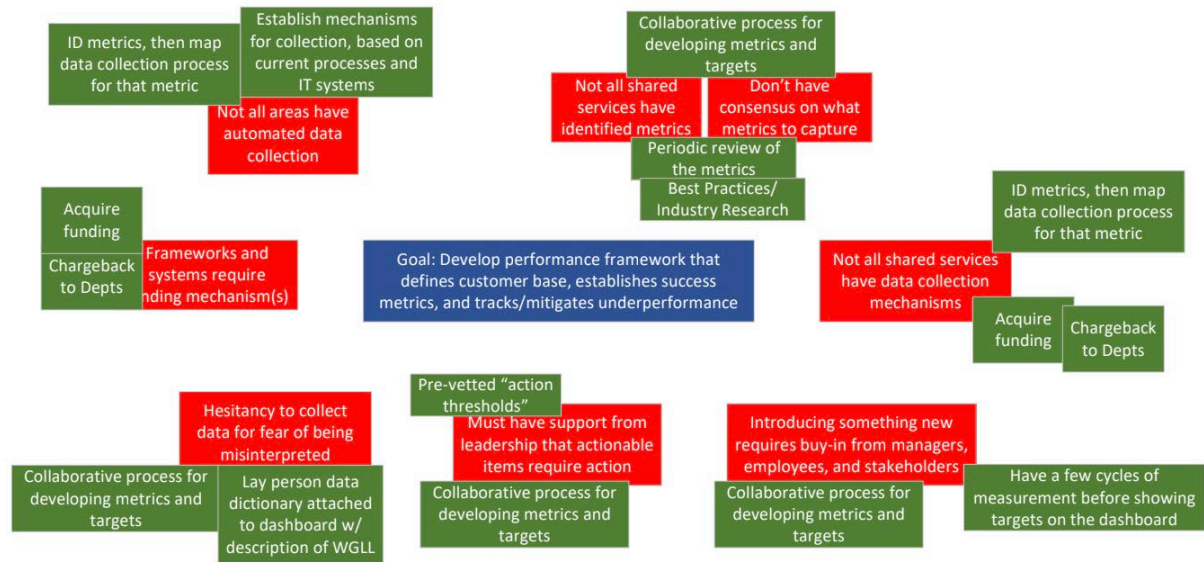
**Implementation Considerations:**

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

**Figure 9** illustrates some of the barriers to success identified by staff in implementing a performance framework for shared services. The barriers to achieving the goal are shown in red and solutions to overcome them are shown in green.

**Figure 9 – Performance Framework Interference Diagram**

**TSS-9 Performance Framework Interference Diagram**



Source: Work session with TSS staff on June 26, 2024.

### **Strategies to address some of the most significant risks and enable success:**

- Collaborate with other departments who have undergone the exercise of building dashboards. For example, Arkansas Department of Agriculture (ADA) has identified creation of internal and external dashboards among the highest priorities for the department. Under the leadership of the Information Technology Team, the first generation of internal management dashboards has been deployed for Plant Industries and is in process for the Poultry and Livestock and Natural Resources divisions. The department is building these dashboards with existing IT resources and deploying them through a web-based application. Implementation is planned in phases; each department is establishing an initial dashboard with available data. Staff manually collect and input metrics. Staff receive training on how to add additional metrics. The second phase of the project will be to automate dashboard production to reduce recurring staff data collection and reporting time. In the third phase, division leaders will receive training in data visualization tools. It is anticipated that as the department's data acumen increases, leaders will adjust the metrics on their internal dashboards, focusing the number of measures and identifying gaps in data not captured.
- Obtain buy-in and feedback from departments in the creation of a meaningful dashboard to support shared services work.
- Establish quality control measures for data inputs, place higher priority on metrics underpinned by the most reliable available data, train departmental employees on data hygiene for most critical metrics to address the risk that data may not be consistent enough to reliably track performance over time.
- Start with the shared services functions already established within TSS such as OPM and OSP and evaluate organizational readiness to apply the performance framework. Next, consider areas of performance monitoring/shared services not yet within the span of TSS oversight/services.

### **Recommended steps developing a shared services performance framework (future state):**

#### ***Phase 1: Pre-Action Steps***

- ID staff to perform assessment: Identify skilled personnel with expertise in data analysis and process evaluation to lead the assessment
- Collaborative process for developing metrics and targets: Facilitate workshops and working groups involving stakeholders to ensure diverse perspectives in metric development
- Use findings to inform development of data collection and analysis capabilities for KPIs with no established or consistent data (see below)
- Soft test metrics for a few measurement periods: Pilot test selected metrics over defined periods to gauge feasibility and refine measurement methodologies.
- Use findings to inform development of data collection and analysis capabilities for KPIs with no established or consistent data (see below).

#### ***Phase 2: Action Plan***

- Conduct a current state assessment of shared services processes and performance

- Based on metrics identified in phase 1, review industry benchmarks and other state performance to inform setting of the targets.
- Establish mechanisms for collection, based on current processes and IT systems: Set up data collection mechanisms aligned with existing IT infrastructure and operational processes.
  - For KPIs with no established or consistent data, stand up capabilities to collect or standardize data points. For example, TSS may implement a customer satisfaction survey to collect data from the cabinet agencies it serves.
  - Establish mechanisms for collection, based on current processes and IT systems: Create new data collection protocols where necessary, integrating them into existing workflows. Note that in the short-term, some metrics may need to be updated manually, with a goal of long-term automation.
- Define other key aspects of a comprehensive performance framework including who is responsible for measuring and reviewing performance, how often performance is reviewed (monthly, quarterly, annually), and what the escalation/remediation mechanisms include when performance is below expectations.
- Assess if existing data visualization tools will work to launch the dashboard, or explore additional options. Consult with the Department of Agriculture about their internal and external dashboard development as a low-/no-cost model of deploying a dashboard.
- Chargeback to Departments: Develop a chargeback mechanism to allocate costs associated with data collection to relevant departments. This could be based on a standard allocation calculated by dividing expenses based on head-count or PC count.
- Create and implement Dashboard/ Visualization Tools: Design and deploy a dashboard that presents collected data in a user-friendly format.
  - Implement necessary supporting technologies to track, analyze, and visualize KPIs.
- Design Process:
  - Management assesses needed change: Engage management in the design process to evaluate technological needs and potential changes.
- Pre-vetted “action thresholds”: Define predetermined thresholds that trigger proactive responses based on KPI performance.
- Determine process and procedures for addressing performance deficiencies against KPIs
  - If applicable, assign resources to develop training/train staff: Allocate resources for training initiatives aimed at addressing performance gaps identified through KPI analysis.
- Create a “lay person” data dictionary attached to dashboard with description: Include a user-friendly data dictionary with clear definitions and explanations linked to the dashboard.
- Establish communication plan to convey changes and intended outcome: Develop a comprehensive communication strategy to inform stakeholders about changes resulting from performance assessments.
- Train staff on the new performance framework and reporting process.
- Measure employee morale and customer satisfaction on an ongoing basis: Implement regular surveys to gauge employee morale and customer satisfaction in response to the new performance framework.

- Consult with leadership: Maintain ongoing dialogue with the Governor’s Office and Legislative leaders to ensure alignment of performance metrics with organizational goals.
- External communication plan: Extend the communication plan to include external stakeholders, fostering transparency and trust.
- Periodic review of the metrics: Schedule regular reviews of metrics to ensure relevance and accuracy in measuring performance.
- Monitor ongoing impact of performance framework and adapt as necessary.
- Conduct regular assessments: Continuously evaluate the impact of the performance framework through regular assessments and data analysis.

**Alignment of department priorities with staffing and resources:** TSS-9 is an essential step in helping the State of Arkansas to mature its shared services model.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that a dedicated project team with expertise in shared services and performance management and additional external expertise as necessary will be required to implement this initiative. In particular, an analytics and reporting resource who can own production of a dashboard/scorecard is an important investment to support implementation of this initiative. In addition, a data visualization tool, such as PowerBI or Tableau, will be required to track performance metrics. TSS maintains existing contracts with both tools. In addition, based on requirements gathered, TSS may be able to deploy a web-based tool, with internal resources, at no additional cost (consult with Arkansas Department of Agriculture on its approach). No substantial cost is anticipated.

**Process changes, associated with implementing changes in the strategic plans:** TSS and other agencies, including those not currently availing themselves of shared services, will need to establish policies and procedures to effectively implement this initiative. A change management plan is essential to outline, for example performance metrics and how TSS will utilize the findings of the performance framework.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to increase and improve statewide shared services. Recommended performance measures include:

- The overall establishment of departmental satisfaction with TSS services.
- Number of tracked performance metrics (tied to service levels); and,
- Total spending on shared services over time.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is an enabler that will help TSS further centralize state shared services and capture savings related to other initiatives; no savings are anticipated as a result of this item.

**Change Management Plan:** Collaboration across state agencies, state leadership, and with citizens is critical to this initiative. As noted above in **Figure 9**, change management is vital to the

overall shared services strategies and establishment of a transparent performance framework across all of TSS’ shared services. Further, creation of this dashboard will support the enhanced data and business acumen of TSS and allow leadership to drive performance improvement by continuing to set new goals for service delivery. This approach should include planning, frequent engagement of the other cabinet-level departments, and a communication plan. Recommended messaging and modalities are included for each audience in **Figure 10**. Key activities and timing for communication plan are included in **Appendix A – Work Plan**.

**Figure 10 – TSS-9 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
TSS internal staff, division leads; TSS shared service leads	<ul style="list-style-type: none"> <li>• TSS can improve its shared services function and demonstrate the effectiveness and efficiency of the agency’s shared services offerings.</li> <li>• Our vision for shared services is to treat our partner departments as customers and this data is an important step in holding ourselves accountable for performance.</li> <li>• A performance framework is being developed that will help identify KPIs to measure shared service performance; first will need to identify what data and authority we currently have and what staffing resources and IT will be needed to successfully implement.</li> <li>• [Insert detail] on the metrics being collected and process for their selection.</li> </ul>	<ul style="list-style-type: none"> <li>• Staff emails</li> <li>• TSS department staff meetings</li> <li>• One-on-one meetings with key employees</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Leslie Fisker</li> </ul>
Departmental COOs/functional department leadership	<ul style="list-style-type: none"> <li>• TSS is developing a performance framework to enhance its ability to offer shared services to the state of Arkansas</li> <li>• TSS will be working with state agency COOs/functional departmental leadership to involve them in developing the framework, ensuring that proper KPIs are identified and that data offered will be actionable and acted upon when available</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership meetings</li> <li>• Emails</li> <li>• Town hall style meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Leslie Fisker</li> </ul>
Governor’s Office	<ul style="list-style-type: none"> <li>• Performance framework will need support from state</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Leslie Fisker</li> </ul>



Audience(s)	Key Messages	Modalities	Owner(s)
	leadership as well as agency leadership in order to function with the most benefit to the state		

Note: There are intentional placeholders for initiative owners to add more detail to the messages once developed.

## Initiative TSS #10 – Consolidate executive branch boards and commissions

This initiative includes consolidating executive branch boards and commissions to streamline decision governance and increase operational efficiency.

**Initiative Overview and Current State:** Across state government in Arkansas, there are over 240 Boards and Commissions.<sup>4</sup> While these Boards and Commissions create outlets for transparency and governance over particular aspects of state government, they also create administrative cost to operate.

When TSS was established in 2019 following the passage of Act 910, known as the “Transformation and Efficiencies Act” of the 92nd General Assembly, the department was created to create a more efficient government through improved service delivery and collaboration across state government. After its creation, TSS undertook a review of Boards and Commissions, asking each remaining department to complete a report whose purposes were outlined as 1) prompting an analysis of the Boards and Commissions in Departments and identifying efficiencies (cost savings) and effectiveness (better results) opportunities, and 2) to propose and develop to deliver efficiency and effectiveness improvements.

During this process, for example, TSS found within its own agency that the Land Survey Advisory Board could be moved to the Arkansas Geographic Information Systems Board as the two share similar duties. In Arkansas Department of Commerce (ACOM)’s report, TSS identified 23 boards, commissions, and councils associated with the department. TSS recommended consolidating the Arkansas Economic Development Commission bond guaranty program into the Arkansas Development Finance Authority bond guaranty program and indicated that the potential for other boards and commissions being consolidated were being explored.

**Rationale:** Based on this experience and the ongoing need, Initiative TSS-10 directs TSS to aid in the consolidation of executive branch boards and commissions to streamline decision governance and increase operational efficiency.

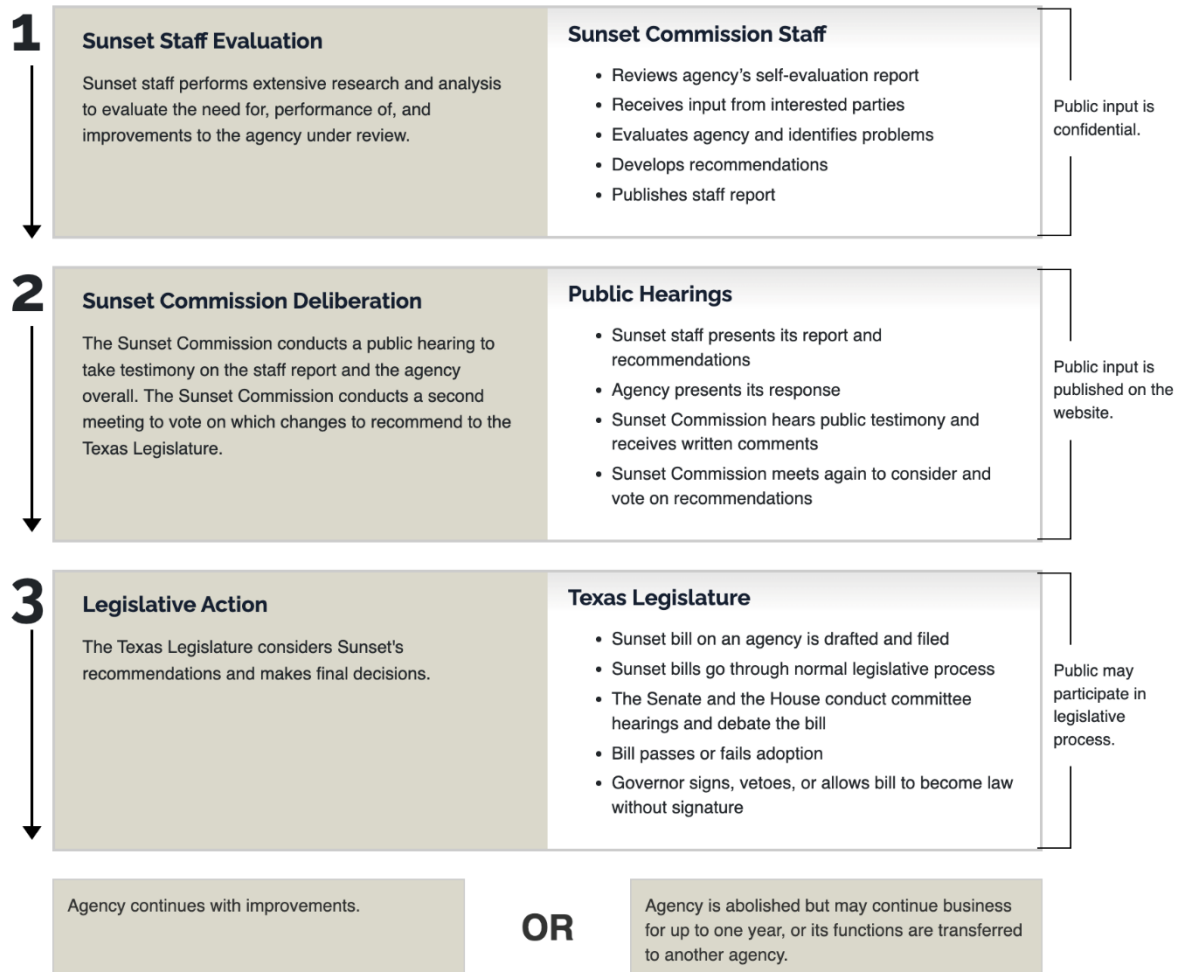
Texas’s Sunset Commission provides a potential model for determining the utility and continued need for certain government executive bodies. The Sunset Commission evaluates agencies and other state governmental bodies on a cyclical schedule to determine if they are still relevant. If so,

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<sup>4</sup> Office of the Governor, <https://governor.arkansas.gov/online-services/join-the-administration/>.

Sunset recommends improvements to make them more effective and efficient. If not, Sunset recommends abolishing the agency or transferring its functions to another agency with related functions. A high-level overview of its process is provided below in **Figure 11**.

**Figure 11 – Texas Sunset Commission Evaluation Process**



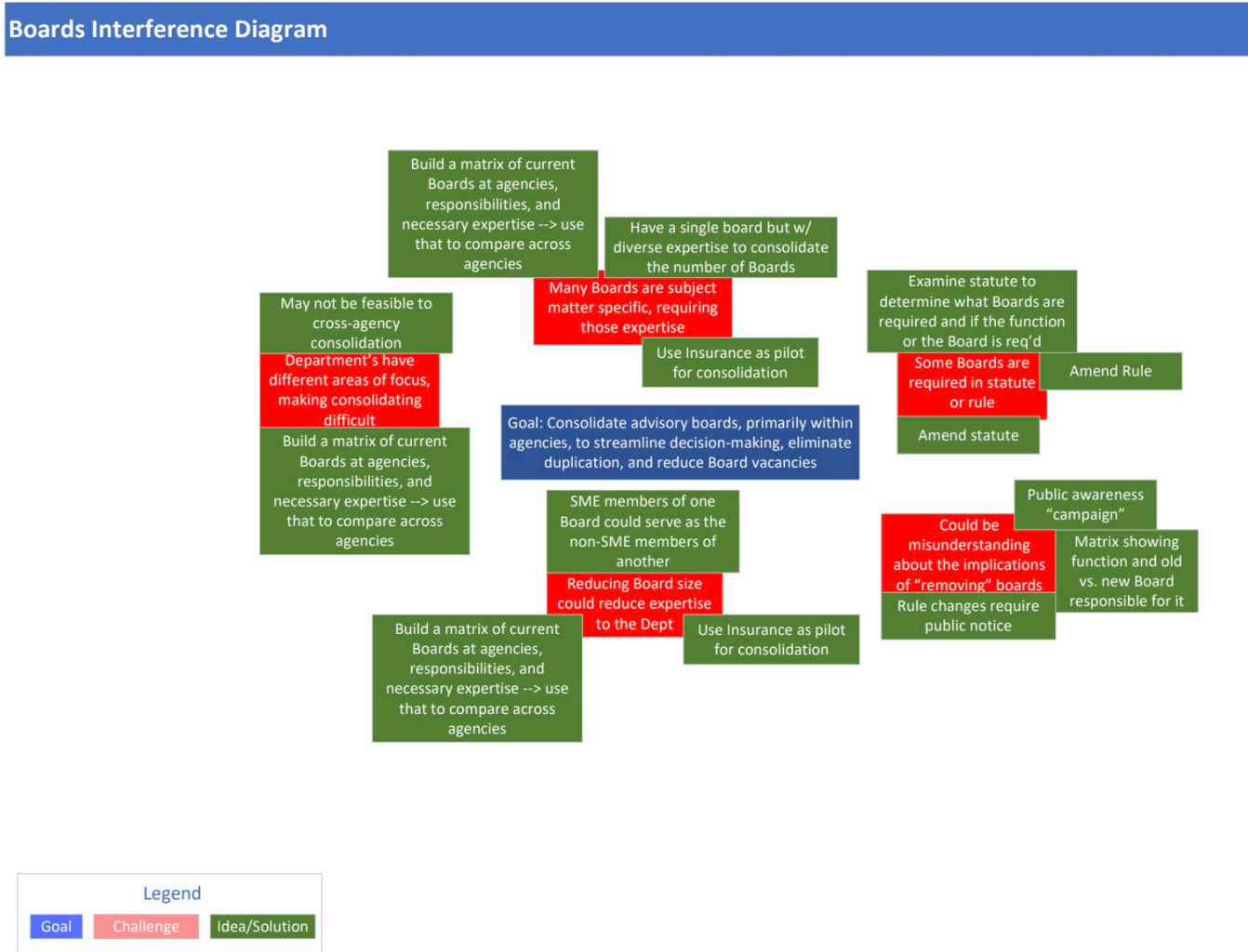
Source: Reprinted from the Texas Sunset Commission.

### Implementation Considerations:

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

Strategies to address potential risks and enable success: TSS staff identified potential barriers to the success of this initiative, which are shown in **Figure 12**. This chart is an interference diagram: it summarizes the barriers or risks (shown in red) that may prevent TSS from achieving the goal of consolidated Boards, and related solutions (shown in green).

**Figure 12 – Boards Consolidation Interference Diagram**



Source: Work session with TSS staff on June 25, 2024.

- To address the barrier that many boards are subject matter specific, build a matrix of current boards to include affiliated department, responsibilities, and necessary expertise and use that to compare across departments to identify options for consolidation. Use the Arkansas Department of Labor and Licensing (ADLL) as a pilot for consolidation.
- Collaborate closely with legal experts to ensure compliance with relevant laws and regulations to address the risk that there will be legal and regulatory challenges in consolidating boards and commissions.
- Develop a comprehensive change management plan that has support from key external stakeholders and includes communication, training, and stakeholder engagement strategies to address the risk that there will be substantial change management requirements
- Create a plan of conforming statutory changes to address the barrier that some boards are required in and engage the Legislature to seek to amend rule and/or statute.
- To address the risk that there could be misunderstanding about the implication of “removing” boards, conduct a public awareness campaign, create a matrix showing function and old vs. new board responsibilities and publicize/remind stakeholders that rule changes require public notice and allow for input.
- To address the risk that reducing Board size could reduce expertise to departments, use ADLL as a pilot for consolidation, utilize SME members of one Board as the non-SME members of another, and build a matrix of current boards at agencies, and necessary experience and use that to compare across agencies.
- To address the risk that departments have different areas of focus, making consolidation difficult: build a matrix of current boards at agencies, and necessary experience and use that to compare across agencies, recognize it may not be feasible to execute cross-agency consolidation in all instances.
- Potential for fee reductions: If the cost of regulation declines, the fees could be adjusted proportionately.

**Recommended steps consolidating boards and commissions (future state):**

***Phase 1: Pre-Action Steps***

- Refine and finalize the criteria matrix that will be used to evaluate Boards and Commissions. Consider the revenue collected by the licensure area if applicable, costs of regulation, number of complaints/grievances, the policy matter under the purview of the Board and Commission, the number of licenses renewed annually, among other variables.
- Distribute the matrix criteria to Department Project Managers to begin gathering necessary information.
- Identify staff within departments responsible for managing Boards and Commissions.
- Clearly communicate the project goals and objectives to relevant departmental staff involved in managing Boards and Commissions.

***Phase 2: Action Plan***

- Assemble “blue ribbon” task force:

- Compile a comprehensive list of all Boards and Commissions across departments, liaising with Departmental Project Managers.
  - Collaborate with stakeholders including Governor’s Office, Board members, and Department Secretaries to assess roles, meeting schedules, authority sources, recruitment challenges, and required expertise.
  - Develop a matrix detailing the current status, responsibilities, legal frameworks, and expertise requirements of each Board and Commission.
  - Conduct interviews with members of Boards and Commissions to gather firsthand insights into their operations and challenges.
- Implement Communications Plan re: agencies about work of the task force, goals for the process.
  - Establish scoring criteria for assessing boards and commissions, identify data inputs needed to complete the review, solicit input and requisite data from department and board/commission stakeholders to complete the review process.
    - Define clear scoring criteria based on factors such as meeting frequency, essential duties, unique contributions, legislative implications, and level of stakeholder engagement.
  - Solicit input and requisite data from Dept and Board/Commission to complete reviews
    - Collect input and data from Departments and Boards/Commissions to finalize scores based on the established criteria and initial hypotheses.
  - Conduct full review of Boards/Commissions.
    - Use established scoring criteria, collected data inputs, and a consensus decision standard as determined by the task force.
  - Update the Governor’s Office to share findings, get buy-in and support.
  - Develop a consolidation plan, including recommendations for merging or eliminating boards and commissions and outlining requisite legal implications of actions. This plan should include the assessment and implementation implications of any mergers/eliminations and the outline operational changes that will follow any Legislative action.
  - Obtain requisite approvals from external stakeholders and implement the consolidation plan.
  - Identify legislative changes required and engage Legislature to draft necessary legislation.
  - Implement communications plan regarding external stakeholders impacted.
  - Consider implementation of recurring process to review function and design of existing boards and commissions (akin to Texas Sunset Commission process) to ensure ongoing efficiencies in the operation of the State’s boards and commissions.

**Alignment of department priorities with staffing and resources:** TSS has previously conducted analysis and driven consolidation efforts of boards and commissions; this initiative continues this work to ensure the modernization and cost-effectiveness of this structure.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that a “Blue ribbon” task force dedicated to conducting board and commission review process, legal and regulatory expertise will be necessary to implement this initiative. No IT resources will be required and no substantial one-time costs are anticipated.

**Process changes, associated with implementing changes in the strategic plans:** Significant change management will be required to implement this initiative,

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to reduce spending and duplication across boards and commissions across Arkansas state government. Recommended performance measures include:

- Number of executive branch boards and commissions;
- Fee reductions; and,
- Operational spending across administration of executive branch boards and commissions.

**Identification and estimation of any savings the strategic plan could realize once implemented:** TSS’ initial estimates are that this initiative could reduce annual recurring expenditures by up to \$6.3 million from the reduction in administrative costs associated with maintaining boards and commissions (such as from reduced reimbursement costs for board and commission members), however because the extent to which boards will be consolidated within this or the next fiscal years is unknown, actually savings cannot be determined at this time. This cost savings would be distributed across department budgets and not realized only at TSS.

**Change Management Plan:** Collaboration across state departments, state leadership, and with citizens and stakeholder organizations is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 13**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 13 – TSS-9 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Affected agency staff/boards	<ul style="list-style-type: none"> <li>• Change management plan will be put into place to communicate and educate on changes, hold trainings as necessary</li> <li>• Conduct a public awareness campaign, create a matrix showing function and old vs. new Board responsible for it; publicize/remind stakeholders that rule changes require public notice</li> </ul>	<ul style="list-style-type: none"> <li>• Agency emails</li> <li>• TSS department staff meeting</li> <li>• One-on-one meetings with key employees</li> </ul>	<ul style="list-style-type: none"> <li>• Courtney Traylor</li> </ul>
Governor’s Office and Legislature	<ul style="list-style-type: none"> <li>• Conduct a public awareness campaign, create a matrix showing function and old vs. new Board responsible for it; publicize/remind stakeholders that rule changes require public notice</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership meetings</li> <li>• Emails</li> <li>• Town hall style meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Courtney Traylor</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
	<ul style="list-style-type: none"> <li>Legal review of all proposed changes will be paramount to process</li> </ul>		
External stakeholders	<ul style="list-style-type: none"> <li>Conduct a public awareness campaign, create a matrix showing function and old vs. new Board responsible for it; publicize/remind stakeholders that rule changes require public notice</li> </ul>	<ul style="list-style-type: none"> <li>Public notice</li> <li>Posting on TSS website</li> <li>Notification on applicable industry websites/email listservs</li> </ul>	<ul style="list-style-type: none"> <li>Courtney Traylor</li> </ul>

### Initiative TSS #11- Improve coordination among procurement roles across the state

This initiative focuses on improving coordination among procurement roles across the state and assessing opportunities for centralized reporting structures to create accountability across departments, standardize common procurement activities, pool demand, and achieve lower total cost of ownership. Procurement as a function is already largely centralized; the purpose of this initiative is to help to TSS overcome non-compliance with these requirements and elevate the Office of State Procurement to be a strategic division focused not only on management of individual procurements, but to serve as a thought partner to departments to help them meet their needs in the most effective manner.

**Initiative Overview and Current State:** The mission of the TSS Office of State Procurement is “to serve and support the State and its citizens through effective, efficient, and ethical procurement.” The Office of State Procurement (OSP) has primary responsibility and oversight for the statewide procurement of commodities, technical, and professional services for all state agencies, boards and commissions and colleges and universities. OSP also provides training in Arkansas procurement laws, regulations, and policies.

Under A.C.A. § 19-11-217(c)(1), one of the duties of OSP is to procure or supervise the procurement of commodities and services for each state agency not having an agency procurement official and, when requested to do so by such an official, procure commodities and services not otherwise under state contract.

The stated purposes of Arkansas Procurement Law are:

- Increased public confidence in the procedures followed in public procurement
- Fair and equitable treatment of all persons who deal with the procurement system of this State
- Increased economy in State procurement activities by fostering effective competition
- Maintenance of a procurement system of quality and integrity.



While Arkansas has centralized its procurement function within OSP, interviews and focus groups conducted with staff indicate barriers to a comprehensive shared services or centralized contracting function, including the following:

- Departmental compliance with existing policies varies.
- Departments craft their own RFPs and RFP standardization across agencies is lacking.
- Tracking of contract activity across the state is lacking.
- There is a lack of strategic focus in quality procurement, in part due to OSP not being included in departmental procurement planning early enough and departments rushing the RFP development process.
- Department procurement staff are not kept abreast of the most recently contracting resources such as forms promulgated by OSP; and,
- Procurement expertise varies across departments.

While there are some examples of excellent collaboration with some agencies, OSP staff report that many of the gaps above are due to a lack of “buy-in” and partnership from other state departments in part due to a culture that views OSP as compliance-oriented and not as a resource, while others stated that departments do not want to lose their autonomy in procurement. OSP sees itself as “service minded” and eager to help departments complete solicitations correctly.

In addition, OSP believes it may not have the budget, technology, and staff resources to adequately serve as an effective shared services partner or statewide procurement organization. Currently TSS Procurement has only seven total Procurement Specialists (Buyers). If new service level requirements were established regarding turnaround times for certain tasks or to increase responsiveness, OSP would need to be staffed to deliver to those standards.

Staff and field work have highlighted that there are statutory and policy barriers to efficient and effective state procurement as well. Some agencies such as DHS have specific statutory exceptions. Statute also does not require certain contracts to be procured through a centralized state contract, nor does it require documentation or any approval to opt out of contracts that would be best procured centrally.

**Rationale:** By improving coordination among procurement roles across the state and assessing opportunities for centralized reporting structures, OSP has the potential to create accountability across departments, standardize common procurement activities, pool demand, and achieve lower total cost of ownership. While coordination of procurement roles can create accountability across departments, standardize common procurement activities, pool demand, and achieve lower total cost of ownership, there are multiple hurdles currently to OSP and the State of Arkansas achieving these goals, including not only technical limitations like insufficient data and tracking and statutory barriers, but also, inter-departmental culture and the need to re-frame the role of OSP and centralization in the procurement landscape.

Based on a review of Arkansas’s existing contracts and an assessment against peer state and private sector procurement practices, Arkansas may realize a \$140-230M savings opportunity by making a series of changes to its procurement practices, centered on three priorities — getting the “right stuff”, at the “right (total) price”, through the “right processes”. The target “future state” for state



procurement capabilities is centered on five fundamental design principles, which represent the strategic priorities of the organization. Each procurement initiative will improve Arkansas’s procurement function with respect to one or more of these design principles: 1) efficiency and speed, 2) user experience, 3) thought partnership, 4) analytical foundation, and 5) value. See more in “ARKANSAS FORWARD: STRATEGIC PROCUREMENT PLAN.”

The future state vision for Arkansas Forward procurement team is that OSP will serve as a resource to other departments, not only in managing the procurement process but in advising them on how to best meet their needs (such as with a vendor). OSP has a crucial role to play in the coordination of procurement staff to assess the current procurement landscape, identify key areas for improvement through coordination/centralization, develop a method to track outcomes of the improved procurement system, and manage the change in culture, policies, and procedures that undertaken the future state vision will involve. As a current training resource for procurement staff, OSP can facilitate achievement of these workforce goals by consolidating and reviewing existing trainings and evaluating opportunities for improvement, increased consistency, and alignment.

Georgia provides one potential model for improved statewide contracting. Georgia’s State Purchasing Division (SPD) establishes statewide contracts with one goal: “to maximize savings for the benefits of state and local government entities while still providing high-quality products and services without hassle or extra costs.” The State of Georgia has an order of precedence for purchasing goods and services that is established by SPD.<sup>5</sup> To comply with state procurement laws, agencies must purchase goods and services based on four predetermined tiers. These four tiers are:

- **Tier One:** Mandatory Statewide Contracts—Agencies must use these contracts unless SPD grant a waiver.
- **Tier Two:** Existing Agency Contracts—If the goods or services an agency is seeking are not available in tier one, the agency must use contracts in tier two. If what is needed to purchase is not available within these contracts and an agency needs to deviate from them, the state employee must get documented approval by the employee’s Agency Procurement Officer (APO).
- **Tier Three:** Statutory Sources Designated as Mandatory—State entities are required by statute to purchase certain products and services from the Georgia Correctional Industries Administration (GCI) and Georgia Enterprises for Products and Services (GEPS).
- **Tier Four:** Other Sources—If a state employee or the APO cannot purchase what is needed using Tier 1, 2, or 3, then the department may pursue any of the options available in Tier 4. This tier consists of convenience statewide contracts, GEPS preferred products, SPD approved piggyback purchases, cooperative purchasing following public notice, and open market purchases.

Agencies are directed to ask three questions when needing to purchase a good or service:

1. Is the good or service that you need exempt from the State Purchasing Act?
2. Can the goods or services be purchased using an existing contract or established and approved source?
3. Is special approval necessary?

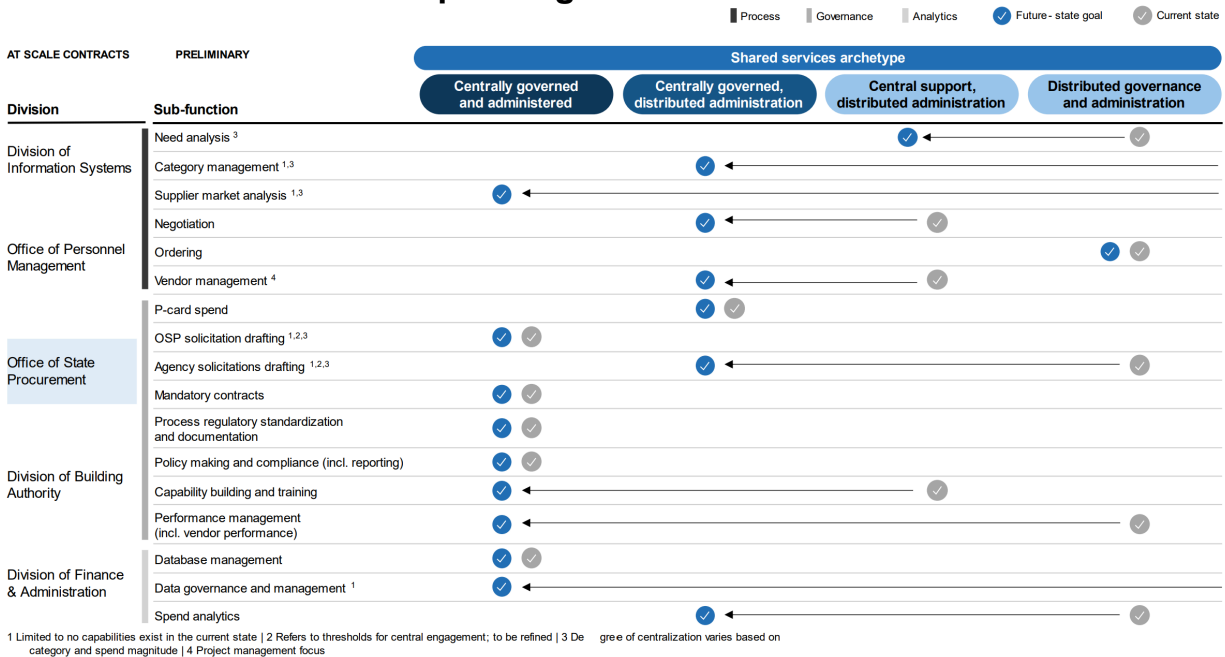
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<sup>5</sup> Georgia Department of Administrative Services, “Overview,” <https://doas.ga.gov/state-purchasing/order-precedence/overview>.

The Georgia model is a mix of centralized and decentralized procurement; a strong central procurement department supports certain functions managed within agencies. This model may have elements that are applicable in Arkansas, leveraging the procurement expertise of OSP and the subject matter knowledge of the department procurement staff.

As outlined in the Strategic Procurement Plan, Arkansas’ future state procurement organization will be centrally managed by OSP with department-led execution and input. OSP will provide overall direction and support throughout the procurement process, but activities will be executed at the department level. OSP will maintain training and standards for the procurement function and manage cross-functional interactions with support functions. OSP can coordinate this effort, as acknowledged in the Arkansas Forward: Strategic Procurement Plan by organizing procurement functions as follows below in **Figure 14**.

**Figure 14 – Strategic Procurement Plan Procurement Function Organization**  
**Current and future state operating model**



Source: McKinsey & Company.

Departments will partner with OSP throughout the procurement process and elicit support and insight from DFA and other supporting organizations, where needed. Collaboration of procurement professionals and supporting organizations will be fostered through regular cross-functional meetings and communications. These delineations and opportunity for partnership and collaboration can help aid in adoption of more centralized contracts.

**Establishing metrics:** To address change management concerns, OSP must work to establish trust and buy-in by demonstrating its value and commitment to be a service partner. One best practice would be to establish service levels clearly outlining the roles and responsibilities of OSP and other departments for procurement functions and attaching performance metrics to these roles to monitor how each partner’s functions are being undertaken. OSP can not only demonstrate value through

excellence performance, but it can build trust by acknowledging areas where it may not be collecting enough data or performing adequately and can work to address these deficiencies. For example, if OSP wants to be relied upon as a resource with RFP development, OSP needs to establish early benchmarking and standards for itself. Texas' Statewide Procurement function within the Texas Comptroller's Office has a Procurement Oversight and Delegation (POD) team, which reviews solicitations and delegates purchasing authority for service contracts with a value of over \$100,000. The division establishes on its website that individuals must allow for a 30-day review period once the complete solicitation package is submitted. OSP can similarly establish timelines for itself that are publicly shared and then monitor its ability to meet this metric.

Metrics and service levels can also help establish what level of staffing OSP needs to properly support the procurement function it wishes to fulfill, whether it is obtained by moving procurement staff from agencies, centralizing procurement functions but embedding staff within agencies, or hiring new staff within OSP.

**Change management coordination:** OSP must play a coordinating role in ensuring change management is successfully implemented through the following best practice behaviors as identified in Arkansas Forward's Strategic Procurement Plan. This includes not only a communications plan that successfully frames the undertaking of this initiative and its relationship to the large Arkansas Forward Procurement Strategy, but also a plan for implementing this initiative in terms of the roll out, scale, and timing.

OSP will need to consider its internal staffing capabilities, physical space, data/software capabilities, and how more coordinated procurement functions will affect agency operations. A phased approach to centralization could help ease the transition, beginning with improving coordination with procurement staff at agencies that already do some centralized procurement. Determining opportunities for more coordination, analyzing data availability, and establishing service levels with these partners has the best opportunity for a successful beginning that can kick start momentum and develop buy-in. Following this effort, a pilot with a different agency, or bringing in new categories of contracts can be pursued. OSP can also determine at this juncture what form improved coordination should take: a model where procurement staff from agencies are brought in-house to OSP and their roles eliminated within their respective agencies, a model where instead OSP embeds its own staff as liaisons within agencies to enhance coordination, etc. This phased approach also enables OSP to identify the statutory, policy, or technical barriers that could impede expansion of the centralization effort.

Throughout, a detailed communication plan is critical. Procurement staff will want to know how it impacts them at a personal level and whether they will lose their position or be re-allocated to a different function, and fears of losing subject matter expertise may also present a speedbump. OSP should focus on emphasizing that it is working in tandem with department staff and not against them, seeking to be a partner in improving state contracting and getting the best value for the state. Another key message is that coordination improves efficiency: instead of departmental staff only able to focus part-time on contracting efficiencies, centralized procurement creates staff resources that can work on standardization of process, which improves predictability of outcomes.

Leadership support for this change will be necessary, including messaging the benefits of coordination. Finally, OSP must reinforce that the transition to increased centralization will be

iterative and done collaborative with agency staff, with continuous evaluation of the transition to learn and improve during process.

**Customer Service:** Moving from being viewed as a compliance-focused agency to a partner and resource will also require strategy and concerted focus. With a renewed focus on demonstrating value, OSP can also demonstrate service and improve its standing with departments by re-framing its focus as being a “customer-centric” centralized resource for procurement and not an enforcement entity.

New Hampshire provides a potential model for successful centralization change management after its Department of Information (DoIT) underwent IT centralization nearly 20 years ago. In the years after centralization occurred, a culture shift occurred to support a shared services model, wherein DoIT began to view other agencies it served not as peer-agencies, but as customers. DoIT adopted more of a business-mindset. The CIOs at each agency became chief relationship managers with DoIT, and much of the CIO’s role is managing and tending to these relationships and relations with state leadership.

OSP can similarly promote its contracting expertise, negotiation skills, training capacity, future state data capabilities, and centralized contract function as valuable resources for other departments to use. OSP is positioning itself as a partner to achieve the most efficient and favorable terms for the state.

**Data Resources:** OSP as envisioned in the Arkansas Forward Strategic Procurement Plan will be responsible for the central management and execution of Arkansas’s procurement analytics capabilities, owning the database management and data governance sub-functions. OSP’s role in this can take an analytical focus, launching comprehensive procurement analytics tools, and standardizing data rules across departments to allow for a holistic view of procurement spend and performance. For example, OSP will set standards on vendor performance and work with departments to collect data on how vendors are tracked relative to Service Level Agreements. The departments will then leverage this data, which is easily accessible through an analytical platform (Arriba) to track vendor performance and intercede with vendors/suppliers as needed to ensure contracted terms and service levels are being met.

## Implementation Considerations:

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

### Strategies to address potential risks and enable success:

- Promote understanding of existing policy and OSP functionality through a departmental “roadshow.” The goals of this initiative would be to increase the number of departments engaging OSP for their procurements and ensuring departments engage OSP earlier in their process. See FUNC-25 for a detailed discussion of implementation.
- Build support from departmental leadership through implementation of a dashboard/scorecard with service level performance (See TSS-9). An example metrics that

could be used include overall time to award (from initiation of RFP) and turnaround times for acknowledgement and completion of individual process steps by OSP staff.

- Cultivate a culture of customer service at OSP to build buy-in of partner departments. OSP can make customer service come alive by adopting core customer values, recognizing and rewarding staff who live by the values (low and no-cost methods could include a monthly breakfast with leadership, bestowing a physical award or certificate, recognizing staff in all-staff email newsletter and at town halls, providing staff with physical objects that include the values such as lanyards or mousepads, and sharing success stories/videos/vignettes with staff), and using ongoing leadership modelling of these values.

#### **Recommended steps for implementing coordinated procurement (future state):**

- Conduct a detailed current state assessment of procurement processes, performance, and organizational structure (complete).
- Conduct an analysis of staff expertise in contract negotiation, particularly for IT contracts, and identify any staffing or consulting needs to enhance the team.
- Conduct statewide analysis of existing contracts, standardize categorization to enable analysis, with leadership support.
- Identify key areas for improvement and define solution set of coordination/centralization alternatives (position movement, reporting hierarchies, process steps, and decision-making authority). If any gaps in existing authority are identified, and work with the Governor's Office and Legislature to address.
- With data on statewide contracts collected, complete analysis of current workload, identify OSP staffing needs (to transfer from other departments), and tie to service levels.
- Develop proposal for enhanced OSP team; syndicate changes with TSS, departmental, and external stakeholders and receive necessary approvals.
- Implement performance metric tracking as part of shared services dashboard, using data visualization tool.
- Develop best practices toolkit for complex contract negotiation, with internal staff and consultant support.
- Train OSP team on new procedures, contract negotiation best practices, and customer service to support engagement and buy-in with other departments.
- Monitor ongoing impact of coordination and centralization approach, collect feedback from impacted departments who receive services from OSP, and adapt as necessary.

**Alignment of department priorities with staffing and resources:** OSP is committed to “effective, efficient, and ethical procurement.” From the inception of TSS, OSP was envisioned as the statewide procurement entity to improve contracting through leveraging the state’s buying power, improving coordination, and eliminating duplication and inconsistency. Implementing this initiative is aligned with current department priorities, staffing, and resources.

See Arkansas Forward’s Procurement vision, TSS Overview, FUNC-11, FUNC-4, FUNC-73, TSS-30, TSS-13, TSS-9, FUNC-25, FUNC-27 for other procurement initiatives that support these efforts to coordinate procurement activities and strengthen the state’s procurement organization.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that procurement leadership with expertise in coordination and reporting structures will be necessary to implement this initiative, as well as IT systems to track performance metrics (e.g., PowerBI or Tableau). TSS currently has enterprise contracts in place with both vendors. To the extent existing licenses can be utilized, significant cost is not anticipated. Depending on the total volume of procurements anticipated to involve OSP, OSP may require additional staff transfers. The size of the staffing need is unknown without more comprehensive data on total volume and agreement on expected service levels.

**Process changes, associated with implementing changes in the strategic plans:** TSS and other state agency procurement leadership will need to establish policies and procedures to effectively implement this initiative. A change management plan is essential to outline, for example, roles, responsibilities, and performance metrics.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve statewide procurement functions, therefore saving the state by leveraging its purchase power to obtain competitive or bulk pricing and eliminate redundancies and inconsistencies. Recommended performance measures include:

- Total procured spend over time.
- Cost savings/avoidance captured through central supports (mandatory statewide contracts).
- Cost/unit variance (compared to benchmarked market pricing).
- Number of statewide contracts.
- Number of inquiries from departments to OSP.
- Turnaround time on inquiries; and,
- Total time to award.

**Identification and estimation of any savings the strategic plan could realize once implemented:** No potential savings were identified in relation to this initiative. This initiative could enable savings through other initiatives.

**Change Management Plan:** Collaboration across OSP, state procurement leadership, and the state leadership is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 15**. Key activities and timing for communication plan are included in **Appendix A – Work Plan**.

**Figure 15 – FUNC-4 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
TSS/OSP	<ul style="list-style-type: none"> <li>• OSP undertaking joint effort with state agency procurement entities to increase efficiency of state purchasing</li> <li>• Buy-in and collaboration with procurement leads from other</li> </ul>	<ul style="list-style-type: none"> <li>• Agency emails</li> <li>• OSP staff meeting</li> <li>• Meetings with managers</li> </ul>	<ul style="list-style-type: none"> <li>• Jessica Patterson</li> <li>• Tanya Freeman</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
	<p>agencies will be crucial to the success of this undertaking</p> <ul style="list-style-type: none"> <li>OSP and TSS are focused on providing meaningful statewide shared services and focus of procurement coordination will be establishing service levels and holding ourselves to these levels and identifying where we can better serve departments as our “customers”</li> </ul>		
Agency procurement leads/staff	<ul style="list-style-type: none"> <li>The state needs an enterprise-level collaboration on coordinating procurement roles across the state to optimize state contracting</li> <li>OSP is positioned as a resource, not taking away proper contracting authority. Wants to demonstrate its value to state departments and is developing KPIs to help tell this story and show benefits and where state can improve</li> <li>OSP needs the support of Department leadership and procurement staff, and needs their partnership to make this large-scale effort a success for Arkansas</li> <li>Cost savings and efficiencies projected from successfully implementing this initiative will place Arkansas among best in class for procurement in the nation</li> </ul>	<ul style="list-style-type: none"> <li>Leadership meetings</li> <li>Emails</li> <li>Town hall style meeting</li> <li>Update Procurement Manual to reflect changes</li> </ul>	<ul style="list-style-type: none"> <li>Jessica Patterson</li> <li>Tanya Freeman</li> </ul>
State leadership (Governor’s Office, Legislature)	<ul style="list-style-type: none"> <li>OSP undertaking an enterprise-level collaboration on coordinating procurement roles across the state</li> <li>OSP needs the support of the Governor’s Office and Legislature and needs their partnership to make this large-scale effort a success for Arkansas</li> </ul>	<ul style="list-style-type: none"> <li>Leadership meetings</li> <li>Meetings with Legislature</li> <li>One-on-one meetings</li> </ul>	<ul style="list-style-type: none"> <li>Jessica Patterson</li> <li>Tanya Freeman</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
	<ul style="list-style-type: none"> <li>• Cost savings and efficiencies projected from successfully implementing this initiative will place Arkansas among best in class for procurement in the nation</li> </ul>		



## Initiative TSS #12 - Improve coordination among HR roles across the state

This initiative focuses on improving coordination among HR roles across the state and assessing opportunities for centralized reporting structures to create accountability across departments, standardize common human resources activities, make employee experience more consistent across the state, and disseminate best practices for increased efficiency. Based on direction from the Arkansas Forward Steering Committee, the initial step for this implementation is to transfer the payroll processing function to TSS, with the intent of expanding this centralization to include additional functions upon demonstration of success.

**Initiative Overview and Current State:** The Office of Personnel Management (OPM) administers the state's personnel system and establishes necessary policies and procedures to ensure system uniformity under state and federal laws. OPM provides for the efficient utilization of state resources and the effective management of Classification and Compensation, Payroll, and Training. Today, OPM's functions and authority are among the most centralized in terms of Arkansas' vision for shared services. OPM's roles and responsibilities include the following:

- Establishes job classifications, including job duties and minimum requirements to perform each job, as well as the statewide pay scale
- Manages payroll system and ensures that all state employees are timely paid.
- Establishes and maintains the statewide performance evaluation system.
- Develops catalog of training courses for employee development and job performance; and,
- Manages programs such as grievance procedure, catastrophic leave, and employee suggestions.

Arkansas Forward has highlighted opportunities for increased centralization and standardization of human resources functions. Under the state's current organization, certain human resource functions are still decentralized within each department, leading to duplication and lack of consistency. Human resources managers can access their own department data, but not statewide, which hinders appropriate resourcing and evaluation. Inefficiencies exist for processes like payroll, orientation, onboarding, training, and recruiting. For example, departmental staffing levels are inconsistent or inefficient in some instances, leading to increased costs. Staff may not be dedicated fully to human resources, which prevents their specialization in and focus on these functions. In addition, it is not fully known how many employees are working on payroll, though estimates have been developed based on interviews with a sample of departments. Statewide, consistent training and onboarding would also be a gain for the state. While recruiting, departments are focused on their own needs and not on what other departments are looking for; centralization means the entire state might have a larger talent pool from which to select employees.

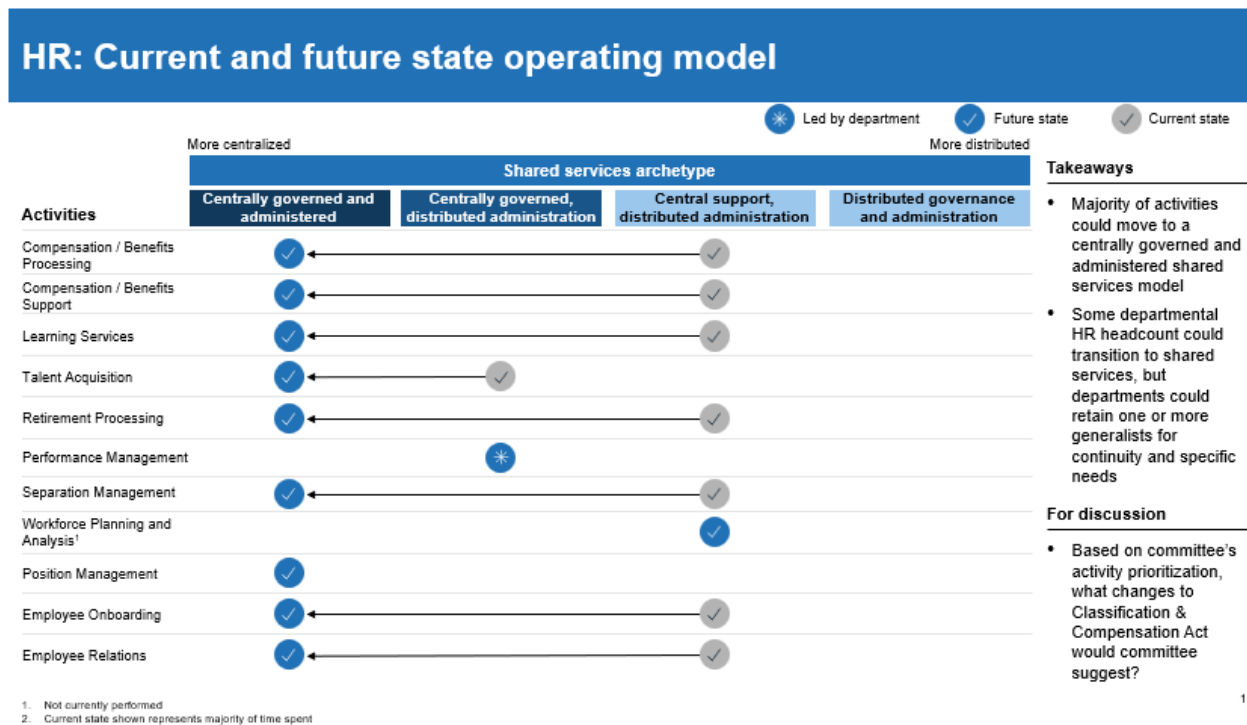
Based on analysis of the overall state HR footprint (range of 337-431 staff across all departments) and the assumption that a range of 103-196 staff are HR generalists who would remain within the departments where they are located, it is estimated that 141-328 staff could be transferred to TSS over time if the State centralized every sub-function of HR and assigned TSS responsibility for these functions.

Despite the potential efficiency gains from centralization, OPM staff indicate significant change management is needed to support greater centralization of human resources functions, given the preference departments have for their own autonomy.

**Rationale:** By helping Arkansas to realize the vision of more centralized human resources functions, OPM will support greater quality and standardization across common human resources activities and processes (payroll, recruiting/hiring, onboarding, etc.), improve statewide workforce planning and addressing critical workforce needs (such as addressing use of contractors FUNC-82), and improve and make more consistent the employee experience.

OPM staff should delineate roles and responsibilities, which outline what HR functions are centralized and what functions should remain at each agency. OPM would maintain an inventory of each agency’s HR staff and responsibilities. While there are no formal service level expectations at for OPM’s central human resource functions, a focus would be on reducing duplication, having fewer handoffs, and creating consistency, which should improve the cycle time of many HR functions: faster hiring, better, more consistently trained staff, and a better feedback loop. OPM can coordinate this effort, as acknowledged in the Arkansas Forward: Strategic Human Resources Plan by organizing HR functions as follows below in **Figure 16**.

**Figure 16 – Strategic Human Resources Plan HR Function Organization**



Source: McKinsey & Company.

### Implementation Considerations:

This initiative includes two key areas, which are addressed through the recommendations:

- Short-term actions to move certain functions such as payroll to OPM; and,

- Longer-term planning for the transfer of additional functions.

## **Other State Experience**

### ***Indiana***

In 2005, the Indiana State Personnel Department (SPD), under newly elected Governor Mitch Daniels, was tasked with several large initiatives to improve the effectiveness of several human resources (HR) functions embedded within state agencies. During this process, Indiana also centralized Performance Management, Strategic Hiring and Position Management, Talent Acquisition, Benefits and Healthcare, among other functions.

Prior to 2005, most Indiana state agencies possessed their own human resources staff resulting in information provided to employees, hiring processes, compensation and other HR functions varying greatly. This variability from agency to agency led to inconsistent outcomes and application of policy. SPD saw the opportunity to improve accuracy, eliminate redundancy of services, and gain efficiency overall by centralizing HR functions throughout the executive branch of state government. SPD conducted an evaluation to determine positions and services that could be centralized, resulting in an “HR centralization roadmap.” This roadmap was utilized to systematically transition from a decentralized to a centralized model for HR delivery.

As part of this centralization process, Indiana SPD conducted an analysis of staffing ratios to determine the optimal level of HR support for each state agency, with adjustments made to accommodate field offices, mainly in 24/7 operations. SPD developed staffing projections for agencies and created appropriate HR job classifications to achieve standardization across agencies. Under the Indiana model, there is typically one or more embedded SPD HR resource with centralized agencies, but most HR needs are provided by the SPD central office staff. As a result of centralization, agencies receive HR services in the following disciplines: Benefits, Compensation, Organizational Design, Employee Relations, Disability Act Compliance, Performance Management, Training and Development, Employee Data, Talent Acquisition, Employment, Communications and Human Resources Management Systems.

### ***Florida***

The Florida “Service First Initiative,” was implemented in the early 2000 as part of a shared services initiative to consolidate and outsource human resources operations among the executive branch agencies to a single HR vendor. Overall, the Service First initiative and HR outsourcing were driven by a combination of economic, technological, and political factors, with the overarching goal of transforming state government operations to better serve the needs of Floridians by using enhanced technology and more efficient HR service for transactional operations. Florida hoped to benefit from the specialized skills and advanced technologies of private HR service providers, leading to more efficient and effective HR operations.

While the outsourcing component is not contemplated by Arkansas, there may be some lessons learned from the centralization portion of this initiative. While the project aimed to improve efficiency and reduce costs in state government operations, its implementation faced several challenges ranging from employee morale, service quality, contract management, technology integration, and stakeholder criticisms. Some of the lessons learned included:

- A need to perform more change management and readiness planning, instead of a focus on traditional project management. The size of the contract and impact of the change brought significant external and media scrutiny.
- Because of the pace of the implementation and the lack of knowledge in managing large scale implementations of this nature, the data migration and system integration were more complex and problematic than expected and that is something that could have been better planned.
- There was a need for more state employee staff training and skill development related to the new technology and processes, which would have supported adaptation to the new system. The level of complexity was greater than expected.
- There was a need for more robust communications with leaders. Some examples of effective tools that were used in later implementations were scripts for leaders, communication packets, timelines for leaders on when messaging was going to be distributed, info sessions, and town halls.
- It is important to consider the “change readiness” of the organizational culture and its history with implementing large-scale changes. Conservatively, one should assume low change readiness and plan for it accordingly.

### **Change Management**

Change management will need to include involvement of TSS leadership from the outset, with an emphasis that all consolidation will involve input from department leadership and that their support is paramount to the effort. Additionally, communication needs to emphasize that OPM will not operate centralized functions in a vacuum, but that each department still will have dedicated points of contact within OPM to reach if they need assistance with an issue or have a question, and that they know this person will answer their call or call them back promptly to resolve any issues. A process for feedback will be critical so departments can provide input and feel their voices and experiences are valued as centralization occurs. Department leadership will need to get facetime with OPM and even TSS leadership so that complaints can be escalated and resolved appropriately and promptly.

OPM should also communicate that human resources staff will be involved in developing best practice processes and procedures to minimize culture shock and potentially migrate certain practices that show promise. For example, when DHS moved to its internal shared services model, it adopted a practice in which evaluations with new staff involve the employee’s former leadership, so that input can occur even after an employee migrates to a new role. OPM can help establish buy-in by highlighting a culture of customer service and creating a scorecard or report card to share its performance.

### **Considerations for Short-Term Transfer of Staff (e.g., Payroll):**

- OPM will require existing departmental human resources staff to migrate to the department to accomplish this initiative (anticipated to be phased as additional functions are centralized). OPM may consider whether leaving staff physically collocated within the departments offers advantages in terms of customer service or if moving the staff to TSS is preferred due to the opportunity for better team cohesion, skill building, and management.
- OPM will need to meet with each department to negotiate which positions and budget authority will transfer to TSS and whether existing staff will also transfer. A negotiation process with department involving human resource roles should consider how many positions are necessary to conduct remaining decentralized human resources. Some

departments are using multiple staff in a part-time capacity to perform human resources functions, so the transfer of all staff would not be appropriate.

- An assessment of the skills and knowledge of people who are identified will need to take place to determine new roles and establish training plans to standardize performance and elevate the quality of the work.
- TSS will need to develop organizational charts for functions moving to OPM oversight. This includes determining a manager to staff ratio and determining managerial span.

**Considerations for Longer-Term Planning and Transfer of Additional Functions:**

Through Arkansas Forward, human resources functions have been identified and assessed to identify if they would benefit from centralization. Ultimately all functions were identified for transfer to OPM except employee relations, which would remain within each department. Planning for the sequencing of additional functions is needed, as well as the criteria or “stage gates” for OPM to reach to gain the confidence of leadership and peer departments that the division is ready to assume additional functions.

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Develop a clear communication plan and strategies to avoid significant turnover among directly impacted human resources staff. Investing in team building and training resources to support new team leads once staff transferring to TSS, to help the teams form and to strengthen sense of belonging by new staff. This will be particularly important if staff remain physically located in their former buildings in the short term.
- Cultivate a culture of customer service at OPM, to earn the support and buy-in of partner departments. OPM can make customer service come alive by adopting core customer values, recognizing and rewarding staff who live by the values (low and no-cost methods could include a monthly breakfast with leadership, bestowing a physical award or certificate, recognizing staff in all-staff email newsletter and at town halls, providing staff with physical objects that include the values such as lanyards or mousepads, and sharing success stories/videos/vignettes with staff), and using ongoing leadership modelling of these values.
- Establish clear communication and escalation protocols to ensure departmental customers (secretaries, other leaders, human resources leaders) understand how to engage with OPM and escalate issues as needed.
- Monitor the implementation through strategies including one-on-one check-ins with departmental leaders and surveys and involve key stakeholders from the initiative outset to reduce risk that cross-departmental stakeholders may not understand or follow new processes/centralization measures. There may be operational challenges in the consolidation, but TSS’ willingness to accept and address feedback will be important.

**Because payroll has been identified as the first functional area to centralize at OPM, specific recommended steps for implementation include:**

- Engage in individual meetings with each department to discuss the number of positions to transfer to OPM (including whether the staff will move with the positions or remain in the departments).
- Establish ongoing cadence of meetings with departments to update on the progress of implementation and create a feedback mechanism to inform further centralization of human resources functions.
- Develop a new organization chart under existing management team to accommodate the new payroll staff (identifying any gaps in positions or leadership and posting for those positions as needed).
- Assess the skills of new staff and develop training plan.
- Develop or procure resources for new managers (including supervisors) at TSS such as team-building activities and training for newly formed teams (state may consider contracting with an entity to facilitate sessions for each new team on becoming a high performing team and learning to work together and communicate effectively, given different personalities and styles).
- Review current payroll process using existing policies and procedures with a small group of transferring staff and existing OPM staff.
- Revise process to reflect any process improvements used within individual departments.
- Develop job aids and refresher training to ensure consistent application of process across all new staff.
- Conduct shadowing of new employees as a quality control strategy.
- Identify key performance measures related to payroll processing for use in establishing service levels/targets.
- Create a dashboard to monitor payroll processing metrics (and share them as part of TSS dashboard/scorecard).
- Train payroll staff on customer service best practices to help instill change management around serving the needs of other departments.
- Establish survey for department leaders and human resources professionals to monitor their experience during the transition; and,
- Monitor ongoing impact of coordination/centralization and adapt as necessary.

**Recommended steps for implementing additional centralization among HR roles (future state):**

- Review and revise the work plan for each transferring function, based on the steps outlined above for the payroll transfer.
- Adapt the approach based on lessons learned from other functions.

**Alignment of department priorities with staffing and resources:** OPM is charged with the efficient utilization of state resources and the effective management of Classification and Compensation, Payroll, and Training. Implementing this initiative is aligned with current department priorities, staffing, and resources; however, it is crucial to consider that augmented staffing and IT resources will be necessary.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that HR leadership with expertise in coordination and reporting structures and IT Systems to track performance metrics (e.g., PowerBI or Tableau) will be required to implement this initiative. TSS has already negotiated an enterprise agreement with these vendors.

**Enablers for success if centralized:**

- Need new cloud-based IT system – existing SAP system is heavily customized to prevent efforts – when tried to move to Success Factors, didn’t work well due to decentralization

**Process changes associated with implementing changes in the strategic plans:** OPM staff will review policies for each functional area contemplated for further centralization. It is not anticipated that statewide payroll rules will change, but TSS will need to revise staff job aids and manuals to reflect new duties performed within TSS. A change management plan is essential to outline, for example, roles, responsibilities, and performance metrics.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve statewide human resources functions, leading to efficiencies in related operations. As functions are centralized, metrics relevant to those functions should be adopted (e.g., if payroll is centralized, start with metrics relevant to that function):

- Payroll error incidences (expected to decrease);
- Total onboarding and offboarding costs (expected to decrease); and,
- Average vacancy to onboarding time (expected to decrease).

Initial priority should be to identify payroll-related metrics for use in establishing departmental service levels (see TSS-9). OPM may consider using timeliness and accuracy metrics for payroll processing.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Potential savings will be enabled by the further centralization of human resources functions.

**Change Management Plan:** Collaboration across OPM, state HR leadership, and state leadership is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 17**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 17 – TSS-12 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Department Leads	<ul style="list-style-type: none"> <li>• OPM is seeking to improve efficiencies in state government by reducing duplication of roles and inconsistencies in state</li> </ul>	<ul style="list-style-type: none"> <li>• Department leadership meetings (Secretary and Chief of Staff)</li> </ul>	<ul style="list-style-type: none"> <li>• Kay Barnhill</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
	<p>government operations related to human resources.</p> <ul style="list-style-type: none"> <li>• There are benefits to state and departmental-level functioning by reducing duplication as seen in other states.</li> <li>• Some staff will transfer to OPM as functions transfer to OPM.</li> <li>• OPM will work collaboratively and in partnership with departments to identify efficiencies and develop a transition plan.</li> <li>• OPM wants departments to share in the benefits of this streamlining and support agencies gaining efficiencies through allowing department resources to focus on agency-specific workloads, not repetitive or duplicative HR functions.</li> <li>• Discuss assigned resources, chain of command, points of contact, and escalation protocols [insert].</li> <li>• Service level metrics will be established to build accountability and transparency during this transition [insert specific service levels established].</li> </ul>		
<p>Department human resources staff</p>	<ul style="list-style-type: none"> <li>• OPM is seeking to improve efficiencies in state government by reducing duplication of roles and inconsistencies in state government operations related to human resources.</li> <li>• There are benefits to state and agency-level functioning by reducing duplication as seen in other states.</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings with Human Resources managers.</li> <li>• Town hall style meeting with HR staff.</li> </ul>	<ul style="list-style-type: none"> <li>• Kay Barnhill</li> </ul>



Audience(s)	Key Messages	Modalities	Owner(s)
	<ul style="list-style-type: none"> <li>Some staff will be transferring to OPM. OPM will work collaboratively with human resources staff to identify opportunities and negotiate positions and workload—this is not a reduction in force effort but there may be reconfiguration of roles and responsibilities.</li> <li>Discuss assigned resources, chain of command, points of contact, and escalation protocols [insert].</li> <li>Service level metrics will be established to build accountability and transparency during this transition [insert specific service levels established]</li> </ul>		
<p>State leadership (Governor’s Office, Legislature)</p>	<ul style="list-style-type: none"> <li>OPM is assuming greater responsibilities as part of its statewide shared services model</li> <li>There are benefits to state and department -level functioning by reducing duplication as seen in other states</li> <li>OPM requests the support of the Governor’s Office and Legislature to make this large-scale effort a success for Arkansas</li> <li>Service level metrics will be established to build accountability and transparency during this transition [insert specific service levels established]</li> </ul>	<ul style="list-style-type: none"> <li>Leadership meetings</li> <li>Meetings with Legislature</li> <li>One-on-one meetings</li> </ul>	<ul style="list-style-type: none"> <li>Kay Barnhill</li> </ul>

Note: There are intentional placeholders for initiative owners to add more detail to the messages once developed.

## Initiative TSS #13 - Improve coordination among IT roles across the state

This initiative includes improving coordination among IT roles across the state and assessing opportunities for centralized reporting structures to create accountability across departments, standardize common IT activities, consolidate IT systems and licenses, and create more consistency in cybersecurity and data governance practices. Based on direction from the Arkansas Forward Steering Committee, the initial step for this implementation is to transfer Help Desk functionality to TSS, with the intent of expanding this centralization to include additional functions upon demonstration of success.

**Initiative Overview and Current State:** Despite the efforts to maintain a centralized IT function, DIS faces barriers to most efficiently and effectively provide enterprise-wide services. Analysis conducted during Arkansas Forward and highlighted in the Arkansas Forward Strategic IT Plan shows that Arkansas' large IT projects are distributed across departments, with limited formal project governance processes linking DIS, department CIOs, and operating leaders to track results and overcome implementation barriers. From a procurement perspective, Arkansas faces long approval cycle times for large orders, limited resources to actively manage vendors within departments, and missed opportunities to increase buying power state-wide and reduce rates.

This lack of coordination leads to duplication, delays, and inefficiencies, which challenge the notion that centralized IT functions can be a value-add to individual departments.

**Rationale:** By improving coordination among IT roles across the state and assessing opportunities for centralized reporting structures, DIS can create accountability across departments, standardize common IT activities, consolidate IT systems and licenses, and create more consistency in cybersecurity and data governance practices. Further, through increased coordination of IT roles, better service to state agencies can reduce service disruptions.

Arkansas Forward benchmarking revealed that with greater visibility into project contract spend, DIS will be able to consistently and centrally track performance metrics, such as status, schedules, risks, and budget overages. Standardized and improved governance has the potential to unlock 10-20% savings across the state (i.e., up to \$45M in savings per year) based on similar efforts in other organizations.

Other highlights from the Arkansas Forward Strategic IT Plan highlights that will flow from coordinated IT functions include:

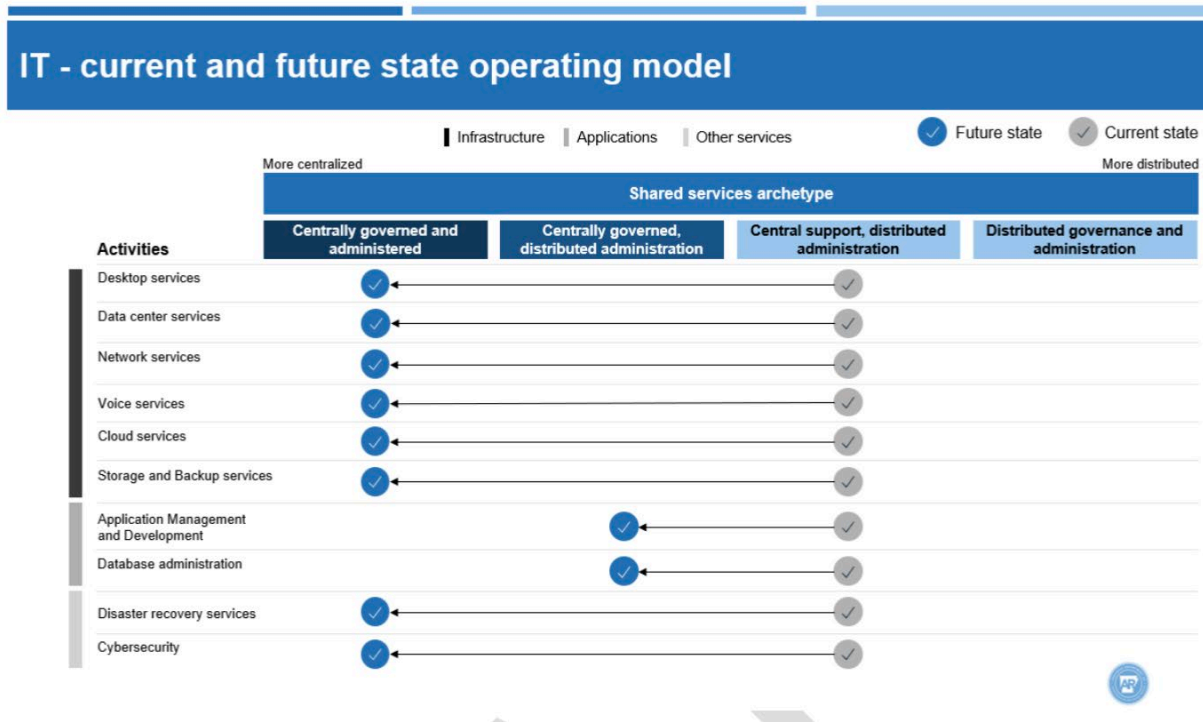
- Helping the state realize value from state IT investments across the enterprise, including through scale benefits from common procurement standards and gains in operating efficiency made possible by greater visibility and coordination of projects and applications across the enterprise.
- Enabling development of integrated, enterprise-wide cybersecurity standards, as well as capabilities within DIS and departments to enforce modern risk management practices and promote resiliency against potential cyber risks that may result in data breaches or impede state operations.

- Developing and supporting for departments in creating positive digital experiences for state employees and Arkansans, with a focus on ease-of-use, reliability, and clear communication channels for troubleshooting.
- Clearly defining roles, responsibilities, and governance between DIS and departments to further facilitate positive IT engagement experiences.
- Partnering with agency leaders to best support (and understand) the strategic and operational priorities of each department. IT engagements will complement and advance strategic objectives determined by each agency, with DIS available as a proactive thought partner, enabler, and source of expertise for agency leaders and department CIOs
- Developing an integrated, enterprise-wide view of state IT assets to identify and pursue opportunities for efficiency and cross-pollinate best practices across departments. By developing and managing a holistic perspective of enterprise IT activity and proposals, DIS will be able to align state IT resources to their highest-value use case.

Arkansas' DIS can begin increasing the visibility of its value-add by starting with improving the state's Help Desk function. While small in gain, beginning with this first phase can help DIS demonstrate strength in its coordination function by establishing service levels and tracking performance, such as speed in responding to and favorably resolving tickets. These service levels can outline the services and strengths DIS has and help it identify "low hanging fruit" within departments where DIS can provide a superior coordination role. For example, if monitoring of the Help Desk reveals that 75% of issues reported to DIS are related to VPN, DIS can become proactive and begin promulgating training videos and other resources dedicated to VPN. Finding similar opportunities to harness its centralized data and support function for customer service orientation will help highlight DIS as the core agency for coordination and enable DIS to consolidate IT systems and licenses with more ease moving forward.

DIS can coordinate this effort, as acknowledged in the Arkansas Forward: Strategic Information Technology Plan by organizing IT functions as follows below in **Figure 18**.

Figure 18 – Strategic IT Plan IT Function Organization



Source: McKinsey & Company.

### Implementation Considerations:

This initiative includes two key areas, which are addressed through the recommendations:

- Short-term actions to move certain functions such as Help Desk to DIS; and,
- Longer-term planning for the transfer of additional functions.

### Other State and Federal IT Centralization Models

The New Hampshire Department of Information Technology (DoIT) had to similarly undertake a customer service framework mentality to successfully centralize its own IT functions. DoIT underwent centralization nearly 20 years ago, resulting in a model where half of the staff are in-house and dedicated to shared services (internet service, telecom services, PC support) and the other are embedded within agencies to act in a liaison-like role to support the agency’s IT needs and act as a connection point to the centralized DoIT. When centralization occurred, a culture shift enabled the success of the shared services model, wherein DoIT began to view other agencies it served not as peer-agencies, but as customers, with DoIT adopting more of a business-mindset. The CIOs at each agency became chief relationship managers with DoIT, and much of the CIO’s role is managing and tending to these relationships and relations with state leadership.

North Carolina stands out as a best practice for using transparent reporting to align with customer service and client expectations. The Statewide IT Procurement Office within the North Carolina Department of Information Technology recently implemented a new online reporting tool to make

available information about its activities involving IT products and services. This dashboard provides monthly reporting metrics “to provide the highest level of customer service” by more effectively tracking, managing and controlling operations. These metrics include:

- Cumulative savings generated from abnormal quantity threshold process – by month, fiscal year to date and cumulative.
- Number of active, completed and canceled IT procurements as well as the reported total value of awarded IT procurements; and,
- Average approval/review cycle time and open approval/review tasks in NC eProcurement – these two charts track time from all involved in the IT procurement process.

Finally, the United States Chief Information Officers (CIO) Council demonstrates a potential model for IT governance that Arkansas can consider once the agency has further established its centrality as an IT resource. The Council is comprised of CIOs from a wide range of federal executive branch agencies. The Council is established by federal statute, which outlines the Council’s duties as follows:

- Developing recommendations for the Director of OMB on government information resources management policies and requirements.
- Sharing experiences, ideas, best practices, and innovative approaches related to information resources management.
- Assisting the Federal CIO (whose role is to establish the strategic direction of the Department’s information technology and cybersecurity efforts, oversee the Council’s budget, and ensure reliable provisioning of enterprise services) in the identification, development, and coordination of multi-agency projects and other innovative initiatives to improve Government performance through the use of information technology.
- Promoting the development and use of common performances for agency information resources management; and,
- Working with the Office of Personnel Management to assess and address the hiring, training, classification, and professional development of the Federal IT workforce.

The U.S. CIO and the CIO Council establish standards against which the success of all agency programs can be measured, including:

- Monitoring the year-to-year performance improvement of Federal Government programs.
- Attracting and retaining a high-performance IT workforce.
- Optimizing Federal Government information resources and investments.
- Aligning IT solutions with Federal enterprise business processes.
- Adopting and sharing best IT management practices; and,
- Managing risk and ensuring privacy and security.

### **Change Management**

Change management will need to include involvement of TSS leadership from the outset, with an emphasis that all consolidation will involve input from department leadership and that their support is paramount to the effort. Additionally, communication needs to emphasize that DIS will not operate

centralized functions in a vacuum, but that each department still will have dedicated points of contact within DIS to reach if they need assistance with an issue or have a question, and that they know this person will answer their call or call them back promptly to resolve any issues. A process for feedback will be critical so departments can provide input and feel their voices and experiences are valued as centralization occurs. Department leadership will need to be able to get facetime with DIS and even TSS leadership so that complaints can be escalated and resolved appropriately and promptly.

DIS should also communicate that IT staff will be involved in developing best practice processes and procedures to minimize culture shock and potentially migrate certain practices that show promise. For example, when DHS moved to its internal shared services model, it adopted a practice in which evaluations with new staff involve the employee's former leadership, so that input can occur even after an employee migrates to a new role. DIS can help establish buy-in by highlighting a culture of customer service and creating a scorecard or report card to share its performance.

**Considerations for Short-Term Transfer of Staff (e.g., Help Desk):**

- DIS will require existing departmental Help Desk staff to migrate to the department to accomplish this initiative (anticipated to be phased as additional functions are centralized). DIS may consider whether leaving staff physically collocated within the departments offers advantages in terms of customer service or if moving the staff to TSS is preferred due to the opportunity for better team cohesion, skill building, and management.
- DIS will need to meet with each department to negotiate which positions and budget authority will transfer to TSS and whether existing staff will also transfer.
- An assessment of the skills and knowledge of people who are identified will need to take place to determine new roles and establish training plans to standardize performance and elevate the quality of the work.
- TSS will need to develop organizational charts for functions moving to DIS oversight. This includes determining a manager to staff ratio and determining managerial span.

**Considerations for Longer-Term Planning and Transfer of Additional Functions:**

Through Arkansas Forward, IT functions have been identified and assessed to identify if there would be benefit from centralization. While there is greater consensus around Help Desk services, additional analysis of the appropriate model for application support and development is needed. Planning for the sequencing of additional functions is needed, as well as the criteria or “stage gates” for DIS to reach to gain the confidence of leadership and peer departments that the division is ready to assume additional functions.

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Developing a clear communication plan and strategies to avoid significant turnover among directly-impacted IT staff. Investing in team building and training resources to support new

team leads once staff transferring to TSS, to help the teams form and strengthen sense of belonging by new staff. This will be particularly important if staff remain physically located in their former buildings in the short term.

- Cultivating a culture of customer service at DIS, to earn the support and buy-in of partner departments. TSS can make customer service come alive by adopting core customer values, recognizing and rewarding staff who live by the values (low and no-cost methods could include a monthly breakfast with leadership, bestowing a physical award or certificate, recognizing staff in all-staff email newsletters and at town halls, providing staff with physical objects that include the values such as lanyards or mousepads, and sharing success stories/videos/vignettes with staff), and using ongoing leadership modelling of these values.
- Establishing clear communication regarding escalation protocols to ensure departmental customers (secretaries, other leaders, human resources leaders) understand how to engage with DIS and escalate issues as needed.
- Monitoring the implementation through strategies including one-on-one check-ins with departmental leaders and surveys and involving key stakeholders from the initiative outset to reduce risk that cross-departmental stakeholders may not understand or follow new processes/centralization measures. There may be operational challenges in the consolidation, but TSS' willingness to accept and address feedback will be important.

**Because Help Desk has been identified as the first functional area to centralize at DIS, specific recommended steps for implementation include:**

- Engaging in individual meetings with each department to negotiate the number of positions to transfer to DIS (including whether the staff will move with the positions or remain in the departments).
- Establishing ongoing cadence of meetings with departments to update on the progress of implementation and create a feedback mechanism to inform further centralization of IT functions.
- Developing a new organization chart under existing management team to accommodate the new Help Desk (identifying any gaps in positions or leadership and posting for those positions as needed).
- Assessing the skills of new staff and develop training plan.
- Developing or procuring resources for new managers (including supervisors) at TSS such as team-building activities and training for newly formed teams (state may consider contracting with an entity to facilitate sessions for each new team on becoming a high performing team and learning to work together and communicate effectively, given different personalities and styles).
- Reviewing current Help Desk processes using existing policies and procedures with a small group of transferring staff and existing DIS staff.
- Revising process to reflect any process improvements used within individual departments.
- Developing job aids and refresher training to ensure consistent application of process across all new staff.
- Conducting shadowing of new employees as a quality control strategy.
- Identifying key performance measures related to Help Desk for use in establishing service levels/targets.

- Creating a dashboard to monitor Help Desk metrics (and share as part of TSS dashboard/scorecard).
- Training Help Desk on customer service best practices to help instill change management around serving the needs of other departments.
- Establishing survey for department leaders and CIOs to monitor their experience during the transition; and,
- Monitoring ongoing impact of coordination/centralization and adapt as necessary.

**Recommended steps for implementing additional centralization among IT roles (future state):**

- Reviewing and revising the work plan for each transferring function, based on the steps outlined above for the Help Desk transfer; and,
- Adapting the approach based on lessons learned from other functions.

**Alignment of department priorities with staffing and resources:** The vision of DIS is “to lead and optimize technology resources for Arkansas public sector.” Implementing this initiative is aligned with current department priorities, staffing, and resources.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that IT systems to track performance metrics (e.g., PowerBI or Tableau) and IT leadership with expertise in coordination and reporting structures will be necessary to implement this initiative. This initiative is not likely to result in a substantial cost, given the enterprise contract in place for these tools.

**Process changes, associated with implementing changes in the strategic plans:** DIS staff will review and review Help Desk policies and staff job aids and manuals. A change management plan is essential to outline, for example, roles, responsibilities, and performance metrics.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve statewide IT service administration, build and maintain a team of highly qualified state IT professionals (thereby reduce over-reliance on costly IT contractors at the department level), and deliver high quality services to the departments served by DIS. Recommended performance measures include:

- Help Desk Ticket resolution (average days).
- Quality of data consistency.
- Number of discrete systems in use.
- Number of licenses in use; and,
- Cybersecurity standards.

Initial priority should be to identify Help Desk-related metrics for use in establishing departmental service levels (see TSS-9). DIS may consider using time to resolve Help Desk tickets as the primary metric for this initial centralization effort.



**Identification and estimation of any savings the strategic plan could realize once implemented:**

Potential savings will be enabled by the further centralization of IT functions. A methodology is needed to charge departments for Help Desk services to finance these operations (or full budgetary authority could transfer). Depending on the finance model used, savings could either be realized within impacted departments or by TSS.

**Change Management Plan:** Collaboration across DIS, departmental IT leadership, and state leadership is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 19**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 19 – TSS-13 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Department Leads and CIOs	<ul style="list-style-type: none"> <li>• DIS is seeking to improve efficiencies in state government by reducing duplication of roles and inconsistencies in its IT operations.</li> <li>• There are benefits to state and departmental-level functioning by reducing duplication as seen in other states.</li> <li>• The Help Desk has been identified as the first functionality to move to DIS. As a result, some staff will transfer to DIS as functions transfer to DIS.</li> <li>• DIS will work collaboratively and in partnership with departments to identify efficiencies and develop a transition plan.</li> <li>• DIS wants departments to share in the benefits of this streamlining and support agencies gaining efficiencies such as greater access to support.</li> <li>• Discuss assigned resources, chain of command, points of contact, and escalation protocols [insert].</li> </ul>	<ul style="list-style-type: none"> <li>• Department leadership meetings (Secretary and Chief of Staff)</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Leslie Fiskens</li> <li>• Jay Harton</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
	<ul style="list-style-type: none"> <li>Service level metrics will be established to build accountability and transparency during this transition [insert specific service levels established].</li> </ul>		
Department IT staff	<ul style="list-style-type: none"> <li>DIS is seeking to improve efficiencies in state government by reducing duplication of roles and inconsistencies in state government operations related to IT.</li> <li>There are benefits to state and agency-level functioning by reducing duplication as seen in other states.</li> <li>Some staff will be transferring to DIS. DIS will work collaboratively with IT staff to identify opportunities and negotiate positions and workload—this is not a reduction in force effort but there may be reconfiguration of roles and responsibilities.</li> <li>Discuss assigned resources, chain of command, points of contact, and escalation protocols [insert].</li> <li>Service level metrics will be established to build accountability and transparency during this transition [insert specific service levels established].</li> </ul>	<ul style="list-style-type: none"> <li>Meetings with Human Resources and IT managers.</li> <li>Town hall style meeting with IT</li> </ul>	<ul style="list-style-type: none"> <li>Jay Harton</li> </ul>
State leadership (Governor’s Office, Legislature)	<ul style="list-style-type: none"> <li>DIS is assuming greater responsibilities as part of its statewide shared services model</li> <li>There are benefits to state and department -level functioning by reducing duplication as seen in other states</li> <li>DIS requests the support of the Governor’s Office and</li> </ul>	<ul style="list-style-type: none"> <li>Leadership meetings</li> <li>Meetings with Legislature</li> <li>One-on-one meetings</li> </ul>	<ul style="list-style-type: none"> <li>Jay Harton</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
	Legislature to make this large-scale effort a success for Arkansas <ul style="list-style-type: none"> <li>• Service level metrics will be established to build accountability and transparency during this transition [insert specific service levels established]</li> </ul>		

Note: There are intentional placeholders for initiative owners to add more detail to the messages once developed.

### Initiative TSS #30 - Create an IT procurement center of excellence

This initiative creates an IT procurement center of excellence within the TSS Division of Information Systems (DIS) to streamline procurement of IT projects and rate negotiation while optimizing vendor management practices.

#### Initiative Overview and Current State:

Analysis conducted during Arkansas Forward and highlighted in the Arkansas Forward Strategic IT Plan indicates that that Arkansas’s large IT projects are distributed across departments, with limited formal project governance processes linking DIS, department CIOs, and operating leaders to track results and overcome implementation barriers. From a procurement perspective, Arkansas faces long approval cycle times for large orders, limited resources to actively manage vendors within departments, and missed opportunities to increase buying power state-wide and reduce rates.

According to DIS staff, IT procurement is the most decentralized type of procurement. While state network and telephony are mandatory, most departments want to maintain control over their help desk ticketing process and procurements. Under statute, DIS is involved in review of projects over \$100,000, however staff report that their review does not have enough of an enforcement mechanism, and they have no way to stop or gain additional review of a procurement with which they have concerns, including if there is a security concern. While DIS acknowledges its role is not to decide whether or not an agency needs a certain IT product or service, the division believes it could improve its ability to assist departments with procurements, including being involved earlier in the process and, if a procurement is approved or moves forward, advise on whether to build or buy a product, and vet contract terms.

**Rationale:** By creating an IT procurement center of excellence within DIS, the State can streamline procurement of IT projects and rate negotiation while optimizing vendor management practices.

Arkansas Forward benchmarking revealed that with greater visibility into project contract spend, DIS will be able to consistently and centrally track performance metrics, such as status, schedules, risks, and budget overages. Standardized and improved governance has the potential to unlock 10-20% savings across the state (i.e., up to \$45 million in savings per year) based on similar efforts in other organizations.

The Texas Department of Information Resources (DIR) may provide a useful model for consideration. This agency delivers technology solutions to state and local government entities. Specifically, DIR's role is to:

- Offer purchasing support and policy insights so organizations across all levels of Texas government can find and securely implement modern technology
- Set forth strategic direction for IT statewide through policies and guidance
- Analyze cybersecurity risks and solutions
- Empower state and local government entities with reliable and secure technology
- Assist with technology procurement/purchasing
- Collaborate with technology vendors
- Create a dynamic online community for knowledge sharing.

As stated by DIR on its website, “[t]he approximately 200 professionals who work at DIR are driven by a sincere desire to make governmental technology more secure, cost-effective, and forward-looking. We’re honored to serve as the cornerstone of public sector technology in Texas.” DIR’s Contract and Vendor Management Program, also known as the Cooperative Contracts Program, implements and manages statewide contracts for IT commodities and the Enterprise (statewide) Contract Management Program. DIR coordinates, manages, and monitors performance of DIR enterprise contracts, including contracts for data center services, Texas.gov, and TEX-AN network. **Figure 20** below highlights the DIR website’s “Why Buy Through DIR?” content.

**Figure 20 – “Why Buy Through DIR?”**

<p><i>Why Buy Through DIR?</i></p> <ul style="list-style-type: none"><li>• <b>Save Time:</b> DIR goes through a competitive procurement process using the Request for Offer (RFO) method of procurement to procure Automated Information System (AIS) and Information Technology (IT) products and services. This cuts the procurement time for our customers dramatically!</li><li>• <b>Save Money:</b> We leverage the State of Texas’ purchasing power to get your organization big savings, meaning you receive discounted pricing with pre-negotiated terms and conditions in compliance with state procurement rules.</li><li>• <b>Easier Process:</b> Easily search for products and services and filter the results. You’ll quickly find the vendor that’s right for you.</li><li>• <b>Quality Assurance:</b> Every DIR approved vendor must comply with the contract in full, meaning they’re knowledgeable and will meet (and often exceed) your expectations.</li></ul>
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Source: DIR, “information for Buying Through DIR.”

All Texas agencies are required to procure through DIR first for AIS commodities and services through a Cooperative Contract. For AIS "commodity items" including commercial software, hardware, or technology services, other than telecommunications service, statute requires state agencies to purchase through a list maintained by DIR, with bids solicited according to different threshold levels shown below in **Figure 21**. State agencies must purchase commodities in accordance with contracts developed by DIR and maintained on the list unless certain requirements are met, including an exemption from DIR, express approval from a body called the Legislative Budget Board, or a

certification from the agency that the commodity is not available under an existing contract developed by DIR.

DIR is also required to partner with state agencies to periodically assess the risk to the state in the purchase of listed commodity items and, based on the risk assessment and as DIR considers necessary to ensure accuracy, monitor and verify monthly transaction records for those commodities submitted by vendors.

**Figure 21 – Statutory Threshold Requirements for Texas IT Commodity Purchases**

Contract Value	# of Vendors
Up to \$50,000	State Agencies may directly award a contract to DIR Cooperative Contracts vendor(s) or reseller(s) in the category to which the contract relates.
Over \$50,000 but not exceeding \$1 Million	State Agencies must submit a request for pricing to at least <b>three (3)</b> DIR vendors or resellers in the category to which the contract relates.
Over \$1 Million but not exceeding \$5 Million	State Agencies must submit a request for pricing to at least <b>six (6)</b> DIR vendors or resellers in the category to which the contract relates.
Over \$5 Million but not exceeding \$10 Million	State Agencies have the option to enter into a contract through the DIR Cooperative Contracts program. If using DIR contracts, state agencies must submit a request for pricing to at least six (6) DIR vendors or resellers in the category to which the contract relates.
Over \$10 Million	May not enter into a contract through the DIR cooperative contracts program to purchase a commodity item

Source: Texas Department of Information Resources.

Categories of IT products and services offered through DIR Cooperative Contracts include Hardware Products and Related Services, Software Products and Related Services, Technology Services, Branded Contracts, IT Staffing Services, and Deliverables-Based IT Services (DBITS).

DIR also offers itself as a resource through functions like Digital Project Services, which offers support at any given point of an agency’s project, including consultation and training on the Project Delivery Framework, best practices, and tips for de-risking IT projects. DIR’s goal is to help agencies “deliver projects that support [their] mission, stay within budget, and use leading technology practices.” Another function, Strategic Digital Services, assists agencies in the adoption of digital technology, transforming manual processes with digital processes, replacing legacy technology with

modern technology, and shifting a task workforce to a knowledge workforce. Strategic Digital Services Program Objectives are as follows:

- Develop a digital transformation toolkit for agencies to use as their guiding principles for digital transformation.
- Engage with agencies to facilitate workshops that are designed to assess and optimize digital transformation capabilities.
- Identify digital champions within agencies.
- Establish a digital community and governance.

The Texas Innovation and Education Center (TIEC), embedded in the Strategic Digital Services division, provides a “Playbook” resource, workshops, training, an innovation lab, and hosts Centers of Excellence. The current center, the “Artificial Intelligence Center of Excellence (AI-CoE)” was formed in December 2020 and helps state and local governments use artificial intelligence (AI) technologies to foster digital transformation and improve efficiency. In 2021, this center was awarded a State IT Innovation of the Year Award from the Scoop News Group as part of the 2021 StateScoop 50 Awards.

DIS can analyze Texas DIR and its structures, programs, as well as its statutory authority to determine whether an IT Procurement Center of Excellence would involve some of the functions or authorities that DIR has. DIR 1) Has a customer-centered approach, positioning itself at the service of state agencies; 2) has statutory authority that enables it to better provide oversight and monitoring on state IT contracts. DIS should consider implementing both to successfully create the IT Procurement Center of Excellence. DIR can therefore provide technical expertise on procurement bid and oversight documents, negotiate best value IT statewide contracts, and otherwise serve as an IT subject-matter expert and customer service resource for the state.

## **Implementation Considerations:**

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

### **Strategies to address potential risks and enable success:**

- Provide detailed justifications, extensive training, and support from leadership to ensure buy-in and adoption of changes to mitigate the risk that there could be ambiguity among affected roles as to why centralization changes are being made.
- Establish clear communication channels and involve key stakeholders from the initiative outset to minimize the risk that cross-departmental stakeholders may not understand or follow new processes/centralization measures.
- Emphasize partnership/collaboration with agency SMEs and “customer service” function to minimize risk that agencies pushback on procurement centralization.
- Develop process for review and an exception/expedited process for contract revisions so projects are not delayed and agencies do not purposefully manipulate policies to avoid review.

### **Recommended steps for implementing IT procurement center of excellence (future state):**

- Establish the organizational structure, purpose, and operating norms of the IT procurement center of excellence
- Conduct a detailed current state assessment of IT procurement processes, including vendor management practices, negotiation procedures, and best practice documentation and deployment
  - Need to determine internally what departments are capable of handling and should manage
- Conduct internal focus group to determine what TSS wants to manage
- Conduct focus group with other departments to determine what they wish to retain, why and why not centralized
- Identify key areas for improvement and define solution set of process and policy changes
- Outline both necessary and nice-to-have systems capabilities to support process and policy changes in IT procurement
- Syndicate changes with TSS, departmental, and external stakeholders and receive necessary approvals
- Implement supporting technologies to manage interactions between the CoE and departmental stakeholders
- Develop detailed documentation of process modifications and how department IT and procurement leadership should engage with the IT CoE on future procurements
- Communicate organizational changes and train employees
- Monitor ongoing impact and adapt as necessary

**Alignment of department priorities with staffing and resources:** The vision of DIS is “to lead and optimize technology resources for Arkansas public sector.” Implementing this initiative is aligned with current department priorities, staffing, and resources.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that IT systems to track performance metrics (e.g., PowerBI or Tableau) and IT leadership with expertise in coordination and reporting structures will be necessary to implement this initiative. TSS has existing contracts with both vendors; depending on the needs, nominal cost could be incurred.

**Process changes, associated with implementing changes in the strategic plans:** DIS will need to develop significant policies and procedures to coordinate IT roles, including what IT goods and services should be centralized and what the respective roles and responsibilities for IT will be for DIS versus agency IT staff

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve the negotiation and management of vendors for IT-related projects. Recommended performance measures include:

- Cost savings related to contract re-negotiation; and,
- Percent of IT contracts with key performance indicators and established penalties included.

**Identification and estimation of any savings the strategic plan could realize once implemented:**

No potential savings were identified as a direct result of this initiative. However, this initiative is an enabling practice to improve the management of procurements and vendor negotiation, which has been estimated to offer a significant potential savings to be realized by the State of Arkansas.

**Change Management Plan:** Collaboration across OSP, DIS, state procurement leadership, and department CIOs is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 22**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 22 – TSS-30 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Secretaries, department CIOs, department procurement leads	<ul style="list-style-type: none"> <li>• DIS is establishing an IT Procurement Center of Excellence to make it easier and more efficient to assess and procure IT goods and services</li> <li>• We know departments understand their own business needs; DIS is here to support and lend expertise, technical knowledge, and exceptional service</li> <li>• Support and encouraged adoption by department leadership is necessary for the success of the CoE as well as to make IT procurement in Arkansas as efficient and effective as possible</li> <li>• DIS welcomes opportunities to collaborate with department leadership to ensure DIS is providing excellent service and providing agencies what they need</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting of state department leaders and CIOs</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Leslie Fiskien</li> <li>• Jay Harton</li> </ul>

**TSS Initiative #36 - Establish statewide data hub**

Establish a statewide data hub that will enable integrated service delivery to increase the efficiency and comprehensiveness of government services, enhance the cohesiveness of Arkansan experience, and make use of leading technologies that improve business process efficiency and lower costs.



**Initiative Overview and Current State:** During many recent legislative sessions, Arkansas has passed legislation aimed at consolidating and managing state data so that it can be efficiently and effectively utilized to improve state government functions. In 2023, during the 94<sup>th</sup> General Assembly’s Regular Session, Act 634 required the state to “develop a shared services data hub for statewide data sharing in order to: (i) Drive innovation and facilitate efficiency across state agencies; (ii) Improve the delivery of services; and (iii) Better serve the residents of this state.” This task was charged to the Data and Transparency Panel is created within the Department of Transformation and Shared Services (ACA Sec. 25-4-127). This Panel sits within the Secretary’s Office at TSS, within the ARDATA function.

The data hub is an evolution of past work by TSS and the Data Transparency Panel on a state data warehouse. After efforts to break down agency siloes and consolidate state data in one place, the data hub will now enable seamless access to state data across agencies. Currently, every program/department has its own system and applications. Historically, when departments have desired to share data, this collaboration would require peer to peer integrations of applications for all information to be made seamlessly available to consumer. The data hub will remove the need for peer-to-peer integrations so that a government service/department portal can tap into the Data Hub.

Arkansas has discussed the need for a data hub since at least 2019. The 92<sup>nd</sup> General Assembly established a Data-Sharing and Data-Driven Decision-Making Task Force (Data-Sharing Task Force) tasked with analyzing:

1. The possibility of implementing a shared services model for statewide data-sharing.
2. Specific solutions and legislation necessary to create a statewide data sharing system for public state agency data; and,
3. Funding mechanisms.

In an article posted on the website Talk Business and Politics in 2019, the author recounts the taskforce’s inaugural meeting, in which DIS presented a “proof of concept” created for public safety agencies to examine the root causes behind recidivism and how to solve Arkansas’ large prison population through data sharing and collaboration. This work was touted as an example of what could be built upon for the Arkansas Data Hub. DIS cited that the hub would require an investment of roughly \$4 million to initiate those business cases with another \$1 million in annual maintenance costs. Charging agencies for DIS services was discussed, but while DIS indicated that it is a cost recovery agency, it was agreed that the HUB should be cost-neutral to the greatest extent possible.<sup>6</sup>

This Data Hub is viewed as critical by the ARDATA and TSS teams. The master data management tool that exists within the data hub will allow TSS and the state to resolve multiple records from multiple systems and look at user resolution. The Data Hub will be able to integrate multiple source systems in real time and enable the state to check for records of a specific person. For example, if someone has a license that is up for renewal, they may be able to look-up when to renew, while also identifying taxes owed. An entity resolution Machine Learning/AI app within the hub will enable users to apply a

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<sup>6</sup> Will Gruber, Vice President at inVeritas, “Data-driven decision making,” July 16, 2019, <https://talkbusiness.net/2019/07/data-driven-decision-making/>.

model that identifies records to create a Master Citizen record that has every engagement a person has with the state of Arkansas.

Eventually, the plan is for the data hub to also enable citizens to have a one-stop-shop that makes it easy for Arkansans to connect to government services. TSS has initiated an effort to create the Arkansas Government Portal, a first-in-the nation portal where citizens can access over 1,200 services across over 15 departments and other agencies (discussed in greater detail in TSS-39). The Government Services Portal will build upon the integration features that exists within the Data Hub so that Arkansas can have an integrated statewide delivery system. TSS is aware that other departments including the Department of Finance and Administration (DFA) and Workforce Development Board (WDB) have also expressed developing or implementing their own portal tools, a DMV services portal and CiviForm for enrolling in benefits, respectively.

TSS received a multi-year American Rescue Plan Act (ARPA) award to procure three years of hardware and software needed to power the data hub. TSS is currently in the procurement process after receiving Arkansas Legislative Council approval. While this funding will cover technical needs to establish the data hub, labor costs to develop the hub are not covered, and there is concern about where funding for the future will come from after the expiration of the ARPA funds. TSS is conscious of the challenge this presents, as they anticipate there will be large demand for the data hub from state agencies once it is established.

The department's labor is funded by a cost-recovery model, therefore, to operate the data hub, the agency will need to have a strategy in place to understand the usage rate and budget appropriately. The proper cost has not been established and TSS is working internally to determine cost/rates for the state agency department's use. For the next three years, grants will cover the labor costs for the agency as they relate to the data hub, but beyond this period they will need to identify another funding stream. One strategy recommended by other states is to explore the utilization of enhanced federal Medicaid funding (90% federal match/10% state funding) to fund application of the hub in a narrow scoped manner for purposes or serving the Medicaid population, which the state could build on in the future to expand beyond Medicaid. This would require submission of an Advanced Planning Document (APD) for federal approval.

**Rationale:** By establishing a statewide data hub, Arkansas will enable integrated service delivery to increase the efficiency and comprehensiveness of government services, enhance the cohesiveness of Arkansan experience, and make use of leading technologies that improve business process efficiency and lower costs.

## Implementation Considerations:

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

### Strategies to address potential risks and enable success:

- Ensure cross-departmental team clearly defines the nature of relevant data sources, create matching keys to reconcile historical data, and standardize data going forward where possible to address the risk that data may not be clean enough to reliably consolidate for integrated service delivery
- Launch an awareness campaign (both internal for state employees and external for Arkansans) to educate and inform about the benefits of a statewide data hub, ensure success of TSS-39 initiative of deploying platforms that leverage statewide data hub in a user-friendly way to address the risk that stakeholders may not use the statewide data hub
- Continuous funding for TSS labor costs will be a significant risk after expiration of ARPA funding and current grants; develop a cost recovery model, such as charging member-agencies a usage fee, or advocating for a legislative appropriation, to sustain the data hub.
- Coordinate with Governor’s Office, DFA, and Workforce to ensure that government service portals are not duplicative, conflicting, or incompatible. DFA’s DMV portal and WDB’s CiviForm if compatible, could be developed in conjunction with the statewide data hub as a “quick wins” for the project.
  - DFA and TSS executive leadership involvement is needed to develop the strategy around this implementation. The integration of state databases and connecting personal data with different state agency systems to create a unique dataset for a single person has many complexities that will include continuous monitoring and collaboration from executive leadership to ensure eventual success of not only this initiative, but the overall Arkansas Government Services Portal.
  - DFA and TSS may consider if it would be helpful to have DFA go ahead and issue the RFI to gain insight from the vendor community, since this type of innovation has not been tried and tested in Arkansas and other jurisdictions and DFA has already drafted an RFI. This could continue to inform evolution of the project.
- To address past departmental concerns over losing control over data, reinforce DIS’ role as the aggregator of the data and the importance of individual departments in data ownership, integrity, and governance.

### Recommended steps for implementing statewide data hub (future state) (\*indicates completed or in progress):

- Fund and procure data hub infrastructure\*
- A detailed project plan and project manager will be required to manage this process. Without knowing how DFA and TSS will scope this project, a detailed plan cannot be formed. However, important considerations include:
  - Need for more project management resources at DFA and TSS
  - Project governance

- Identify funding source for long-term sustainability
- Obtaining market feedback (DFA was preparing to release an RFI in April 2024 and stands ready to issue and work with TSS in collaboration)
- Complete security, business continuity, and architecture planning\*
- Install physical hardware, provisional cloud hosting, software, and services
- Establish interdepartmental steering committee for training, onboarding, and operational support
- Analyze current programmatic structures and develop business cases for which agency/function lends itself most to data hub as pilot
  - Conduct cost study by surveying other state data hubs
  - Consider different funding models
- Develop and deliver instructional materials
- Establish data sharing and governance support
- Establish system administration and operational support
- Complete phased rollout

**Alignment of department priorities with staffing and resources:** ARData “strives to use data to help make Arkansas more efficient and effective. Using data-driven decision-making requires the ARData team to develop a continuous and routine problem-solving process.” Implementing this initiative is aligned with current department priorities, staffing, and resources, however coordination of these with other agencies will be required to implement this initiative.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that a cross-departmental team of data experts, specialists for coordination and integration of data tables systems, as well as funding for system upgrades and data consolidation will be required to implement this initiative.

**Process changes, associated with implementing changes in the strategic plans:** TSS/ARDATA will need to develop policies and procedures to implement the data hub including data sharing agreements, onboarding documents, policies for use, and potentially a fee structure.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to create a statewide resource for accessing, analyzing, and utilizing data. Recommended performance measures include:

- Number of users onboarded.
- Number of systems integrated.
- Number of departments onboarded; and,
- Decisions automated.

**Identification and estimation of any savings the strategic plan could realize once implemented:** No direct potential savings were identified in relation to this initiative. This initiative could enable savings to be achieved through other initiatives.

**Change Management Plan:** Collaboration across TSS, departments, and state leadership is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 23**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 23 – TSS-30 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
State department leads	<ul style="list-style-type: none"> <li>• Arkansas has the opportunity to implement data tool long in the making and take the state into a new frontier of data access and integration, both for state employees and citizens</li> <li>• Roll out will need to be conducted thoughtfully and with an eye towards sustainability past the expiration of ARPA funds</li> <li>• TSS will need partnership of agencies to identify best approach to roll out and consider how to sustain the hub</li> <li>• TSS will need partnership of agencies to ensure the hub fulfills its potential for the state</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting of state department leaders</li> </ul>	<ul style="list-style-type: none"> <li>• Heather Saco</li> </ul>
DFA and WDB	<ul style="list-style-type: none"> <li>• Arkansas is fortunate to have multiple opportunities for data integration and access— cannot miss opportunity due to competing projects</li> <li>• How can each initiative support the others so there is no competition for state time, attention, and resources?</li> </ul>	<ul style="list-style-type: none"> <li>• Agency leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Heather Saco</li> <li>• Secretary Leslie Fisk</li> <li>• Jay Harton</li> </ul>
Arkansans	<ul style="list-style-type: none"> <li>• Arkansas is positioned to elevate its government services to provide best-in-class experience for taxpayers</li> <li>• Accessing government information and programs will be easier, more reliable, and faster than ever</li> <li>• Arkansas Data Hub can save citizens time and money by enabling one-stop source for all government needs</li> </ul>	<ul style="list-style-type: none"> <li>• Social media</li> <li>• TV</li> <li>• Radio</li> <li>• Newspaper publications</li> </ul>	<ul style="list-style-type: none"> <li>• Heather Saco</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
	<ul style="list-style-type: none"> <li>Protection of private information paramount to the success; need to have trust</li> </ul>		

## Initiative TSS #39 - Deploy Arkansan- and employee-facing platforms to leverage statewide data hub

This initiative focuses on deploying Arkansan- and employee-facing platforms that leverage the statewide data hub to increase the efficiency and comprehensiveness of government services, enhance the cohesiveness of Arkansan experience, and make use of leading technologies that improve business process efficiency and lower cost.

**Initiative Overview and Current State:** The Data Hub is viewed as critical by the ARDATA team and TSS (see TSS-36). The master data management tool that exists within the data hub will allow TSS and the state to resolve multiple records from multiple systems and look at user resolution. The Data Hub will be able to integrate multiple source systems in real time and enable the state to check for records of a specific person.

Eventually, the plan is for the data hub to also enable citizens to have a one-stop shop that makes it easy for Arkansans to connect to government services. As noted in TSS-36, TSS is in the process of developing the Arkansas Government Portal, which will build upon the integration features that exists within the Data Hub so that Arkansas can have an integrated statewide delivery system. In addition, other departments, including the Department of Finance and Administration, have active projects to establish portals for their clients (see DFA-14). The intent of these solutions is for a member of the public to have a secure, personalized account where they can initiate and access all available online government services. A personalized dashboard would displace relevant licenses, renewals, benefits, and services received.

TSS is working with a non-profit conglomerate of large employers and states called Research Improving People’s Lives (RIPL) to develop this platform. RIPL includes partners such as, the National Governors Association, Social Security Administration, Google, Walmart, and the states of Rhode Island, Virginia, and Colorado.

**Rationale:** Implementation of an Arkansan and employee-facing function through the data hub helps TSS to achieve its mission to improve the effectiveness of government. By leveraging the data hub, state employees can better serve constituents and improve perceptions of government services.

### Implementation Considerations:

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

### **Strategies to address potential risks and enable success:**

- Ensure cross-departmental team clearly defines the nature of all data sources, create matching keys to reconcile historical data, and standardize data going forward where possible to mitigate the risk that data is not clean enough to reliably consolidate for integrated service delivery.
- Coordinate with Governor’s Office, the Department of Finance and Administration, and the Department of Commerce to ensure that government service portals are not duplicative, conflicting, or incompatible. DFA’s DMV portal and WDB’s CiviForm if compatible, could be developed in conjunction with the statewide data hub as a “quick wins” for the project.
- Launch a publicity campaign (both internal for state employees and external for state Arkansans) to educate the public about the benefits of the statewide data hub, ensure success of TSS-39 initiative of deploying platforms that leverage statewide data hub in a user-friendly way to minimize the risk that people do not make use of the statewide data hub.

### **Recommended steps for deploying Arkansan and employee-facing platforms (future state):**

- Establish interdepartmental task force to identify and prioritize statewide data hub use cases (prioritizing work already completed at DFA and other departments).
- Engage departments in sourcing use cases for statewide data hub; prioritize most valuable use cases.
- Create design and implementation plan for prioritized platforms, including timeline, project and design teams and roles, budgetary requirements, legal requirements, and risks/mitigations.
- Secure funding and resources for prioritized platforms.
- Conduct design phase of prioritized platforms.
- Conduct user testing and refinement phase of prioritized platforms.
- Create marketing and training materials to publicize and educate Arkansans and employees on how to use platforms.
- Establish system administration and operational support.
- Complete phased rollout.

**Alignment of department priorities with staffing and resources:** ARData “strives to use data to help make Arkansas more efficient and effective. Using data-driven decision-making requires the ARData team to develop a continuous and routine problem-solving process.” Implementing this initiative is aligned with current department priorities, staffing, and resources, however coordination of these with other agencies will be required to implement this initiative.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that a cross-departmental team of data and customer experience experts, specialists for coordination, and integration of data-table systems will be necessary to implement this initiative. Costs are to be determined but may include IT setup costs. IT system upgrades and database integrations will also be required resources. It is anticipated TSS will require a marketing / communication budget of approximately \$100,000 to design a campaign to educate the public about its new Government Services Portal. Previously, other state agencies including DFA have contracted with an external firm for the creation of such a campaign.



## **Process changes, associated with implementing changes in the strategic plans:**

A detailed project plan and project manager will be required to manage this process. A project plan will need to include strategies to ensure there is alignment between TSS and other departments with portal initiatives. Important considerations include:

- Identifying available project management resources at TSS.
- Determining project governance (should be part of process contemplated in FUNC-73).
- Determining project scope. Executive-level agreement between TSS and DFA/ACOM is needed to scope TSS' Government Services portal project, given the desire by DFA and ACOM to proceed with their own portals. Key questions include: will TSS' portal include departments such as DFA and ACOM in initial functionality or will these departments be permitted to pursue their own projects as long as solutions developed integrate into the eventual Government Services Portal?
- Identifying long term funding sources (develop departmental charge-back methodology, assumed funding for specific projects will come from departments such DFA).
- Obtaining market feedback (releasing an RFI in April 2024 and stands ready to issue and work with TSS in collaboration).

**Performance metrics to measure success post-implementation:** The primary indicator this initiative would seek to improve is employee/citizen satisfaction. There could be benefits realized across departments as more transactions occur online, which could reduce processing time for various government transactions.

Recommended performance measures for public-facing applications include:

- Users onboarded.
- Number of transactions performed using the portal.
- Satisfaction rate (such as Net Promoter Score – a national measure used to assess whether an individual would recommend doing business with the State of Arkansas to their family or friends).
- Number of discrete functions or services offered on portal.
- Number of departmental data sources integrated through the data hub.

Recommended performance measures for public-facing applications include:

- State employe users onboarded; and,
- Decisions automated (to be defined).

## **Identification and estimation of any savings the strategic plan could realize once implemented:**

TSS' preliminary estimates indicate this initiative could result in \$7 million in recurring positive fiscal impact each year. This includes a combination of revenue generated through efficiencies staff gain from being able to access data, online/self-service tasks and cost savings/cost avoidance from enhanced citizen self-service, which could reduce operational costs at departments related to phone calls, appointments/office visits, and other transactional tasks which will be automated. The basis for this savings has been proven through existing online self-service functionality such as renewing driver's license at the "MyDMV," which could be realized across



additional government agencies when services are offered through the portal. This savings would be realized within the budgets of multiple departments (not within TSS’ budget).

**Change Management Plan:** Collaboration across state departments and engagement of the public is essential to this initiative’s success. There is a need to develop and implement a marketing campaign that can drive the public to the new portal to maximize the investment that TSS has made in improving their experience. This project is a significant “win” for TSS and the State of Arkansas and has the potential to impact how citizens view state government if communicated appropriately.

Although this portal is intended to be more robust, the experience of DFA in launching its “MyDMV” website in 2017 is instructive for TSS. DFA, in partnership with the Information Network of Arkansas (INA), launched the “Skip the Trip” public awareness campaign that leveraged social media, ads, print communications, homepage callouts, trade show displays, and media relations. Representatives from DFA attended county fairs and worked with INA to produce marketing swag, business cards, flyers, and pop-ups to catch attendees’ attention. This effort was successful in converting a portion of the public to be online “self-servers.”

Recommended messaging and modalities are included for each audience in **Figure 24**. Key activities and timing for communication plan are included in **Appendix A – Work Plan**.

**Figure 24 – TSS-39 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
State agency secretaries and CIOs	<ul style="list-style-type: none"> <li>Arkansas has the opportunity to implement data tool long in the making and take the state into a new frontier of data access and integration, both for state employees and citizens</li> <li>Roll out will need to be conducted thoughtfully and with an eye towards sustainability past the expiration of ARPA funds</li> <li>TSS will need partnership of agencies to identify best approach to roll out and consider how to sustain the hub</li> <li>TSS will need partnership of agencies to ensure the hub fulfills its potential for the state</li> </ul>	<ul style="list-style-type: none"> <li>Meeting of secretaries and CIOs</li> </ul>	<ul style="list-style-type: none"> <li>Heather Saco</li> </ul>
Departments with existing projects (DFA, WDB leadership)	<ul style="list-style-type: none"> <li>Arkansas fortunate to have multiple opportunities for data integration and access— cannot miss opportunity due to competing projects</li> </ul>	<ul style="list-style-type: none"> <li>One-on-one leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>Heather Saco</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
	<ul style="list-style-type: none"> <li>• How can each initiative support the others so there is no competition for state time, attention, and resources?</li> <li>• Will these projects continue as free-standing projects or become incorporated into this larger effort?</li> </ul>		
TSS staff	<ul style="list-style-type: none"> <li>• TSS is reinforcing its customer service values through new data capabilities</li> <li>• Improving customer experience is our goal.</li> <li>• Customer service is everyone’s responsibility.</li> <li>• We are going to provide tools and training to reinforce these values and skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Emails to IT staff</li> <li>• Agency meetings</li> <li>• Website postings</li> </ul>	<ul style="list-style-type: none"> <li>• Heather Saco</li> </ul>
Arkansans	<ul style="list-style-type: none"> <li>• Arkansas is positioned to elevate its government services to provide best-in-class experience for taxpayers</li> <li>• Accessing government information and programs will be easier, more reliable, and faster than ever</li> <li>• Arkansas Data Hub can save citizens time and money by enabling one-stop source for all government needs</li> <li>• Protection of private information paramount to the success; need to have trust</li> </ul>	<ul style="list-style-type: none"> <li>• Social media</li> <li>• TV</li> <li>• Radio</li> <li>• Newspaper publications</li> </ul>	<ul style="list-style-type: none"> <li>• Heather Saco</li> </ul>

**Functional Initiative #4 - Standardize specifications for long tail purchases**

This initiative standardizes specifications for long tail purchases by determining most commonly purchased products, rationalizing where certain products are exceptionally high in price, except in special cases, creating product specification policies, and conducting Invitations For Bids for statewide contracts on products with those specifications. In the typical distribution of contracts, the top 20% account for approximately 80% of expenditures; this initiative is focused on the group of small dollar value contracts, which collectively account for approximately 20% of contract expenditures and 80% of contractual relationships. This group is known as the “long tail” of purchasing, which today remain the purview of individual departments and represent an untapped area of savings for the State of Arkansas.

**Initiative Overview and Current State:** The TSS Office of State Procurement (OSP) has primary responsibility and oversight for the Statewide procurement of commodities, technical and professional services for all state agencies, boards and commissions, and colleges and universities. OSP also provides training in Arkansas procurement laws, regulations, and policies.

While Arkansas has centralized its procurement function within OSP, interviews with staff indicate that agencies currently craft their own RFPs and standardization across agencies is lacking. During Arkansas Forward field work, it was discovered that OSP has multiple opportunities to improve the functioning of procurement for statewide contracts, which may lead to significant savings. Following a Global Procurement Excellence 360 review, Arkansas’s procurement performance was compared to industry best practices. The findings revealed strengths in the state’s procurement strategy, including that current procurement policies and process standardization lay the groundwork for operational effectiveness between departments. The assessment also revealed several gaps in the state’s procurement maturity:

- Arkansas scored slightly below the public sector average in overall procurement assessment and lagged top-performing peers across several categories.
- The lack of overall procurement strategy creates suboptimal sourcing, limiting value capture
- Categories, performance metrics, and KPIs could be further defined and tracked to boost procurement performance.
- Supplier development and management functions could be strengthened and formalized.
- Adoption of digital capabilities could be increased to standardize and monitor spend.
- Talent development mechanisms could be improved to boost internal knowledge and capabilities.

Long tail purchases are typically defined as the amount an organization spends on purchases that make up approximately 80 percent of transactions but cover only 20 percent of total spend. While these purchases appear small, they can accumulate to create inefficiencies, such as where a state like Arkansas is undertaking the purchases across multiple departments. OSP indicates that standardization of contracting across the state is lacking, presenting an opportunity to improve long tail purchasing.

**Rationale:** By adopting digital capabilities, increasing standardization, and pooling procurement across state agencies, OSP can improve long tail purchasing, which can help the state realize cost savings through standardized price points/requirements and reducing inconsistencies.

Crown Commercial Services, which bills itself as “the biggest public procurement organization in the UK” highlights the risks of unmanaged tail spending for public organizations<sup>7</sup>: “Tail spend...purchases are often not visible until they appear in an organization’s end-of-year accounts and can cause significant budget pressures if not controlled...While tail spend is often referred to as low value spend, this is not always the case. Tail spending can take a lot of different forms. It contains spending that presents risks and inefficiencies to government buyers, including:

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<sup>7</sup>Crown Commercial Service, “Tail Spend Solution,” <https://www.crowncommercial.gov.uk/agreements/rm6202>.

- low price, high frequency: these are items that have low individual value, but over time, are a significant amount of spend
- low price, low frequency: items at the far end of the tail of spending
- misclassified spending: items that are individually purchased and should be consolidated into existing supply contracts and competition systems
- fragmented spending: items that are repeatedly purchased by various parts of the organization that could be consolidated
- maverick spending: spending that falls outside of the organization’s procurement guidelines
- unaddressed spending: items that have not been addressed by procurement in a reasonable period (generally considered to be two to three years)
- unusual spending: high value items that are new procurements or are procured only once, or so rarely that the organization’s procurement staff has no expertise in the area.”

It is recommended that OSP, in conjunction with other state procurement officials, standardize product categorization and taxonomies across departments and create category strategies, identify which commodities should be sourced via statewide contracts, and renegotiate current contracts as they expire and optimize future contracts. These efforts address tail spend risks such “misclassified spending,” “low price, high frequency,” “unaddressed spending,” and “fragmented spending.”

The potential impact on cost savings is considerable. A 2016 study by the Hackett Group finding respondent-companies that actively managed tail spend realized savings: 27% of companies said that they experienced savings of 5% to 10%, while 20% of companies had savings of at least 10%.

## **Implementation Considerations:**

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

### **Strategies to address potential risks and enable success:**

- Establish the exceptions process to ensure that overrides of standard specifications are only permitted in OSP-defined use cases and very infrequently ad hoc to mitigate the risk that departments may obtain unwarranted exceptions
- Craft the specifications alongside most impacted department “SMEs” to ensure that products fulfill the needs of state employees to address the risk that employees may be dissatisfied with the products
- Include impacted department SMEs in the processes of procurement and selection to reduce the risk of alienating state employees with first-hand knowledge of agency needs

### **Recommended steps for implementing improving long tail purchasing (future state):**

- Solicit department data inputs and use analytics to determine top spend on long tail commodity purchases and select standardizable products and/or product groupings
- Conduct market research to develop a fact base for best value product specs, including checking GSA, NASPO, and other public/private sector benchmarks

- Request input on proposed specifications for each product from a subset of CIOs, then gather in person as needed to work through revisions
- Agree upon specifications for each product type, as well as specific exceptions
- Review historical purchasing behavior across departments and forecast demand for upcoming time periods
- Determine if existing contracts or new statewide contracts will be best for each
- Launch procurements for statewide contracts for products and product families
- Invest in professional skills development and training for negotiators
- Review, negotiate, and award statewide contracts for products and product families
- Gather input to determine if there is justification for the contract not being mandatory; otherwise, prepare proposal to ALC for mandatory use of statewide contract
- Communicate changes to relevant purchasers across state government
- Track average purchase price of each commodity over next 3-24 months and compare to historical average prices to capture savings value

**Alignment of department priorities with staffing and resources:** OSP is committed to “effective, efficient, and ethical procurement.” From the inception of TSS, OSP was envisioned as the statewide procurement entity to improve contracting through leveraging the state’s buying power, improving coordination, and eliminating duplication and inconsistency. Implementing this initiative is aligned with current department priorities, staffing, and resources, however it is crucial to consider that augmented staffing and resources will be necessary.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that procurement data analysts and dedicated engagement from department procurement leads will be required to adequately implement this initiative, as well as IT systems to support spend data analysis.

**Process changes, associated with implementing changes in the strategic plans:** TSS and other state agency procurement leadership will need to establish policies and procedures to effectively implement this initiative. A change management plan is essential to outline, for example, roles, responsibilities, and performance metrics.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve statewide contracting for long tail purchases, therefore saving the state by leveraging its purchase power to obtain competitive or bulk pricing and eliminate redundancies and inconsistencies throughout long tail purchases. Recommended performance measures include:

- Total spending on “long tail” products.
- Total long tail savings contract captured (assumes establishment of a savings methodology whereas reduced spending amount from shift to competitive or bulk pricing is captured at each department level and aggregated).
- Number of statewide contracts; and,
- Percentage of total spending on statewide contracts.

**Identification and estimation of any savings the strategic plan could realize once implemented:** TSS estimates this initiative could result in \$34 million in annual recurring savings. This savings would be realized within the budgets of multiple departments (not only at TSS).

**Change Management Plan:** Collaboration across OSP, state procurement leadership, and the vendor market is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 25**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 25 – FUNC-4 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Agency procurement leads/staff	<ul style="list-style-type: none"> <li>• OSP undertaking joint effort with state agency procurement entities to increase efficiency of state purchasing with a focus on long tail purchases</li> <li>• Long tail purchases may seem insignificant, but the state has potential to realize significant savings through the identification and analysis of long tail spending</li> <li>• Collaboration critical to help identify these contracts; centralizing the contracts can result in significant savings and efficiencies for state, but centralization will not occur without the input and guidance of agency SMEs</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership meetings</li> <li>• Emails</li> <li>• Town hall style meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Tanya Freeman</li> </ul>
Vendors	<ul style="list-style-type: none"> <li>• Arkansas is overhauling how it contracts for certain services</li> <li>• State contracts for certain services are going to become more common; vendors will be appropriately notified of any changes relevant to contracts coming up for renewal or for invitations to bid on future contracts</li> <li>• Improved oversight and centralization ensures every vendor has a chance to do fair business with the state of Arkansas and make their best bid</li> </ul>	<ul style="list-style-type: none"> <li>• Social media</li> <li>• Open trainings/info sessions for the public</li> <li>• Vendor list announcement</li> <li>• OSP website posting</li> <li>• AR-Buy posting</li> </ul>	<ul style="list-style-type: none"> <li>• OSP/TSS Comms Team</li> </ul>

## Functional Initiative #11 - Optimize contracts for professional services

This initiative optimizes contracts for professional services by establishing best practices, benchmarking rates, and building negotiation skills. Implementing this recommendation has the potential to improve the efficiency of state contracts for services, reducing change orders, and potentially reducing costs to the state for these services.

**Initiative Overview and Current State:** The Office of State Procurement (OSP) has primary responsibility and oversight for the Statewide procurement of commodities, technical and professional services for all state agencies, boards and commissions and colleges and universities. OSP also provides training in Arkansas procurement laws, regulations, and policies. According to the Office, OSP handles special procurements, exception process, and sole source procurements.

Services as they relate to state contracts are defined under ACA §19-11-203 (27)(A) as “furnishing of labor, time, or effort by a contractor that does not produce tangible commodities.” Statute includes the following non-exclusive examples of services: consulting services; personal services; professional services; technical and general services; and the furnishing of labor, time, or effort by a contractor for the generation, customization, configuration, or development of software and other intangible property other than technical support incidental to the procurement of proprietary software. Service contracts are required to be reported to OSP if they meet a certain value threshold for one year.

During Arkansas Forward benchmarking, it was noted that across procurement functions, most time and resources are devoted to compliance with procurement laws and review processes, with limited capacity for broader strategic initiatives focused on unlocking value, understanding the state’s procurement needs, and facilitating an effective, efficient process to fulfill those needs.

During the spend benchmarking analysis for Arkansas, it was revealed that professional services was the largest spend category, followed by IT services, facility management, other categories (e.g., medical, education, equipment, etc.), rental/leases, and IT commodities. Together, these spend categories account for Arkansas’s roughly \$1.7B in procurement spend.

According to OSP staff, despite efforts to centralize and standardize statewide contracting, there are still barriers and gaps that are hindering OSP’s ability to achieve optimal effectiveness and efficiency in service contracts. OSP indicates that agencies currently craft their own Requests for Proposals (RFPs), including for statewide service contracts, such as janitorial services. While OSP maintains a qualified vendor list, many vendors do not have rates listed, and state agencies are not required to utilize this list, nor are there requirements that agencies document whether they posted solicitation bids with the list or document why a qualified vendor was not selected for a bid.

OSP reports there is also no standardization in pricing for statewide service contracts, which leads to irregularity across agencies for the provision of common services. Janitorial services were recently converted to a statewide contract to standardize pricing, however other statewide services could also benefit from this standardization. Further, staff indicate that there are often specializations within service contracts, but often these are not identified, and rates do not reflect different levels of specialization. OSP has indicated it is planning to look at all services contracts to determine whether they can also be converted to statewide contracts with standard pricing.



In 2020 Arkansas announced the implementation of a new statewide e-procurement system at TSS called “AR-Buy” intended to provide a unified procurement process “save money, improve transparency, and empower local businesses throughout Arkansas.” AR-Buy is in Phase 1 of its implementation. Once fully implemented, any supplier or individual wishing to receive purchase orders from the State or receive notice of and participate in solicitations will need to be registered in ARBuy. Until the transition to ARBuy is complete, vendors must also be registered with Arkansas Vendor Services to contract with the State. Many state organizations, use the Arkansas Administrative Statewide Information System (AASIS) as the electronic system of record for procurement. AASIS houses the procurement records from the first step of initiating a purchase to the last step of finalizing the purchase. However, staff interviews with OSP indicate that the current AASIS system is not integrated with AR-Buy. Staff also indicate that OSP does not currently have an efficient means of tracking or even quantifying the number of professional services contracts there are across state government currently.

Arkansas Procurement Law requires any State employee who conducts a procurement to be trained and certified, with varying requirements depending on the value of contracts the employee is approved to authorize. Any state employee that conducts procurement is required by law to receive a minimum amount of procurement instruction annually—those who can authorize contracts of \$75 million or more must have at least 2 hours of continuing procurement training annually, while those who authorize lower amounts must have at least 1 hour.<sup>8</sup> TSS administers “The State Procurement Training and Certification Program,” which has a curriculum consisting of two training programs: one for “requisitioners” and one for “buyers.” These programs provide training on initiating and executing the procurement process, with the material derived from Arkansas Procurement Law.

Both trainings administered by TSS include units on negotiation, however OSP staff believe there are opportunities to improve the training and skills of state employees authorized to contract for the state when it comes to negotiation, including OSP staff. Further, OSP believes the department can have a greater role in state contracting through implementing contracting best practices as they relate to service contracts.

**Rationale:** Compiling negotiation best practices, identifying large contracts upcoming for bid, training negotiators, conducting market research to benchmark rates, and executing best-in-class negotiation process for professional services contracts has the potential to result in improved efficiencies in state contracts, such as cost savings through standardized price points/requirements, reduced inconsistencies, and reduced time spent in ordering duplicative supplies.

During the benchmarking process, as indicated in the Arkansas Forward Strategic Procurement Plan, suggested changes related to Arkansas’ procurement practices identified by McKinsey center on three priorities — getting the “right stuff”, at the “right (total) price”, through the “right processes”. Procuring at the “right (total) price” includes consolidating contracts for commodities and services and enhancing rigor of the RFP process for major solicitations to achieve better rates and terms. By undertaking the “right price” improvements to professional service contracts in Arkansas within 8-10%, McKinsey projects the state could see an estimated value return of \$65-98 million.

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<sup>8</sup> TSS State Procurement Training and Certification Program, <https://www.transform.ar.gov/procurement/procurement-resources/training/>.



**Initiative FUNC-11 directs the department to optimize contracts for professional services division** through the adoption of service contract best practices and increased training.

Some opportunities for state procurement strategies involve improved categorization and grouping of contract types. In conducting this effort, OSP can identify categories of professional service contracts across the enterprise that can be bundled into a single statewide contract, therefore providing increased consistency, reduced duplication, and potentially, more competitive rates from vendors for these common services. It also would enable an enterprise-wide perspective on specialization level within service contracts, enabling more nuanced pricing.

For other professional service contracts that remain ideally procured by individual agencies, OSP can still provide a value-add as an RFP and negotiation resource, helping review solicitations prior to their release and aiding agency procurement staff in negotiating the most favorable terms for the state. In addition, OSP can provide accessible, timely training and support for those who work with the procurement workforce. Because much of the end-to-end procurement process happens outside of the official procurement office, OSP can act as an advisor to requirements owners, preventing them from reinventing the wheel, harmonizing standards, and allowing them to offer easy to-access support. OSP can also launch more robust negotiation training programs with greater market research indexing and knowledge, and oversee negotiation finalization during the contract evaluation process, while departments can remain responsible for driving the negotiations with suppliers and conducting supplier evaluations.

Texas provides a potential best practices model for centralized state procurement, with two main entities overseeing statewide contracts: The Comptroller of Public Accounts (CPA) for non-IT commodities and services, and the Department of Information Resources (DIR) for IT commodities and services. Agencies in Texas with delegated procurement authority are required to either purchase from vendor lists or cooperative contracts maintained by CPA and DIR and document the vendors solicited from those resources, or else document and receive approval from their agency heads to select a non-centralized vendor to award a state contract.

Both CPA and DIR act as training and information resources to aid state agencies in their procurements. All state agency purchasers must be certified as a Certified Texas Contract Developer to engage in contract development functions on behalf of a state agency if the employee develops, evaluates, negotiates, or awards a contract posted on behalf of a state agency.

Additional layers of oversight help ensure contracts in Texas are developed by skilled procurement professionals and have robust oversight as needed. A multi-agency Contract Advisory Team (CAT) was created to assist state agencies in improving contract management practices by requiring their review and recommendations on solicitation documents for contracts that have a value of at least \$5 million. Agencies may additionally request these reviews even if not legislatively mandated. A similar function exists for IT-related projects with a Quality Assurance Team (QAT) (see more in Initiatives FUNC-27, FUNC-73). Critically, both entities state outright that review can take up to 30 days. For professional services contracts, including an amendment, modification, renewal, or extension of the contract exceeding \$50,000, agencies in Texas must provide written notice, on a prescribed form, to a state entity called the Legislative Budget Board, a permanent joint committee of the Texas Legislature co-chaired by the Lieutenant Governor and the Speaker of the House, within 30 days of the date an agency enters into a contract for professional services.

These functions in Texas enable agencies and by extension, the state, a greater degree of quality control, pricing, negotiation, and oversight for professional service contracts. While OSP and the State of Arkansas similarly require centralized purchasing, the non-compliance cited indicates that policy shifts such as those in Texas could enable a greater degree of oversight and management in Arkansas for professional service contracts. Legislative changes may be required to enable OSP the oversight needed to properly establish its authority in reviewing or assisting with certain contracts prior to issuing a bid or selecting a vendor/entering a contract.

Trust, buy-in, and transparency will be key to this initiative. OSP must reinforce its role as a resource, not an enforcement entity, to ensure collaboration and not be viewed as simply trying to audit or “crack down” on departments procurement teams. Establishing metrics for performance for contract reviews, such as Texas CAT’s 30-day review window, can help agencies trust that any requests for assistance or mandated reviews will be completed in a timely manner.

Additionally, North Carolina’s IT dashboard provides a potential best practice model for publicly demonstrating the value of a centralized procurement resource. In August 2023, the North Carolina Statewide IT Procurement Office within the North Carolina Department of Information Technology announced a new online reporting process for making available information about its activities involving IT products and services that are purchased, licensed or leased by state agencies and participating entities within North Carolina. This dashboard provides monthly reporting metrics “to provide the highest level of customer service” by more effectively tracking, managing and controlling operations. These metrics include:

- Cumulative Savings Generated from Abnormal Quantity Threshold Process –by month, fiscal year to date and cumulative
- Number of active, completed and canceled IT procurements as well as the reported total value of awarded IT procurements
- Average approval/review cycle time and open approval/review tasks in NC eProcurement – these two charts track time from all involved in the IT procurement process.

Operationally, Arkansas’s future state procurement organization can be centrally managed with department-led execution and input. OSP will provide overall direction and support throughout the procurement process, but activities will be executed at the department level. OSP will maintain training and standards for the procurement function and manage cross-functional interactions with support functions.

## **Implementation Considerations:**

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

### **Strategies to address potential risks and enable success:**

- Include department subject matter experts (SMEs) in the process of best practice research and rule development re: centralized contracts to address the risk of resistance from these SMEs in centralization efforts.

- Establish the exceptions process to ensure that overrides of standard specifications are only permitted in OSP-defined use cases and very infrequently ad hoc to address the risk that Departments may obtain unwarranted exceptions.
- Craft the centralized service contract specifications alongside most impacted departments to ensure that products fulfill the needs of state employees to address the risk that employees may be dissatisfied with the products.
- Establish internal performance metrics for OSP to share with procurement staff, including number of days it takes to review and issue guidance on a professional services contract.

**Recommended steps for optimizing contracts for professional services (future state):**

- Implement communications plan re: internal staff understanding upcoming efforts to improve centralization, benchmarking, and negotiation on service contracts; potential benefit to state.
- Develop a contract negotiation toolkit (best practices) by engaging contracting experts, sourcing best practices from state departments and other states, and aligning on contracting objectives.
- Implement communications plan re: informing state agency procurement staff about shift in policies to increase centralization of certain contracts including some service contracts, OSP as training resource and potential benefits to the state.
- Develop standardized policy and procedures for a procurement exception process, involving state agency SMEs and procurement staff to ensure their buy-in.
- Create and implement a contract evaluation plan to review contracts based on size, strategic importance, financial impact, and risk level. Prioritize contracts based on factors such as contract value, expiration date, and supplier relationships.
- Consider IT procurement management software that can provide seamless end-to-end oversight and monitoring of statewide contracts and can communicate with other digital procurement platforms/tools.
- Conduct a thorough market analysis to understand current market trends, pricing benchmarks, and supplier landscape for each contract category.
- Following the guidance in the contract negotiation toolkit, engage key stakeholders from various departments (finance, legal, operations) to align on contract objectives, requirements, and negotiation strategies. Ensure clear communication channels and consensus on negotiation priorities.
- Implement Communications Plan re: vendors and other external stakeholders and OSP's role as central resource, new policies related to centralized service contracts.
- Develop a negotiation strategy tailored to each contract, considering factors such as desired outcomes, negotiation leverage, and potential trade-offs. Determine negotiation tactics, fallback positions, and alternative options to achieve favorable terms.
- Gather relevant contract data, historical performance metrics, and market intelligence to inform negotiation positions. Prepare negotiation documents, including RFPs, RFQs, and contract templates, with clear specifications and evaluation criteria.
- Develop and promulgate OSP performance standards for central procurement function, including, potentially, measures shared within this initiative (number of trainings administered, number of contracts voluntarily reviewed).

- Conduct negotiations emphasizing collaboration, transparency, and mutual value creation. Use negotiation techniques such as value-based bargaining, cost analysis, and issue resolution to reach optimal agreements. Document negotiation outcomes, including agreed-upon terms, concessions, and action items.
- Monitor ongoing impact of renegotiated contracts and adapt as necessary.

**Alignment of department priorities with staffing and resources:** OSP is committed to “effective, efficient, and ethical procurement.” From the inception of TSS, OSP was envisioned as the statewide procurement entity to improve contracting through leveraging the state’s buying power, improving coordination, and eliminating duplication and inconsistency. Implementing this initiative is aligned with current department priorities, staffing, and resources, however it is crucial to consider that augmented staffing and resources will be necessary.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that contract negotiation experts and dedicated engagement from department procurement leads will be required to implement these recommendations, as well as approximately \$1.1 million in outside negotiation support. IT systems to support management and analysis of contract are also an estimated need to implement this recommendation, however costs related to this initiative are reflected in other enabler initiatives.

**Process changes, associated with implementing changes in the strategic plans:** TSS and other state department procurement leadership will need to establish policies and procedures to effectively implement this initiative. A change management plan is essential to outline, for example, roles, responsibilities, and performance metrics.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve statewide contracting for professional services through negotiation, increased oversight, and better price benchmarking. Recommended performance measures include:

- Total spending on professional services contracts.
- Average hourly rates for professional services labor.
- Number of centralized professional services contracts overseen by OSP.
- Number of trainings on negotiation administered by OSP.
- Number of professional service procurements OSP is asked to provide guidance on.
- Number of professional services for which OSP provides price/rate benchmarking; and,
- Number of change orders.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Initial TSS estimates are that this initiative would result in a statewide savings of \$37 million. This savings would be realized within the budgets of multiple departments (not only at TSS) and is related to assumptions about cost savings related to long tail contract purchases. To avoid duplication, some of the procurement recommendations are noted as enablers only.

**Change Management Plan:** Collaboration across state departments, state leadership, and with citizens is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 26**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 26 – FUNC-11 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Department procurement leads/staff	<ul style="list-style-type: none"> <li>• OSP undertaking joint effort with state agency procurement entities to improve tracking of professional contracts, increase requirements for opting out of state contracts, and improve its training function, particularly for negotiations to get the best value for the state</li> <li>• Centralized contracting requirements will be developed with agency SMEs and procurement staff to ensure requirements will serve agencies well</li> <li>• State has opportunity to recognize millions in savings by improving this area</li> <li>• OSP as central procurement resource provide overall direction and support throughout the procurement process, with activities executed at the department level. OSP will maintain training and standards for the procurement function and manage cross-functional interactions with support functions</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership meetings</li> <li>• Emails</li> <li>• Town hall style meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Tanya Freeman</li> </ul>
Vendors	<ul style="list-style-type: none"> <li>• Arkansas is overhauling how it contracts for certain services</li> <li>• State contracts for certain services are going to become more common; vendors will be appropriately notified of any changes relevant to contracts coming up for renewal or for invitations to bid on future contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Social media</li> <li>• Open trainings/info sessions for the public</li> <li>• Vendor list announcement</li> <li>• OSP website posting</li> <li>• AR-Buy posting</li> </ul>	<ul style="list-style-type: none"> <li>• TSS Communications Team</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
	<ul style="list-style-type: none"> <li>Improved oversight and centralization ensures every vendor has a chance to do fair business with the state of Arkansas and make their best bid</li> </ul>		

## Functional Initiative #25 - Host an OSP roadshow for state departments

This initiative includes hosting an OSP roadshow for state departments to explain the role of OSP, support OSP provides, how to navigate engaging with OSP, etc. and field feedback from departments.

### Initiative Overview and Current State:

The Office of State Procurement (OSP) serves the citizens of Arkansas by ethically, efficiently, and transparently procuring quality commodities and services for the State. OSP works to make sure Arkansas Procurement Law and best practices are applied whenever commodities and services for the various Departments of the State are purchased. Responsibilities of OSP include the following:

- Registers business owners who supply the State with commodities or services.
- Posts opportunities to bid on State contracts.
- Assists State Departments solicit offers for commodities and services.
- Reviews contracts submitted for legislative review; and,
- Manages the State purchase card program.

Policy establishes direction for departments on engaging OSP in procurements, but there is variance across departments in adherence to established policy, which results in variance in how solicitations are conducted and insufficient tracking of state contracting, including outcomes and timelines across the state. Large departments such as DHS often do their own large-scale procurement activities outside of the centralized OSP function, which may result in duplicative or inefficient purchasing. State departments are not required to document or gain approval for decisions to not participate in statewide contracts for the procurement of goods and services, making oversight and compliance difficult or impossible.

National benchmarking identified several strengths for procurement in Arkansas, including exhibiting some level of centralization through statewide procurement, policies and process standardization, and clear separation of roles between source-to-contract and procure-to-pay processes. However, OSP staff interviews indicate that the division’s role is hindered by the lack of official communication about OSP and its procurement responsibilities, as well as a need to build trust and accountability with other departments. There is therefore an opportunity to capitalize on these strengths by increasing knowledge and adoption of the OSP function, as well as gathering department input on how it can be improved.

**Rationale:** OSP seeks to transform how it is viewed by partner departments as a thought partner to support them in achieving their needs through procurement; not only as a compliance-focused

entity. OSP has an opportunity to host a roadshow for state departments to explain the role of OSP, support OSP provides, how to navigate engaging with OSP, and field feedback from departments. Doing so can increase the adoption of statewide contracts, improve OSP's functionality, and increase OSP's position and visibility as a "customer"-centric organization. This initiative is an enabling initiative for multiple additional functional initiatives focused on procurement (TSS-11, FUNC-4, FUNC-11, and FUNC-27)

**Implementation Considerations:** Implementation of this initiative should be undertaken in conjunction with other initiatives of Arkansas Forward including TSS-9 "Develop shared services performance framework," FUNC-27 "Modify governance process for statewide contracted commodities," FUNC-4 "Standardize specifications for long tail purchases," and TSS-30 "Create an IT procurement center of excellence" are all initiatives that should be undertaken in conjunction with this initiative, and efforts to implement these initiatives should be shared and communicated throughout the roadshow.

During the road show not only can OSP demonstrate and promote its value as a procurement resource to other departments, but it can also use the facetime to gather input on how it can improve its offerings and get more agencies to adopt their services and centralized contracts. To ensure the most value is gained from the roadshow, OSP should develop an evaluation process for the roadshow and determine the value of hosting the presentations virtually.

This focus on demonstrating customer value should be the focus of the roadshow. OSP should consider a similar tool to gather data on performance and demonstrate value while on the roadshow. Such a tool could also be used to track gathered feedback and demonstrate the adoption of department suggestions.

**Appendix A – TSS Work Plan** – provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with OSP staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Garner buy-in from cabinet secretaries and have them send a follow-up email to the roadshow invitation to address the risk that people may not attend the roadshow.
- Conduct a meeting with secretaries and staff following the road show to obtain feedback to use in developing future outreach initiatives.
- Pursue initiatives that create procurement policy changes that support increased engagement with OSP and ensure there is adequate follow-up with roadshow attendees to address the risk that people may not increase engagement following the roadshow.

See related initiatives for additional strategies: Initiatives TSS-9 "Develop shared services performance framework" FUNC-27 "Modify governance process for statewide contracted commodities," FUNC-4 "Standardize specifications for long tail purchases," and TSS-30 "Create an IT procurement center of excellence."

**Recommended steps for hosting a OSP road show (future state):**

- Create a presentation with a summary of OSP’s expertise and the ways in which it can serve as a “thought partner” to departments, how the Office can serve and support departments, and ways to contact and engage with the Office.
- Create a department schedule with roadshows scheduled to optimize for number of attendees and departmental synergies (e.g., ensure there are few enough people in the room to field feedback, group smaller departments together thematically).
- Host roadshows.
- Consolidate feedback from roadshows and integrate into AR Forward initiatives as appropriate.
- Manage any follow-up from departments and track subsequent engagement with OSP; and,
- Develop KPIs, such as utilization, statewide contracts maintained, statewide contract performance, and economic impact on the state, and share the progress publicly with agencies showcase value.

**Alignment of department priorities with staffing and resources:** OSP endeavors to serve as a statewide resource for procurement in the state. Implementation of this initiative is aligned with agency priorities and can be absorbed within existing staff and resources.

**Estimation of any anticipated costs and staffing needs:** Initial staff analysis indicates OSP staff can implement the provisions of this initiative without substantial one-time cost.

**Process changes, associated with implementing changes in the strategic plans:** OSP will need to develop policies and procedures to implement this initiative, including a process for collecting and acting upon feedback received from stakeholders.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to increase statewide awareness of OSP’s functions and how they can assist in procurement efforts, including removing redundancies and impediments to state contracting, leveraging statewide contracts to reduce spend, and otherwise acting as a resource to improve state contracting. Recommended performance measures include:

- Number of inquiries to OSP.
- Percent of state RFPs posted on ARBuy; and,
- % of Departments complying with centralized shared services procurement requirements.

**Identification and estimation of any savings the strategic plan could realize once implemented:** No potential savings were identified in relation to this initiative, but it is an enabling initiative to help TSS realize savings from the related procurement initiatives (TSS-9, FUNC-27, FUNC-4, TSS-30).

**Change Management Plan:** Collaboration across state departments, state leadership, and with community stakeholders is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 27**. Key activities and timing for communication plan are included in **Appendix A – Work Plan**.



**Figure 27 – FUNC-25 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Executive leadership/Cabinet secretaries	<ul style="list-style-type: none"> <li>• OSP is a resource and partner to departments</li> <li>• OSP is working to demonstrate what it’s able to do, is building capacity to better measure its performance and identify ways to improve</li> <li>• Want to collaborate with state agencies as a service provider, improve customer relationship and demonstrate how they can be of service by conducting roadshow</li> <li>• Need to have good attendance and exposure to build awareness and help demonstrate utility</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership meetings</li> <li>• Individual secretary meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Sec. Leslie Fiskien</li> </ul>
Department procurement offices	<ul style="list-style-type: none"> <li>• OSP wants to build awareness of how it can help state agencies contract to get the best value for agencies and the state</li> <li>• OSP wants to hear from procurement staff how they can be a better resource</li> <li>• OSP works for you</li> </ul>	<ul style="list-style-type: none"> <li>• Road show</li> </ul>	<ul style="list-style-type: none"> <li>• Tanya Freeman</li> <li>• OSP/TSS Comms team</li> </ul>

## Functional Initiative #27 - Modify governance process for statewide contracted commodities

This initiative modifies the governance process for statewide contracted commodities to require purchase on contract, ultimately to leverage pooled demand and secure better rates.

**Initiative Overview and Current State:** The Office of State Procurement (OSP) has primary responsibility and oversight for the Statewide procurement of commodities, technical and professional services for all state agencies, boards and commissions and colleges and universities. OSP also provides training in Arkansas procurement laws, regulations, and policies.

During Arkansas Forward benchmarking, it was revealed that less than 10% of the \$1.7B targeted spending is currently conducted through statewide contracts, limiting potential to leverage scale as a procurement advantage. Furthermore, only two OSP managers oversee all statewide contracts, limiting the organization’s capacity for strategic category management. Mandatory contracts are seldom used across the procurement organization and little precedent exists for review and syndication processes. OSP is intended to be a centralized procurement function for procurements

of a certain size, but OSP staff do not feel they have sufficient authority or power to enforce this policy.

OSP staff indicate that agencies do their own solicitations and that there is insufficient tracking of state contracting, including outcomes and timelines across the state. Large departments such as DHS often do their own large-scale procurement activities outside of the centralized OSP function. Other departments negotiate contract terms after the award of the contract. While OSP maintains a qualified vendor list, many vendors do not have rates listed, and state departments are not required to utilize this list, nor are there requirements that departments document whether they posted solicitation bids with the list or document why a qualified vendor was not selected for a bid. OSP indicates other departments have diverse methods of procurement, and there is no standardization in pricing for statewide commodities contracts, which leads to irregularity across departments for the provision of common items.

There is also inconsistency in how contracting policies are interpreted and applied by department procurement staff and OSP, creating confusion and limiting uniformity and predictability across the state contracting enterprise. This unpredictability and inconsistency hurt the state's ability to negotiate the best rates and obtain best value from vendors, particularly as the state aims to gain efficiency by doing more statewide contracting. Procurement staff workflow is also negatively impacted by the inconsistency, unpredictability, and lack of uniformity that come from policy being interpreted and implemented differently.

Such decentralization in commodities contracts limits Arkansas' ability to achieve an enterprise level perspective of commodities spending, missing opportunities to appropriately group and categorize commodity spending across departments. Through this decentralized approach, the State is missing opportunities to potentially scale common commodities purchases across the enterprise.

**Rationale:** By increasing standardization and pooling procurement across state agencies, OSP can improve commodities purchasing, which can help the State realize cost savings through standardized price points/requirements and reducing inconsistencies.

Improving the management of demand for vendors and support includes optimizing spend volumes across the largest commodity spend categories, including IT commodities (e.g., laptops, software licenses, and broadband); office space and property leases and rentals; and medical, education, equipment, and administrative services and commodities. By focusing on consolidating contracts for commodities and services and enhancing the rigor negotiations for major solicitations to achieve better rates and terms across this initiative and others, it is estimated that Arkansas could realize approximately \$102 million in value annually.

To achieve the future state vision, OSP must gain insight into the number of commodities contracts that exist currently outside of the statewide procurement system. Arkansas must standardize product categorization and taxonomies across departments for these contracts and create category strategies; this effort can help identify which commodities should be sourced via statewide contracts moving forward.

Washington's Department of Enterprise Services (DES) utilizes a statewide contract system, but if a statewide contract cannot fulfill a state agency's needs, the agency may purchase from a vendor that

is not on contract with the state and document the reason. DES reviews these decisions during a “delegation of authority process,” in which DES completes procurement risk assessments (PRA). Recently,<sup>9</sup> stakeholders and DES agreed that the procurement risk assessment using the DES PRA Tool was too cumbersome and time-consuming, and a statewide effort for creating a new tool and process was initiated, beginning with a workshop in April 2024 where DES obtained feedback from stakeholders on how the procurement assessment could be improved. Their process resulted in a procurement risk assessment that is clearly defined so that agencies will better understand the purpose of the process, tools, and how agency information will be used as DES conducts the assessments. Moving forward, the agency plans to use a new process centered around conducting contract audits to determine procurement delegation risk.

DES published a 2024 Procurement Risk Assessment Implementation Project Plan to outline the improvements planned for their process, including goals, a business objective and plan for achieving that objective, expected benefits, and approach (including schedules for iterations of the implementation plan). The plan also identifies Key Stakeholders and Performance Measures. The table below in **Figure 28** outlines some of these details.

**Figure 28 – Washington State Procurement Delegation Tool Project Plan Highlights**

<p><b>Project Goals</b></p>	<ul style="list-style-type: none"> <li>• External risk assessment process improvement (i.e. from the customer’s perspective).</li> <li>• Internal risk assessment process improvement (i.e. enhanced efficiencies).</li> <li>• More clearly define and communicate how the risk assessment is administered so that agencies will better understand the process and how DES will use the information we collect.</li> <li>• Better meet agency business needs, while balancing procurement risk, resulting in a reduced number of additional delegation of authority requests.</li> <li>• Improve customer satisfaction with the process.</li> </ul>
<p><b>Business objective</b></p>	<ul style="list-style-type: none"> <li>• Properly assess agency strengths and weaknesses as they relate to procurement activities.</li> <li>• Capitalize on 10 years of procurement risk assessment experience and data collection.</li> <li>• Determine appropriate delegation authority for each agency.</li> <li>• Greater focus on supplier diversity and environmental purchasing policies compliance. 5. Provide meaningful oversight.</li> </ul>
<p><b>Expected benefits</b></p>	<ul style="list-style-type: none"> <li>• DES will have a reliable method with which to determine delegated authority and oversight measures which will right-size delegations.</li> <li>• Agencies will have a positive experience, where value is added, as the new process will minimize duplicative work on behalf of the agency and DES.</li> <li>• Identify trends and gaps that may highlight risk areas of focus each cycle</li> <li>• Allows agencies to conduct their own procurements where able and provides expert assistance as needed and appropriate</li> <li>• Reduce the amount of additional delegation of authority requests</li> </ul>

<sup>9</sup> Washington Department of Enterprise Services, “2024 Procurement Risk Assessment Implementation Project Plan,” <https://des.wa.gov/sites/default/files/2024-07/procurement-risk-assessment-implementation-plan.pdf>.

	<ul style="list-style-type: none"> <li>Assess agencies' progress in implementing the supplier diversity and environmental purchasing policies by benchmarking agency compliance with the policies.</li> <li>Oversight will focus on higher risk agencies and to help agencies reduce risk, eliminate weaknesses, and utilize expertise to achieve improvements.</li> </ul>
<b>Key Stakeholders</b>	<ul style="list-style-type: none"> <li>Procurement personnel in the 105 agencies that have previously completed the PRA.</li> <li>All other procurement personnel that rely on relevant procurement statute and DES procurement policies, procedures, and guidance.</li> <li>State executive and financial managers</li> <li>Washington State Legislature</li> <li>Vendor community</li> </ul>
<b>Performance Measures</b>	<ul style="list-style-type: none"> <li>Stakeholder responses to post-risk assessment survey.</li> <li>Agency compliance with overall enterprise procurement policies</li> <li>Reduction in additional delegation of authority requests</li> <li>Reduction in agency risk profiles.</li> </ul>

DES' implementation plan for the new procurement risk assessment process includes resourcing the team appropriately to ensure successful implementation, conducting outreach to internal and external stakeholders regarding the new process, providing to all agencies a communication regarding the new PRA process, and a new Contract Audit Rubric template.

Beginning with 3-6 contracts per agency, DES plans to audit contracts based on certain risk factors, including a substantial lack of compliance with procurement laws and policies (based on past practices, state auditor findings, and more) and high-profile procurements (i.e. high dollar value, visibility, regulatory environment, type of commodity/service, complex procurements, etc.). DES will then assess compliance with procurement policies and assign "pass/fail" for meeting the defined thresholds for each policy. The number of "pass/fail" findings will then lead to delegated authority results. **Figure 29** below is the table indicating how results of these planned audits will affect procurement delegation authority in the future.

**Figure 29 – Delegated Authority Analysis**

Number of Policies in Compliance	Percent of Policies in Compliance	DES Analysis	Risk Rating	Delegated Authority Change
All 16	100%	Model Agency	Low	Consider increase, if requested
14-15	81-94%	Indicate areas for improvement	Medium Low	Consider increase, if requested
11-13	63-81%	Indicate areas for improvement	Medium High	No change
8-10	44-63%	Indicate areas for improvement	High	No change or decrease delegated authority
7 or less	0-44%	Require quarterly meetings	High - Suspended	Decrease or suspend delegated authority

As reprinted from: Washington State Department of Enterprise Services, 2024.

Arkansas may consider a similar process for identifying agencies procuring commodities outside of statewide contracts; designing a tool or metric to determine categories of commodities or agencies with risky contracts or contracts that are high dollar and could be contained considerably by leveraging the state's buying power. Importantly, the process undertaken by DES involved 1) adequately resourcing the contracting team implementing this risk assessment and delegation analysis; 2) from the outset, involving key stakeholders to learn how they could improve their process; and 3) outlining goals and key performance measures to validate and demonstrate their value as a centralized contracting agency for state agencies and vendors alike.

OSP must also identify current policy and/or operational barriers that are preventing agencies from abiding by current statewide contract requirements and motivating them to seek exceptions frequently. OSP can then implement guidelines for mandatory contracts for commodity spend categories, with a process for legislative review and syndication, while also seeking approval of policy changes to improve statewide commodity contracting moving forward.

In the future state outlined in the Arkansas Forward Strategic Procurement Plan, needs analysis will be primarily owned by departments with guidance provided by OSP. However, for prioritized categories, based on criticality, scale or other identified value opportunities, OSP will provide greater governance and support. In most instances, departments will be responsible for tracking demand for department-specific items, whereas OSP will track demand for state-wide commodities and services. By modifying the governance for these commodities, Arkansas can ensure that this future state has the proper guardrails and policies in place to ensure more standardized price points/requirements and reduced inconsistencies.

## **Implementation Considerations:**

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

### **Strategies to address potential risks and enable success:**

- Ensure comprehensiveness of training materials, require policy comprehension assessment for procurement employees, and host formal office hours opportunities to field questions to mitigate the risk that policy changes may not be effectively implemented because they are not understood.
- Outline potential cost benefits of policy changes and speak on complementary initiatives that will enhance planning capabilities and help reduce the need for emergency procurements to mitigate risk that policy changes may not be approved for fear of reducing purchasing efficiency.

### **Recommended steps for implementing modified commodities purchasing (future state):**

- Conduct review of current procurement purchasing requirements and mandatory statewide contracts, identifying instances of price leakage and non-conformity to contracts (mandatory and non-mandatory)

- Conduct review of Washington State model and determine whether to develop risk-based tool for review
- Outline necessary policy changes to increase purchase on statewide contract and identify the approving bodies who would need to finalize policy changes
- Implement communications plan re: procurement staff at agencies to involve them in policy development, including when to seek exceptions; negotiate policy changes
- Present proposed policy changes to approving bodies
- Develop training materials to support policy changes
- Notify departments of policy changes, deploy trainings, and field questions from affected employees
- Monitor ongoing impact of transitioned roles and adapt as necessary
- Develop standardized policy and procedures for a procurement exception process
- Consider IT procurement management software
- Examine contract management software options

**Alignment of department priorities with staffing and resources:** OSP is committed to “effective, efficient, and ethical procurement.” From the inception of TSS, OSP was envisioned as the statewide procurement entity to improve contracting through leveraging the state’s buying, improving coordination, and eliminating duplication and inconsistency. Implementing this initiative is aligned with current department priorities, staffing, and resources; however, it is crucial to consider that augmented staffing and resources may be necessary.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that no additional staffing or IT will be needed to implement this initiative beyond existing legal experts in procurement, who are currently on staff. However, depending on the complexity of the solution implemented to maximize efficiency and effectiveness opportunities under this initiative, additional staff and IT may be needed.

**Process changes, associated with implementing changes in the strategic plans:** TSS and other state agency procurement leadership will need to establish policies and procedures to effectively implement this initiative. A change management plan is essential to outline, for example, roles, responsibilities, and performance metrics.

**Performance metrics to measure success post-implementation:**  
Recommended performance measures include:

- Percent of total purchases on statewide contracts;
- Number of statewide contracts; and,
- Total procurement spending on commodities.

**Identification and estimation of any savings the strategic plan could realize once implemented:** No potential savings were identified directly related to this initiative; in the effort to prevent “double counting” of savings, this initiative has been identified as an important

enabling practice that will allow Arkansas to achieve expected savings from the group of initiatives related to contracting.

**Change Management Plan:** Collaboration across state agency procurement staff and state leadership is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 30**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 30 – FUNC-27 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Agency procurement leads/staff	<ul style="list-style-type: none"> <li>• OSP undertaking joint effort with state agency procurement entities to increase efficiency of state purchasing with a focus on commodities purchases</li> <li>• OSP seeks to serve as a resource for state contracting and to help eliminate duplication, save agencies money and time on commodities contracts</li> <li>• Collaboration critical to help identify these contracts; centralizing the contracts can result in significant savings and efficiencies for state, but centralization will not occur without the input and guidance of agency SMEs</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership meetings</li> <li>• Emails</li> <li>• Town hall style meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Jessica Patterson</li> <li>• Tanya Freeman</li> </ul>
State leadership (Governor’s Office, Legislature)	<ul style="list-style-type: none"> <li>• OSP’s role as a centralized contracting authority is hindered by current policies/statute that does not give OSP proper enforcement or oversight functions; need statutory or budgetary changes to fully realize the potential of the agency as a statewide procurement entity</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings with legislators, Governor’s policy staff</li> </ul>	<ul style="list-style-type: none"> <li>• Jessica Patterson (TSS); Tanya Freeman</li> </ul>
Vendors	<ul style="list-style-type: none"> <li>• Arkansas seeks to be a premier state to do business in and welcomes opportunities for competitive pricing on commodities</li> <li>• Arkansas wants to find scalable commodity purchases to leverage the state’s buying power and</li> </ul>	<ul style="list-style-type: none"> <li>• Social media</li> <li>• Open trainings/info sessions for the public</li> <li>• Vendor list announcement</li> <li>• OSP website posting</li> </ul>	<ul style="list-style-type: none"> <li>• Jessica Patterson (TSS) and Tanya Freeman</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
	eliminator duplication of efforts across agencies <ul style="list-style-type: none"> <li>• New process will help vendors better understand how to compete for Arkansas business and show value add for both vendors and the state</li> </ul>	<ul style="list-style-type: none"> <li>• AR-Buy posting</li> </ul>	

## Functional Initiative #41 - Consolidate Little Rock office space in line with metro area

This initiative focuses on reducing office footprint and real estate cost in Little Rock by moving departments from leased space into existing owned space; consolidating departments into one location if possible, exiting all (or nearly all) private leases, selling underutilized buildings after consolidation, and subleasing remaining space no longer needed where space cannot be sold or lease cannot be terminated to reduce overall office space footprint and spend

### Initiative Overview and Current State:

The Arkansas Forward effort has developed the State’s first comprehensive view of its combined owned and leased real estate portfolio. The State has a currently documented real estate portfolio of approximately 11.8M square feet (approximately 5.5M of which is office space). Of this, 3.3M square feet of office space are in Little Rock (319 SF/FTE) and 2.2M are outside Little Rock (279 SF/FTE). TSS’ Division of Building Authority (DBA) Real Estate Section is the leasing agent for all state agencies and has oversight for the purchase and sale of real property for most state agencies. The agency’s mission is to provide transparent oversight and knowledgeable guidance for state agency capital improvements and real estate acquisitions.

Within Little Rock, 2.4m square feet (approximately 75%) of office space is owned, while outside Little Rock, 80% of office space is leased. From a strategic perspective, there is little overarching or long-term analysis to optimize the portfolio as a whole for the needs of the state. Many buildings are operating at only partial occupancy, with spaces not optimized to the current way of working or needs of the organization. This is not only fiscally inefficient, but also can create cultural issues within organizations as well. For example, in interviews with Parks, Heritage, and Tourism staff, they noted “Physical separation drives cultural distinctions, meaning different approaches are applied across divisions for services like fleet and IT.”

TSS currently manages a statewide portfolio, including some buildings with extended leases. There is little, if any, co-location of departments in the same buildings in many communities, creating inefficiencies in the use of space the state/DBA currently leases and creating multiple locations to which customers must visit to conduct government business. Currently, there is a moratorium on capital investments or movements for all state agencies.

Analyses and departmental input have highlighted several effectiveness and efficiency challenges:

- Little Rock has roughly double the footprint required to achieve SF/FTE benchmarks; and,



- Departments are not required or encouraged to share information about space availability or land use with DBA.

**Rationale:** This initiative focuses on reducing the office footprint and real estate cost in Little Rock by moving departments from leased space into existing owned space; consolidating departments into one location if possible, exiting all (or nearly all) private leases, selling underutilized buildings after consolidation, and subleasing remaining space no longer needed where space cannot be sold or lease cannot be terminated to reduce overall office space footprint and spend. The initial focus will be on cabinet secretary departments.

Benchmarking analysis revealed \$15-25M in savings opportunity across four dimensions. Consolidating Little Rock office space could save \$10M-20M annually by increasing occupancy in Little Rock office space from approximately 320 SF/FTE to 200 SF/FTE and exiting leases and/or selling buildings. Optimizing the statewide network could save \$3M-6M annually by consolidating non-Little Rock office space within and between towns to reach 225 SF/FTE and exiting leases and/or selling buildings. Consolidation would also involve considerations of updating work spaces and enhancing them to improve employee experience.

In addition to cost savings, consolidating space has the potential to improve customer experiences by reducing the number of state buildings required to visit to conduct government business.

### **Implementation Considerations:**

Consolidating office space within Little Rock includes several considerations to be implemented successfully, many of them having to do with stakeholders. First, while cabinet secretary departments will be the initial focus of the consolidation, discussion with non-cabinet departments should also be considered for co-location. Second, there is the potential for opposition to a reduction in the state footprint from the private sector and local governments. Private industry, economic development entities, and the Little Rock Chamber of Commerce are critical partners to involve in discussion and implementation at the outset of the implementation.

Staff who are re-located will also need to be considered. Physical separation, as indicated above, created different office cultures among offices. A change management must take into consideration the cultures of the offices that are being moved, for example, whether an office is family-oriented, holds employee events, or what needs might exist for privacy/confidentiality in different offices.

DBA and the State will also need to consider the resources necessary to successfully implement this consolidation of staff, including lease management software. Building data (e.g., allocated FTEs, utilization, space design) availability and accuracy are key enablers to understand the current state of the portfolio and space utilization in Little Rock, and to track impacts from initiatives as they are implemented. Additionally, DBA should be empowered to manage or meaningfully influence real estate portfolio decisions. An empowered, centralized real estate function can help ensure a cohesive strategy, fiscal responsibility of state spending, and consistency across the portfolio. Finally, securing senior state government leadership sponsorship, including Governor's Office and secretaries will be important to ensure full organizational support.

The State can implement activities across four behavioral influences, as demonstrated in other areas of the Arkansas Forward documentation, to ensure the initiatives, and change program overall, are successful. Below are three that can support this initiative.

- Understanding and conviction: DBA will communicate the benefits of the statewide real estate management approach, showing the value both to departments and citizens. Additionally, the department will gather feedback from staff on existing pain points with respect to facilities and utilize that information in developing and iterating on the future space management plans. This community input helps foster a collaborative environment where all stakeholders feel ownership of the ultimate plan.
- Formal reinforcement mechanisms: DBA will track several KPIs, such as utilization, energy saved, maintenance spend, and economic impact on the community, and share the progress publicly with staff and the community to celebrate achievement.
- Role modeling: The real estate function will identify leaders and encourage them to signal their support for the effort.

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Strongly minimize investment in redesign and product purchases until a broader plan is developed to address the risk that efficiency of space design is sacrificed, and the old ways of space utilization are accepted as the norm.
- Craft the specifications alongside most impacted departments to ensure that the new working environments fulfill the needs of state employees to address the risk that employees are dissatisfied with space consolidation.
- Develop a proactive, continuous cadence of updates for Legislative offices to keep them informed about the development of this initiative.

**Recommended steps for consolidating Little Rock office space (future state):**

- Conduct space plan assessments and departmental interviews to identify relocation and consolidation opportunities.
- Consolidate opportunities into a recommended plan.
- Syndicate consolidation opportunities with department leadership and the Governor's Office and obtain approval for the plan and timeline.
- For impacted departments, identify project manager to collaborate with DBA on details of any planned moves.
- Discuss with non-cabinet departments opportunities for co-locating.
- Implement communications plan: engage private sector, legislators, and local government to explain consolidation, promote transparency, gather input, and obtain buy-in.
- Establish KPIs for the project (see proposed below).
- Consider lease management software options.
- Confirm headcount, adjacency requirements, and space utilization/design.

- Create standards and monitoring plan for footprint and office needs.
- Determine the needs of each office; gather feedback from staff on existing pain points with respect to facilities and utilize that information in developing and iterating on the future space management plans.
- Implement Communications Plan: make department announcements about consolidation/offices moves; tout benefits
- Engage furniture installer to confirm product availability and schedule modifications.
- Engage DBA Design Review for construction drawings for permanent wall improvements, space design for pricing.
- Meet DBA Maintenance Manager and on-call architects at affected sites to discuss improvements and tentative schedule for construction estimating and start.
- Develop and evaluate seating arrangement options and product availability/purchases; make purchases according to final decisions.
- Phased rollout: Complete construction/renovation of building modifications.
- Phased rollout: Move relevant departments to new spaces as building renovations are finalized and support logistics of the move.
- Monitor ongoing impact and adapt KPIs, such as utilization, energy saved, maintenance spend, and economic impact on the community, and share the progress publicly with staff and the community to celebrate achievement. as necessary.

**Alignment of department priorities with staffing and resources:** DBA’s mission is providing transparent oversight and knowledgeable guidance for state department capital improvements and real estate acquisitions. Implementing this initiative is aligned with current department priorities and staffing.

**Estimation of any anticipated costs and staffing needs:** Initial DBA staff analysis indicates that designated DBA team member capacity will be necessary to implement this initiative. Lease Management software may also be necessary. DBA estimates a one-time cost of \$16 million is anticipated for moving costs statewide related to FUNC-41 and 49. New or moved workstations will require data and electrical connections will also be required.

**Process changes, associated with implementing changes in the strategic plans:** Significant change management will be required to implement this initiative, including developing communication plans for impacted staff, local government, and private industry in Little Rock. Policies and protocols for co-location, remote/hybrid work will also need to be developed. Policies developed for consolidated office space will need to take into account employee feedback.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to reduce inefficiencies in state leasing of office space and realize savings and improved customer experience. Recommended performance measures include:

- The number of square feet reduced from Little Rock footprint.
- Average cost/square foot for leases in Little Rock.
- Percent of DBA-managed properties serving 2 or more departments.

- Total building maintenance in Little Rock; and,
- Customer satisfaction with co-located office space.

**Identification and estimation of any savings the strategic plan could realize**

**once implemented:** DBA anticipates a recurring positive fiscal impact of \$14 million annually is expected as a result of this initiative from a shift to lower cost leases and a reduction in the Little Rock footprint, as well as co-location in additional facilities.

**Change Management Plan:** Collaboration across state agencies, state leadership, and with community stakeholders is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 31**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 31 – FUNC-41 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Affected staff	<ul style="list-style-type: none"> <li>• Benefits of the statewide real estate management approach, showing the value of co-locating, consolidating space.</li> <li>• Detailed timeline of moves and instructions for their packing and moving</li> </ul>	<ul style="list-style-type: none"> <li>• Departmental emails</li> <li>• DBA statewide virtual meeting or roadshow</li> </ul>	<ul style="list-style-type: none"> <li>• Department Secretary/Division Leader</li> <li>• Chris Bell</li> </ul>
Private industry and non-governmental stakeholders	<ul style="list-style-type: none"> <li>• Demonstrate how co-location and creating more centralized government functions can help bring business to area</li> <li>• Will involve early on in process and make aware of planned changes early on</li> </ul>	<ul style="list-style-type: none"> <li>• Individual meetings on a regular basis</li> <li>• Emails</li> </ul>	<ul style="list-style-type: none"> <li>• Chris Bell</li> </ul>
Local government	<ul style="list-style-type: none"> <li>• Demonstrate how co-location and creating more centralized government functions can help bring business to area</li> <li>• Will involve early on in process and make aware of planned changes early on</li> </ul>	<ul style="list-style-type: none"> <li>• Individual meetings on a regular basis</li> <li>• Emails</li> </ul>	<ul style="list-style-type: none"> <li>• Chris Bell</li> </ul>
Public	<ul style="list-style-type: none"> <li>• Communication of new office locations for public-facing facilities should occur in advance and following the moves</li> <li>• The goal of the location is to create benefits to the public related to co-location</li> </ul>	<ul style="list-style-type: none"> <li>• Website updates</li> <li>• Press release in affected communities</li> </ul>	<ul style="list-style-type: none"> <li>• Chris Bell</li> </ul>

## Functional Initiative #49 - Consolidate statewide office space outside of Little Rock

This initiative focuses on reducing office footprint and real estate cost outside of Little Rock by moving departments from leased space into existing owned space, consolidating departments into one location if possible, exiting all (or nearly all) private leases, selling underutilized buildings after consolidation, and subleasing remaining space no longer needed where space cannot be sold or lease cannot be terminated.

### Initiative Overview and Current State:

As noted in FUNC-41, Arkansas currently owns or leases 11.8 million square feet (SF) of space across the state. Of that, 5.5 million square feet are used as office space: 3.3m SF in Little Rock and 2.2m SF outside Little Rock. Within Little Rock, 2.4m SF (approximately 75%) of office space is owned, while outside Little Rock, 80% of office space is leased. From a strategic perspective, there is little overarching or long-term analysis to optimize the portfolio as a whole for the needs of the state. Many buildings are operating at only partial occupancy.

**Rationale:** This initiative is focused on a reduction of the State's office footprint and real estate cost outside of Little Rock by moving departments from leased space into existing owned space, consolidating departments into one location if possible, exiting all (or nearly all) private leases, selling underutilized buildings after consolidation, and subleasing remaining space no longer needed where space cannot be sold or a lease cannot be terminated.

Benchmarking analysis revealed \$15-25M in savings opportunity across four dimensions. Optimizing the statewide network could save \$3M-6M annually by consolidating non-Little Rock office space within and between towns to reach 225 SF/FTE and exiting leases and/or selling buildings. Consolidation would also involve considerations of updating work spaces and enhancing them to improve employee experience.

In addition to cost savings, consolidating space has the potential to improve customer experiences by reducing the number of state buildings required to visit to conduct government business. In addition, the effort to consolidate office space may result in updating outdated office spaces and otherwise improving the workplace experience for department employees.

**Implementation Considerations:** This initiative is the companion to FUNC-41. **Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

### Strategies to address potential risks and enable success:

- The same risks are expected as in FUNC-41, but given that the location is outside Little Rock, there could be more significant response from communities about changes to the State's real estate footprint, given the impact of state leases within rural communities. This will necessitate collaboration, transparency, and ongoing dialogue with community stakeholders such as local chambers of commerce and others in the affected areas.

- To reiterate, this initiative in particular will benefit from the development of a proactive, continuous cadence of updates for Legislative offices to keep them informed.

**Recommended steps for consolidating office space outside of Little Rock (future state):**

- Secure lease-management and space-planning software and complete setup and data integration
- Conduct space plan assessments and departmental interviews to identify relocation and consolidation opportunities
- Take space plan to legislative review with goal of creating enthusiasm and local buy-in
- Syndicate consolidation opportunities with department leadership and the Governor’s Office and develop consolidation plan and timeline
- Discuss with non-cabinet departments opportunities for co-locating.
- Implement communications plan: engage private sector, legislators, and local government to explain consolidation, promote transparency, gather input, and obtain buy-in
- Establish KPIs and performance tracking capabilities
- Confirm headcount, adjacency requirements, and space utilization/design
- Create standards and monitoring plan for footprint and office needs
- Determine needs of each office; gather feedback from staff on existing pain points with respect to facilities and utilize that information in developing and iterating on the future space management plans
- Implement Communications Plan: make agency announcements about consolidation/offices moves; tout benefits
- Engage furniture installer to confirm product availability and schedule modifications
- Engage DBA Design Review for construction drawings for permanent wall improvements, space design for pricing
- Meet landlord at affected sites to discuss improvements and tentative schedule for construction estimating and start
- Develop and evaluate seating arrangement options and product availability/purchases; make purchases according to final decisions
- Phased rollout: Complete construction/renovation of building modifications
- Phased rollout: Move relevant departments to new spaces as building renovations are finalized and support logistics of the move
- Monitor ongoing impact and adapt KPIs, such as utilization, energy saved, maintenance spend, and economic impact on the community, and share the progress publicly with staff and the community to celebrate achievement. as necessary

**Alignment of department priorities with staffing and resources:** DBA’s mission is providing transparent oversight and knowledgeable guidance for state agency capital improvements and real estate acquisitions. Implementing this initiative is aligned with current department priorities and staffing.

**Estimation of any anticipated costs and staffing needs:** Initial DBA staff analysis indicates that designated DBA team member capacity will be necessary to implement this initiative. Lease Management software may also be necessary. DBA estimates a one-time cost of \$16 million

is anticipated for moving costs statewide related to FUNC-41 and 49. New or moved workstations will require data and electrical connections will also be required.

**Process changes, associated with implementing changes in the strategic plans:**

Significant change management will be required to implement this initiative, including developing communication plans for impacted staff, local government, and private industry across the state. Policies and protocols for co-location, remote/hybrid work will also need to be developed. Policies developed for consolidated office space will need to consider employee feedback.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to reduce inefficiencies in state leasing of office space and realize savings and improved customer experience. Recommended performance measures include:

- The number of square feet reduced from state footprint.
- Average cost/square foot for leases outside Little Rock.
- Percent of DBA-managed properties serving 2 or more departments.
- Total building maintenance outside Little Rock; and,
- Customer satisfaction with co-located office space.

**Identification and estimation of any savings the strategic plan could realize once implemented:** TSS analysis indicates there is a potential recurring positive fiscal impact of \$5 million for this initiative.

**Change Management Plan:** Collaboration across state departments, state leadership, and with community stakeholders is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 32**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 32 – FUNC-49 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Affected staff	<ul style="list-style-type: none"> <li>• Benefits of the statewide real estate management approach, showing the value of co-locating, consolidating space. Detailed timeline of moves and instructions for their packing and moving</li> </ul>	<ul style="list-style-type: none"> <li>• Departmental emails</li> <li>• DBA statewide virtual meeting or roadshow</li> </ul>	<ul style="list-style-type: none"> <li>• Department Secretary/Division Leader</li> <li>• Chris Bell</li> </ul>
Private industry	<ul style="list-style-type: none"> <li>• Demonstrate how co-location and creating more centralized government functions can help bring business to area</li> <li>• Will involve early on in process and make aware of planned changes early on</li> </ul>	<ul style="list-style-type: none"> <li>• Individual meetings on a regular basis</li> <li>• Emails</li> </ul>	<ul style="list-style-type: none"> <li>• Chris Bell</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
Local government	<ul style="list-style-type: none"> <li>• Demonstrate how co-location and creating more centralized government functions can help bring business to area</li> <li>• Will involve early on in process and make aware of planned changes early on</li> </ul>	<ul style="list-style-type: none"> <li>• Individual meetings on a regular basis</li> <li>• Emails</li> </ul>	<ul style="list-style-type: none"> <li>• Chris Bell</li> </ul>

### Functional Initiative #60 - Collaborate across statewide operational excellence/customer experience (CX) roles

This initiative seeks to improve coordination among operational excellence and Arkansan experience roles across the state and assess opportunities for centralized reporting structures to create accountability across departments and disseminate best practices for increased efficiency.

**Initiative Overview and Current State:** TSS has an established leadership role in driving both operational excellence and improved citizen experience. TSS is leading an effort to create the Arkansas Government Portal, a statewide technology solution that will improve citizen experience across all domains of government, while resulting in a positive operational impact through reduced in-bound contacts. This project illustrates the potential for TSS to drive improvements to operations and citizen experience on behalf of Arkansans.

As noted in TSS-36 and TSS-39, TSS has been working to develop a first-in-the nation portal where citizens can access over 1,200 services across over 15 departments and other agencies. TSS is in the process of soliciting information from qualified contractors to develop, test, and implement its portal, with responsibilities to include managing, supporting, overseeing the enrollment of the overall Government Services Portal solution, and establishing standards and requirements for Arkansas state departments and other entities that want to engage with the Government Services Portal program. The larger data hub project that TSS is working on is with a non-profit conglomerate of large employers and states and it is called Research Improving People’s Lives (RIPL). RIPL identifies partners such as, the National Governors Association, Social Security Administration, Google, Walmart, and the states of Rhode Island, Virginia, and Colorado.

Improvements to customer experience are important priorities for multiple departments. In fact, several Arkansas Forward departmental strategic plans concern improving the quality of services provided to Arkansans to improve their experience of government services and drive greater customer satisfaction. The Department of Human Services (DHS) is designing a new Contact Service Center to enhance its ability to meet the needs of individuals and families in the community through improved technology and communication methods (DHS-2). DHS seeks to deploy a more holistic approach to meet the needs of its beneficiaries.

As another example, the Department of Finance and Administration is seeking to improve the digital customer experience as well as the experience of in-office service delivery through multiple initiatives, including:



- DFA-8 – Map and enhance DMV processes with technology to improve speed and service
- DFA-9 – Update DFA website to increase customer satisfaction and increase efficiency
- DFA-11 – Implement customer-centered tax auditor training within the Division of Field Audit at DFA to enhance cooperation
- DFA-14 – Create a single sign-on licensing portal with direct document upload
- DFA-18 – Map DFA processes, identify issues, and improve efficiency and satisfaction
- DFA-23 – Create response management system to decrease response times and increase accuracy of information
- DFA-44 – Train all DFA employees on customer experience standards

**Rationale:** This initiative focuses on improving coordination among operational excellence and Arkansan experience roles across the state and assessing opportunities for centralized reporting structures in order to create accountability across departments and disseminate best practices for increased efficiency.

### **Operational Excellence**

Other state examples are instructive as to how Arkansas can drive operational improvement through TSS. During Indiana’s 2005 centralization effort of Performance Management, Strategic Hiring and Position Management, Talent Acquisition, Benefits and Healthcare, among other functions, the Governor’s newly created Government Efficiency and Financial Planning Unit immediately began work with the Governor to establish goals for each state agency department and develop a system for monitoring progress. Over fifteen months, the Governor’s office conducted performance evaluations of all state agencies and inventoried the state’s operations. The information collected showed only 38% of departments collected data on their operations and that siloed program management within each agency created overlap and duplication. Following this initial benchmarking process, agency heads were invited to collaborate on new performance measures to which they would be held accountable.

Another example of how states can improve operational excellence is Washington State. Through the as Harvard Kennedy School’s Operational Excellence project, best practices related to government operational excellence were collected, including a 2017 case study on Washington State.<sup>10</sup>

In 2013, Governor Jay Inslee instituted an initiative called “Results Washington,” in which he identified five top-priority statewide goals he challenged state agency leaders to tackle, tracking their progress and applying lean thinking and tools to improve their processes. Lean process is a business methodology that aims to eliminate waste from processes and focus on delivering value to customers. A study of Washington’s results under this initiative showed \$4.50 in value to taxpayers is returned for every \$1 invested in the lean process improvement program. A total of \$33 million in savings and avoided costs were recognized in Washington, as well as several efficiencies through

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<sup>10</sup> Kennedy School, 2017, “Performance Management and Lean Process Improvement - Results Washington, An Operational Excellence in Government Success Story,” <https://hwpi.harvard.edu/files/datasmart/files/case-study-results-washington-performance-management-lean.pdf?m=1631281241>.

improvements in process and services. The 2017 Harvard study highlights the following from this initiative:

- One million hours of time saved waiting in Department of Licensing lobbies using process improvements and partnering with private driver-training schools.
- 15% decrease in speed-related deaths.
- 20% faster processing of DNA tests at the Crime Lab, reducing the backlog by 10 percent and cutting staff overtime 56%.
- \$6.2 million in recovered overpayments from Department of Labor and Industries, a 28-percent increase in one year; and,
- \$2.3 million in savings a year on long-distance phone calls.





This study indicates the value operational excellence can yield for states, and Washington’s framework for Results Washington may be of value in developing such an initiative in Arkansas.

### Customer Experience

A 2022 McKinsey & Company “State-of-the-States” survey also establishes a strong link between customer experience and resident satisfaction and illustrated that customer experience improvements can have tremendous benefits for government agencies and their staff and stakeholders (summarized in **Figure 33**).

**Figure 33 – Benefits to State Agencies from Improving Customer Experience**

#### Getting customer experience right can drive real and sustainable improvements

Government agencies that prioritize customer experience...						
 Mission	...Achieve Agency mission	<b>9x</b>	Satisfied customers are 9x more likely to agree that agencies achieve their mission	...see higher levels of public trust	<b>9x</b>	Satisfied customers are 9x more likely to trust the agency providing good service
 Org and Culture	...Deepen employee engagement	<b>40%</b>	Increase in employee satisfaction over 2 years	...Are more effective	<b>15-30%</b>	Increase in workforce productivity
 Operational effectiveness	...Are more efficient	<b>10X</b>	Decrease in call-center calls	...Achieve cost-savings	<b>15-50%</b>	Lower cost to serve
 Customer outcomes	...Improve performance	<b>50%</b>	Improvement in customer response time	...Greater customer satisfaction	<b>2x</b>	Dissatisfied customers are 2x more likely to reach out for help 3+ times

Source: McKinsey & Company, 2022.

Operational excellence has a critical role to play in how citizens perceive state government efficiency and effectiveness and their level of satisfaction with their government. As such, it is an important focus for governments like Arkansas looking to improve the resident experience.

### Implementation Considerations:

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Provide detailed explanations for changes to organization and process, extensive training, and support from leadership to ensure buy-in and adoption of changes to address the risk there could be interdepartmental coordination issues.
- Prioritize use cases that are the most cost-efficient and leverage best practices from other IT initiatives to keep cost of new IT systems and capabilities to a minimum to address the risk that Operational excellence programs could require IT capabilities that have large setup costs.

**Recommended steps collaborating across statewide operational excellence/CX roles (future state):**

- Conduct a detailed current state assessment of OpEx and customer experience by department, to include collection of customer experience data/ratings, in-flight initiatives or programs, and staffing resources/organizations.
- In analyzing assessment results, identify opportunities for creation of a center of excellence model (TSS has resources and disseminates best practices and training) vs. a consolidation of responsibility at TSS.
- Assess existing staff resources and identify staffing needs (e.g., project managers with Six Sigma training, leader with customer experience). Identify if needs can be met within state resources or if a consultant resource is needed.
- Identify other departmental resources for both operational excellence and CX.
- Form two workgroups, to be chaired by TSS, to promote information sharing and collaboration (consisting of TSS staff and departmental resources).
- Identify key areas for improvement and develop toolkits, resources, and training to support departmental improvement.

Once operational and experience improvement initiatives are identified:

- Implement necessary supporting technologies to track, analyze, and visualize KPIs.
- Develop detailed documentation of process and organizational changes.
- Pilot operational excellence programs across select key departments and gather feedback.
- Communicate organizational changes and train employees.
- Monitor ongoing impact of coordination/centralization and adapt as necessary.

**Alignment of department priorities with staffing and resources:** TSS is recognized as the administrative arm of Arkansas state government with a primary focus to identify efficiencies and cost-saving measures to streamline operations while providing optimal service to the state. Implementation of this initiative at TSS is aligned with department priorities, staffing, and resources and fills a critical need in supporting other departments in implementing customer experience and operational excellence solutions.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that operational excellence leadership with expertise in coordination and reporting structures will be necessary to implement this initiative. IT Systems to track performance, such as PowerBI or Tableau will also be required. TSS currently has enterprise contracts with both vendors. Costs for implementation depend on whether centralization of any functions is necessary.

**Process changes, associated with implementing changes in the strategic plans:**

TSS and other departments will need to establish policies and procedures to effectively implement this initiative. A change management plan is essential to outline, for example, changes to effectuate operational excellence, reporting structures, performance metrics, and how agencies will utilize metrics to drive improvement.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to increase and improve statewide shared services. Recommended performance measures include:

- Arkansan “customer satisfaction” scores (could be use of Net Promoter Score or other satisfaction surveys).
- Identify relevant operational metrics that could be impacted by experience initiatives or process improvement (e.g., inbound calls, which could reduce with self-service options).
- Number of Arkansan inquiries actioned.
- Identify operational efficiencies; and,
- Proliferation of operational best practices.

**Identification and estimation of any savings the strategic plan could realize once implemented:**

No potential savings were identified in relation to this initiative, however this is an enabling initiative which will help departments realize improvements to operations and customer experience, which could result in future cost savings.

**Change Management Plan:** Collaboration across state departments, state leadership, and with citizens is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 34**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 34 – FUNC-60 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
Departmental leads	<ul style="list-style-type: none"> <li>• TSS is working with the Governor’s Office to drive operational excellence and customer experience improvements through a statewide initiative</li> <li>• TSS will be working with state agency COOs/functional departmental leadership to involve them in developing the goals and metrics and ensuring that proper KPIs are identified and that data offered will be actionable and acted upon when available</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership meetings</li> <li>• Emails</li> <li>• Town hall style meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Sec. Leslie Fiskens</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
Governor’s Office	<ul style="list-style-type: none"> <li>Operational excellence effort will need direction and support from state leadership as well as agency leadership in order to function with the most benefit to the state</li> </ul>	<ul style="list-style-type: none"> <li>Leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>Sec. Leslie Fisken</li> </ul>

## Functional Initiative #73 - Standardize and improve large IT program governance and management

This initiative focuses on standardizing and improving large IT program governance and management to minimize project schedule and cost over-runs by introducing a governance oversight model that includes independent validation of project progress and project budget tracking.

This model is split into two tiers:

- I. portfolio governance which monitors status, health, and prioritization of projects at a Statewide level
- II. individual project governance for the largest approximately 18 identified projects

**Initiative Overview and Current State:** The Department of Transformation and Shared Services, Division of Information Systems (DIS) is the premier information technology products and solutions provider for the state. DIS provides IT products and solutions to state entities, K-12 public schools, cities and counties, and public safety organizations across the state.

As discussed in greater detail in the Arkansas Forward Strategic IT Procurement Plan, TSS Overview, and initiatives TSS-13 and TSS-30, Arkansas’ IT Procurement organization across the enterprise remains in many ways fragmented and inefficient, despite the existence of DIS as a resource for other departments. This lack of coordination leads to duplication, delays, and inefficiencies, which challenge the notion that centralized IT functions can be a value-add to individual departments.

The state’s largest IT projects are distributed throughout multiple departments; departments vary in their available resources and skills in managing these complex projects.

**Rationale:** Introducing a governance oversight model that includes independent validation of project progress and project budget tracking will support standardization and improvement of large IT programs. According to DIS staff interviews, IT projects in Arkansas would be improved by creating two levels of review/approval and therefore implementing a governance structure that ensures the state receives a strong Return on Investment:

- Governance committee: This committee would be tasked with reviewing project requests using standard criteria (business case, return on investment) and once approved, would receive structured, ongoing updates on the progression of the state’s largest projects. Although application development and management has not been centralized at TSS, should this change, this body could be used to make decisions about whether a project could move forward and prioritize use of state resources.

- **Technical review:** This committee would include technical leaders from TSS and serve as an architecture review board to requirements and proposed solutions for state-built solutions and provide technical input on RFPs. There would be a redress or review process in case a department did not agree with the technical board’s findings (to the governance committee).

As in other IT initiatives, Arkansas’ DIS can increase the visibility of its value-add by establishing service levels and tracking performance, such as speed in responding to review requests or overseeing timely contract performance and minimized change orders. DIS can begin with IT contracts it has helped develop and is currently monitoring, sharing out its performance to build trust and buy-in. North Carolina’s IT Procurement Dashboard provides a best practice (see FUNC-11).

A review of other states that have consolidated statewide IT management identifies a few best practices that TSS should consider in moving forward with this initiative. For example, in New Hampshire, the state has moved to a completely centralized IT model, where the Department of Information Technology (DoIT) is the help desk for all state departments and manages all applications. One factor contributing to the success of the program was the establishment of the IT Council, which functions like a private sector board. The Council includes agency heads from the “client” departments served by DoIT, private sector, local leaders, legislators, representatives of higher education, among others. The IT Council is responsible for advising on the development of the state’s strategic IT roadmap (important to include non-technology leaders in the development of the strategy) and advising the CIO on the following:

- Development of statewide information technology plans, policies, and standards.
- IT system consolidation and implementation of centralized IT services.
- IT resource allocation and budgeting; and,
- IT service procurement and outsourcing.

Texas’ Quality Assurance Team (QAT) offers another potential model for consideration. QAT is an interagency work group composed of representatives from the Department of Information Resources (DIR), State Auditor’s Office (SAO), and the Legislative Budget Board (LBB). QAT’s goal is to assist agencies successfully complete projects on time, scope and within budget. QAT monitors major information resource projects whose development costs exceed \$5 Million, or as designated by the Legislature, due to their complexity and the resulting risks these projects pose to the state. QAT is also required to review any contract for the development of major information resources projects with an expected value of at least \$10 million, as well as certain contract amendments. QAT must also review and approve contract amendments if cumulative changes affect the original contract value by 10% or more. Amendments for projects that QAT is monitoring are not valid without QAT approval. This approval authority allows QAT to mitigate risks in contracts that support major IT projects.

QAT members conduct regular oversight of projects throughout their lifecycle. Agencies must obtain QAT approval before initiating a major information resources project. QAT oversight includes review and monitoring of the project milestones shown below in **Figure 35**.

**Figure 35 – QAT IT Project Review Milestones**



Reprinted from Legislative Budget Board, “Overview of Information Technology IT within State Government and the Quality Assurance Team,” February 2024.

QAT’s involvement in large IT projects begins with reviewing framework documents for projects and original Project Documents. Revised Business Cases for projects over 10% schedule or budget, and Cost Benefit Analyses for projects over 50% schedule or budget. Monitoring includes requesting detailed information about projects from agencies and reporting progress to the Legislature, monthly/quarterly monitoring reports of project status, and expanded monitoring for entities assigned “Additional Monitoring Warranted” by the SAO. QAT is also available to consult agencies during project Initiation, planning, and execution, while initiating projects, and during major issue resolution.

QAT’s reporting duties include managing a performance dashboard for large IT projects that is populated using data from agency project monitoring reports and displays performance indicators in the areas of budget, schedule, scope, and quality. Depending on the risk level of the project, data are either entered quarterly or monthly. The dashboard framework is shown in **Figure 36** below.

**Figure 36 – QAT Dashboard**

Indicator	Description	Green Rating	Yellow Rating	Red Rating
<b>Cost Performance</b>	Cost Performance is a measure of the financial effectiveness and efficiency of a project. It represents the amount of completed work for every unit of cost spent. As a ratio it is calculated by dividing the budgeted cost of work performed, or earned value, by the actual cost of the work performed.	Ratio of 0.90 or greater.	Ratio between 0.80 and 0.90.	Ratio less than 0.80.
<b>Schedule Performance</b>	Schedule Performance is a measure of how close a project is to being completed to the schedule. As a ratio it is calculated by dividing the budgeted cost of work performed, or earned value, by the planned value.	Ratio of 0.90 or greater.	Ratio between 0.80 and 0.90.	Ratio less than 0.80.
<b>Scope Performance</b>	Scope Performance is a measure derived from reviewing the budget impact of project scope changes over the preceding 12 months. Scope changes in the preceding 12 months that impact the project budget by an increase of specified amounts indicate the rating.	Impacted the project budget by 10 % or less.	Impacted the project budget by greater than 10% and less than or equal to 20%.	Impacted the project budget by greater than 20%.



<b>Quality Performance</b>	Quality Performance is a measure derived from a series of quality measures specific to each project and each project phase. Quality is measured throughout the project lifecycle during project deliverable reviews, during testing, and after the system has been implemented. The quality of vendor performance will also be measured.	Project is achieving its stated quality objectives.	Project is missing some quality objectives and requires agency management notification.	Project is not achieving its quality objectives and requires agency management intervention.
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Source: QAT, DIR.

**Implementation Considerations:**

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Ensure there is top-down, cabinet level support behind new governance and establish clear and understood recourse options if new policies and procedures are not followed to mitigate the risk that departments may push back or try to avoid participating in new IT program governance.
- Develop new program governance in concert with department IT leaders to effectively assuage and address any concerns about efficiency loss to minimize the risk that IT program governance could make individual departments less efficient.
- Build a customer-focused culture at DIS, viewing Secretaries and CIOs as customers or clients. Establishment of service level expectations, publishing data on performance, dedicating time to engagement and collaboration with the cabinet departments are all strategies to reinforce this customer focus. DIS leadership should continue to model this behavior for staff and reinforce and recognize staff for delivering excellent service to partner departments. This approach and culture change will support DIS’ enhanced role as a result of this and other strategic initiatives and will build support from other departments over time.

**Recommended steps for standardizing and improving large IT program governance and management (future state):**

- Create a small task force of CIOs across representative departments to advise DIS on this initiative, with a dedicated project management resource.
- Refine enterprise-wide project data to collect full portfolio of projects across departments.
- Analyze projects to determine cost threshold for automatic inclusion and additional risk or other factors that warrant inclusion in governance.
- Develop high-level governance design (governance bodies, metrics, dashboard for reporting). This should consider two tiers of governance: a strategic body to review, approve, and prioritize projects, and receive ongoing updates, and a technical oversight component.
  - Consider inclusion of Department Secretaries on the governance body.
  - For the technical design review, this should be a panel of IT experts able to assess project requirements and the technical solution for soundness.



- Establish suite of best practice project tools and templates (such as for a project charter, business requirements document, business case, return on investment calculation) for large IT projects.
- Collect input from CIOs on high level plan.
- Write and syndicate governance policies across departments.
- Establish best practices, tools, and training to support IT project management.
- Provide training on governance and project management practices for Secretaries, COIs and other senior IT leadership at departments, and IT project managers embedded within departments.
- Pilot new governance processes with 3-4 representative projects across different departments.
- Launch new governance process with full departmental participation.
- Launch recurring IT project management training program.
- Monitor ongoing impact of governance process and adapt as needed.

**Alignment of department priorities with staffing and resources:** The vision of DIS is “to lead and optimize technology resources for Arkansas public sector.” Implementing this initiative is aligned with current department priorities, staffing, and resources, however additional CIO and FTE staff time will be required. This initiative will result in benefits due to more consistent management of large IT projects, regardless of whether the State of Arkansas continues with the centralization of IT functions at DIS.

**Estimation of any anticipated costs and staffing needs:** Initial DIS staff analysis indicates that a centralized team of IT leadership and experts to establish governance policies, manage systems, and enforce standards will be necessary to implement this initiative. A \$4 million estimated cost from CIO and FTE time dedication. Existing project management tools can be utilized.

**Process changes, associated with implementing changes in the strategic plans:** DIS and CIO leadership will need to develop policies and procedures related to governance and management for large IT projects, including for determining risk and related risk mitigation through monitoring. Statutory and/or rulemaking changes may be necessary to successfully implement this initiative.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve large IT project development and performance through improved and standardized project management. Recommended performance measures include:

- Annual IT spend as a percent of total revenues.
- Average project cost, including any overages from initial contract cost.
- Number of change orders per project.
- Number of IT projects completed on time; and,
- Quality of deliverables.

**Identification and estimation of any savings the strategic plan could realize once implemented:**

Preliminary TSS estimates indicate this initiative will result in a recurring fiscal impact of \$23 million due to improved requirements gathering, reduced use of change orders, improved project management, fewer project delays and extensions, and improved project outcomes.

**Change Management Plan:** Collaboration across state CIOs and DIS is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 37**. Key activities and timing for communication plan are included in **Appendix A – Work Plan**.

**Figure 37 – FUNC-73 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
State agency CIOs	<ul style="list-style-type: none"> <li>• The complexity and cost of IT projects necessitates a coordinated and comprehensive oversight process</li> <li>• DIS will lead effort to coordinate CIOs and develop governance and management framework for large IT projects</li> <li>• CIOs will be integral in developing and managing framework; this is not a DIS project but an Arkansas enterprise project to ensure best value and quality IT solutions for Arkansas</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting of state CIOs</li> </ul>	<ul style="list-style-type: none"> <li>• Jay Harton</li> </ul>
State Leadership (agency heads, Governor’s Office, Legislature)	<ul style="list-style-type: none"> <li>• DIS and CIOs need state leadership to support new large IT project framework; may require legislative changes, will require staff time</li> <li>• Framework is a best practice and will help ensure Arkansas tax dollars are being prudently used for projects by leverage IT expertise and a dedicated project management oversight function; will ensure state ROI</li> </ul>	<ul style="list-style-type: none"> <li>• One-on-one leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Jay Harton</li> </ul>
State IT staff	<ul style="list-style-type: none"> <li>• A new large IT framework being implemented to aid in improving development and oversight of IT projects. This is a resource and service to make large, complex projects easier, ensure value, and hold vendors accountable, not</li> </ul>	<ul style="list-style-type: none"> <li>• Emails to IT staff</li> <li>• Agency meetings</li> <li>• Website postings</li> </ul>	<ul style="list-style-type: none"> <li>• Jay Harton</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
	simply police and monitor their process		

## Functional Initiative #82 - Reduce reliance on outside contractors

This initiative focuses on adjusting pay and benefits to move relevant positions from third party contractors to in-house in order to build talent and lower net costs.

**Initiative Overview and Current State:** The Office of Personnel Management (OPM) administers the state’s personnel system and establishes necessary policies and procedures to ensure system uniformity under state and federal laws. OPM provides for the efficient utilization of state resources and the effective management of Classification and Compensation, Payroll, and Training. OPM is currently in the process of revising the state’s job classifications as part of the Pay Plan; some departmental staffing needs are addressed through this proposal (e.g., for nursing). From a sequencing perspective, OPM would like to monitor the impact of these changes prior to implementing additional changes to the Pay Plan.

Analysis conducted by OPM staff as well as department CFOs indicates that there is reliance on contractors within certain departments for critical and specialized staffing areas where it is difficult for the State to recruit qualified candidates and compete with the private sector. Some examples of these needs include for IT application development, nursing (Department of Health Services for state-operated facilities and Arkansas Department of Veterans Administration for Veterans Homes are two examples), and specialty areas (nutrition-at Schools for the Blind/Deaf at Arkansas Department of Education, and for certain specialty fields like engineers and architects across multiple departments). In these cases, the departments have a critical business need but cannot match the pay or (in case of nursing), pay is close to private sector but cannot match schedules, flexibility, and other features of working in the private sector.

**Rationale:** By adjusting position classification for relevant positions (increasing pay and benefits), the State seeks to shift from use of contractors to state employees. This strategy will allow Arkansas departments to build talent and lower net costs. OPM can be a valuable resource to departments in undertaking this effort due to its centralized position and expertise in personnel matters. For example, OPM annually reviews Labor Market data (Salary.com) and has an annual exercise where they work with departments to gather and analyze salary and other personnel information. OPM can therefore leverage its existing relationships and processes to help implement this initiative and improve the State’s workforce.

### Implementation Considerations:

**Appendix A – TSS Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with TSS staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Determine clear and consistent criteria for adjusting pay tables to allow departments to move from use of contractors to employees (demonstrating either cost neutrality or savings to the State), garner support from department Secretaries, and have exceptions process where necessary to mitigate the risk that departments may not want to move contracted positions in-house.
- Ensure quality of market-researched compensation benchmarks, match market pay and benefits on highest priority roles, and market the advantages of employment by state departments to address the risk that there may not be enough skilled applicants to fill roles moved from contracts to state employees.

**Recommended steps for reducing dependence on contractors (future state):**

- Conduct analysis of current contractor positions across departments and identify potential roles suitable for transition to state employee role.
- Prioritize certain departments/disciplines (e.g. IT, nursing) to focus on initially for bringing staff in-house. This may be a manual exercise going through each department’s needs.
- Benchmark current pay for employee position grades to contracted positions against market standards and determine potential changes to pay grade classification to increase market competitiveness.
- Develop proposal to upgrade existing positions to where salaries are comparable or develop new pay schedule for position classification; pilot these changes with first phase of rollout.
- Select positions to transition in-house and outline a phased approach for rollout.
- Receive necessary approvals for transition of roles, including working with the Legislature as necessary.
- Design reporting structures for transitioned roles and notify managers of upcoming organizational changes.
- Determine additional training capabilities needed for transitioned positions and acquire training materials for onboarding new employees.
- Following initial rollout pilot, assess retention, contracting levels; if pay plan changes do not address issues, consult with the impacted department on ways to address (e.g., can alternate work schedules be used, signing bonuses, or other strategies).
- Develop and deploy a recruitment strategy for new positions to attract qualified candidates.
- Provide training and support to new employees.
- Monitor ongoing impact of transitioned roles and adapt as necessary.

**Alignment of department priorities with staffing and resources:** OPM is charged with ensuring the efficient utilization of state resources and the effective management of Classification and Compensation, Payroll, and Training. Implementing this initiative is aligned with current department priorities, staffing, and resources.

**Estimation of any anticipated costs and staffing needs:** Initial TSS staff analysis indicates that IT systems to track performance metrics (e.g., PowerBI or Tableau) and experts in contracted labor may be necessary, but no substantial one-time cost is estimated, given that TSS has access to such platforms now through enterprise contracts.

**Process changes, associated with implementing changes in the strategic plans:** OPM will need to establish process changes related to the state’s pay plan, including legislative changes.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve statewide staffing practices to reduce over-reliance on contractors. Recommended performance measures include:

- Reduction in contracted labor costs.
- Number of contracted positions moved in-house (to state employee positions).
- Employee retention rates in affected job classifications; and,
- Average project cost over time.

**Identification and estimation of any savings the strategic plan could realize once implemented:** The fiscal impact of this initiative cannot be determined until the specific departments and positions of focus are identified. However, it is anticipated this initiative will result in cost savings from the shift of high-cost contractors to more cost-effective state employees, even when accounting for the upgraded classifications. For example, at Department of Human Services (DHS), in the Medicaid Finance area, DHS is paying hourly rates of \$250 for specialized cost allocation assistance, which could be reduced in favor of in-house staff.

**Change Management Plan:** Collaboration across OSP, state procurement leadership, and the state leaderships is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 38**. Key activities and timing for communication plan are included in **Appendix A – TSS Work Plan**.

**Figure 38 – FUNC-82 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
State department leads	<ul style="list-style-type: none"> <li>• OPM undertaking an effort to improve state employment and retention and save funds</li> <li>• OPM will serve as a resource to help departments identify critical talent shortages and develop strategies to bring these positions in-house to build necessary talent pool and reduce costs for the agency and the state</li> <li>• Please help to identify the priority staffing needs for your department to inform this effort</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting of state department leaders</li> </ul>	<ul style="list-style-type: none"> <li>• Kay Barnhill</li> </ul>

Audience(s)	Key Messages	Modalities	Owner(s)
State leadership (Governor’s Office, Legislature)	<ul style="list-style-type: none"> <li>• Reducing the reliance on contractors not only strengthens Arkansas’ talent pipeline, improving services for Arkansans, but it may result in reduce or neutral costs by not paying contractors for long periods</li> <li>• In order to reduce reliance on contractors, certain changes to pay plan and related policies will likely need to be made</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership meetings</li> <li>• Meetings with Legislature</li> <li>• One-on-one meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Kay Barnhill</li> </ul>

# Strategic Management Plan: Arkansas Department of Commerce

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## Overview

Formed in 2019 by Act 910, the Arkansas Department of Commerce (ACOM) exists to create an economic environment where every Arkansan can achieve prosperity and quality of life. ACOM is the umbrella department that includes key economic development drivers, consisting of the following divisions:

- Arkansas Development Finance Authority
- Arkansas Division of Aeronautics
- Arkansas Division of Workforce Services
- Arkansas Economic Development Commission
- Arkansas Insurance Department
- Arkansas Securities Department
- Arkansas State Bank Department
- Arkansas Waterways Commission
- Arkansas Wine Producers Council
- Office of Skills Development

Through the Arkansas Forward project, a 2024 initiative to improve the efficiency and effectiveness of Arkansas' 15 cabinet-level departments, ACOM will realign its organizational structure to strengthen its ability to perform core roles and responsibilities and prioritized implementation of 11 priority initiatives including multiple initiatives focused on the organization's design, and as well as two related to statewide centralization of the process for administration and monitoring of grants.

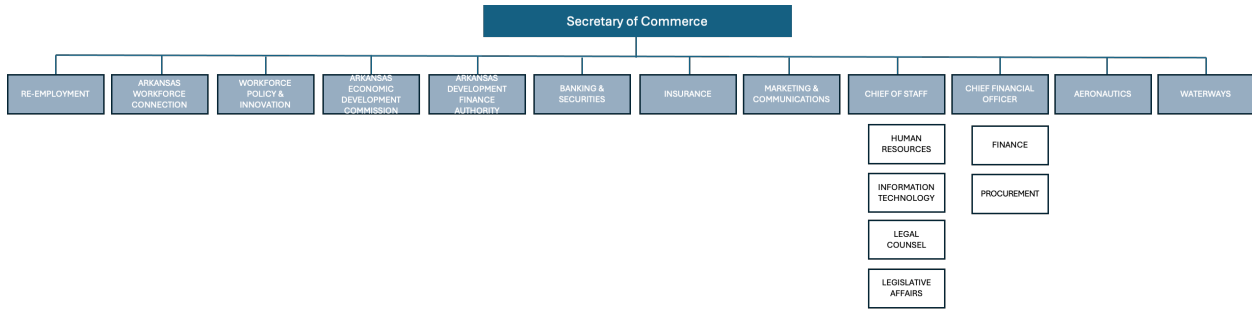
This Strategic Management Plan ("Plan") memorializes the work completed by ACOM during Arkansas Forward, translating the department's vision into a plan consisting of recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics. A companion project plan ("Work Plan") provides a more detailed resource to support implementation of the initiatives by ACOM's Arkansas Forward project management team.

## Recommended Organizational Structure

ACOM's current functional organization chart is shown in **Figure 1**, which reflects a number of changes announced in January 2024 including a shift to shared services under the Chief of Staff, establishment of Finance and Procurement and Marketing and Communications as two departments reporting to the Secretary, reorganization of the Division of Workforce Services (resulting in creation of a freestanding Re-employment Division and restructuring of Workforce Connection, among other changes), and a consolidation of the Banking and Securities divisions.



**Figure 1 – High Level Functional Organizational Structure (January 2024)**



As part of Arkansas Forward, ACOM’s structure was reviewed further to identify opportunities for redesign in three areas:

- Changes that would support the department’s execution of its mission;
- Changes identified through implementation of Arkansas Forward initiatives; and,
- Changes necessitated by Arkansas’ centralization of certain shared services functions.

ACOM has been at the forefront of transformation, beginning review of its organizational structure prior to Arkansas Forward. ACOM has taken the goal of creating a more agile organization to heart and completed a review of each division’s organization to identify opportunities to create a more agile organization. Some improvements have already been developed (e.g., reorganizing the Division of Workforce Services into the Workforce Connection division and investing in key leaders under the Deputy Commissioner, consolidating the State Bank Department and the Securities Department) and additional opportunities have been identified as part of Arkansas Forward including moving to a shared services model for information technology, human resources, marketing and communications, finance/procurement, and implementing improvements in six of the largest divisions/program areas.

Recommendations for ACOM’s future state organization, based on department interviews and analysis include:

- **Changes that would support the department’s execution of its mission:** ACOM has initiated a shared services implementation within its department for finance and procurement (ACOM-24), human resources (ACOM-8), marketing and communications, and information technology (ACOM-7).
- **Changes identified through implementation of Arkansas Forward initiatives:** Other Arkansas Forward initiatives related to ACOM’s organization include completing the integration of the State Bank and Securities Department (ACOM-25), and optimizing manager roles and making other organization design improvements in six divisions (which are outlined further in ACOM-0) including:
  - Arkansas Economic Development Commission (ACOM-23);
  - Workforce Connection;
  - Re-employment Division;
  - Adult Rehabilitation Services;
  - Insurance; and
  - Finance and Procurement.

As summarized in **Figure 2**, each of these divisions underwent a review of their organization structure with consultant support, and identified opportunities for improvement.

**Figure 2 – Summary of ACOM Organization Improvements by Division**

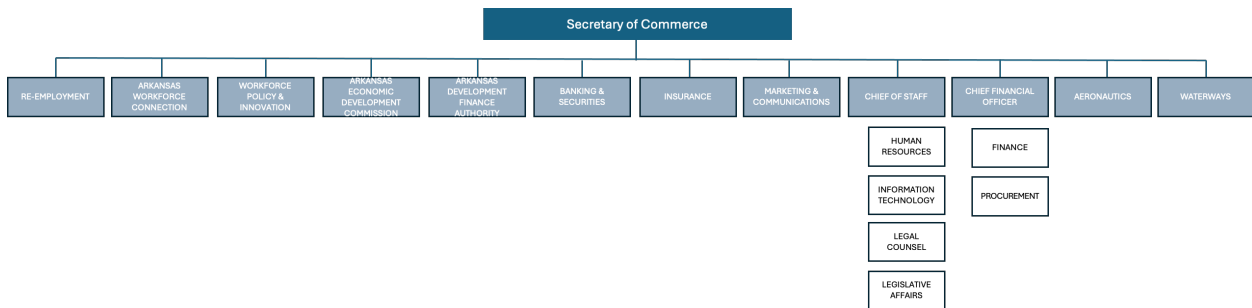
Division	Priorities	Identified Opportunities for Improvement			
		Vacancies	Spans and Layers	Shared Services	Workload Study
Finance and Procurement	Consolidation (shared services) Strengthening management layer	✓	✓	✓	
Arkansas Economic Development Corporation	Strategy Unit, Right-sizing number and career path for project managers; Creating Regional Engagement Team, Moving staff to Workforce Connections	✓			
Adult Rehab Services	Right-sizing management teams	✓	✓		
Insurance	Restructure Legal Market Conduct Unit with new Deputy role to ensure coordination of Consumer Services, Licensing, and Legal divisions		✓		
Re-employment	Restructure to support expanded scope	✓	✓		✓
Workforce Connections	Reorg Business Engagement and Training function Call center centralization	✓	✓	✓	✓
Other	Banking and Securities merger Human Resources shared services model		✓	✓	

Source: Consultant team.

- Changes necessitated by Arkansas’ centralization of certain shared services functions:** Based on direction from the Steering Committee, Transformation and Shared Services (TSS) will assume responsibility for the Payroll and Help Desk functions statewide, as the first Human Resources and Information Technology functions to transfer to TSS in a statewide shared services model. Additional decisions on sequencing of further functions have not yet been determined. Aside from these functions, ACOM will move forward with its own internal shared services centralization for the IT and Human Resources teams and review any investments in these teams (such as a ticketing system, which was identified by the IT as necessary) carefully to avoid duplication with TSS.

These recommendations do not suggest further changes to the Secretary’s direct reports or the current high-level functional chart organization, however detailed division before and after organization charts are presented in the next section).

**Figure 3 – High-Level Recommended Organizational Structure**



### **Meeting the Vision of an Effective and Efficient Future Department:**

ACOM leadership has begun implementing many of these organization changes over the last year and has prioritized the investment in the right structure and team to enable the department to fulfill its mission and implement other Arkansas Forward improvements. In areas where further change is needed, leaders have been empowered to revise their organization charts. While many of the staff are making internal resource reallocations within their current budget and position authority, ACOM will require support from TSS Office of Personnel Management and may need budgetary authority and other approvals from the Legislature to make all intended changes.

## Key Initiatives Prioritized for Arkansas Forward Implementation

ACOM leadership generated nearly 40 ideas to improve the departmental effectiveness and efficiency, before prioritizing 11 initiatives for immediate implementation as part of Arkansas Forward. These initiatives are organized into the following categories: 1) organization-related improvements, 2) operational efficiencies, 3) customer experience initiatives, and 4) improving statewide grant oversight and administration.

The complete list of the high priority Arkansas Forward initiatives for the department includes:

- ACOM-0 – Optimize manager roles and team size for better control and efficiency
- ACOM-5 – Coordinate identification and retirement of non-business critical/duplicative applications across all divisions of Commerce
- ACOM-7 – Develop an internal IT shared services team to provide improved support and unified standards
- ACOM-8 – Consolidate financial operations to a central hub that uses automated systems for budget tracking and expense management
- ACOM-21 – Create standard processes to improve customer satisfaction within defined business days in Commerce’s call centers in Re-employment
- ACOM-23 – Optimize AEDC functional ownership by determining which existing teams should be part of Workforce Connection and ADFA
- ACOM-24 – Consolidate HR to a central hub that uses automated systems to reduce over-processing and inefficiency
- ACOM-25 – Effectively integrate the Banking and Securities teams to most effectively leverage the strengths of both organizations
- ACOM-27 – Develop a performance framework that defines the customer base and establishes and tracks success metrics
- ACOM-38 – Assess potential for centralizing grant administration within ACOM to improve oversight, compliance, and increase efficiency
- ACOM-46 – Create a grant writing center of excellence at ACOM to help the State track federal opportunities, maximize its federal funding, and improve the quality of the State’s competitive grant applications

As evident based on the fact that 6 out of 11 initiatives are organization-related, ACOM’s focus as part of Arkansas Forward is to optimize and invest in its team to enable the organization to deliver on its mission.

## Summary of Fieldwork Performed

ACOM prioritized several shared services consolidations, in particular, as the most important Arkansas Forward initiatives. To support ACOM in implementing these initiatives, consultant support was provided to work directly with the initiative owners and staff responsible for making these changes through in-person facilitated sessions in June and July 2024, to empower them with a set of tools to complete this work, based on the Lean Six Sigma methodology. Six Sigma is a set of techniques and tools for process improvement created in the mid-1980s by Bill Smith, an engineer

at Motorola. Today, Six Sigma is one of several best-in-class methodologies used for process improvement.

The tools utilized in the work with ACOM's team include:

- Process mapping: to review existing or create new maps of step-by-step sequence of key tasks for a process as a method to understand who is responsible for each step, identify where there is divergence in practice, and highlight specific changes that are needed in the "future state."
- Strategic Compass: to obtain a shared vision of "what good looks like" for a desired process and find the primary bottlenecks in the process(es).
- Interference Diagram: to identify obstacles (show-stoppers and simple hurdles) to achieving the goal that are identified.
- Strategic Path: Using sufficiency-based logic, the staff ensure that all needed steps are present to achieve the objectives. They construct the plan in a thorough, deliberative manner. Once complete, the department has a turnkey plan that can be executed.

These tools build on each other in a step-wise manner, leading a team from a high level goal to a specific plan of actionable steps to achieve it. Using a Six Sigma Black Belt, the consultant team focused on building this capacity within the ACOM team to provide a foundation for successful implementation of the Arkansas Forward initiatives.

A summary of major activities and timeline includes:

- Initiative owner interviews: completed in June-July 2024; The purpose was to review planned field work and revise based on needs.
- Interviews with prioritized division leaders regarding organization charts: completed in June-July 2024; The purpose of these sessions was to serve as a thought partner to the leader, review and provide feedback on proposals drafted, discuss organizational priorities/concerns, and share other state examples if applicable/requested.
- Group facilitated sessions: The purpose of these sessions was to use a facilitator to create the tools needed to develop a detailed action plan for the implementation of initiatives prioritized by the department.
  - June 2024 – Human Resources Team (ACOM-24 current state)
  - July 2024 – Human Resources Team (ACOM-24 future state; ACOM-8 Finance/Procurement Team; ACOM-27 Performance Framework)

## Expected Financial Impact of Initiatives

#	Initiative	Cost Impacts	Savings Estimated
0	Optimize manager roles and team size for better control and efficiency	<-\$50,000	\$800,000
5	Coordinate identification and retirement of non-business critical/duplicative IT applications across all divisions of Commerce	N/A	\$5.4M
7	Develop an internal IT shared services team to provide improved support and unified standards	N/A	\$270,000
8	Consolidate financial operations to a central hub that uses automated systems for budget tracking and expense management	-\$100,000	\$100,000
21	Create standardized procedures to improve customer satisfaction within defined business days in Commerce's call centers in Re-employment	N/A	N/A
23	Optimize AEDC functional ownership by determining which existing teams should be part of Workforce Connection and ADFA	N/A	N/A
24	Consolidate HR to a central hub that uses automated systems to reduce over-processing and inefficiency	-\$100,000	\$120,000
25	Effectively integrate the Banking and Securities teams to most effectively leverage the strengths of both orgs	<-\$50,000	N/A
27	Develop a performance framework that defines the customer base and establishes and tracks success metrics	N/A	N/A
38	Assess potential for centralizing grants improve compliance and increase efficiency	Investment in new team, number of impacted staff for transfer to be determined upon completion of assessment.	
46	Create a grant writing center of excellence	Investment in new team, number of impacted staff for transfer to be determined upon completion of assessment.	Additional federal financial participation estimated to be \$5M

## Organization-Related Improvements

### Initiative ACOM #0 - Optimize manager roles and team size for better control and efficiency

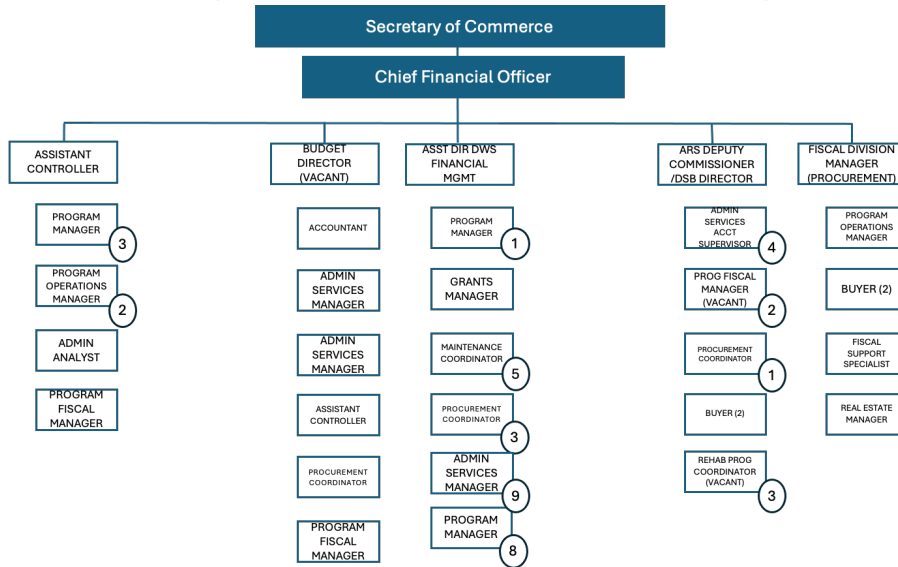
This initiative is a primary component of a core Arkansas Forward priority: for each cabinet-level department to build an agile organization. It includes implementation of a tailored and modernized organization to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions.

**Initiative Overview and Current State:** ACOM's divisions are unique and distinct in their responsibilities, with many of them previously existing as freestanding departments their merger into ACOM. The organization has undergone a substantial review of its structure and size over the past year to identify opportunities for improvement.

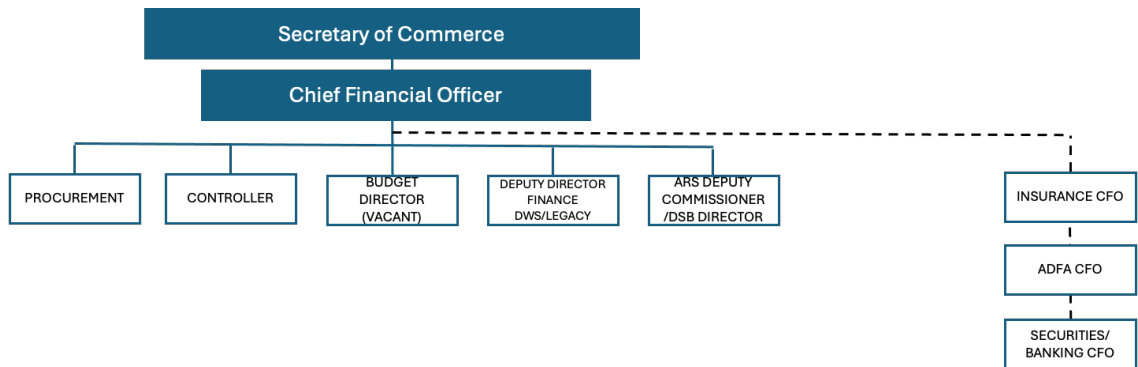
**Rationale:** As part of Initiative ACOM-0, to create the most agile and efficient organization, ACOM identified opportunities across its organization. For each division, a meeting was conducted with the division leader to review organizational priorities, test any new proposed structure based on a standardized list of elements (span of control, layers, use of vacancies, use of performance data to right-size department), provide feedback on proposals drafted, otherwise serve as a thought partner to the leader, and share other state examples if applicable/requested. There was focus on six priority areas identified by Secretary McDonald:

- **Finance and Procurement** – Create a centralized Finance and Procurement team by moving division chief financial officers to report to ACOM chief financial officer. The reporting relationship will be direct for divisions funded with state funds and remain dotted line for certain federally-funded positions where cost allocation would be an issue or regulatory divisions restrict shared services reporting. Because division team includes staff who fulfill a variety of finance and procurement functions, once the new team is formed, additional work is needed to organize the staff functionally and in the new shared services model. **Figure 4** shows the current organization structure and **Figure 5** shows the proposed structure at the direct report level to the CFO. Within each leader's organization, there is a need to realign the resources to the shared service model. Therefore, additional reorganization will be required to address the shared services model, as allowable under state and federal laws, regulations, guidance.

**Figure 4 – Finance/Procurement Current Organization Chart**



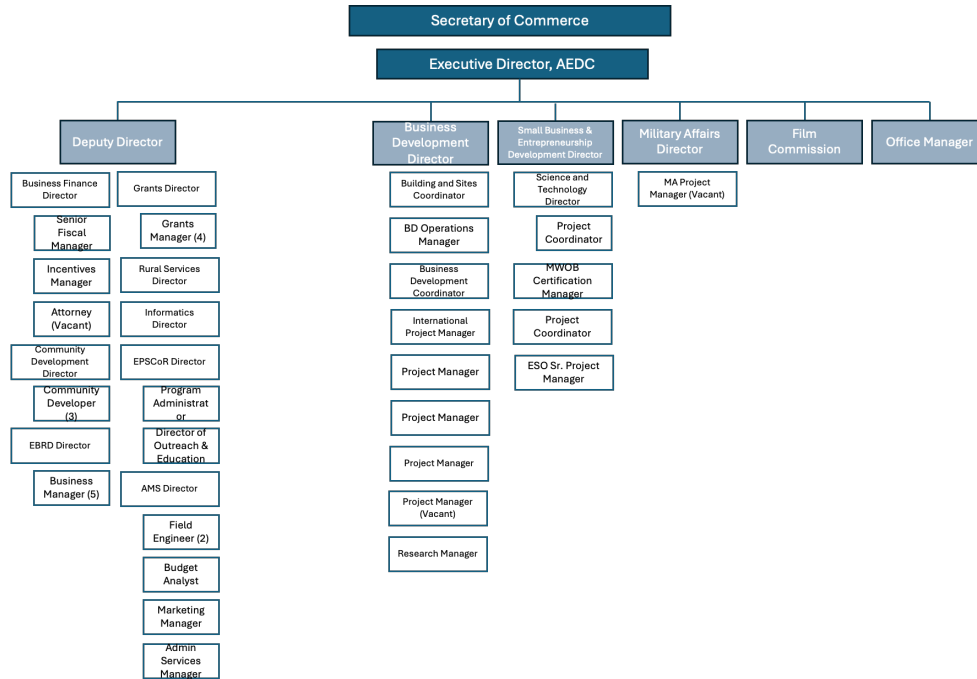
**Figure 5 – Finance/Procurement Future Organization Chart**



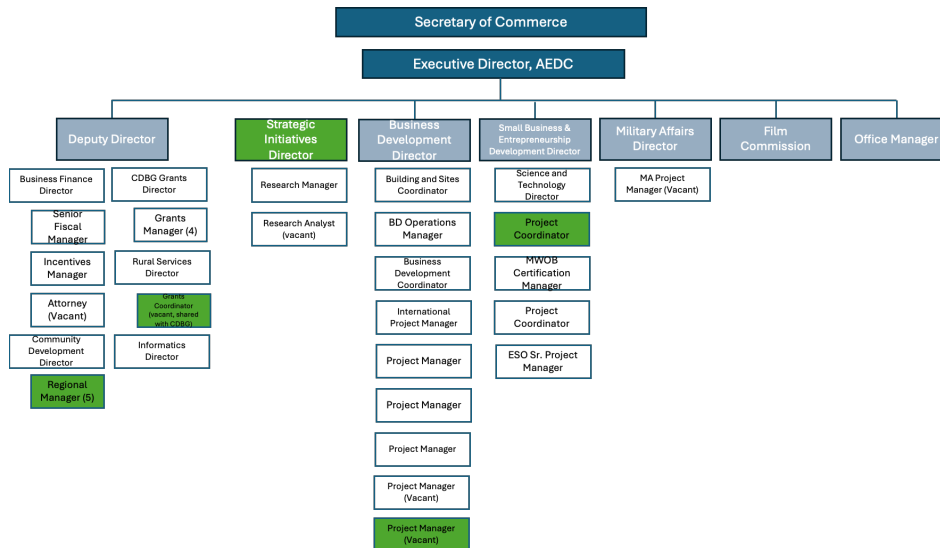
- Arkansas Economic Development Commission (ACOM-23)** – Key recommendations include to create a new Strategy Unit to research and guide strategic opportunities for the state and reduce reliance on consultants; establish a career path and right-size the number of Project Managers; address duplication with Workforce Connection and business engagement team by moving part of this function to Workforce Connection; and address an additional layer of the team that can be eliminated in favor of increased span of control for a leader. **Figure 6** shows the current structure and **Figure 7** shows the proposed structure, with key changes noted in green.



**Figure 6 – AEDC Current Organization Chart**



**Figure 7 – AEDC Proposed Organization Chart**

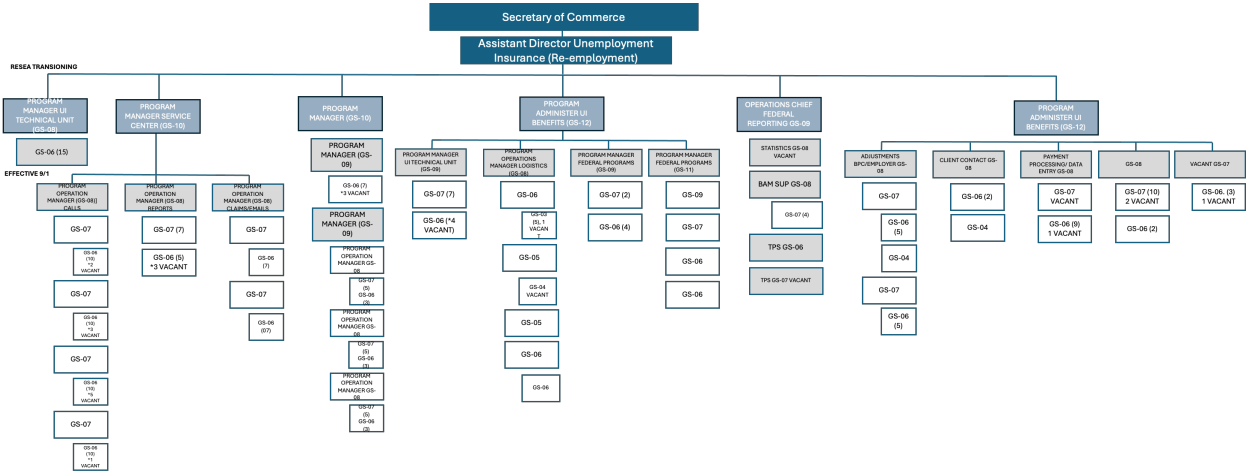


- Workforce Connection** – This broad workforce function is in process of reorganization whereas the division previously known as the Division of Workforce Services has become a group of three divisions: Arkansas Workforce Connection, Re-employment (formerly Unemployment Insurance), and Workforce Policy and Innovation. The Workforce Connection division has also released a large number of positions (over 100). Initial additional recommendations for this area include to reorganize the Office of Business Engagement and Training (with some staff from AEDC) and to redesign the Employment Services team into a call center model that more efficiently utilizes resources statewide.

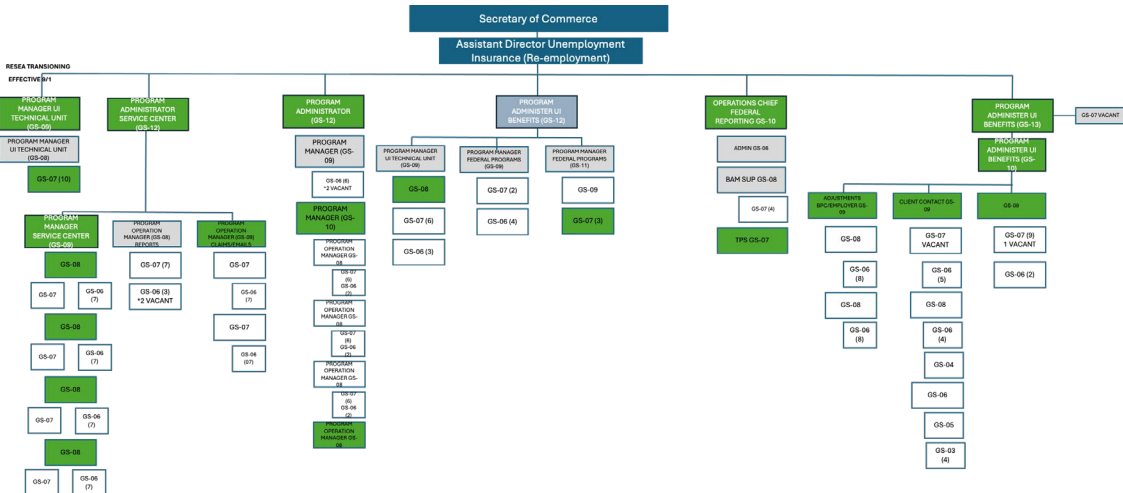
There are some opportunities in the future to review the two largest divisions to study managerial spans and layers (diagnostics review suggests there is greatest opportunity for ACOM here) and to implement a workload study to right-size the workforce.

- Re-employment Division** – Given its growing responsibilities over time, the division has been elevated to a freestanding division, reporting directly to the Secretary. There is a need to do a comprehensive reorganization within the division and to invest in new, higher position grades to elevate the quality and skillset of the workforce by converting/repurposing existing vacancies, and re-adjusting team size to address imbalances in managerial spans of control. The proposal also addresses the number of organizational layers through flattening of some team structures. This division has already implemented workload metrics in several key areas to inform analysis of staffing needs and ensure “right-sizing” of its workforce. **Figures 8 and 9** present the current and proposed organization charts with position classification detail to illustrate the efficiencies implemented as well as repurposing of vacancies.

**Figure 8 – Re-employment Current Organization Chart**



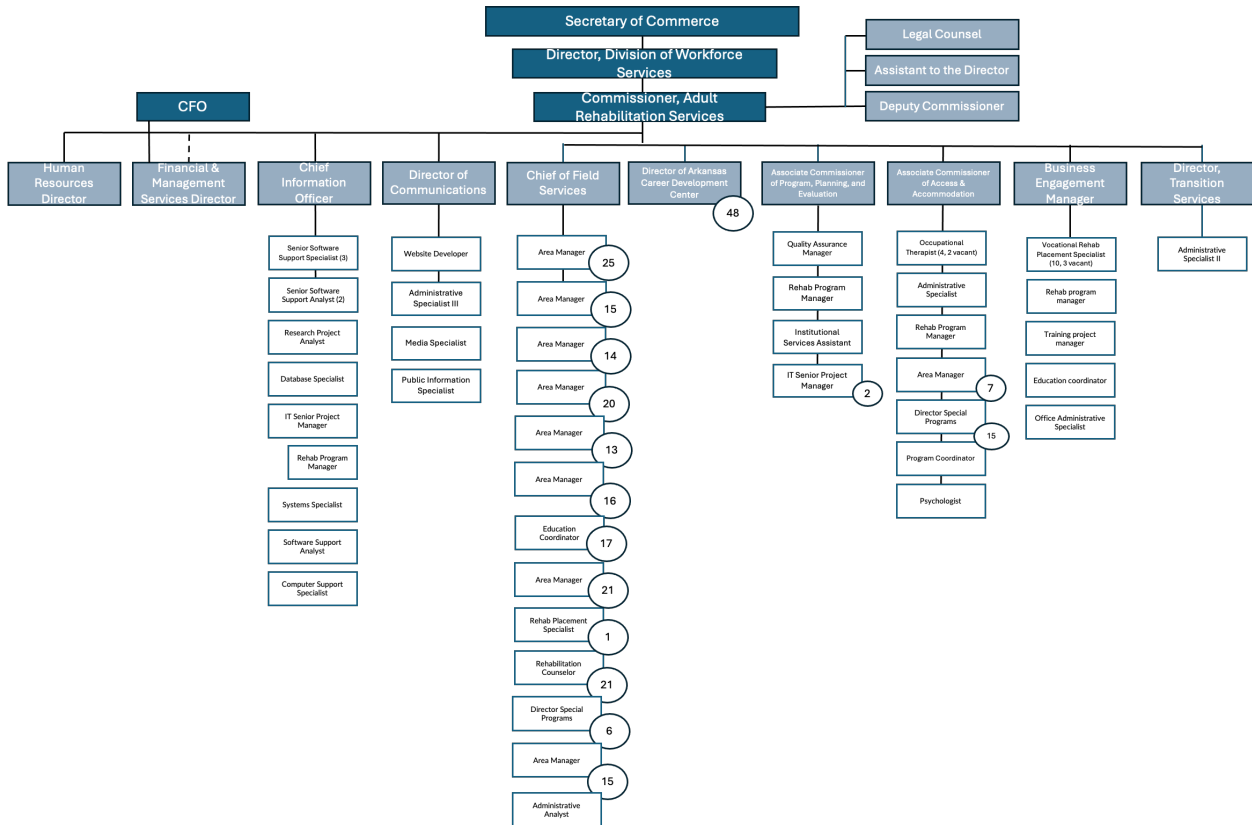
**Figure 9 – Re-employment Proposed Organization Chart**



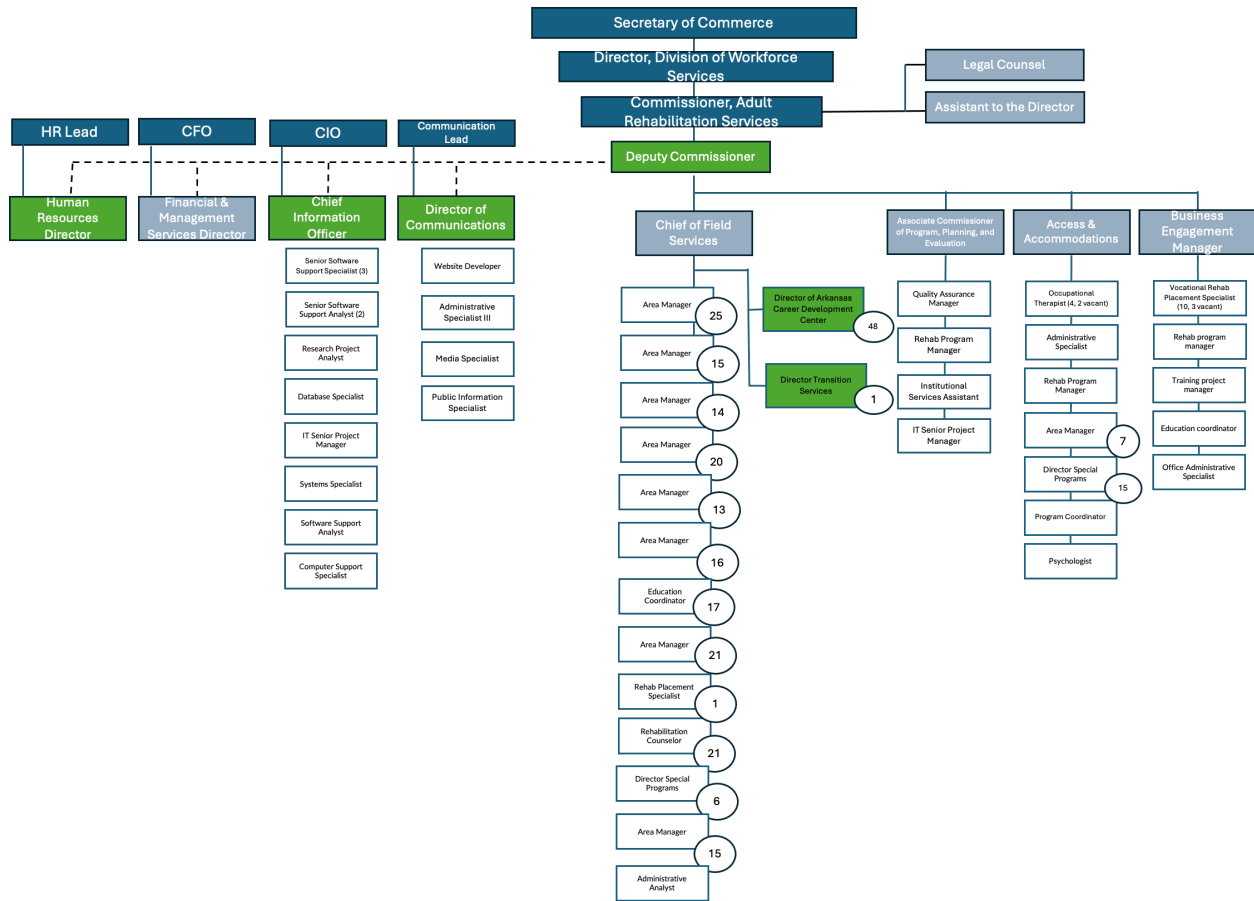
- Adult Rehabilitation Services** – The primary focus within this team is to address the ARS commissioner’s span of control and immediate reports’ spans of control to establish the

leadership structure. This includes an expanded scope of the Deputy Commissioner role. There is some realignment of responsibilities proposed across teams as part of this span of control work. There is an opportunity to use workload studies in the future to ensure the team is “right-sized,” as have been used in other divisions. Multiple divisions will become dotted line reports to the Deputy Commissioner. **Figures 10** and **11** present the current and proposed organization charts.

**Figure 10 – ARS Current Organization Chart**

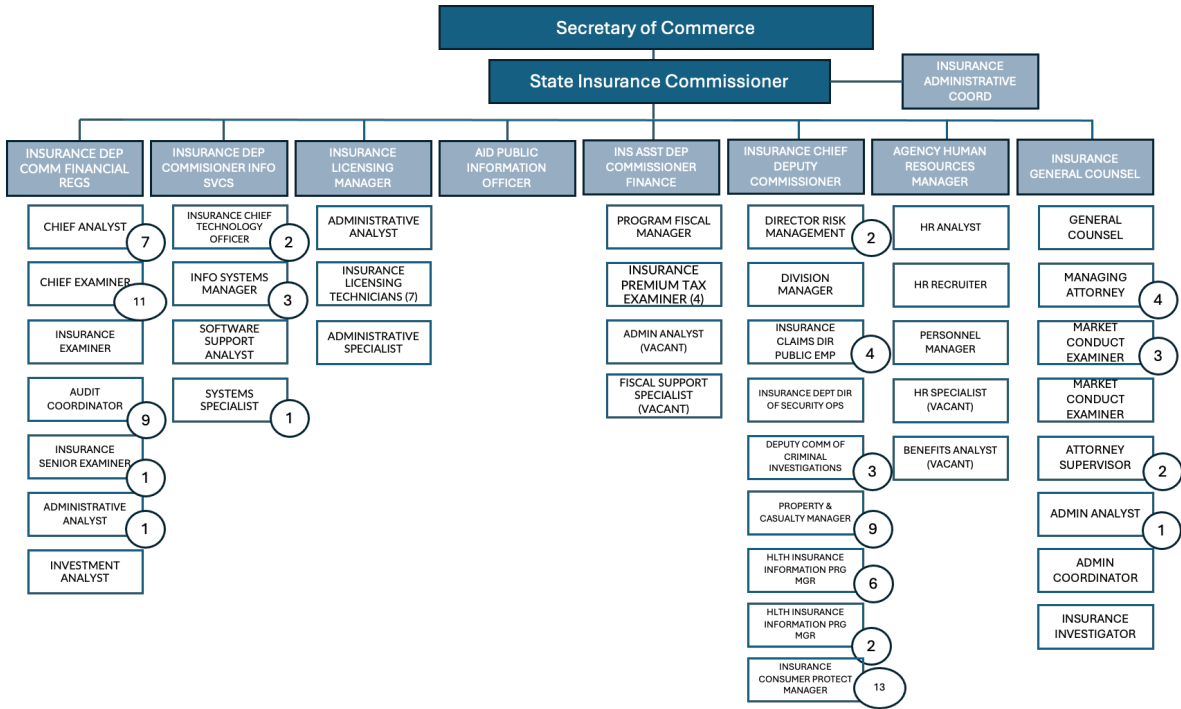


**Figure 11 – ARS Proposed Organization Chart**

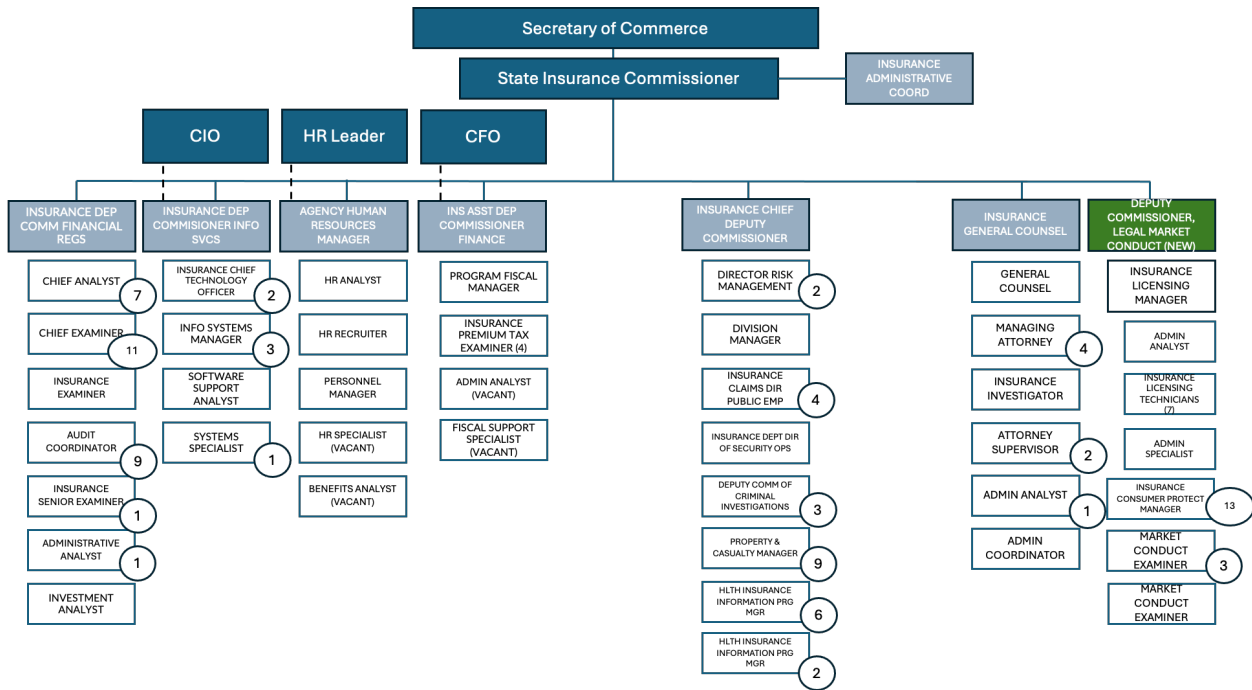


- Insurance** – This division has proposed to meet a business need by creating a new Deputy Commissioner role over Legal Market Conduct and consolidating licensing, legal, and consumer protection resources to further collaboration (adds a managerial layer but does so in the name of other efficiencies). **Figure 12** presents the current organization chart, with the number of direct reports noted for managers. **Figure 13** presents the proposed organization chart, with the new staff position noted in green. Conforming edits are made to move the IT and Human Resources staff to centralized teams in the future state, and to create a dotted line reporting structure between the Insurance CFO and the ACOM CFO. There is an opportunity to use workload studies in the future to support further organization re-design, to address some of the small teams through potential combination of units, and to assess workload in like-titled roles.

**Figure 12 – Current Insurance Organization Chart**



**Figure 13 – Proposed Insurance Organization Chart**



Although the Information Technology and Human Resources teams were not highlighted directly as part of these six units, the structures for these departments were considered through ACOM-7 and ACOM-24.

**Implementation Considerations: Appendix A – ACOM Work Plan** provides the action steps in the recommended sequence for implementation of this initiative.

Considerations for the transition to more shared services within the department raises the need for departmental planning in several key areas. When changes involve people – who they report to and changes in their responsibilities – that can introduce the need for a greater investment in planning, communication, and change management.

The experience of other states in moving to statewide shared services is instructive for ACOM, even though its centralization is at the department level. For example, the Florida “Service First Initiative,” which was implemented in the early 2000 as part of a shared services initiative to consolidate and outsource human resources operations among the executive branch agencies to a single HR vendor, faced several challenges ranging from employee morale, service quality, contract management, technology integration, and stakeholder criticisms. Some of the lessons learned included:

- A need to perform more change management and readiness planning, instead of a focus on traditional project management.
- Because of the pace of the implementation and the lack of knowledge in managing large scale implementations of this nature, the data migration and system integration were more complex and problematic than expected and that is something that could have been better planned. This may impact moving to a central hub for all three of the shared services contemplated by ACOM.

- There was a need for more robust communications with leaders. Some examples of effective tools that were used in later implementations were scripts for leaders, communication packets, timelines for leaders on when messaging was going to be distributed, info sessions, and town halls.
- It is important to consider the “change readiness” of the organizational culture and its history with implementing large-scale changes. Conservatively, the one should assume low change readiness and plan for it accordingly. Although some divisions plan for more modest changes, the amount of total transformation occurring at ACOM should be planned for.

Further discussion around best practices in shared services was established in a 2015 report “Making Shared Services Work for You.” While the report includes information on governance, project management, and other areas, of particular interest for ACOM is change management. Change management, the report includes, is a strategy preparing the organization for significant change in the way it operates, and includes a communication plan, a readiness assessment, workforce planning, and building trust. Change management, if done well, can build trust, increase demand for services, promote transparency, and advertise project successes as traction is gained.

**Strategies to address potential risks and enable success:**

- Given the investment ACOM is making to its organization, ACOM may consider implementation of a staff engagement survey to assess the impact of the changes and whether monitor the changes (either overall or within affected departments) are having the intended impact. Many public and private employers use employee satisfaction and engagement surveys to collect employee feedback on a variety of topics. There exists a large body of research on relevant domains of questions and question design types by industry. In addition to these tools, some states have developed their own tools or partnered with educational institutions to build customized surveys for their state employees.

Examples include:

- Texas Survey of Employee Engagement (SEE) survey: The survey is distributed every two years by the University of Texas Institute for Organizational Excellence to approximately 250,000 state employees (including higher education institutions and school districts) and includes areas such as communication, supervision, quality, teamwork, pay and benefits, training, diversity, ethics, management, engagement, and technology. Use of the survey consistently over time has allowed departments to establish a baseline and measure incremental changes, identifying where to focus.<sup>1</sup> A sample survey with the questions asked is included on the University of Texas Institute for Organizational excellence website.<sup>2</sup>
- Oklahoma State Employee Engagement Survey: The survey was implemented annually beginning in 2020 and is administered by the Oklahoma MES Human Capital Management Team and includes domains such as work culture, satisfaction, culture, and engagement. The survey is administered in the Spring through a web-

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<sup>1</sup> Texas Institute for Organizational Excellence, “Survey of Employee Engagement,” <https://sites.utexas.edu/ioe/survey>.

<sup>2</sup> Texas Institute for Organizational Excellence, “Sample Agency Executive Summary,” [https://sites.utexas.edu/ioe/files/2016/02/Sample\\_SEE\\_Summary.pdf](https://sites.utexas.edu/ioe/files/2016/02/Sample_SEE_Summary.pdf).

based application and is available for anyone with a state-issued email address to complete. An annual summary of findings is released publicly. A statewide summary of results provides additional detail on the domains of questions asked, including some newer items such as a Hope Inventory (19 items) and Oldenburg Burnout Scale (16 survey items).<sup>3</sup>

- Washington State Employee Engagement Survey (EES): The Office of Financial Management, State Human Resources division administers a survey to state employees, and individual departments have the option to administer their own survey. The survey occurs annually in October, dating back to 2006. The 2023 survey included 37 questions engagement, diversity, communication, resources, growth/development, inclusion/belonging, manager effectiveness, change management, among others. The questions asked can be found online<sup>4</sup> and an annual summary of results is publicly available.<sup>5</sup>
- Minnesota developed a guide for state agencies on how to use employee survey data proactively through creation of action plans.<sup>6</sup> Minnesota Management and Budget has used an annual state employee engagement survey since 2018. The MMB Enterprise Talent Development team has responsibility not only for developing the survey, releasing annual results, but also supporting state departments in using the information to support process improvement.
- For example, Texas Survey of Employee Engagement (SEE) survey is distributed every two years by the University of Texas Institute for Organizational Excellence to approximately 250,000 state employees (including higher education institutions and school districts) and includes areas such as communication, supervision, quality, teamwork, pay and benefits, training, diversity, ethics, management, engagement, and technology. Use of the survey consistently over time has allowed departments to establish a baseline and measure incremental changes, identifying where to focus.<sup>7</sup>
- ACOM needs a clear communication plan for each division’s organization changes and point of contact regarding any staff moves. There is a need to ensure leaders understand the “why” behind moves and can support change in their conversations with staff (may need one-pagers or frequently asked questions). This might be particularly important where staff are moving to central teams or will have new relationships with a central team through a dotted

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<sup>3</sup> Oklahoma, “2022 Oklahoma State Employee Engagement Survey Statewide Summary Report,” <https://oklahoma.gov/content/dam/ok/en/omes/documents/2022OKSEES.pdf>.

<sup>4</sup> Washington State, Office of Financial Management, “Employee Engagement Survey,” <https://ofm.wa.gov/sites/default/files/public/shr/Strategic%20HR/State%20Employee%20Survey/2023%20Engagement%20Questions.pdf>.

<sup>5</sup> Washington State, Office of Financial Management, “2023 Employee Engagement Survey Executive Summary,” <https://ofm.wa.gov/state-human-resources/workforce-data-and-planning/state-employee-engagement-survey/2023-employee-engagement-survey-executive-summary>.

<sup>6</sup> Minnesota MMB, “State Agency Employee Engagement Survey, Action Planning Toolkit,” <https://mn.gov/mmb-stat/enterprise-talent-development/2019-engagement/state-agency-employee-engagement-survey-action-planning-toolkit.pdf>.

<sup>7</sup> Texas Institute for Organizational Excellence, “Survey of Employee Engagement,” <https://sites.utexas.edu/ioe/survey>.



line structure and within any division (such as ARS) where some of the former direct reports to the Commissioner may now report to a former peer (resistance is expected). While the leaders of the six divisions noted above are largely managing their own communication, central communication support would be helpful for change management.

**Recommended steps to implement changes to ACOM’s organization structure include:**

- Identify changes required by division (in process).
- Review legal implications of proposed changes (in process).
- Obtain leadership approval for changes (in process).
- Consolidate all new organization charts and budget requests to use in ensuring ACOM receives Legislative approval for positions (where it is needed) and related authority and funding.
- Develop a Communication Plan – ACOM should establish a clear communication plan and point of contact regarding any staff moves. Time should be spent by division leaders and Communication resources to ensure leaders understand “why” behind moves and can support change. ACOM leadership can model the “change story” work they performed during the Arkansas Forward visioning session to create an updated “change story” related to the additional changes being made. Additional tools such as scripts, frequently asked questions, and fact sheets should be developed to support leaders in having discussions with their teams about the anticipated changes. This might be particularly important where staff are moving to central teams and within ARS, where some of the former direct reports to the Commissioner may move down layers (resistance is expected). While the leaders of the six divisions noted above are largely managing their own communication, central communication support would be helpful for change management.
  - Coordinate the announcements to support staff. It is a best practice for staff to receive news of a transfer or major team change from their direct supervisor. If staff are moving teams, they should also receive contact from their new supervisor. After all individuals impacted directly by major team changes or moves are notified, a team meeting should occur. As these conversations move to deeper layers of the organization, it becomes important for leaders to be ambassadors of the message. The leadership team should understand what is happening and why so they can facilitate these discussions.
- For the shared services consolidations:
  - Determine, by division, the number of positions to move to the central team and confirm whether the authority for the position and/or a current staff person will move to the new central team. This analysis should occur at the position level. For example, some Procurement and Fleet staff perform these functions for part of their roles and their current divisions may request to retain them, while the authority for their Procurement and Fleet functions moves to the central team.
  - In the short-term, for Finance and Procurement, IT, and HR, there are some staff who can directly report into the new central teams, and for others, the direct reporting relationship will continue to their division director (i.e., staff within the Banking/Securities, Insurance, and AFDA divisions), with a dotted line reporting structure into the central team. This is due to regulatory requirements and federal funding/cost allocation issues, which may require dedication of the positions.
  - Long-term, ACOM may pursue statutory changes and update its cost allocation methodology (obtaining necessary federal approvals as required) to support a greater degree of integration.

- In the case of the IT function, more detailed analysis is needed to understand which staff will move to the central team and which staff will move to TSS as part of the shared services consolidation of the Help Desk.
- In the case of the Human Resources function, more detailed analysis is needed to understand which staff will move to the central team and which staff will move to TSS as part of the shared services consolidation of Payroll.
- Conduct significant face-time with the division leaders who previously had staff embed with their organization. Establish that they are the customer of this division, and ensure they understand the new chain of command and key points of contact.
- Research suggests each time a new team member joins a team, the team needs to reform. Impacted teams need team building resources (e.g., external training and team-building resources) to support the process of becoming a high performing team. Finance/Procurement and Human Resources might be the highest priority for this initial investment because they are completely new teams.
- There is an opportunity to review the functions that are centralizing for improvement and standardization. Initial process mapping has been done to create the work flows used by Human Resources; this approach can be used for Finance and Procurement as well to identify what the ideal process should be and ensure all the staff are adhering to it. There is an opportunity for staff to share the best practices used in their division, which might become the new “standard” and replicated across the entire team.
  - Where staff do move to central teams (Finance/Procurement, IT, and Human Resources) there is an opportunity for the new managers to review skills and provide training to elevate the quality of the work.

**Alignment of department priorities with staffing and resources:** The proposed organization chart for ACOM is provided above in **Figure 3**. Realignment of ACOM in these areas will help the department further achieve its mission and implement Arkansas Forward.

**Process changes, associated with implementing changes in the strategic plans:** Process changes are expected with some of the organization redesign, with examples including:

- Formation of a shared central HR team will result in the need to review standard team protocols and potentially revise them (to take into account best practices used across divisions), as well as train staff to these policies. For example, Human Resources includes multiple sub-processes (time keeping, onboarding) and will need to formalize adoption of and training to the new policy. This is something that was modelled for the team during the field work using the Lean Six Sigma methodology (see overview in introduction and more detail on process steps in ACOM-24). The team can review existing or create new maps of step-by-step sequence of key tasks for a process as a method to understand who is responsible for each step, identify where there is divergence in practice, and highlight specific changes that are needed in the “future state.” The department may consider an outside facilitator to help the team build best practices and find efficiencies in the new shared processes as opposed to replicating the existing process. The similar impacts to IT and Finance/Procurement are outlined in ACOM-7 and ACOM-8, respectively.
- The movement of staff from AEDC to Workforce Connections will also result in rescoping of the responsibilities of each team and could result in some process changes, because certain functions are no longer part of AEDC responsibilities.

**Estimation of any anticipated costs and staffing needs:** This initiative is not expected to result in additional costs greater than \$50,000 (for team building and training investments). Most of the proposed organization changes would be achieved through use of existing vacancies and other internal changes; in instances where this is not the case, OPM and Legislative approval is needed.

**Performance metrics to measure success post-implementation:** The intent of this initiative is to improve the organization’s structure to support agility, decision making, and improved flow of communication. There are diagnostic metrics that can be used to monitor the impact of this initiative across the organization on an ongoing basis including:

- Span of control (size);
- Number of organization layers; and,

In addition to these measures, surveys could be utilized for impacted staff during the transition to identify and address any issues or concerns.

- Improvement in employee satisfaction scores of management support/clarity of roles (could be enabled by survey).

**Identification and estimation of any savings the strategic plan could realize once implemented:** This change is expected to yield a cost savings of \$800,000, however this is inclusive of \$200,000 in savings realized from consolidation of the Securities and Banking Teams (ACOM-25).

**Change Management Plan:** Clear communication with staff about the purpose for the changes should accompany any information on the new process changes. Recommended messaging and modalities are included for each audience in **Figure 14**. Key activities and timing for communication plan are included in **Appendix A – ACOM Work Plan**.

**Figure 14 – ACOM-0 Communication Plan**

Audience	Key Messages	Modalities	Owner
Staff impacted by changes	<ul style="list-style-type: none"> <li>• ACOM is making some changes in our organization structure as part of Arkansas Forward.</li> <li>• ACOM is investing in our team as a strategy to help us better serve our customers and fulfill our mission.</li> <li>• Detailed description of changes, including specific changes for every team impacted by the reorganization. Everyone continues to have a place on the team.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• Face-to-Face team meetings with leadership, future manager, and former manager.</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary McDonald</li> <li>• Impacted division leads</li> <li>• Communication Director</li> </ul>
Other ACOM staff	<ul style="list-style-type: none"> <li>• These changes are to strengthen our team, support collaboration, and enable more efficient decision-making.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• All staff email.</li> </ul>	<ul style="list-style-type: none"> <li>• Communication Director</li> </ul>

	<ul style="list-style-type: none"><li>• High level summary of changes.</li><li>• Address efficiency measures.</li></ul>		
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## Initiative ACOM #7 - Develop an internal IT shared services team to provide improved support and unified standards

This initiative continues ACOM's move to shared services by developing an internal Commerce IT team to create IT standards for the Department, develop a comprehensive application inventory across divisions, evaluate opportunities for cost savings and shared use, establish cross-functional collaboration to provide improved support services, and ensure cyber security standards are upheld.

**Initiative Overview and Current State:** The consolidation of multiple independent divisions into ACOM has resulted in the location of IT staff through the department's divisions. IT leadership have identified opportunities to reduce costs by eliminating duplicative applications and subscriptions (see ACOM-5), elevate the quality of work by developing staff in a more uniform manner, and modernize the department's IT applications including moving some applications off the mainframe into cloud-based solutions, through this consolidation.

**Rationale:** Consolidation of ACOM's IT application staff will yield the following expected benefits:

- Improved standardization in project management and adoption of common tools to support on-time and on-budget completion of ACOM's portfolio of large IT projects (see ACOM-5).
- Improved standardization in the maintenance and operation of the applications supporting ACOM.
- Improved planning at departmental level for ACOM's technology investments.
- Strengthened IT workforce through creation of a clear career path, ability to develop IT staff more consistently, fostering collaboration among peers, and managing IT resources holistically, by assigning ACOM IT resources to their highest-value use case.

**Implementation Considerations:** ACOM's Secretary has decided to move ahead with consolidation of its application staff onto one IT team, helmed by ACOM's chief technology officer, but to pause on consolidation of any Help Desk resources or investment in technology to support the Help Desk function. Given that the Steering Committee for Arkansas Forward has approved the transfer of the Help Desk function, if ACOM moves forward with this consolidation, and affected staff have to make a second transfer to TSS, it may cause instability and strain among the workforce.

Some other Arkansas departments have consolidated their IT teams (help desk and applications) into a central team, including the Department of Human Services and the Department of Finance and Administration, and their experience is instructive to ACOM. DHS, for example, invested heavily in communicating with division leaders during the transition to ensure they understood the new chain of command and their assigned support resources, as well as how to escalate issues. In addition, DHS used a variety of tools such as staff training for new team members and shadowing to elevate the quality of work delivered by its consolidated teams. ACOM should, likewise, invest in managing the relationships with division leaders during the transition and establishing service levels (such as help desk completion turnaround time) to ensure the needs of division leads are met.

In addition, the State of New Hampshire moved to a consolidated IT shared services department statewide. An enabler of its success was cultivating a culture of customer service and investing in

managing relationships with its client agencies. New Hampshire used its departmental CFOs as relationship managers under the new structure and invested in establishing a collaborative governance model to allow leaders of its client agencies to drive strategic prioritization of the state's IT resources. ACOM would benefit in following New Hampshire's lead, in placing customer service at the heart of its reorganization and viewing other ACOM division leaders as customers. ACOM can build a governance process for its IT projects to prioritize use of resources at the department level and build a technology roadmap for the department going forward. In addition, a centralized team would allow for the creation of an architecture review board to provide systematic evaluation of the technical requirements and design of any new IT projects developed by the department.

**Appendix A – ACOM Work Plan** provides the action steps in the recommended sequence for implementation of this initiative, should ACOM move forward. Considerations for the implementation process identified through interviews and work sessions with ACOM staff include:

**Strategies to address potential risks and enable success:**

- Given the decision to transfer responsibility for the Help Desk function to the Transformation and Shared Services, Division of Information Services (DIS), ACOM should focus on the consolidation of its application support team and not its Help Desk Resources. Likewise, ACOM should pause on any investment in technology to support to Help Desk function (i.e., ticketing software) to avoid duplication.
- Develop a clear communication plan and strategies to avoid significant turnover among directly impacted IT staff. Invest in team-building and training resources to support the CIO's new team leads once staff transfer to the central team, to help the teams form and strengthen sense of belonging by new staff. This will be particularly important if staff remain physically located in their former buildings in the short-term.
- Establish clear communication and escalation protocols to ensure departmental customers (division leaders) understand how to engage with this team and escalate issues as needed.
- Monitor the implementation through strategies including one-on-one check-ins with division leaders and surveys, and involve key stakeholders from the initiative outset to reduce risk that cross-departmental stakeholders may not understand or follow new processes/centralization measures. There may be operational challenges in the consolidation, but ACOM's willingness to accept and address feedback will be important.

**Recommended steps for creating a single shared services IT team (future state):**

- Confirm the number of positions to transfer to the centralized team (it is assumed all staff would transfer, with the Help Desk staff pending transfer to TSS);
- Analyze impacts to cost allocation to ensure no loss of federal funding in this transition;
- Establish ongoing cadence of meetings with division leaders to discuss and prioritize their needs on an ongoing basis;
- Develop a new organization chart under existing management team;
- Assess the skills of new staff and develop training plan;

- Develop or procure resources for new managers (including supervisors) for CIO to use with new direct reports, such as team-building activities and training;
- Review current application support and development processes using existing policies and procedures with impacted staff;
- Revise process to reflect any process improvements and standardization elements;
- Develop job aids and refresher training to ensure consistent application of process across all new staff;
- Conduct shadowing of new employees as a quality control strategy;
- Create/define or collect key performance measures related to application support for use in establishing service levels/targets;
- Establish survey for division leaders to monitor their experience during the transition; and,
- Monitor ongoing impact of coordination/centralization and adapt as necessary.

**Alignment of department priorities with staffing and resources:** Shift to a shared services model for IT is one of ACOM’s top priorities for Arkansas Forward. This initiative will allow for improved efficiencies through centralization of this process. ACOM already invests heavily in its technology infrastructure; this will improve governance and project management of this function, allowing the department to realize the benefits of this investment more fully.

**Process changes, associated with implementing changes in the strategic plans:** This standardization will allow a central IT team to manage ACOM’s applications and portfolio of new projects. Implementing standard IT project management protocols and tools (such as project charters, business requirements documents, return on investment analysis) across all IT activities and applications can bring rigor the development of new applications and support timely completion of projects within budget. Efforts to improve the consistency in managing and reporting on performance of existing applications will increase transparency. Training staff on the these best practices will occur following centralization.

**Performance metrics to measure success post-implementation:**

The expectation of this initiative is that through standardization, collaboration, and training, among other benefits of centralization, ACOM’s Information Technology team will be able to improve the efficiency and performance of the team. Examples of performance metrics that can be used to measure this for the IT application team include:

- Percent of new projects completed on-time
- Percent of new projects completed on-budget
- Number of applications maintained by the department
- Application uptime for each core system (percent of time an application is available by staff for use)
- Website uptime (percent of time website is available to the public)

The intent of these metrics is to establish clear service level expectations for each of the major functions or processes performed by the IT division. For each metric, there should be a goal or service level commitment that is developed by the IT team and signed off by ACOM leadership and

the team should be accountable to develop a corrective action plan for any month when the performance falls below the goal. For example, using an example above:

- Percent of new projects completed on-time (100%)
- Percent of new projects completed on-budget (100%)

Goals or targets can be set based on 1) statutory requirements, 2) historical performance with a built-in expectation of process improvement, and 3) industry standards if applicable. Some of these metrics may not be captured today and the division may wait to establish a goal until an initial measure definition, data source, and historical performance (baseline) can be identified.

**Identification and estimation of any savings the strategic plan could realize once implemented:** ACOM-7 has an estimated savings of \$270,000 based on ACOM estimates related to the department’s ability to raise productivity of the dedicated employees performing IT functions.

**Change Management Plan:** It is not anticipated there will be significant opposition to this effort, but it is recommended that the IT leader (CIO) devote upfront effort to engage the division leaders about these changes and that the CIO have access to team training and teambuilding support to help the new team form and becoming a high performing team. **Figure 15** summarizes some of the key activities for the communication plan; more detail is included in **Appendix A – ACOM Work Plan**.

**Figure 15 – ACOM-7 Communication Plan**

Audience	Key Messages	Modalities	Owner
Affected Division leaders and Staff	<ul style="list-style-type: none"> <li>• You may be aware that ACOM is in the process of creating one central IT function (for application management)</li> <li>• The purpose of this integration is to allow our staff to collaborate more fully, share ideas and best practices, and improve our ability to serve our employee and leaders.</li> <li>• We will be establishing new commitments to excellence for this function [describe service levels].</li> <li>• [INSERT details] of proposed changes and timeline for changes.</li> </ul>	Meeting with impacted division leaders  Division leader to meet with transferring staff  New manager to outreach to transferring staff	Missy Moreheart (CIO)



## Initiative ACOM #8 - Consolidate financial operations to a central hub that uses automated systems for budget tracking and expense management

This initiative continues ACOM's move to shared services by consolidating financial and procurement operations to a central hub that uses automated systems for budget tracking and expense management, ensuring fiscal discipline and cost transparency within divisions.

**Initiative Overview and Current State:** Finance and Procurement staff are distributed throughout ACOM's divisions, due to the consolidation of legacy departments when ACOM was formed in 2019. This structure poses some challenges including:

- Reduced line of sight to financial reporting for ACOM's Secretary and Chief Financial Officer (CFO);
- Potential for variation in practices; and,
- Lack of alignment around strategy.

**Rationale:** ACOM-8 advances ACOM's shared services model by creating a centralized Finance and Procurement team reporting to the department CFO. This centralization not only consolidates staff but seeks to establish standard processes and use of one financial system. The organization design proposed by ACOM would bring the Workforce Connections and Adult Rehabilitation Services CFOs into the Finance and Procurement team through a direct reporting relationship and create a dotted line reporting relationship to the CFOs for Banking/Securities, Insurance, and the Arkansas Development Finance Authority.

**Implementation Considerations:** As was noted with ACOM-7, other Arkansas departments such as Department of Human Services (DHS) have moved to a shared services model for HR and offer some best practices for ACOM's consideration. DHS initiated its move to shared services in 2015/2016 using a phased approach that eventually included creation of a shared services division. Shared functions at DHS today include legal, procurement, facilities, mailroom, fleet, warehouse, HR, and IT. Some of the contributing reasons behind the move to shared services were to reduce duplication, provide greater line of sight for the Secretary into these functions, establish checks and balances across divisions, resolve disconnected budgets, and generate efficiencies through a dedicated team responsible for the functions. Some of the best practices DHS used included:

- Negotiated transfers with the departments to determine what worked best for each (in some cases, took position authority but people remained in their divisions, in other cases, people moved with the positions; there was a need to right-size how many full-time staff were needed for the function, as many departments were utilizing multiple staff for these functions but they were performing other duties);
- Established service levels for turnaround times for impacted function;
- Achieved service level improvements through training of new central staff to increase professionalism and quality of work;
- Managed culture change by engaging directly with division directors. This included spending significant face time exposing leadership to their points of contact, the process, and chain of command, and ensuring they know they have access to more resources;
- Conducted surveys to monitor implementation;

- Including former supervisors/stakeholders in the performance evaluations of central staff to reinforce customer service expectations; and,
- Managers conducted staff shadowing/observations for quality control.

To create a detailed plan for ACOM’s implementation of this initiative, a work session was held with a combination of subject matter experts, led by the initiative owner, in July 2024. The session was conducted using the Lean Six Sigma methodology by facilitator with a Six Sigma Black Belt. The primary tools developed through this process included:

- Suppliers, Inputs, Process, Outputs, and Customers (SIPOC) diagram: This tool was used to help transform the team’s mindset from viewing financial operations as discrete “things we do” to viewing financial operations as a process with a beginning and end.
- Interference Diagram: This tool is used to generate obstacles/pain points of achieving the vision from the Strategic Compass. The team diagrammed the goal of establishing a centralized Finance and Procurement team and identified with key staff the obstacles/pain points of establishing that framework. Then, the team ideated ways of overcoming those obstacles. This tool is shown below in **Figure 6**.
- Strategic Path: This tool demonstrates the step-by-step process needed to implement the goal (centralized Finance and Procurement team). Using sufficiency-based logic, the facilitator leads the team through an exercise to list and sequence all the steps needed to complete the task. They construct the plan in a thorough, deliberative manner. Once complete, the plan is ready to be executed by the department. The steps developed in the strategic path were converted from graphical form to narrative form, included below in the steps to create the “Future State.” The Path developed by this team also includes specifically when/how to reach out to IT along with other agencies, when to fill vacancies as a key focus, data integrity, and a number of other key elements are specifically articulated that are critical to success.

Typically, when process mapping is used, there is a “current state” for a given process that needs to be morphed into a desired “future state.” However, when there is no “current state” (such as contemplated here, where a central team is implemented), the effort is different. In this case, identification of the major obstacles is a primary focus of the planning effort. It is critical to work with staff closest to the work to identify obstacles that need to be overcome to implement the project. These staff are best qualified to identify these hurdles and to ideate ways to overcome, mitigate, or work around those obstacles.

**Appendix A – ACOM Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ACOM staff include:

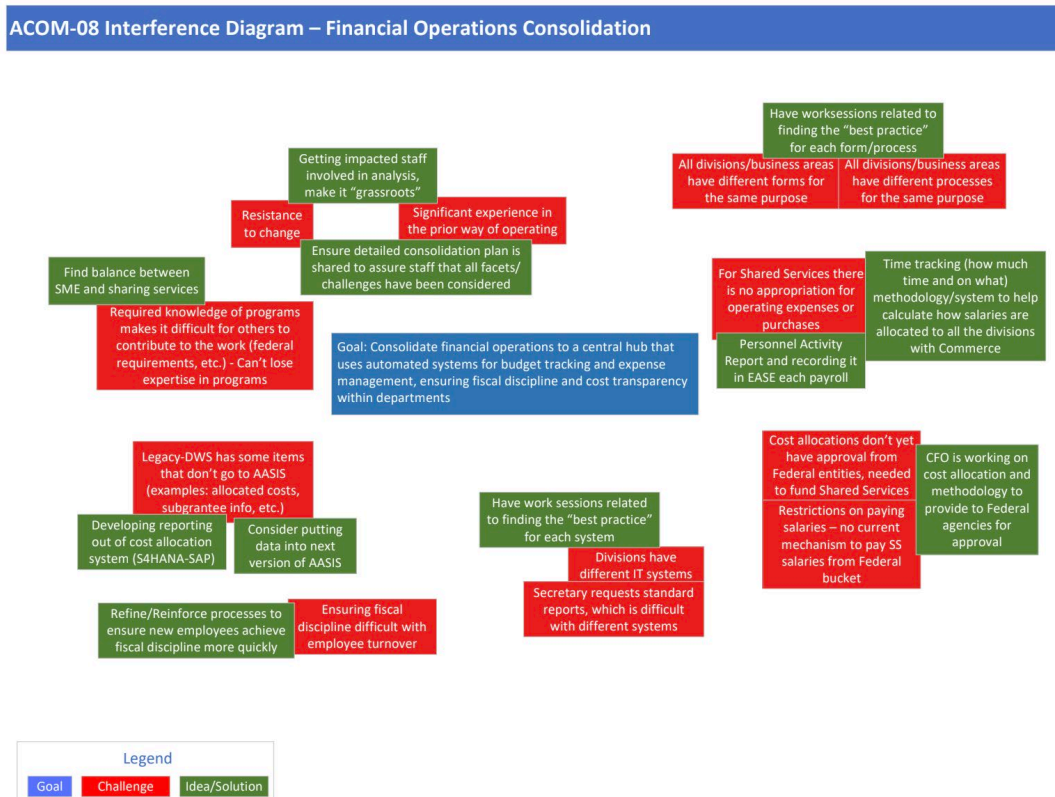
**Strategies to address potential risks and enable success:**

- Some division CFOs are positions funded using federal funds. These staff will continue to report directly to their division leader, with a dotted line into the central finance and procurement team. The intent is for these staff to benefit from best practices and collaboration with the finance and procurement staff, while avoiding any issues for the department with its cost allocation and adhering federal requirements.

- There could be Finance and Procurement staff attrition in the centralization if staff are unsure of the intent of or impact of the centralization. Execution of a communication plan will be important to avoiding this turnover.

Additional risks to address were identified by staff and are summarized in **Figure 16**. The red boxes are barriers or risk the staff identified that could prevent them from achieving the goal of a centralized team. The team also addressed solutions to these barriers (shown in green), which have been accounted for in the implementation plan.

**Figure 16 – ACOM-8 Interference Diagram**



Source: Completed with ACOM staff in work session in July 2024.

The establishment of a Shared Services Finance and Procurement team presents a complex challenge due to a myriad of interferences. Overcoming these obstacles requires a multifaceted approach involving financial, operational, and organizational strategies, as identified by staff:

- One of the primary hurdles is the absence of a dedicated appropriation for Shared Services operations. To address this, implementing a time-tracking system to allocate salary costs across divisions is proposed. Additionally, utilizing the Personnel Activity Report in conjunction with the EASE system to accurately record payroll data can provide valuable insights. Simultaneously, developing a cost allocation methodology to secure approval from federal entities is crucial. This will enable the disbursement of salaries and funding for the Shared Services team. Until that point is reached, ACOM will use dotted lines to keep the CFOs involved in federal programs embedded in their division but connected to the Finance and Procurement Team.

- Standardization of processes and systems emerges as another significant challenge. The diverse IT systems across divisions hinder efficient reporting. To rectify this, conducting work sessions to identify and implement best practices for each system is recommended.
- Furthermore, inconsistent forms and processes across business areas pose difficulties. Similar to the IT systems, work sessions can be held to establish standardized approaches.
- Resistance to change and the loss of institutional knowledge are significant organizational hurdles. To mitigate these challenges, a grassroots approach involving impacted staff in the analysis and decision-making processes is suggested. Sharing a detailed consolidation plan can also address concerns and build trust. To ensure the continuity of expertise, balancing subject matter experts and shared services roles is essential. Implementing robust training and knowledge transfer programs can equip new employees with the necessary skills.
- The integration of data from various sources, including legacy systems and external data, presents complexities. To address this, incorporating relevant data into the next version of the AASIS system is an option. Additionally, developing reporting capabilities within the S4HANA-SAP cost allocation system can provide valuable insights.

**Recommended steps for creating a single shared services Finance and Procurement team (future state):**

The steps for the future Finance and Procurement team were collaboratively created with consultant support and a team of Finance Staff. Known as the “Strategic Path,” the team conducted a deliberate exercise to brainstorm and sequence applicable tasks.

- Collect existing policies and procedures from the different Finance and Procurement units.
- Identify staff from across Finance and Procurement teams to participate in process mapping and re-engineering sessions (core group part of facilitated session to be used where possible, with addition of outside division Finance and Procurement staff). Some example sub-processes include invoicing vendors, managing purchases, and completing month/quarter/annual financial reporting.
- Utilize existing process used by core Finance team to facilitate discussion with combined team about any modifications that should be made based on best practices used in other divisions. Identify commonalities in process and redundancies. Three enabling factors to ensure the success of this effort include:
  - Include identified staff;
  - Obtain buy-in from Commerce leadership; and,
  - Fill key vacant positions.
- Organize central Finance and Procurement team into functional teams that align with the new centralized structure (these teams are contemplated in the new organization chart shown in ACOM-0, i.e, with Procurement, Controller, Budget), defining clear roles and responsibilities.
- Develop team protocols.
  - Identify best practices for each functional area based on mapping process.
  - Draft new team policies and procedures. These processes should be standardized where possible and have variance where necessary.

- Using work session results, determine if existing systems meet Finance and Procurement division's needs or if a new solution is necessary. Consider the potential to consolidate systems for the following functions:
  - Grants management;
  - Dashboard;
  - Travel expenses;
  - Review/signature;
  - Standardized reporting for each division;
  - Fleet; and,
  - EASE/STA timekeeping.
- Evaluate and select a centralized reporting system that best meets requirements of centralized operations, emphasizing features that support transparency and fiscal discipline.
  - Determine project manager to help lead the implementation effort.
  - Create proposal and obtain Secretary McDonald feedback (show how prior feedback has been addressed).
- Work closely with IT to integrate the new financial system with existing division systems, ensuring seamless data flow and accessibility.
  - Regularly conduct data checks to ensure integrity.
- Migrate financial data from decentralized systems to the centralized platform for the grants management system, conducting thorough checks to maintain data integrity.
  - Select a division to participate in pilot – likely to be a smaller division that is easier to manage during the transition.
  - Develop key metrics for each division (common metrics, and unique).
  - Plan the pilot: transition, timeline, measurement of success.
  - Obtain system documentation from the developer, if applicable.
  - Learn to extract or generate reports (based on level of automation), based on metrics identified.
- Launch a pilot phase within selected division to test the effectiveness of the centralized financial hub and new software.
  - Conduct regular check-ins with pilot department staff to gather feedback.
  - Evaluate data integrity.
  - Adjust full-scale implementation plan based on feedback.
  - Adjust data migration for any integrity issues.
- Develop comprehensive training program for all financial staff.
- Monitor the pilot closely, gathering feedback and making necessary adjustments before proceeding with full roll-out.
- Deploy training with roll-out (not significantly before).
- Complete implementation.

**Alignment of department priorities with staffing and resources:** Shift to a shared services model for finance and procurement is one of ACOM's top priorities for Arkansas Forward. This initiative will allow for improved efficiencies through centralization of this process (fewer full-time resources may be required to administer services than when the function is decentralized).

**Process changes, associated with implementing changes in the strategic plans:** The consolidation of the Finance and Procurement team is less of a challenge for ACOM than the complex work of reviewing and standardizing finance and procurement processes. While standard processes exist for the core team (employee records and onboarding), there are variations within some of ACOM's divisions. Identifying these instances and training staff on the new standard process will be more time consuming for the newly formed HR team.

**Performance metrics to measure success post-implementation:**

The expectation of this initiative is that through standardization, collaboration, and training, among other benefits of centralization, ACOM's Finance and Procurement team will be able to improve the efficiency and performance of the team. Examples of service level metrics that can be used to measure this for various finance and procurement functions and transactions include:

- Average days to payment for invoices
- Time to close (quarterly or monthly)
- Error rate for financial reporting
- Timeliness of completion of financial reports

The intent of these metrics is to establish clear service level expectations for each of the major functions or processes performed by the Finance and Procurement division. For each metric, there should be a goal or service level commitment that is developed by the Finance and Procurement team and signed off by ACOM leadership and the team should be accountable to develop a corrective action plan for any month when the performance falls below the goal. For example, using an example above:

- Average days to payment for invoices (95% within 30 business days)

Goals or targets can be set based on 1) statutory requirements, 2) historical performance with a built-in expectation of process improvement, and 3) industry standards if applicable. Some of these metrics may not be captured today and the division may wait to establish a goal until an initial measure definition, data source, and historical performance (baseline) can be identified.

**Identification and estimation of any savings the strategic plan could realize once implemented:** ACOM-8 has an estimated savings of \$100,000 based on ACOM estimates related to the department's ability to raise productivity of the dedicated employees performing Finance and Procurement functions.

**Change Management Plan:** It is not anticipated there will be significant opposition to this effort, but it is recommended that the CO leader and the Chief of Staff devote upfront effort to engage the division leaders about these changes and that the CFO leader have access to team training and teambuilding support to help the new team form and becoming a high performing team. **Figure 17** summarizes some of the key activities for the communication plan; more detail is included in **Appendix A – ACOM Work Plan.**

**Figure 17 – ACOM-24 Communication Plan**

Audience	Key Messages	Modalities	Owner
Affected Division leaders and Staff	<ul style="list-style-type: none"> <li>• You may be aware that ACOM is in the process of creating one central finance and procurement team.</li> <li>• The purpose of this integration is to allow our staff to collaborate more fully, share ideas and best practices, and improve our ability to serve our employee and leaders.</li> <li>• We will be establishing new commitments to excellence for this function [describe service levels].</li> <li>• [INSERT details] of proposed changes and timeline for changes.</li> </ul>	<p>Meeting with impacted division leaders</p> <p>Division leader to meet with transferring staff</p> <p>New manager to outreach to transferring staff</p>	Tammy Williams, CFO

## Initiative ACOM #23 - Optimize AEDC functional ownership by determining which existing teams should be part of Workforce Connection and ADFA

This initiative directs ACOM to optimize the Arkansas Economic Development Commission (AEDC) functional ownership by determining which aspects of the AEDC should operate as part of Workforce Connection and transfer the management of the bond guarantee program from AEDC to ADFA.

**Initiative Overview and Current State:** AEDC conducts business engagement activities for the purpose of supporting business development. Workforce Connections also engages businesses for the purpose of identifying opportunities for job seekers and offering incentives for businesses to build and maintain a skilled workforce. Although the purpose of this engagement differs for AEDC and Workforce Connections, the result is potentially duplicative.

**Rationale:** The Executive Director of AEDC has identified potential duplicative functions between some of the business engagement staff at AEDC and Workforce Connections. In addition to other organization changes contemplated (see ACOM-0), AEDC and Workforce Connection leadership have agreed to transfer a team from the existing business division to Workforce Connections to clarify the responsibility. With remaining staff at AEDC, a new “Regional Engagement Team” will be developed, modelled after Missouri’s organization structure.

In addition, there is an opportunity to transfer the management of the bond guarantee program from AEDC to the Arkansas Development Finance Authority (ADFA). This would not involve a staff transfer but would better align with ADFA’s duties.

**Implementation Considerations: Appendix A – ACOM Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ACOM staff include:

### **Strategies to address potential risks and enable success:**

- AEDC needs support for communication and change management regarding staff moves. Because an entire team is moving including its manager, there are some mitigating factors. However, working for AEDC is a point of pride and some may oppose the transfer. There is a need for the impacted leaders to understand the “why” behind moves and to support change in their conversations with staff (may need one-pagers or frequently asked questions).

### **Recommended steps for transferring AEDC staff and functions (future state):**

- Analyze current functions within Department AEDC to determine which should be realigned to Workforce Connection, based on efficiency gains and strategic fit (complete)
- Engage with leaders and key personnel from Workforce Connection (complete)
- Create a detailed transition plan for each function moving to Workforce Connection and for the bond guarantee program moving to ADFA, outlining all required steps, roles, and timelines
- Present the operational process change plan to Secretary McDonald for approval and feedback



- Consult with legal and compliance teams to ensure all aspects of the transition adhere to legal standards and departmental policies, and prepare any necessary documentation or agreements
- Coordinate with IT to adjust systems and migrate necessary data to support the realigned functions and bond guarantee program effectively
- Implement the transfer of designated functions and the bond guarantee program according to the transition plans. Conduct a final review of the transition process with the Directors and make any final adjustments as necessary

**Alignment of department priorities with staffing and resources:** This change better aligns with AEDC and Workforce Connections’ responsibilities and removes duplication of internal resources and external confusion about these functions.

**Process changes, associated with implementing changes in the strategic plans:** Once the transfers have occurred for both the business development staff and the bond guarantee program, Workforce Connections and AEDC could implement process changes but they are indeterminate at this time.

**Performance metrics to measure success post-implementation:**

This initiative is designed to ensure completion of an organizational change, to address duplicative functions in two divisions and best align these functions with the appropriate division. As such, the primary metric to evaluate the success of this initiative is the milestone reflecting the successful completion of this task. On an ongoing basis, other data such as satisfaction of the external stakeholders (businesses) engaged by the Workforce Connection Team can be used as well as improvements in the Workforce Connection division’s performance on its key performance measures.

- Executed/complete transfer of designated functions to Department Workforce Connection and the bond guarantee program to Department ADFA within the project timeline.
- Satisfaction rate of businesses engaged by Workforce Connections Team.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not anticipated to result in cost savings. It is an enabling recommendation to allow ACOM to align its organization structure efficiently.

**Change Management Plan:** Key communication activities are included in **Figure 18** and in **Appendix A – ACOM Work Plan.**

**Figure 18 – ACOM-23 Communication Plan**

Audience	Key Messages	Modalities	Owner
Impacted staff	<ul style="list-style-type: none"> <li>• Existing business staff have been identified for transfer to Workforce Connections.</li> <li>• This change is occurring to help us to better focus on business engagement activities</li> </ul>	Face-to-face meetings with current and new leader.	Clint O’Neal  Impacted manager

Audience	Key Messages	Modalities	Owner
	and eliminate confusion in roles and responsibilities. <ul style="list-style-type: none"><li data-bbox="381 338 836 369">• There is a place for you on this team.</li></ul>	Team meeting.	

## Initiative ACOM #24 - Consolidate HR to a central hub that uses automated systems to reduce over-processing and inefficiency

This initiative continues ACOM's move to shared services by consolidating human resources (HR) to a central hub that uses automated systems for employee records and payroll processing, ensuring compliance and transparency to reduce over-processing and inefficiency, and fix processes to drive more effective recruitment strategies to enhance Commerce's competitive edge.

**Initiative Overview and Current State:** Human resources staff are distributed throughout ACOM's divisions, as a result of the combination of legacy departments when ACOM was formed in 2019. As a result, there are significant variations in how they operate:

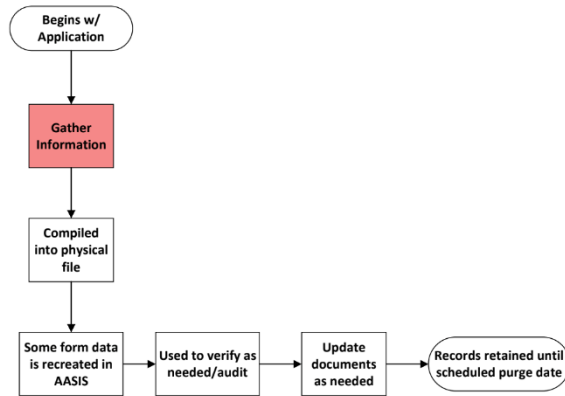
- **Compliance with policy:** Compliance with Office of Personnel policy as well as internal ACOM policy may vary by division. Preliminary process mapping revealed some of these differences but they must be documented more comprehensively as part of the consolidation.
- **Experience:** Individuals serving in HR roles across ACOM differ in their level of experience. This may result in differences in how matters are addressed by division.
- **Training:** Staff are funded using different sources and divisions may offer different training opportunities. Not all divisions can afford to invest in the professional development of their HR staff, which could be remedied on a combined team.
- **Systems:** Staff use different systems across ACOM divisions for functions such as time keeping. Today, staff are using SRS in some divisions and there is a desire for all to use EASE.

**Rationale:** ACOM-24 creates a shared services team (reporting to the Chief of Staff) with responsibility for all HR functions. This centralization not only consolidates staff, but seeks to establish standard processes and use of one HR system. **Figures 19 – 21** show the high level process for key HR activities; the goal with the consolidation is to map the detailed flow for each process with the combined HR team, identify improvements based on the experience of staff, and train the team on these improvements.

**Figure 19 – Employee Records High Level Process Flow**

**ADC Employee Records Strategic Compass**

**Goal:** maintain records digitally while ensuring full and complete documentation that meets all state and federal requirements. This process will be consistent, maintaining records only until the retention date, and ensuring that all records are kept private and confidential.



Source: Prepared in work session with ACOM staff in June 2024.

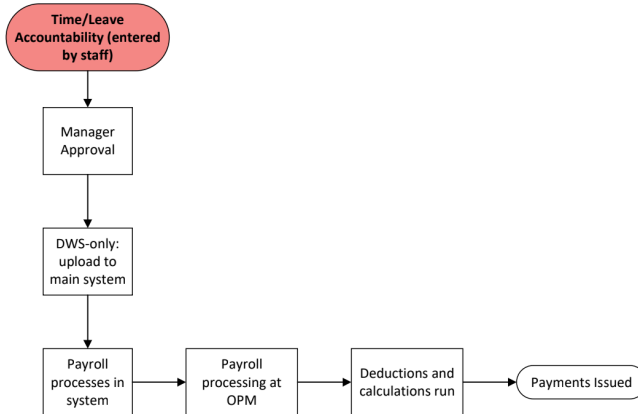
**Figure 20 – Employee Payments Processing High-Level Process Flow**

**Payments Processing Strategic Compass**

**Goal:** The goal for the payments processing process is to ensure it is error-free, efficient, and timely, with payments typically processed on a weekly basis.

**Metrics:**

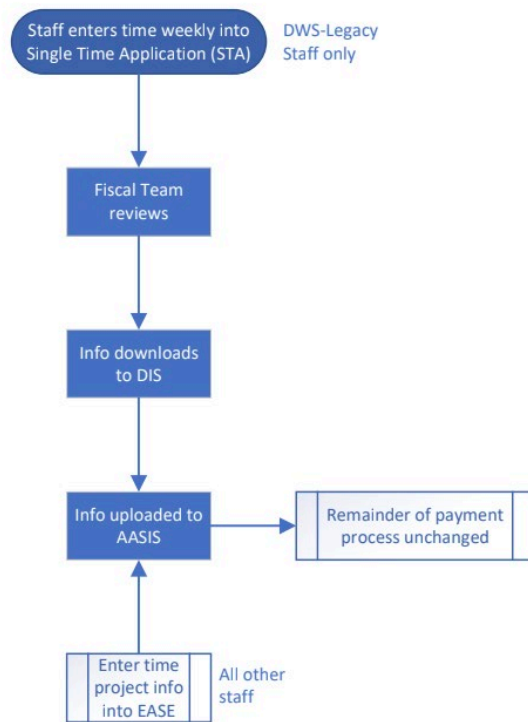
- Missing entries
- Hour check on work rules



Source: Prepared in work session with ACOM staff in June 2024.

**Figure 21 – Employee Time Entry Process Flow**

**DWS-legacy Time Entry – Current State Value Stream Map**



Source: Source: Prepared in work session with ACOM staff in June 2024.

**Implementation Considerations:** Other Arkansas departments such as Department of Human Services (DHS) have moved to a shared services model for HR and offer some best practices for ACOM’s consideration. DHS initiated its move to shared services in 2015/2016 using a phased approach that eventually included creation of a shared services division. Shared functions at DHS today include legal, procurement, facilities, mailroom, fleet, warehouse, HR, and IT. Some of the contributing reasons behind the move to shared services were to reduce duplication, provide greater line of sight for the Secretary into these functions, establish checks and balances across divisions, resolve disconnected budgets, and generate efficiencies through a dedicated team responsible for the functions. Some of the best practices DHS used include:

- When ready to take a function, took everything including staff
- Negotiated transfers with the departments to determine what worked best for each (in some cases, took position authority but people remained in their divisions, in other cases, people moved with the positions; there was a need to right-size how many full-time staff were needed for the function, as many departments were utilizing multiple staff for these functions but they were performing other duties).
- Established service levels for turnaround times for impacted function.

- Achieved service level improvements through training of new central staff to increase professionalism and quality of work.
- Managed culture change by engaging directly with division directors. This included spending significant face time exposing leadership to their points of contact, the process, and chain of command, and ensuring they know they have access to more resources.
- Conducted surveys to monitor implementation.
- Including former supervisors/stakeholders in the performance evaluations of central staff to reinforce customer service expectations.
- Managers conducted staff shadowing/observations for quality control.

To create a detailed plan for ACOM's implementation of this initiative, two work sessions were held with a combination of subject matter experts, led by the initiative owner, in June and July 2024. These sessions were conducted using the Lean Six Sigma methodology by facilitator with a Six Sigma Black Belt. The sessions included HR leadership and staff who are closest to the work, who are best qualified to identify implementation hurdles and to ideate ways to overcome, mitigate, or work around those obstacles.

The three primary tools developed through this process included:

- **Strategic Compasses:** This tool is used to craft a vision of “what good looks like” for a given process. It was used in this case to establish a shared vision for centralizing HR, and three mission critical HR sub-processes identified by staff (onboarding, payroll, and employee records processes). This tool builds consensus for process improvement and is used to find the primary bottlenecks in the process(es).
  - **Note:** In discussions, the team identified examples of division differences in practice. One example highlighted was the Legacy Division of Workforce Services Value Stream Map, which is unnecessarily different from the way the rest of the division HR staff operate.
- **Interference Diagram:** This tool is used to generate obstacles/pain points of achieving the vision from the Strategic Compass. The team diagrammed the goal of establishing a centralized HR team and identified with key staff the obstacles/pain points of establishing that framework. Then, the team ideated ways of overcoming those obstacles. This tool is shown below in Figure 12.
- **Strategic Path:** This tool demonstrates the step-by-step process needed to implement the goal (centralized HR team). Using sufficiency-based logic, the facilitator leads the team through an exercise to list and sequence all the steps needed to complete the task. They construct the plan in a thorough, deliberative manner. Once complete, the plan is ready to be executed by the department. The steps developed in the strategic path were converted from graphical form to narrative form, included below in the steps to create the “Future State.”

Understanding that once the HR team becomes centralized, there will be a need to review and improve on existing HR processes, as well as train the entire time to adhere to one set of requirements. To help to prepare the department for this exercise, the facilitator and team reviewed the existing processes for the three mission critical HR processes, which were already documented

by the team. The goal as noted in the work plan below, is to use these existing process flows to review the key activities for each process with the newly formed, centralized team to:

- 1) Identify variances across divisions that should be eliminated;
- 2) Identify any process improvements used in some divisions that can be made part of the standard process and replicated across the entire department; and,
- 3) Use the experience of the team to identify any other process improvements.

Once the team completes this effort, it can turn to additional HR processes and replicate the activity.

**Appendix A – ACOM Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ACOM staff include:

**Strategies to address potential risks and enable success:**

- There could be HR staff attrition in the centralization if staff are unsure of the intent of or impact of the centralization. Execution of a communication plan will be important to avoiding this turnover.
- Devoting time and resources to process improvement and ongoing standardization of process will be the ongoing work for the team once it is formed. Moving the staff to one team is only the first step.
- Additional risks to address were identified by staff and are summarized in **Figure 22** (interference diagram). The red boxes are barriers or risk the staff identified that could prevent them from achieving the goal of a centralized team. The team also addressed solutions to these barriers (shown in green), which have been accounted for in the implementation plan.

***Figure 22 – HR Consolidation Interference Diagram***

## ACOMM-24 Interference Diagram – Consolidated HR



Source: Source: Prepared in work session with ACOM staff in June 2024.

### Recommended steps for creating a single shared services HR team (future state):

The steps for the future Human Resources team were collaboratively created with consultant support and a team of Human Resources. Known as the “Strategic Path,” the team conducted a deliberate exercise to brainstorm and sequence applicable tasks.

- Develop a communication plan to engage division leaders and impacted HR staff moving to the centralized team.
- Conduct workshops with HR representatives from all divisions to map current business processes and identify differences by department, including inefficiencies and redundancies.
  - Identify all current HR processes and systems in use.
  - Assess the different processes and systems based on state requirements and federal funds tracking requirements to drive decisions about standardization.
- In parallel, brief OPM on ACOM’s plan and efforts to obtain feedback.
- Develop a new standardized set of HR processes, particularly for employee records, payroll processing, disciplinary process, and recruiting, that align with the strategic goals of the organization and fit the consolidated structure.
  - HR director should assign groups/teams to address each category of process (share the workload).
  - HR director and working team to review each area and propose a process, structure, and define roles and responsibilities.
  - Team should map existing staff to roles, identifying gaps and staffing needs.



- HR director approves roles and responsibilities and obtain approval/feedback from Chief of Staff.
- At this step, the team should brief Secretary McDonald of progress and update OPM on efforts.
- Redefine roles and responsibilities within HR team to fit the new centralized structure, establishing a clear chain of command. Update policies to reflect the new processes and structure, ensuring compliance and clear communication across the department.
- Re-examine current IT systems based on new policies/processes and roles/responsibilities.
  - Assess needs and determine if they can be met by existing systems or if a new solution is needed.
  - If needed, identify and evaluate HR systems that best support the newly optimized processes and teams focusing on functionality that enhances efficiency and effectiveness.
  - Identify costs related to the new system and implementation/configuration.
  - If systems/solutions are changed, develop training materials for staff and integrate into policies and procedures.
  - At this step, the team should brief Secretary McDonald of progress and update OPM on efforts.
- Configure new systems to ACOM's needs and integrate with its infrastructure.
  - IT develops data migration plan.
  - IT execute data migration plan.
  - Conduct testing and quality assurance activities.
- Develop staff training:
  - Develop training around new instructions for HR staff using maps, standard operating procedures, and case scenarios.
  - Obtain and develop training from software vendors or custom-built solutions.
  - Develop training for non-HR staff on how to engage with HR staff.
- Conduct training for HR staff on new processes and software, ensuring everyone is competent and comfortable with the changes. Reinforce new process maps.
- Conduct any training for impacted staff outside HR on new processes and how to engage with the newly centralized team.
  - Conduct training sessions and develop resources such as short narratives or video tutorials.
  - Announcement from Secretary McDonald to kickstart implementation.
- Schedule launch of new processes/tools.
- Execute communication campaign for launch of new processes/tools.
- Launch new centralized HR structure and software systems organization-wide.
- Monitor the implementation. Consider use of surveys for stakeholders (customers of HR, such as division leaders).
- Establish training plans for staffs based on adherence to new processes and needed skill-development.

**Alignment of department priorities with staffing and resources:** Shift to a shared services model for HR is one of ACOM's top priorities for Arkansas Forward. This initiative will allow for

improved efficiencies through centralization of this process (fewer full-time resources may be required to administer services than when the function is decentralized).

**Process changes, associated with implementing changes in the strategic plans:** The consolidation of the HR team is less of a challenge for ACOM than the complex work of reviewing and standardizing HR processes. While standard processes exist for the core team (employee records and onboarding) and policy is driven by TSS Office of Personnel Management, there are variations within some of ACOM's divisions. For example, within the time keeping function, ACOM will shift from use of multiple systems to the single EASE system, which will change processes for impacted divisions. Identifying these instances and training staff on the new standard process will be more time consuming for the newly formed HR team.

### **Performance metrics to measure success post-implementation:**

The expectation of this initiative is that through standardization, collaboration, and training, among other benefits of centralization, ACOM's Human Resources team will be able to improve the efficiency and performance of the team. Examples of service level metrics that can be used to measure this for various human resources functions and transactions include:

- Average number of days from position request submission to job posting
- Cost per hire
- Time to fill vacant positions
- Percent of new employees onboarded using current process
- Percent of new employees receiving mandatory training within X days of hire

The intent of these metrics is to establish clear service level expectations for each of the major functions or processes performed by the Human Resources department. For each metric, there should be a goal or service level commitment that is developed by the HR team and signed off by ACOM leadership and the team should be accountable to develop a corrective action plan for any month when the performance falls below the goal. For example, using an example above:

- Average number of days from position request submission to job posting (95% within 5 business days)

Goals or targets can be set based on 1) statutory requirements, 2) historical performance with a built-in expectation of process improvement, and 3) industry standards if applicable. Some of these metrics may not be captured today and the division may wait to establish a goal until an initial measure definition, data source, and historical performance (baseline) can be identified.

**Identification and estimation of any savings the strategic plan could realize once implemented:** ACOM-24 has an estimated savings of \$120,000 based on ACOM estimates related to the department's ability to raise productivity of the dedicated employees performing HR functions.

**Change Management Plan:** It is not anticipated there will be significant opposition to this effort, but it is recommended that the HR leader and the Chief of Staff devote upfront effort to engage the division leaders about these changes and that the HR leader have access to team training and teambuilding support to help the new team form and becoming a high performing team. **Figure 23**

summarizes some of the key activities for the communication plan; more detail is included in **Appendix A – ACOM Work Plan**. Note that in multiple places, it is assumed the ACOM team would add specific details related to the logistics of the consolidation.

**Figure 23 – ACOM-24 Communication Plan**

Audience	Key Messages	Modalities	Owner
All Staff	<ul style="list-style-type: none"> <li>You may be aware that ACOM is in the process of creating one central human resources team.</li> <li>The purpose of this integration is to allow our staff to collaborate more fully, share ideas and best practices, and improve our ability to serve our employee and leaders.</li> <li>Summary of how integration will impact employees including proposed timeline for changes, changes in terms of retirement of any systems, and final agreed service levels to demonstrate commitment to customer service.</li> </ul>	Staff emails All hands meetings	Communication Team
Affected Division leaders and Staff	<ul style="list-style-type: none"> <li>You may be aware that ACOM is in the process of creating one central human resources team.</li> <li>The purpose of this integration is to allow our staff to collaborate more fully, share ideas and best practices, and improve our ability to serve our employee and leaders.</li> <li>We will be establishing new commitments to excellence for this function [describe service levels – as example, commitment to post new job openings within X days of submission].</li> <li>Summary of how integration will impact employees including proposed timeline for changes, and changes in terms of retirement of any systems.</li> </ul>	Meeting with impacted division leaders Division leader to meet with transferring staff New manager to outreach to transferring staff	Communication Team

## Initiative ACOM #25 - Effectively integrate the Banking and Securities teams to most effectively leverage the strengths of both orgs

This initiative aims to seamlessly integrate the Banking and Securities divisions to leverage the strengths of both organizations effectively and eliminate redundancies. The focus is on creating a cohesive unit that maximizes efficiencies and enhances the delivery of services through a well-structured merger plan.

**Initiative Overview and Current State:** The Arkansas State Bank Department was created in 1913 by Act 113. Responsibilities include regulating state-chartered commercial banks (72 banks with assets exceeding \$164 billion, June 30, 2024). The department supervises holding companies of Arkansas state-chartered banks; state-chartered trust companies; regional and county industrial development corporations; industrial loan institutions; and capital development companies. The department’s mission is to “ensure the safety and soundness of, and public confidence in, these institutions and organizations.”

The Arkansas Securities Department was created in 1959 by Act 254. Responsibilities have evolved but currently include oversight of the securities industry, non-depository mortgage lending industry, money services industry, state-chartered credit union industry, and state-chartered savings and loan industry. The mission of this organization is to “Promote an environment in which the securities and financial markets within the department’s jurisdiction function efficiently and without unnecessary regulatory impediments and in which the Department protects the financial well-being of Arkansas citizens through effective consumer protection and education.”

The Arkansas State Bank Department and Arkansas Securities Department were consolidated within the newly formed ACOM in 2019 by Act 910. In recognition of improvements to operations from combining these functions, as well as administrative efficiencies, ACOM recently moved both divisions under a single leader and is in the initial stages of integrating these functions. While the organization chart reflects consolidation, these functions are not otherwise merged. There is significant growth in the industry, reflecting the need for an effective and collaborative division.

**Rationale:** ACOM-25 seeks to more fully integrate these divisions at ACOM. Although there are efficiencies expected from this structure, the primary reason for the integration is to achieve better collaboration between these teams, to allow for sharing of best practices, and to create more effective business processes (such as adopting similar practices for comparable situations and creating more similarities in the stakeholder experience).

ACOM is navigating the best manner to interact with stakeholders; there may be instances to maintain two separate entities externally. The department is considering a rebranded division name, which it would formally propose and seek approval for using the legislative process.

**Implementation Considerations:** Appendix A – ACOM Work Plan provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ACOM staff include:

**Strategies to address potential risks and enable success:**

- Staff retention during this time of transition is important, given the specialized nature of the work performed by both divisions and the long training time required to replace staff. Discussion of the importance to retain staff was identified as a need during staff interviews. Establishing a retention plan to support this transition (using strategies such as retention bonuses, staff recognition programs, and establishing a feedback mechanism to capture ongoing staff input about the consolidation) will support this transition.
- There are some confidentiality, security, and privacy considerations governing Banking and Securities, that must be accounted for as these divisions contemplate systems integration. Although IT staff indicate they are not interested in aggregating data, any IT solution developed must be multi-tenant and comply with laws and regulations governing both divisions.
- As these divisions integrate, there is also a need to address some emerging areas in the industry where regulation has not been formalized (e.g., non-depository applications like PayPal, Venmo, and Square, which are used to pay bills and can keep a cash balance). There are no federal protections and very little oversight of these entities.

**Recommended steps for integrating the Banking and Securities divisions (future state):**

- Create a cross-functional integration project team with representatives from both organizations, to include leadership and frontline staff.
- Create a staff retention plan to support retention of key roles, to include the use of monetary (6-month or 1-year retention bonus for key staff) and non-monetary incentives to retain staff (work schedule flexibility, remote work).
- Conduct individual interviews with leaders and key personnel from both departments to understand unique strengths, weaknesses, and operational methods.
- Analyze existing organizational charts for opportunities for consolidation around functional areas.
- Use the cross-functional team to conduct cross-training of each group of staff about the key processes used by the other division. Conduct process mapping to document the “as is” critical business processes used by each department. Identify opportunities for process improvement and re-engineering.
- Conduct interviews with key customer groups from both Banking (including a sample of the 73 state banks and staff from public-facing consumer complaint area) and Securities (a sample of securities firms, non-bank mortgage, and money transmission) to gather insights into their experiences and expectations.
- Review statutory and regulatory restrictions to ensure all changes are compliant with state and federal regulations.
- Develop a phased approach for merging critical data systems like customer databases and financial systems including rigorous testing phases to ensure data integrity and system functionality.
- Analyze if there is an opportunity to merge software business functions.
- Design a multi-tiered communication plan that addresses different stakeholder groups, ensuring tailored messages that resonate with each group’s concerns and roles. Use communication plan to launch new branding of the division.

- Implement training programs to familiarize all employees with new procedures and systems, providing more detailed training to impacted staff. Create job aids and other resources to support implementation of changes.
- Use a multi-phased approach to test integration by “piloting” integration with certain functions and impacted staff.
- Use employee feedback mechanisms to monitor staff perceptions throughout the integration. This could include use of short pulse surveys, discussion in team meetings, or focus groups.
- Work with the Arkansas Legislature to update statutes to reflect new branding/naming convention.

**Alignment of department priorities with staffing and resources:** ACOM’s chief priority in Arkansas Forward is to create the most agile, effective organization. Consolidation of Banking and Securities has already occurred, and this initiative implements this integration more fully, allowing ACOM to realize the benefits of this integration beyond the initial cost savings.

**Process changes, associated with implementing changes in the strategic plans:** As the cross-functional team reviews the processes used by each division and gains familiarity with these processes through cross-training, opportunities to reengineer processes will occur. For example, the manner in which one division engages with external stakeholders may change as a result of applying best practices used by the other division.

**Performance metrics to measure success post-implementation:**

The expectation of this initiative is that through the true integration of the Securities and Banking Teas, team performance will improve, staff collaboration will be increased, and external stakeholders will experience benefits from improved internal operations and consistent engagement of stakeholders. Examples of metrics include:

- Staff retention (during and after full integration time period)
- Percent of staff from one legacy division who are cross-trained in the work of the other;
- Percent of existing business processes reviewed for improvement and collaboration

Goals or targets can be set based leadership expectations (with time-bound examples provided)

- 100% staff retention for first year of integration
- 75% staff cross-trained by March 2025
- 100% of business processes reviewed for integration by December 2024

These are not metrics otherwise captured today, and so metric definition, data source, and the manual process for calculation is needed.

**Identification and estimation of any savings the strategic plan could realize once implemented:** ACOM-25 has already resulted in a cost savings of \$250,000. Additional savings are not anticipated.

**Change Management Plan:** Staff are already aware of the consolidation of these divisions, but as further organizational changes are made or process changes are implemented, communicating those changes to staff will be important in supporting change management.

The Banking and Securities divisions serve unique clients. Consolidation of these divisions and potential changes to their operations will impact stakeholders. Feedback from stakeholders should be captured and addressed through the implementation of this initiative. ACOM will need to rebrand the organizations and work with the Arkansas Legislature to update the authorizing statues of the departments to reflect the branding change. **Figure 24** summarizes some of the key activities for the communication plan; more detail is included in **Appendix A – ACOM Work Plan**.

**Figure 24 – ACOM-25 Communication Plan**

Audience	Key Messages	Modalities	Owner
All Staff	<ul style="list-style-type: none"> <li>You may be aware that ACOM has consolidated the Banking and Securities divisions. As we continue to integrate the operations of these two distinct divisions, we will communicate any organizational or process changes transparently.</li> <li>The purpose of this integration is to allow our staff to collaborate more fully, share ideas and best practices, and improve our ability to perform our mission.</li> <li>NOTE to ACOM Team: Once the specific timeline and integration steps are known, they should be added to future communications. ACOM can consider frequently asked questions to respond to potential questions.</li> </ul>	Staff emails All hands meetings	Communication Team
Public	<ul style="list-style-type: none"> <li>You may be aware that ACOM has consolidated the Banking and Securities divisions. As we continue to integrate the operations of these two distinct divisions, we will communicate any organizational or process changes transparently.</li> <li>The purpose of this integration is to allow our staff to collaborate more fully, share ideas and best practices, and improve our ability to perform our mission in service of our stakeholders.</li> <li>[INSERT details] of proposed changes.</li> </ul>	Social media, website, and press releases, stakeholder emails, stakeholder meetings (all channels).	Communication Team

# Operational Efficiencies

## Initiative ACOM #5 - Coordinate identification and retirement of non-business critical/duplicative applications across all divisions of Commerce

This effort could be accomplished in a phased approach:

1. Initial assessment to gather application data and walk through assessment criteria (e.g., business criticality)
2. Identify and finalize candidate applications
3. Sunset plan and timeline for each application
4. Track value capture with TSS (e.g., reduction or reinvestment of contract hours)

**Initiative Overview and Current State:** To fulfill its mission, ACOM’s divisions have built and purchased many applications to support business needs. Today, ACOM maintains approximately 74 major applications, based on a recent assessment completed by Information Technology resources and an external consulting team.

ACOM continues to invest in its technology infrastructure. ACOM currently maintains a portfolio of approximately seven major projects, summarized in **Figure 25**. Collectively, these projects represent an investment of approximately \$41.9. million in ACOM’s technology infrastructure (total project budget).

**Figure 25 – Current ACM IT Projects 2024**

PROJECT NAME	ACOM DIVISION	BRIEF DESCRIPTION	BUDGET	EXPENDED THROUGH FY24	START DATE	END DATE	NOTES
UI Modernization	Workforce Services	Migration off the mainframe and modernization of legacy UI Systems. This is a multi-faceted, multi-vendor effort that consists of several sub-projects running over 2+ years.	\$35,000,000	\$6,716,549	Oct-23	Jun-25	Meet requirements to modernize UI systems
BEAD Initial Proposals Volume 1 & 2	State Broadband Office	Documents how the Broadband Office will identify locations in Arkansas that are unserved by high speed internet (v1) and how award projects will be funded by the BEAD program to bring high speed internet to those locations (v2).	\$2,375,000	\$2,375,000	Jun-23	Dec-23	Contract with McKinsey for proposal volumes and GIS-related datasets
AWARE / Alliance	Rehab Services	Case management solution. Implementation date scheduled for April 1, 2024.	\$2,299,421	\$1,748,208	Jul-23	May-24	Replace legacy system out of support. Also implement system in line with what is in use at Division of Services for the Blind.
Broadband Lab	State Broadband Office	Data analytics engine that informs broadband strategy. Internal to McKinsey	\$921,200	\$921,200	Jun-23	Feb-24	
Grantor	State Broadband Office	7 year option (2 yr min) project built and hosted by Michael Baker International to manage broadband mapping, related grant applications, project monitoring, etc. along with relevant dashboards. IT software portion estimated at \$1M per year.	\$818,780	\$385,996	Feb-24	Sep-31	2 year contract is in place with a 7 year option. Budget reflects two years of IT-related spend at the minimum project duration. 7 year total is \$12.5M. Anticipated go-live is October 2024.
Arkansas Broadband Challenge Portal	State Broadband Office	GIS application with modules for eligible challengers to submit corrections to the state broadband map	\$450,000	\$450,000	Jun-23	Mar-24	Built by Michael Baker International and Ready.net.
Grants Management	Workforce Services	Implement a previously purchased Grants Management module from SAP.	N/A	N/A	Jan-24	Jul-24	This product is a module in the S4/HANA package previously purchased by DWS. It is critical due to the necessity of grant funding to operate programs and provides a means for tracking and cost allocation.

Note: The total budgeted spend is over the life of the project.

Source: Arkansas Department of Commerce.

Excluding these investments, analysis of these ACOM’s existing applications found additional opportunities for improvement:

- 4 opportunities to retire an application
- 2 opportunities to modernize (replace or upgrade) an application

**Rationale:** Initiative ACOM-5 directs ACOM to develop a strategy for the coordinated replacement and retirement of non-business critical and duplicative applications given that:



- Aging applications, particularly those that continue to be operated by third parties, are more expensive to maintain;
- There is an opportunity to streamline applications and replace legacy systems; and,
- Multiple, overlapping applications require additional staff, expertise, and funding to support and require add to the complexity of training new staff (i.e., across human resources staff across ACOM’s divisions, multiple tools are used for time entry including the STA and EASE systems).

In addition to these applications, ACOM may realize additional savings from review of software licenses and software as a service subscriptions (such as Adobe). For example, in switching its Telephony system to a Transformation and Shared Services Division of Information Systems (DIS)-sponsored solution, ACOM achieved a significant per license savings.

**Implementation Considerations: Appendix A – ACOM Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ACOM staff include:

**Strategies to address potential risks and enable success:**

- One challenge ACOM may confront relates to its use of federal funding and blending funding across programs or divisions. Certain funds may be limited to certain purposes. ACOM should complete an impact assessment of the effect of any proposed system retirement/replacement on available funding, identify and restrictions to funding uses, and implement mitigation strategies accordingly. For example, ACOM, once it has identified funding that will no longer be needed due to system retirement, can seek to amend the federal application for funding or grant to redirect the same funds to support the new line of focus and business activities.

**Recommended steps for replacing and retiring ACOM legacy systems future state:**

- Establish a review process to prioritize applications for replacement and retirement.
- Conduct an assessment of software as a service licenses by division to inform next steps.
- Identify and prioritize applications for replacement. Consider costs to maintain, number of staff and external stakeholders impacted, and other criteria (complete).
- Research potential market solutions to replace these applications to determine if ACOM will purchase or build the replacements.
- For high priority applications identified and prioritized, complete a high-level order of magnitude analysis to identify expected costs and benefits (return on investment) from replacement and identify resource needs.
- Complete an impact assessment on any federal funding stream and analyze impact to cost allocation. Identify mitigating strategies so Arkansas does not lose federal funding.
- Create a plan to summarize roadmap of expected applications for retirement over next two years.
- Present the streamlined applications plan to Secretary McDonald for approval and feedback.
- Present plan to colleagues at TSS DIS for feedback and to ensure alignment with statewide strategy.

- Identify funding needs and availability.
- Gather requirements to replace impacted applications.
- Impacted ACOM divisions should map the “as is” and “to be” processes impacted by the application to identify opportunities to streamline its work.
- For each application, develop a project plan.
- Negotiate any contracts with software vendors for the new solutions, ensuring favorable terms and compliance with state procurement guidelines.
- Develop a communication plan to inform stakeholders of the replacement timeline.
- Develop training resources for internal and external users (videos, tutorials, frequently asked questions).

**Alignment of department priorities with staffing and resources:** As noted, ACOM has invested and continues to prioritize in the modernization of its technology infrastructure to ensure its divisions can execute on their mission. Significant cost savings opportunity has been identified to retire and replace certain applications and establishment of an ongoing process will ensure ACOM continues to achieve these efficiencies.

**Process changes, associated with implementing changes in the strategic plans:** As ACOM builds new applications, particularly when creating new functionality for the public such as a public-facing portal, there is an opportunity for manual business processes to be replaced by more efficient, technology-enabled processes. Each division impacted by an application process should use process mapping to document the current process as a baseline and solution with the team how introduction of the new technology capabilities may inform process improvement. This work should occur in parallel to requirements gathering to inform design of the new application.

**Performance metrics to measure success post-implementation:**

The expectation of this initiative is that ACOM will be able to sunset duplicative and aging applications as well as potentially reduce unnecessary or duplicative software as a service licenses, resulting a cost-savings to the department. Proposed process metrics include:

- Reduction in the number of active IT applications
- Decrease in annual IT expenditures by optimizing software licenses and maintenance costs

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on initial estimates, ACOM-5 has the potential for a significant positive annual reoccurring financial impact, validated by ACOM IT staff to be \$5.5 million. Some of these expected savings from reducing use of vendors or maintaining multiple duplicative products be offset against costs of development for ACOM’s IT Department. In addition, some cost savings may not be available for capture and redirection, as some of this funding would be federal funds and would be available for reinvestment in certain restricted program areas.

**Change Management Plan:** Depending on the applications identified for replacement, this initiative will affect internal ACOM staff and external stakeholder groups. This will necessitate comprehensive communication and training plans. ACOM has an opportunity to promote this initiative as a “win” for the many stakeholders who engage with the department. **Figure 26**

summarizes some of the key activities for communication plan; more detail is included in **Appendix A – ACOM Work Plan**.

**Figure 26 – ACOM-5 Communication Plan**

Audience	Key Messages	Modalities	Owner
All Staff	<ul style="list-style-type: none"> <li>• ACOM is embarking on a project to modernize its applications, with the goal to improve efficiencies for staff and the public.</li> <li>• This investment will help ACOM better fulfill its mission.</li> </ul>	Staff emails	Communication Team
Impacted Staff	<ul style="list-style-type: none"> <li>• [INSERT NAME] application will be retired (provide timeframe).</li> <li>• A new application will be built with your support and expertise.</li> <li>• The expected features of this new system include [insert].</li> <li>• Training will be provided to support you in this transition.</li> </ul>	Staff emails	Communication Team
Public	<ul style="list-style-type: none"> <li>• ACOM is embarking on a project to modernize its applications, with the goal to improve efficiencies for staff and the public.</li> <li>• This investment will help ACOM better fulfill its mission.</li> <li>• The impacted applications include [insert].</li> <li>• New features include [insert].</li> <li>• Training resources will be available including [insert].</li> </ul>	Social media, website, and press releases, stakeholder emails, stakeholder meetings (all channels).	Communication Team

# Customer Experience Initiatives

ACOM included two initiatives as part of its Arkansas Forward priorities that focus on improving service delivery and program outcomes for Arkansans. A 2022 McKinsey & Company “State-of-the-States” survey established a strong link between customer experience and resident satisfaction and illustrated that customer experience improvements can have tremendous benefits for government agencies and their staff and stakeholders (summarized in **Figure 27**).

**Figure 27 – Benefits to State Agencies from Improving Customer Experience**

## Getting customer experience right can drive real and sustainable improvements

Government agencies that prioritize customer experience...						
 Mission	...Achieve Agency mission	<b>9x</b>	Satisfied customers are 9x more likely to agree that agencies achieve their mission	...see higher levels of public trust	<b>9x</b>	Satisfied customers are 9x more likely to trust the agency providing good service
 Org and Culture	...Deepen employee engagement	<b>40%</b>	Increase in employee satisfaction over 2 years	...Are more effective	<b>15-30%</b>	Increase in workforce productivity
 Operational effectiveness	...Are more efficient	<b>10X</b>	Decrease in call-center calls	...Achieve cost-savings	<b>15-50%</b>	Lower cost to serve
 Customer outcomes	...Improve performance	<b>50%</b>	Improvement in customer response time	...Greater customer satisfaction	<b>2x</b>	Dissatisfied customers are 2x more likely to reach out for help 3+ times

Source: McKinsey & Company, 2022 State-of-the-States Survey.

## Initiative ACOM #21 - Create standard processes to improve customer satisfaction within defined business days in Commerce’s call centers in Re-employment

This initiative directs ACOM to create standardized procedures to improve customer satisfaction within defined business days in Commerce call centers in Re-employment.

**Initiative Overview and Current State:** Within Workforce Connections, the Re-employment Division (Re-employment) administers Arkansas’ unemployment benefits. Re-employment maintains a mature contact center model that went live in February 2022, which is responsible for answering calls from the public and employers. Re-employment’s team working the two main phone queues includes 40 positions (with 11 vacancies). Additional staff respond to inquiries in other phone queues including more advanced issues. This team includes bilingual staff in languages such as Spanish and Marshallese.

ACOM uses multiple strategies to manage the quality of experience provided through this contact center:

- **Data-based monitoring:** ACOM has established key metrics including average speed to answer, average hold time, and first call resolution, among others, to monitor the caller’s experience. Certain goals have been established (e.g., wait time not to exceed 20 minutes). Existing reporting enables real-time monitoring by leadership at the call center level, as well as by unit and agent.

- **Training:** Staff receive training, including cross-training on other related operational team functions such as claims and report processing. Once per month, staff receive ongoing training delivered over Teams to address recurring themes and improve the quality of responses provided. Staff also receive weekly emails including written analysis of trends and issues (i.e., fraudulent claims, addressing incorrect information provided by staff). The team has identified that while training is robust, it would support additional training.
- **Resources for agents:** To help agents provide correct information to callers, Re-employment has invested in resources such as Teams chat to ask allow agents to ask questions of their supervisor during a call and created searchable resources such as the policy manual and lawbook which are accessible for use during calls.
- **Quality Assurance (QA):** Call monitoring is possible through the existing system which allows for recordings. A process is used to review that the information was accurate, staff adhered to policy, and displayed customer service best practices. There is not a formal scorecard in use per employee, which could be done quarterly and used to drive training. Existing QA activities are limited due to resource allocation issues (resources focused on other projects such as the core system implementation).
- **Addressing needs of non-English speaking callers:** ACOM received a \$4.6 million grant from the Department of Labor to translate materials into multiple languages. ACOM has hired 6 bilingual Spanish agents and additional staff who speak Marshallese, Vietnamese, among other languages.

ACOM is in the process of completing two major technology implementations which impact its contact center operations.

- **Core system modernization project:** Re-employment is migrating from its mainframe to a cloud-based system. This project is being built in-house by ACOM IT resources. This upgrade will allow the technology workflow to more closely match the process used by staff. In addition, shifting away from the existing system will allow Re-insurance to deploy additional self-service functionality to the public through a secure portal. It is anticipated self-service functionality will drive increased satisfaction and improve the customer experience.
- **Telephony system upgrade:** ACOM is the first department to migrate from its existing Genesys telephony system (managed by MAXIMUS) to the Presidio product, which is managed by Transformation and Shared Services (TSS) Department of Information Services (DIS). This conversion should not impact the quality or types of reporting available to ACOM and offers a significant cost savings to Arkansas (in reduced license fees).

An additional factor impacting the quality of the caller experience is the tenure of the workforce. According to program leadership, knowledge of unemployment insurance is most critical in providing accurate information and addressing the reason for the call. Most staff taking calls (about 62%) have less than one year of experience. In addition to the programmatic investments here, some of the reorganization of this division and investment in the skills of the workforce by upgrading positions and creating opportunities for promotion were designed to improve retention.

**Rationale:** ACOM selected this initiative to continue its ongoing efforts to improve the quality of and satisfaction with its Re-employment contact center. There are opportunities to build additional training (including customizing it to worker needs) and quality assurance resources, but these

initiatives will be sequenced with completion of the system upgrade, as existing staff resources are being utilized to support requirements gathering, testing, and other aspects of the upgrade.

**Implementation Considerations: Appendix A – ACOM Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ACOM staff include:

**Strategies to address potential risks and enable success:**

- Measuring satisfaction can be challenging in Re-employment; callers may be upset and dissatisfied as a result of their circumstances and not based on their interaction with ACOM staff. Previously, metrics such as net promoter score were used by Re-employment but the data collected reflected this challenge. Instead, Re-employment is focusing on a group of metrics which are a proxy for customer experience (average speed to answer, hold time, first call resolution). These metrics measure quality of their experience interacting with ACOM staff. If a satisfaction survey is used, there will likely be a delay between the call and the administration of the survey.
- Re-employment’s leadership team has adequate access to reporting (dashboards) with the current telephony system; in the conversion to the Presidio product, monitor to ensure continued access to needed reports.
- Support customer service focus of staff by using this initiative and the related KPIs as an opportunity to have continued dialogue about the customers Re-employment services and the importance of improvements in the customer experience. Once metrics are formalized, leadership should model discussing performance and establishing corrective action plans whenever performance falls below the goal (or target).

**Recommended steps for continued improvement (future state):**

- Review and formalize written methodology for key performance indicators, including to establish a goal (target) for each, based on historical performance and building in a degree of process improvement. Some of these targets may be modest improvements, while others may include stretch goals. There are industry expectations for average speed to answer and average hold time, which may also be taken into account. For example, typical speed to answer in the private sector is approximately 30 seconds or less. ACOM is not staffed to meet this standard but ACOM may establish a plan to reduce the average over time to be more in line with industry expectations. **Figure 28** shows some example metrics and industry standards.

**Figure 28 – Example Call Center Metrics for Consideration by ACOM**

Measure	Purpose	Typical Standard
Average handle time	Measures the length of a call from start to finish.	Varies by industry
Average speed to answer	Measures the average time it takes for a call to be answered by a live agent.	30-60 seconds
Abandonment rate	Measures the percentage of calls that disconnect before being answered.	<3-5%

First call resolution	Measures ability to resolve customer issues within the first contact.	70-85%, industry leaders exceed 90%
Satisfaction Rate	Measures customer experience and satisfaction with the call center (not department overall)	90%

Source: Alex Doran, “12 Key Call Center Metrics & KPIs To Drive Better Performance,” 2/12/24, <https://www.nextiva.com/blog/call-center-metrics.html?v=2>.

- Establish a method for collecting satisfaction data of callers (a survey to be conducted 3-4 days following the call, as was recommended by staff). Understanding that this metric may not be a true reflection of the performance of the contact center, additional metrics should be used in concert with this metric to assess overall performance (examples include first call resolution, average speed to answer).
- Formalize reporting expectations on the KPIs to leadership (monthly dashboard or more frequently if desired). Establish the expectation that when metrics are not met, corrective actions are to be prepared.
- Provide training and support for Re-employment managers on using data (how to access and analyze it, how to share with staff, levers to address under-performance).
- Formalize quality assurance protocol including sampling methodology (what percent of calls to sample per worker and on what frequency) and a standard scorecard to use in scoring individual calls (elements already in use include accuracy of information provided, customer service/politeness, adherence to policy). Establish a quarterly process to aggregate scores and feedback at the worker level, to be used by the manager in developing individualized training. A barrier to this recommendation is available staffing.
- Once this scoring is available, consider employee and team recognition programs to build morale through recognition of top performers. Recognition could include featuring these staff in the staff newsletter or on monthly Teams training calls, hosting a quarterly breakfast or lunch for top performers with leadership, or financial awards.

Along with these recommended steps, Re-employment should move forward with its reorganization to strengthen the tenure and skillset of the contact center and continue with implementation of the new systems. Both of these efforts are expected to elevate the quality of the contact center and the overall customer experience.

**Alignment of department priorities with staffing and resources:** The contact center is an efficient statewide solution to assist the individuals and employers seeking support from Re-employment. ACOM is already devoting significant financial and staffing resources toward improving the experience and satisfaction of these stakeholders, and Re-employment leadership is using a variety of proven practices to improve quality as previously noted. Formalizing some of these practices in the manner discussed in the recommendations is aligned with these practices. Long-term, Re-employment's commitment to developing self-service tools for its stakeholders will further improve the customer experience and result in a positive operational impact from a shift in some calls to self-service channels.

**Estimation of any anticipated costs and staffing needs:** Based on ACOM's initial sizing, it is anticipated this initiative can be done within existing appropriations. Future technology



improvements to enhance self-service may result in additional costs (outside the scope of this initiative).

**Process changes, associated with implementing changes in the strategic plans:** Process changes are anticipated due to this initiative in several ways:

- By using dashboards to drive continuous quality improvement, projects or initiatives may be implemented to address a performance issue which could change the workflow.
- System changes could result in the elimination of workarounds and inefficient process steps.

**Performance metrics to measure success post-implementation:**

The expectation of this initiative is that ACOM will be able to improve the quality of customer service provided in the Re-employment call center through a variety of strategies. A series of industry standard performance metrics are already in use and should continue to be used to monitor the effectiveness of proposed enhancements, including:

- Average speed to answer (goal is to decrease this metric from 20 minutes)
- Average wait time (goal is to decrease this metric through training, staff development, and increased staff tenure)
- Call time (goal is to increase the call length slightly by providing more complete information to reduce the need for some future calls)
- First call resolution (goal is to increase this rate, result in reduced need for future calls)
- Average satisfaction rate (methodology pending; see above)

While most of these metrics are reported on today, formalizing the methodology and reporting protocols will be important. In addition, to continue to advance process improvement, Re-employment leadership should review baseline data to establish goals for each year and build-in targeted performance improvement. For example, the average speed to answer is approximately 20 minutes today, which is longer than the industry average. It is a function of the complexity of the calls and staffing level in existence today. The Re-employment team could create a multi-year plan to reduce the time to 10 minutes, identifying the process changes and staffing it would require to reach this goal. This is an example of how the metric could be used to drive improvement over time.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not anticipated to result in cost savings in the short-term (launch of self-service functionality in the future will introduce operational and cost savings), but could result in improved first-call resolution and decreased need for future calls, which could alleviate some demand on call center agents.

**Change Management Plan:** Many of the changes discussed in this section are extensions of strong practices already in flight as initiated by Re-employment leadership. Continuing to reinforce ACOM’s commitment to customer service and supporting the increased data acumen of the Re-employment contact center will be enabling practices for this initiative. Communication recommendations are included in **Attachment A – ACOM Work Plan** and summarized in **Figure 29**.

***Figure 29 – ACOM-21 Communication Plan***



Audience	Key Messages	Modalities	Owner
Managers and staff in Re-employment contact center	<ul style="list-style-type: none"> <li>• Leadership are harnessing technology and using data analytics to improve the quality of experience for our clients (the public and employers)</li> <li>• We will be implementing a series of improvements to the contact center to elevate the experience [summarize final recommendations adopted]</li> <li>• ACOM is committed to ongoing training and support for you to help you better serve customers and improve customer experience</li> <li>• ACOM is committed to recognizing strong performance [insert recognition program details]</li> </ul>	<ul style="list-style-type: none"> <li>• Town-hall style meetings with agency call center staff</li> <li>• Staff newsletters</li> <li>• Staff emails</li> </ul>	Kristen Rhodes, Contact center leadership

## Initiative ACOM #27 - Develop a performance framework that defines the customer base and establishes and tracks success metrics

This initiative directs ACOM to develop a performance framework that defines the customer base, establishes success metrics, and tracks and mitigates underperformance to those metrics within ACOM.

**Overview and Current State:** This initiative was developed for inclusion in Arkansas Forward to address one of the primary pain points for the organization: that few divisions have articulated their strategies, goals, aspirations, and key performance indicators (KPIs).

Prior work has identified three key metrics as important overarching measures for the department, to align with the vision of Governor Sarah Huckabee-Sanders:

- Real GDP Per Capita
- Labor Force Participation Rate
- Per Capita Income

These metrics align to ACOM’s mission to champion economic opportunities for the state. However, use of data across divisions varies, access to management tools and dashboards varies, and there is no department-wide performance framework for ACOM’s leadership to use in driving performance improvement. Data acumen, definition of metrics, and existence of dashboards vary by division.

**Rationale:** ACOM-27 includes not only establishment of a performance framework for the department, but also offers an opportunity for ACOM to engage its stakeholders by sharing data on performance and develop its team by building a culture of continuous improvement. Creation of this framework will help ACOM mature as a data-driven organization and realize a number of advantages including:

- Bringing focus to a core group of measures that are the most important for each division and the department overall;
- Driving performance improvement by identifying goals/targets for each measure and pushing the department to continue to elevate performance; and,
- Providing real-time data to inform management decisions and monitor the department’s progress in reaching the stated goals.

### Implementation Considerations:

Other states have developed dashboards to communicate their key performance indicators to external stakeholders. An example is highlighted in **Figure 30**.

**Figure 30 – Other State Example: External Dashboard**

State	Description
Colorado	As part of the Governor’s Dashboard, the goals and performance of each department are provided each fiscal year. Color coding illustrates whether the department’s performance meets or has not yet met each goal. Interactive charts allow the user to

	<p>expand on each goal to see the major initiatives to improve performance in that goal. For Insurance in the current 2023-2024 fiscal year, the goals include:</p> <ul style="list-style-type: none"> <li>• Implement the Colorado Option – Ensure that 80% of Coloradans have access to a Colorado Option plan that has met the 10% premium rate reduction target or have access to a plan that has reduced health care provider rates down to the maximum allowable under Colorado statute by June 30, 2024</li> <li>• Access to Homeowners Insurance – Ensure 99% of Coloradan homeowners have access to homeowners insurance by June 30, 2025</li> </ul> <p>For labor and employment, the current goals include:</p> <ul style="list-style-type: none"> <li>• Family and Medical Leave Insurance Program – Ensure 75% of eligible claimants receive their FAML benefit payments within 10 calendar days by June 30, 2024</li> <li>• Energy and Infrastructure Jobs – Enroll 3,000 Coloradoans in training programs that prepare them for careers in energy and infrastructure-related fields, enabled by new federal funding, by June 30, 2024</li> <li>• Youth Labor Force Participation – Increase the employment to population ratio for youth ages 16-24 from 57.2% to 60.0% by June 30, 2024</li> </ul> <p>Resources:  <a href="https://dashboard.colorado.gov/governors-dashboard/labor-employment">https://dashboard.colorado.gov/governors-dashboard/labor-employment</a>  <a href="https://dashboard.colorado.gov/governors-dashboard/insurance">https://dashboard.colorado.gov/governors-dashboard/insurance</a></p>
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To create a detailed plan for ACOM’s implementation of this initiative, a work session was held with a combination of subject matter experts, led by the initiative owner (ACOM’s CFO), in July 2024. This session was conducted using the Lean Six Sigma methodology by facilitator with a Six Sigma Black Belt. The session included Finance and Procurement leadership and staff who are closest to the work, who are best qualified to identify implementation hurdles and to ideate ways to overcome, mitigate, or work around those obstacles. The outputs of these sessions are:

- Interference Diagram: diagrammed the goal of establishing a performance framework and identified with key staff the obstacles/pain points of establishing that framework. Then, ideated ways of overcoming those obstacles.
- Strategic Path: used sufficiency-based logic and the ideas from the interference diagram to fill in the sub-steps for each action item in building the performance framework. The path in this case uses specific metrics-focused experience with public sector agencies to enable Commerce to build a performance framework that demands ambitious but achievable results from Departments and tracks metrics that focus on key Balanced Scorecard and Baldrige methodology measurements

Typically, when process mapping is used, there is a “current state” for a given process that needs to be morphed into a desired “future state.” However, when there is no “current state” (such as contemplated here, where a new performance framework is implemented), the effort is different. In this case, identification of the major obstacles is a primary focus of the planning effort. It is critical to work with staff closest to the work to identify obstacles that need to be overcome to implement the project. These staff are best qualified to identify these hurdles and to ideate ways to overcome, mitigate, or work around those obstacles.



In the third phase, division leaders will receive training in data visualization tools. It is anticipated that as the department's data acumen increases, leaders will adjust the metrics on their internal dashboards, focusing the number of measures and identifying gaps in data not captured.

- Capturing stakeholder input to inform the selection of KPIs and how to measure success was identified as a solution to several of the potential barriers to success. This also promotes transparency. ACOM has many diverse stakeholders, but conducting some public meetings to discuss the department's plans and obtain feedback would be helpful as this initiative progresses. Existing advisory committees and feedback channels should be used where possible.
- Identifying resources to support data validation, measure definition, dashboard creation, and data analysis will be important.
- To address data security issues, ACOM should consider strict data governance policies and conduct regular audits to ensure the accuracy and reliability of the data being reported.
- To fully realize the operational benefits of becoming a more data-driven organization, building data analytics acumen is an important enabling practice. Having staff with the experience to support leadership in establishing performance expectations tied to the metrics, modeling behaviors for use of the dashboards, and establishing accountability for performance of the metrics is important. This includes assigning owners to each metric, setting a goal/standard for each metric based on statute/industry best practice/historical performance, reviewing dashboards regularly in meetings and requiring owners of areas with under-performance to develop and execute remediation plans.
- It is recommended that ACOM and management commit to the multi-year journey required to develop and refine a performance framework. In the short-term, not all the data the department desires to include may be available. Some data may be available but lack a sufficient baseline period. Once operational, managers may find that data they need are not included or that some measures they thought would be helpful are not. The framework should evolve as needed to support ongoing process improvement.

**Recommended steps for establishing internal and external dashboards (future state):**

- A core project team with IT and programmatic leadership should be formed to support the project's implementation.
- Implementation can occur in a phased approach by division. Conduct a workshop with each division to discuss how to measure success and identify KPIs that are relevant and meaningful to their work. The Division of Workforce Services' existing dashboard could be included as an example for these divisions.
- Conduct stakeholder feedback sessions to gather input on these metrics and any additional ideas for inclusion.
- Establish a standardized metric definition process to ensure consistency across divisions. Define any new staff roles that may be required to perform this function.
  - The output of this work should be a list of metrics and key fields of information (see **Appendix B** provides a worksheet that may be used by staff in identifying and defining potential metrics). Each division should consider multiple metric types. While

available data may be more “output”-focused (transactional, volume-based), effort should be taken to identify other types of measures such as:

- Efficiency: This measure type captures the effectiveness and efficiency of internal processes. Examples include average time to complete an activity (i.e., complete an investigation) or average cost per key activity. This type of metric is applicable to any core task with a statutory timeline, where is focused on meeting a specific timeframe, as well as any area where the department wants to establish additional transparency or thinks there is an opportunity to achieve improvement through regular review of data.
  - Outcome: Outcome measures focus on the results of ACOM’s processes for stakeholders including industry stakeholders and Arkansans and may be longer-term. Examples may include the number of business relocations to Arkansas and the number of jobs created by sector.
- Develop the proposed set of metrics.
    - Define thresholds for “success” and “quality” (with recommended targets).
    - Map the necessary data for metrics to the system storing the data and data fields.
    - Develop priority list for building dashboards.
  - Collaborate with IT resources to design and develop a centralized dashboard concept that can integrate and display data from various divisions, in real-time.
    - Include an initial set of metrics per division as well as a higher-level holistic ACOM dashboard.
    - Include proposed goals or standards per metric (could be statutory, based on history, or based on industry).
    - Include proposed owners of metrics.
    - Identify whether all metrics can be automated, or if automation will be phased with some initial manual data entry.
    - Determine whether ACOM will invest in data visualization tools or use an approach similar to ADA (free, web-based tool).
    - Develop schedule for dashboard production (time period for data pull if automated and any manual entry if applicable). Note that there may be automated data points that can be updated in real-time, as well as other metrics that are available monthly.
  - Present plan to Secretary McDonald for approval.
    - Identify candidates for the pilot phase (divisions).
    - Define the pilot plan: duration, scope, divisions.
    - Begin measuring and reporting for the pilot period.
  - Implement a pilot with select divisions to test the functionality of the dashboard.
  - Collect feedback from pilot participants to identify and resolve technical issues or user-interface improvements needed before wider rollout. Incorporate any material/manuals from a vendor if appropriate.
  - Once the dashboard has been established, ACOM leadership should sign off on:
    - Assignment of each metric to an owner. This person is responsible for ensuring the data are updated as well as owns the performance (owns corrective action if not met).

- Establishment of policy/procedure for responsibilities of a metric owner (when dashboard must be updated each month if not automated, what to do if metrics are not met)
- A recurring schedule for review of dashboards among leadership (such as by building into existing leadership meetings on a monthly basis).
- Organize comprehensive training sessions for all division managers and relevant staff on how to use the new reporting platform effectively:
  - Deliver training with schedule for ongoing training opportunities;
  - Establish communication plan for rollout timing and methodology;
  - Ensure system access to dashboards for staff;
  - Begin live-links and publishing of data in the dashboard, with data review process;
- The core project team should provide continuous support for the implementation of the dashboard, and complete the following:
  - Review data integrity issues (bad data appearing on dashboard).
  - Complete a return on investment analysis following completion of the project.
  - ACOM leadership should establish a schedule for reviewing performance goals to continue to drive quality improvement and the functionality of the dashboard (to make changes to metrics included and methodology). The timing of this process should occur at least annually and can be built into annual strategic planning and budgeting conversations to inform appropriations requests.
- If any data is intended for external release, the core project team should develop an external communication plan (press release, user guide and frequently asked questions for the website, and stakeholder emails).

**Alignment of department priorities with staffing and resources:** Based on interviews with ACOM leadership, ACOM has the staffing and resources to support this initiative including within the divisions and among its technical staff. Existing resources in each division support data collection and reporting today and this initiative is expected to result in use of automated dashboards, reducing time spent on data collection and preparation of manual reports.

**Estimation of any anticipated costs and staffing needs:** Based on ACOM's initial sizing of costs of implementing a new dashboard, it is anticipated this initiative can be done within existing appropriations. Further, ACOM can implement this dashboard in a phased-approach, to further reduce costs (i.e., start with simple Excel-based monthly report with no data visualization). There are no staffing costs expected as a result of this initiative, as long as ACOM's IT, reporting, and data analytics staff can devote time to this project. No IT costs are expected, unless Commerce chooses to invest in any specific analytics software. ADA offers an example of a no-cost web-based tool for consideration by ACOM.

**Process changes, associated with implementing changes in the strategic plans:** The most significant anticipated process change is that establishment of a performance framework and related dashboard will support ACOM in becoming a more data-driven organization. In order for the dashboards to have the intended impact of supporting each division in setting performance goals and holding business units accountable for performance, integrating the use of the dashboards into decision-making will take time and require modeling from ACOM's leadership team. Some of the

ways to support this change include to regularly incorporate review of the dashboard on department, division, and team meetings; on a monthly basis, require metric owners with performance below the goal to provide a remediation plan; hold lunch and learns to allow peers to share best practices in how they are using the dashboard to identify and address problems in their business units; and provide tip sheets on how managers can integrate review of the dashboard into their own team meetings.

Another set of process changes may occur due to the lack of data availability. ACOM may not currently capture all data it wishes to include in its internal or external dashboards. For example, a division may wish to set standards to complete certain transactional tasks within a given timeframe but the current process may not involve tracking key dates or times for every step in the process. If the division wishes to include these measures, it will have to adjust the current business process to capture and store this data for reporting purposes.

**Performance metrics to measure success post-implementation:** The success of this initiative will be measured by the existence of real-time dashboard (by division) and evidence of the dashboard’s use by the management team. Metrics to track this include:

- Dashboard utilization (e.g., unique weekly views);
- Post-development survey of dashboard user satisfaction; and,
- Number/percent of managerial meetings into which regular dashboard review to support decision processes is incorporated

These metrics are new to the organization to capture and would require definition, documentation of the data source/methodology, and establishment of a baseline.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on ACOM’s analysis, ACOM-27 is expected to have a fiscally neutral impact. In the short term, staff will be collecting and reporting on the dashboard metrics manually. If the IT team can automate the dashboard, this will result in freed-up time for staff otherwise responsible for data collection and reporting, which can be reinvested into other areas of responsibility. Operational savings from performance improvement could be realized in the future.

**Change Management Plan:** Recommended messaging and modalities are included for each audience in **Figure 32**. Key activities and timing for communication plan are included in **Appendix A – ACOM Work Plan**.

**Figure 32 – ACOM-27 Communication Plan**

Audience	Key Messages	Modalities	Owner(s)
External stakeholders	Prior to metric development: <ul style="list-style-type: none"> <li>• ACOM is developing an exciting dashboard to share data with the public.</li> <li>• The dashboards will help ACOM become a more data-driven</li> </ul>	<ul style="list-style-type: none"> <li>• Press release</li> <li>• Website update</li> <li>• Emails distributed via existing</li> </ul>	<ul style="list-style-type: none"> <li>• Tammy Williams (Project Lead)</li> <li>• Communication Lead</li> </ul>



Audience	Key Messages	Modalities	Owner(s)
	<p>organization and drive a culture of improvement.</p> <ul style="list-style-type: none"> <li>Public meetings are going to be held [INSERT detail].</li> </ul> <p>Once metrics are developed:</p> <ul style="list-style-type: none"> <li>Process overview of the categories of metrics available, how the metrics were chosen and how ACOM developed the dashboards.</li> </ul>	<p>stakeholder lists</p>	
<p>ACOM management staff</p>	<ul style="list-style-type: none"> <li>ACOM is developing a performance framework and dashboard to align all staff around the department’s core goals and to help the department before more data driven.</li> <li>These tools are meant to help managers have access to real-time information about their staff’s performance.</li> <li>Resources will be provided to support their adoption of these tools including training, lunch and learns, and FAQs.</li> <li>Explain the categories of metrics available, how the metrics were chosen, and how ACOM developed the dashboard.</li> <li>Ask for their support in monitoring the impact of the dashboard and identifying areas for improvement in future iterations.</li> </ul>	<ul style="list-style-type: none"> <li>Townhall meetings.</li> <li>Management staff emails.</li> </ul>	<ul style="list-style-type: none"> <li>Secretary Hugh McDonald</li> <li>Division leaders</li> <li>Communication Lead</li> </ul>

## Statewide Grant Oversight and Administration Initiatives

Two initiatives identified by the Arkansas Forward Steering Committee as priorities for the State of Arkansas relate grant administration. Today, grant management and oversight are decentralized functions across state government. The intent of these initiatives is to ensure planning occurs at the statewide level in terms of where to locate key federal grants and to allow for sharing of best practices in grant oversight and management activities. In addition, there is no single entity focused on monitoring federal funding opportunities and strengthening the quality of the state's application for competitive funds. ACOM has been identified as the possible department for centralization and the entity charged with driving the analysis to inform decision-making about centralization of grants, as well as leveraging the experience of its existing team, which is well-versed in federal grant application and management, to serve as a center of excellence for grant monitoring and grant writing activities.

### Initiative ACOM #38 - Assess potential for centralizing grants to improve compliance and increase efficiency

The purpose of this initiative is to investigate which grants across departments can be centralized vs. which grants should remain distributed within departments and coordinate migration if recommended to increase efficiency and reduce duplicative efforts over the next year.

**Initiative Overview and Current State:** Today, grant application and management is decentralized across state government, with multiple Arkansas departments having expertise in relevant federal programs for their subject area. The Department of Finance and Administration (DFA) does maintain an Intergovernmental Services Team, State Grant Programs unit, which is responsible for completing Arkansas' cost allocation plan and serving as the state clearinghouse for federal grants. This unit is not responsible for looking for additional funding opportunities or identifying funds maximization strategies for the State, which represents an opportunity (see ACOM-46).

Individual Arkansas departments independently oversee the distribution of funding and monitor performance of grantees, given that they have subject matter expertise and historical knowledge of the funding and impacted programs. However, oversight of these grants varies by department. Differences in monitoring processes, tools, and staff training and experience create inefficiencies and variances in outcomes.

The Department of Inspector General (DIG) Office of Internal Audit has statutory responsibility for conducting oversight of state programs, including evaluating how grant funds are used, but has limited bandwidth today to perform these audits. DIG has identified the opportunity to conduct greater data-based monitoring of the many grant recipients in Arkansas as an untapped area of oversight and one they could address through DIG-2, an Arkansas Forward initiative related to using data-based monitoring.

**Rationale:** Centralization of the grant function can help the State of Arkansas conduct planning at the statewide level in terms of where to house certain grants (e.g., the Community Development Block Grant at ACOM, Medicaid funding at the Department of Human Services). In addition,

Arkansas can achieve improved outcomes by establishing a central team to disseminate best practices in terms of grant monitoring and oversight, improve consistency in process, and support the many departments relying on federal grant funding in their operations.

There may also be benefits to community partners and stakeholders, should streamlining of the grant distribution processes occur. Some other states have adopted a centralized approach to overseeing and managing grants and have achieved these efficiencies in oversight (auditing, reporting, assessing outcomes) and simplified the process for entities who receive grant funding that is distributed by states.

- Massachusetts: Three state agencies launched "OneStop," a common single online application for entities applying for state funds. This effort included the Executive Office of Housing and Economic Development (EOHED), the Department of Housing and Community Development (DHCD), and MassDevelopment.<sup>8</sup>
- Nevada: The state has an Office of Federal Assistance, within the Office of the Governor. The Legislature directed the Office to develop a grant management system (Assembly Bill 445) and provided funding, with the intent to streamline the process for awardees.<sup>9</sup> The Office conducted a needs assessment in Spring 2022 with support from an external consultant (TriMetrix consulting services) and moved forward with its procurement thereafter.

**Implementation Considerations: Appendix A – ACOM Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA and ACOM staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Centralization may not be appropriate for all grants. The workgroup for ACOM-38 (“the Team”) should establish criteria and conduct analysis in partnership with affected departments to identify which grants should be centralized, where they should be centralized, and what duties should remain with impacted departments. DHS, in particular, maintains responsibility for developing various federal plans including the state’s Medicaid plan and Title IV-E cost allocation plan among others, and the Team should collaborate with DHS to determine how the centralization effort will impact DHS.
- Close collaboration between the centralized team and other Arkansas departments will be needed for success. The departments have significant knowledge of federal funding streams and historical programs, as well as relationship with grantees.
- Once decisions are made in terms of where to house certain grants, analysis of the potential workload impact will need to occur and additional staff from other departments may need to be transferred to that central entity.
- Develop an implementation plan for any staffing consolidation.

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<sup>8</sup> Route Fifty, “One state’s grant management breakthrough,” March 14, 2023, <https://www.route-fifty.com/infrastructure/2023/03/one-states-grant-management-breakthrough/384046/>.

<sup>9</sup> Office of Federal Assistance, “Grant Management System,” <https://ofa.nv.gov/GMS/Grant-Management-System/>.

**Recommended steps to implement grant centralization (future state):**

- Conduct a data request for each department (collect data on grant administration by department, federal agencies they interact with, whether opportunities are competitive or non-competitive).
- Identify criteria to be used in determining which grants should be centralized vs. retained at departments.
- Complete an assessment of which grants should be centralized and make recommendations about where they should be centralized.
- Present to Office of the Governor for approval.
- Develop a communication plan to engage impacted departments.
- Establish survey and feedback mechanisms to monitor centralization process and ensure a “customer focus” in meeting the needs of the Team’s fellow cabinet-level departments.

**Recommended steps to implement grant oversight (future state):**

- Identify the number of staff resources a centralized grant team requires to oversee the intended grants using the intended process steps.
- Form a workgroup in the development of best practices for grant oversight. Departments could provide a list of their most seasoned grant-related resources to serve on this group.
- Conduct process mapping with a sample of large departments on their grant oversight processes.
  - Conduct process mapping at AEDC and at other departments for existing grant monitoring. Review with advisory team to add additional best practices used in other departments.
  - Based on this process mapping, identify which oversight steps should remain the responsibility of departments vs. the centralized group.
- Identify whether any cabinet-level department has a technology solution that can support this function or requires a new tool.
- Meet with DIG to discuss how its auditors can assist in grant audit and oversight activities.
- Develop a toolkit for departments on best practices in grant oversight.
- Develop training materials on grant oversight for other state departments.
- Launch training program.

**Alignment of department priorities with staffing and resources:** Multiple departments including ACOM, ADH, DHS, and others have significant expertise in grant administration, and this initiative leverages this experience for the benefit of the state. However, this initiative may need to be sequenced with the organization work that is of higher priority to ACOM.

**Estimation of any anticipated costs and staffing needs:** There are currently no dedicated staff in Arkansas state government dedicated to a centralized grant administration and oversight process. This initiative uses existing resources within AEDC to build a team, but the team may require additional resources. It is anticipated these resources could be transferred from other departments, for a net neutral fiscal impact to the state. If the team requires additional grant administration software, this could be an additional expense.

**Process changes, associated with implementing changes in the strategic plans:** The Team will need to establish central policies and procedures for grant management and oversight, not only within the division but on behalf of the state. It is anticipated forming of a workgroup of staff from across departments will allow for sharing of best practices, which may elevate the processes used by all departments.

**Performance metrics to measure success post-implementation:** The intent of this initiative is to improve outcomes related to the grants received by Arkansas, by improving the quality of the monitoring. Expected outcomes include to reduce time spent on redundant grant management work, increase grant compliance, reduce grant processing time. Creating a centralized process will allow for more uniform data collection and the creation of new performance measures which are difficult to compare across departments today with the de-centralized process. Such metrics could include:

- Grant processing time
- Percent of grants with outcome data collected
- Percent of grants audited

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not anticipated to result in a cost savings.

**Change Management Plan:** There is executive-level agreement between DFA and ACOM to house this function at ACOM. However, building buy-in from other departments will require collaboration and engagement. Because grants have been managed by individual departments, there may be resistance to centralization. It is important for ACOM to involve stakeholders in the planning process, communicate the benefits clearly, and provide excellent customer service to customer service to affected departments during and after the transition. These tasks are included in **Attachment A – ACOM Work Plan** and summarized in **Figure 33** below.

**Figure 33 – ACOM-38 Communication Plan**

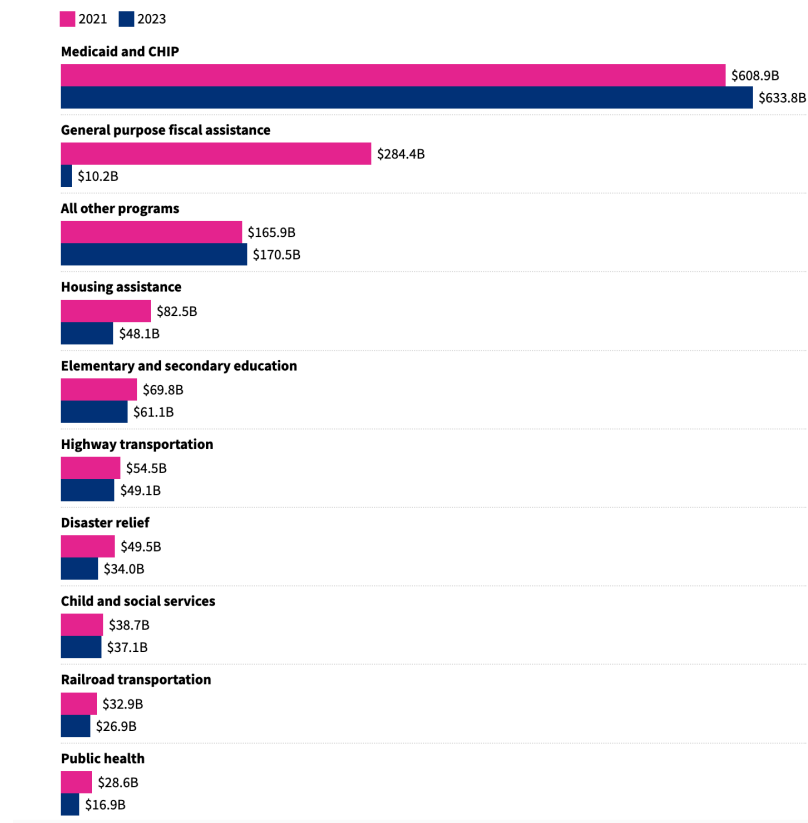
Audience(s)	Key Messages	Modalities	Owner(s)
Impacted departments	<ul style="list-style-type: none"> <li>• Grant management and oversight is being centralized.</li> <li>• A centralized group elevates the rigor of these activities state-wide.</li> <li>• The Team will be building tools and training to support department grant monitoring efforts.</li> <li>• The Team asks for cooperation in upcoming data request and collaboration during the implementation of this initiative in sharing of best practices to help the department collect these practices to share statewide.</li> </ul>	<ul style="list-style-type: none"> <li>• Initial discussion with Governor’s Office</li> <li>• Email to department Secretaries and Chiefs of Staff</li> <li>• Meetings with impacted departments</li> </ul>	<ul style="list-style-type: none"> <li>• Allison Hatfield, Chief of Staff</li> <li>• Hugh McDonald, Secretary of Commerce</li> </ul>

## Initiative ACOM #46 - Create a grant writing center of excellence

This initiative focuses on creation of a grant writing center of excellence that supports departments in tracking federal funding opportunities, winning competitive grant awards, and reducing the burden of General Revenues in funding state expenditures. This initiative differs from the previous initiative in that its focus is helping Arkansas to maximize federal funds and gain efficiencies in seeking out grants, as opposed to the distribution and oversight processes.

**Initiative Overview and Current State:** The federal government distributes substantial federal grants to states for a variety of purposes, summarized in **Figure 34**.

**Figure 34 – Federal Grants by Funding Type, 2021 and 2023**



Source: USA Facts, “Which States Rely the Most on Federal Aid,” Updated August 1, 2024, <https://usafacts.org/articles/which-states-rely-the-most-on-federal-aid/>.

States differ to the extent that they pursue competitive federal funding and the skill and resources they expend in this effort. No single entity in Arkansas today is focused on ensuring the state maximizes its federal funding to ensure the most appropriate use not only of general revenue funds, but also other federal funding streams (e.g., TANF).

States with the largest federal funding per capita are shown in **Figure 35**, with Arkansas provided for context. Arkansas falls within the top half of states by this measure (ranked 19th), which is impacted by Arkansas’ decision to accept Medicaid Expansion through ARHome. However, this may partially

obscure the impact of other missed federal funding opportunities (i.e., some of the child welfare funding opportunities identified in DHS-6).

**Figure 35 – Average Federal Funding Per Capita, FY 2021**

State	Average Federal Funding Per Capita
Alaska	\$8,628
Rhode Island	\$6,821
New Mexico	\$6,748
Wyoming	\$6,718
Delaware	\$6,011
Arkansas	\$4,188

Source: USA Facts.

Nationally, state pursuit of federal funding has tended to be a de-centralized function. At the time of the American Recovery and Reinvestment Act (ARRA)’s passage and the significant funding opportunities available to states, more attention to differences in how states handled federal funds maximization began to emerge. In 2009, the National Association of State Auditors Comptrollers & Treasurers sponsored a study of state comptrollers and found:<sup>10</sup>

- In 95% of states, individual agencies pursue opportunities for federal grants;
- Central grant application support is not available in 91% of states;
- State financial leaders (comptrollers) did not have visibility to the number of grants submitted or awarded in their state (76% and 84%, respectively).

In Arkansas, pursuit of grant funding has been a decentralized responsibility, with multiple departments handling not only the application for but distribution of federal funds (Department of Commerce, Department of Human Services, and Department of Education as examples). Concerns have been identified not only at ACOM but across state government that Arkansas is leaving federal funding on the table.

**Rationale:** There is no single entity in Arkansas state government charged with proactive monitoring of federal funding opportunities, informing departments about potential policy changes at the federal level that could have funding implications, and forming a strategy to maximize federal funds. ACOM-46 seeks to address this gap.

When surveyed in 2009, 82% of comptrollers thought grant centralization was of “significant or moderate value,” including in the following areas:<sup>11</sup>

- Standardization
- Accountability
- Enhancing training and skills

<sup>10</sup> National Association of State Auditors Comptrollers & Treasurers, State Comptrollers Survey 2009 Findings and Conclusions, Are States Ready to Manage Federal Grant Funds?  
[https://www.nasact.org/files/News\\_and\\_Publications/White\\_Papers\\_Reports/2010\\_01\\_04\\_NASACT\\_Accenture\\_Grants\\_Management.pdf](https://www.nasact.org/files/News_and_Publications/White_Papers_Reports/2010_01_04_NASACT_Accenture_Grants_Management.pdf)

<sup>11</sup> National Association of State Auditors Comptrollers & Treasurers, 2009.

- Expanding source of software
- Enhancing information management
- Focus on outcomes

A few examples of states that have adopted a centralized approach to identifying and pursuing federal funding include:

- **Nevada, Office of Federal Assistance:** Nevada has an Office of Federal Assistance, attached to the *Governor's Office*, which was established in 2022 to address the state's low per capita level of federal grant funding. "The Office of Federal Assistance (OFA)'s mission is to increase the number of grant dollars Nevada receives by reducing/removing barriers to federal funding and supporting grant applicants through resources, advocacy, and coordination."<sup>12</sup>
- **Oklahoma, Office of Management and Enterprise, Grants Management Office:** *The* GMO is the central administering entity for the American Rescue Plan Act (ARPA) for the State of Oklahoma."<sup>13</sup>
- **Arizona Governor's Office of Strategic Planning & Budgeting, Grants & Federal Resources Team:** One of the core duties of this team is that it "assists agencies in the preparation of their budgets and provides support in identifying and managing grant opportunities to optimize available funding."The team has created resources for state agencies to use in determining whether to pursue federal grant opportunities.<sup>14</sup>

**Implementation Considerations: Appendix A – ACOM Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DFA and ACOM staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- The Team may consider purchase of new tools to support tracking and early indication of federal funding opportunities. While staff at each department has expertise in monitoring funding through the federal agencies they typically engage, no single entity in Arkansas state government has been entrusted in monitoring across all federal opportunities. There are policy development tools that provide alerts to the issuance of federal rules, which can be an early indication of funding availability. There are subscription tools across functional areas such as "Open Minds," which can be used to track federal health and human services opportunities.<sup>15</sup> Open Minds is a firm that also offers access to consultants to support state

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<sup>12</sup> Nevada Governor's Office of Federal Assistance, <https://ofa.nv.gov/>.

<sup>13</sup> Oklahoma Grant Management Office, <https://oklahoma.gov/omes/divisions/grants-management-office.html>.

<sup>14</sup> Governor's Office of Strategic Planning and Budgeting, Grants & Federal Resources Team, "Grants Office Documents," <https://grants.az.gov/grants-and-ecivis-resources/grants-office-documents>.

<sup>15</sup> Open Minds, <https://openminds.com/>.



response federal funding opportunities. A variety of no and low-cost resources also exist including the tracking tool offered by U.S. Digital Response.<sup>16</sup>

**Recommended steps to implement enhanced grant maximization efforts (future state):**

- Identify tracking/subscription tools and a process to support monitoring of federal grant opportunities across disciplines and federal departments. Establish policy and procedure and assign staff to this purpose.
- Establish an ongoing communication process to share opportunities with cabinet-level departments.
- Produce an annual report documenting efforts to maximize federal funds and results of these efforts.
- Form a workgroup to advise in the development of best practices for grant writing. Departments could provide a list of their most seasoned grant-related resources to serve on this group.
- Develop a toolkit for departments on best practices in grant writing/competitive grant pursuit.
- Develop training materials on grant oversight for other state departments.
- Launch training program.

**Alignment of department priorities with staffing and resources:** This initiative builds on the Team’s expertise to improve the statewide pursuit of competitive grant opportunities and to maximize federal funds. Housing this function centrally will help the state realize the benefits of enhanced federal funds. However, this initiative may need to be sequenced with the organization work that is of higher priority to ACOM.

**Estimation of any anticipated costs and staffing needs:** This initiative would require the Team to build a new team to oversee both this and ACOM-38. This will require an initial investment. Existing resources within various departments will build the team, but the team will require additional resources. It is anticipated these resources could be transferred from other the staff who support grants at departments, for a net neutral fiscal impact to the state. If the team requires tracking tools to monitor federal funds, this could result in a cost, but prior to engaging in this expense, the team should assess whether other departments are already subscribing to such services to leverage their access and consider low or no-cost options.

**Process changes, associated with implementing changes in the strategic plans:** The intent of this initiative is to develop a best practice toolkit on best practices in the pursuit of grants and competitive federal awards. In consulting staff who perform this work across other departments, a set of best practices will be identified and shared, which may result in process changes not only at ACOM but at other departments that pursue federal awards.

**Performance metrics to measure success post-implementation:**

The expectation of this initiative is that a centralized group will be able to use the center of excellence to monitor funding opportunities, develop strategies to enhance Arkansas’ federal fund

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<sup>16</sup> U.S. Digital Response, <https://www.usdigitalresponse.org/how-we-work>.

maximization, and elevate the quality of the state’s competitive grant applications. Proposed process metrics to track the effectiveness of these efforts include:

- Number of grants applied for in federal fiscal year
- Percent of competitive grant applications won in federal fiscal year (expected to increase)
- Federal funding per capita (expected to increase)
- Total federal funding awarded in federal fiscal year
- Impact on General Revenue needs (% change in general revenue required due to increased federal funds)

Because these are new metrics to report on, establishment of the methodology, data sources, validation of the data, and creation of a baseline will be required before they can be utilized. The need to collect this data across departments may necessitate implementation of grants tracking and management software.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is expected to result in positive fiscal impact of \$5.0 million per year, however this impact may be realized within the budgets of multiple departments.

**Change Management Plan:** Communication to all departments about the new resources available through the Team will be an important part of implementation. Suggested communication tasks are included in **Attachment A – ACOM Work Plan** and summarized in **Figure 36**.

**Figure 36 – ACOM-46 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
All Departments	<ul style="list-style-type: none"> <li>• Accountability for increasing Arkansas’ share of federal funding and maximizing federal opportunities is being centralized.</li> <li>• Building a center of excellence will support departments in their pursuit of competitive federal grants.</li> <li>• A toolkit and training will be available for your teams to help to elevate the quality of grant applications.</li> <li>• The Team asks for collaboration during the implementation of this initiative in sharing of best practices to help the department collect these practices to share statewide.</li> </ul>	<ul style="list-style-type: none"> <li>• Email to Chiefs of Staff</li> <li>• Meetings with impacted departments</li> </ul>	<ul style="list-style-type: none"> <li>• Allison Hatfield, Chief of Staff</li> <li>• Hugh McDonald, Secretary of Commerce</li> </ul>

# Strategic Management Plan: Arkansas Department of Health

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## Overview

The Arkansas Department of Health's (ADH) mission is to protect and improve the health and well-being of all Arkansans. ADH plays a vital role in the health and safety of Arkansas communities, whether it is serving as a provider of critical health services in rural counties, administering vital programs such as Women, Infants and Children (WIC) benefits, or utilizing ADH access to data and surveillance to drive the state's strategic response to public health crises, ADH seeks to achieve optimal health for all Arkansans to maximize their personal, economic, and social impact.

The department has identified areas of focus for its 2024-2029 Strategic Plan, prioritizing prevention and response to these public health challenges as critical in promoting the overall well-being of Arkansans:

- Diabetes
- Heart Disease
- Sexually Transmitted Diseases (STDs)
- Women's and maternal health
- Tobacco

Through the Arkansas Forward project, a 2024 effort to improve the efficiency and effectiveness of Arkansas' 15 cabinet-level departments, ADH is prioritizing the implementation of initiatives that will best position it to deliver on its mission and address its strategic areas of focus, including two that

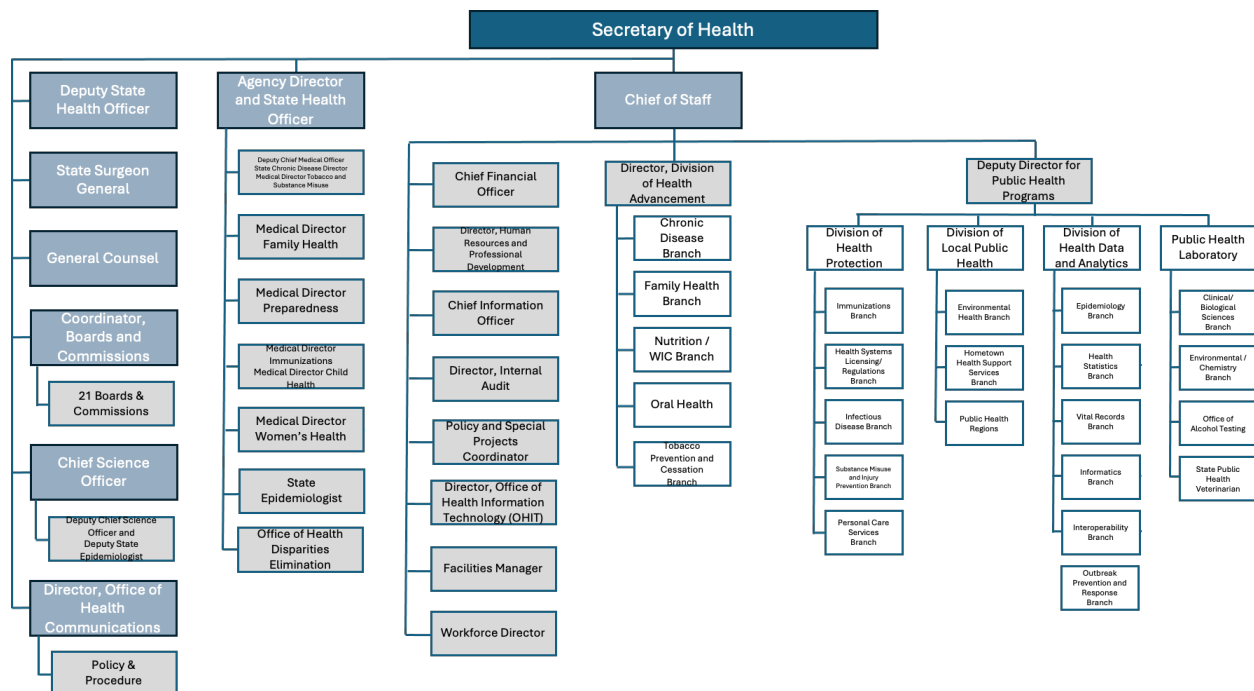
are related to its workforce, three related to improving operational processes, and one to improve customer experience in local public health offices.

This Strategic Management Plan (“Plan”) memorializes the work completed by ADH during Arkansas Forward, translating the department’s vision into a plan consisting of recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics. A companion project plan (“Work Plan”) provides a more detailed resource to support the implementation of the initiatives by ADH’s Arkansas Forward project management team.

## Recommended Organizational Structure

ADH’s current organization chart is shown in **Figure 1**.

**Figure 1 – Current Organizational Structure**



As part of Arkansas Forward, ADH’s structure was reviewed to identify opportunities for redesign in three areas:

- Changes that would support the department’s execution of its mission;
- Changes identified through implementation of Arkansas Forward initiatives; and,
- Changes necessitated by Arkansas’ centralization of certain shared services functions (e.g., information technology, human resources, procurement).

As part of Arkansas Forward, ADH reviewed each of its five programmatic divisions: Division of Health Advancement, Division of Health Protection; Division of Local Public Health, Division of Health Data and Analytics; and the Public Health Laboratory. This review included discussion with leaders to identify opportunities to create a more agile organization, considering span of control, number of managerial layers, opportunities for internal shared services consolidation, and repurposing of

existing positions, among other factors. The needs of each division were considered, based on the specialized mission of the organization and a variety of statutory and external constraints including:

- **Changes that would support the department's execution of its mission:** No areas were identified.
- **Changes identified through implementation of Arkansas Forward initiatives:** Creation of job families for subject matter experts would be beneficial for ADH, given the number of senior technical staff across the organization (e.g., epidemiologists).
- **Changes necessitated by Arkansas' centralization of certain shared services functions:** Based on direction from the Steering Committee, Transformation and Shared Services (TSS) will assume responsibility for the Payroll and Help Desk functions statewide as the first Human Resources and Information Technology functions to transfer to TSS in a statewide shared services model. Additional decisions on the sequencing of further functions have not yet been determined.

Recommendations for ADH's future state organization are to continue to operate the existing organization structure, while taking the following actions:

- Continue to have discussions with senior leadership about the principles of an agile organization to reinforce the expectation that they are responsible for identifying efficiencies, unnecessary layers, span of control issues, and other improvements within their organization;
- Encourage each leader to look within their organization for opportunities to flatten managerial layers;
- Direct each leader to review the necessity of positions upon becoming vacant and use those opportunities to make the organization more efficient with less abrasion;
- Create forums for leaders who have transformed their organization's structure to share best practices with colleagues to encourage similar actions across the organization; and,
- Create dotted-line reporting relationships where all staff for a functional area have not been consolidated into a shared services team to realize benefits from greater collaboration. While ADH has a mature shared services model where most staff have been centralized in key functional areas such as IT, legal, human resources, and finance, there are a limited number of instances in which consolidation has not occurred for business reasons (such as within IT, where most staff report to the Chief Information Officer but there is a small team within the Public Health Laboratory to maintain their applications). In these instances, stronger relationships to the centralized function would be advantageous.

## How this Department will meet the vision of an efficient and effective future department

ADH prioritized implementation of six Arkansas Forward initiatives including two that are related to its workforce, three related to improving operational processes, and one related to improving customer experience in local public health offices. Taken together these initiatives seek to improve the effectiveness and efficiency of the department and to improve staff and customer experience.

# Key Initiatives Prioritized for Arkansas Forward Implementation

ADH leadership generated 18 ideas to improve the departmental effectiveness and efficiency, before prioritizing 6 initiatives for immediate implementation as part of Arkansas Forward which collectively focus on improving the organization.

## ADH-01: Update Staff Action Summary (SAS) review system

This initiative upgrades the Staff Action Summary (SAS) review system to streamline process, improve guidance clarity, digitize systems, provide training, and decrease administrative burden on reviewers.

**Initiative Overview and Current State:** ADH is a unified health department, with a central office coordinating among 92 local health units, five programmatic divisions, and shared services functions. Given the size and complexity of the department, ADH developed the SAS process to escalate items for decision, ensure decision accountability, and route documents through the organization for approval. Over time, the reach of the SAS process has grown in both the number of items subject to the SAS process and the number of approvers<sup>1</sup> who are required to approve a document. The situation has reached the point where staff have begun to believe that all documents should be put through the process (a “SAS everything” viewpoint), regardless of whether the decision or document warrants an approval process. Through interviews and a process mapping session with department staff, several reasons for the growth in the over-use of the SAS process and the growing list of approvers were identified, including:

- Staff use the SAS process to inform or consult other departments, divisions, and units. These staff may have had already had input into the document or may just need to be made aware of the content of the document but do not need to actually “approve” it.
- Decision-making authority is not “right-sized.” Many of the approvers do not necessarily need to approve the document, but they may need to be informed or consulted. Decisions are not empowered at the right level within the organization.
- The SAS process introduces inefficiencies in decision-making by creating additional layers of approval that are not needed. Depending on the document type, the number of approvers ranges from 8 to as many as 18 people who must review and initial/sign the document. Each person in the routing process takes additional staff time.
- A culture of “risk-aversion” leads to having 8-18 approvers on a document so that accountability for the decision is diffused over a large number of people.
- The overuse of the SAS process leads to a decrease in the quality/completeness of the documents as the owner relies on the large number of reviewers to catch deficiencies.

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<sup>1</sup> The SAS Guide uses the term “Reviewer” to mean individuals who review and approve a document. The current SAS process requires each reviewer to insert their initials indicating their approval. This report follows the SAS Guide and does not distinguish between approver/reviewer for the current state description. However, in the future state, it is recommended to separate the two terms and be intentional about staff who are “Reviewers” versus staff who are “Approvers,” and using the RACI methodology to define those terms.

- The large number of document types that use the SAS process leads to ambiguity as staff feel it is easier to “SAS everything” than to try and determine or judge whether the document actually needs to go through the process.

Through work sessions with the ADH department staff, three key tools were created to document and improve the SAS process: 1) a Suppliers, Inputs, Process, Outputs and Customers (SIPOC) diagram to capture key information about the current process, 2) a Strategic Compass to identify the goal of the SAS process and high-level current state process map, and 3) a more detailed current state process map. The three diagrams are shown in **Figures 2-4**.

**Figure 2 – ADH External Communication Suppliers, Inputs, Process, Outputs, and Customers**

Suppliers	Inputs	Processes	Outputs	Customers
<ul style="list-style-type: none"> <li>• Programs and office w/in branch or divisions</li> <li>• Finance created/owns SAS Guide</li> </ul>	<ul style="list-style-type: none"> <li>• SAS form</li> <li>• Due Date (internal and external)</li> <li>• Funding (if needed)</li> <li>• List of reviewers</li> <li>• Indication if someone needs to sign</li> <li>• Purpose of request</li> <li>• Rush request?</li> <li>• Requestor – incl. office/division</li> <li>• Branch</li> <li>• Brief list of request/summary</li> <li>• Attachments: relevant documents</li> <li>• SAS Guide</li> </ul>	<ul style="list-style-type: none"> <li>• Need for something to be approved</li> <li>• SAS created w/ appropriate approvers</li> <li>• Ensure proper documentation is attached</li> <li>• Route for Approval w/ Edits</li> <li>• Receive SAS approval</li> <li>• Execute on approval</li> </ul>	<ul style="list-style-type: none"> <li>• Approvals (at all different levels as needed) or denials</li> <li>• Approval w/ edits (edit to SAS form and/ or edit to what’s being approved)</li> <li>• Request for additional information</li> <li>• Frustration with the SAS process</li> </ul>	<ul style="list-style-type: none"> <li>• Requestor</li> <li>• Approval chain</li> </ul>

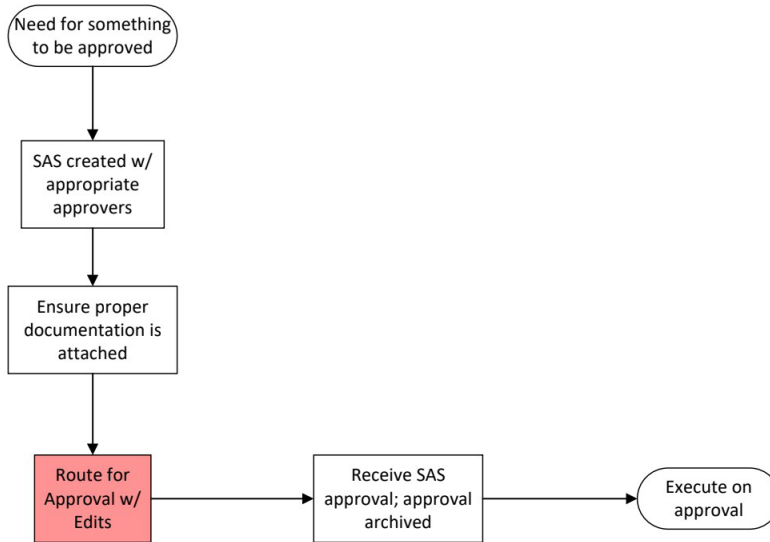
Source: Developed in work session with ADH staff on 9/3/2024.



**Figure 3 – External SAS Strategic Compass**

**SAS Review Strategic Compass**

**Goal:** The process is sufficiently streamlined and understood that it is not cumbersome or overly time-consuming. The communication structure (who is Responsible, Accountable, Consulted, Informed) is properly balanced. Staff Action Summary is designed to ensure actions that benefit the Department of Health receive appropriate approval and that information is shared with relevant stakeholders, right-sizing communications. Typical SAS requests should be approved in 5 working days.



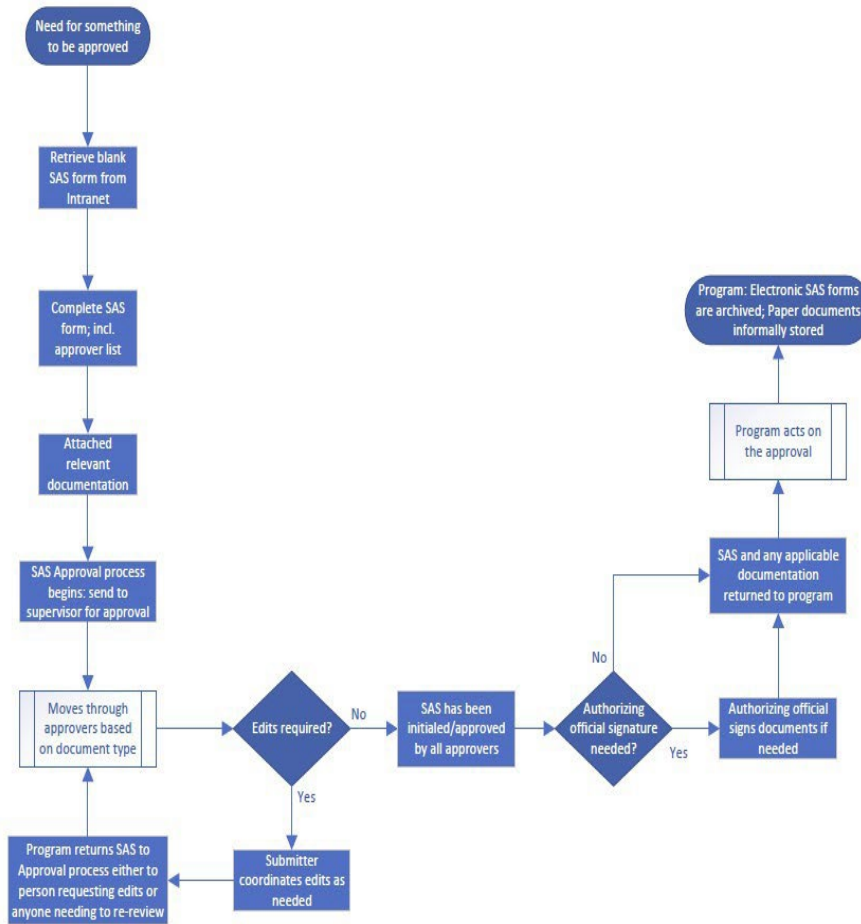
**What Good Looks Like Inside Constraint:** The list of approvers is right-sized to be appropriate for the type of document. Documents/attachments are clear, complete, and appropriate. Approvers are aware of the time a form is received and the expected turnaround. The workflow is designed to not stall when an approver is out of office. Workflow accounts for ensuring that the correct staff are informed, consulted, or approved.

Source: Developed in work session with ADH staff on 9/3/2024.



**Figure 4 – Existing SAS Process**

**SAS Review – Current State Value Stream Map**



Source: Developed in work session with ADH staff on 9/3/2024.

**Rationale:** The SAS process has become burdensome for staff and ADH wants to improve it to make departmental decision-making more efficient. The “SAS everything” mentality results in staff inefficiently spending time submitting, reviewing, and approving documents.

As part of this improvement effort, ADH has recently adopted an electronic document workflow system (DocuSign's Contract Lifecycle Management (CLM) product). CLM provides the ability for ADH to electronically route, approve and archive documents. CLM will eventually replace the paper routing (hand walking the documents from desk to desk) process that is currently in place. ADH is about halfway through the implementation of CLM and hopes to have all SAS documents routed electronically by the end of the year. CLM has a “per user” fee structure and based on the current large number of approvers required by the SAS process, it is cost prohibitive to implement this solution with the existing review structure. Therefore, from both a cost and an improved efficiency perspective, right sizing the number of document approvers, selectively managing the document types that are put through the SAS process and streamlining the overall SAS process is a priority for ADH.

**Implementation Considerations:** In preparing to implement this initiative, the ADH team identified potential challenges/barriers to improve the SAS process and related potential solutions in a facilitated work session, the results of which are shown in the diagram presented in **Figure 5**. In this diagram, the goal to improve the SAS process is summarized in the blue box; the potential challenges the team may experience are shown around in red boxes, and the related solutions are shown in green.

**Figure 5 – Interference Diagram – SAS Process Improvement**



Source: Developed in work session with ADH staff on 9/3/2024.

**Recommended steps for establishing a new SAS process (future state):**

- Assess current state of SAS review system (currently in progress):
  - Analyze available data and information from current SAS review pipeline to identify hotspots (divisions or personnel with high volume, bottlenecks)
  - Conduct staff interviews across ADH, ensuring comprehensive coverage across divisions and levels to understand experience of SAS submitters and reviewers
  - Conduct step-back assessment of SAS policies to identify areas that may result in unnecessary submissions or review
- Assemble a SAS workgroup to make recommendations about which documents need to go through the SAS process and right-size the number of approvers. Carefully think through the workgroup participants, as the composition of this workgroup is crucial to a successful outcome. Make sure that high-volume SAS users, as well as a representative cross-section

of manager/line staff, are included as workgroup participants. Ensure that Boards and Commissions under ADH's purview have representation and participate in the workgroup so that those groups are included in the SAS process improvement recommendations. The workgroup will:

- Group SAS requests into categories (herein referred to as "SAS categories") to develop categories for 1) submission types that can be eliminated, 2) submission types with the need for a reduced quantity of approvers (i.e., include an option to inform colleagues without requiring their approval), 3) submission types for which a streamlined and shortened approval process is needed 4) submission types that should not undergo any changes.
- Apply the RACI (Responsible, Accountable, Consulted, and Informed) methodology to each SAS request category to determine who needs to do what for each document type.
- Optimize the electronic CLM system to improve the efficiency of electronic document routing and reduce the number of approvers.

Use the results of this analysis to develop recommendations for a streamlined SAS process.

- Obtain executive leadership approval and buy-in for the streamlined SAS process.
- Use an endorsement by the ADH Secretary to launch the new SAS process, refine and adjust as needed.
- Provide communications, training, and support to staff to onboard them to updated process.
- Communicate the underlying rationale behind the process changes.
- Fully implement the CLM electronic document routing process and discontinue paper document routing.
- Clarify to leadership who has decision-making authority in different instances and expectations for communication and collaboration between divisions.
- Provide support/training to reinforce decision-making and accountability for management and executive leaders.
- Six to 12 months post final roll-out, assess project success and identify opportunities for further improvement. ADH could bring the workgroup back together to discuss the impact achieved.

#### **Strategies to address potential risks and enable success:**

- Provide extensive training, support, and guidance to help staff understand the new SAS system. Consider implementing first with individual departments as pilots to identify any points of confusion and revise materials and communications before full implementation.
- Conduct targeted review/testing of the review and approval steps for each SAS category to ensure new policies result in sufficient oversight and do not over-correct to result in under-review.

**Alignment of department priorities with staffing and resources:** ADH is committed to improving the efficiency and effectiveness of staff resources. Streamlining the SAS process frees staff from the burden of unnecessary document review and allows them to focus on the jobs they were hired to do.

**Process changes, associated with implementing changes in the strategic plans:** Using the results of their assessment, the SAS improvement workgroup will update the SAS process including identifying the number and type of necessary reviewers based on each SAS category. While most of the essential process steps will likely remain the same, the number of documents and the number of approvers is expected to be reduced.

### **Performance metrics to measure success post-implementation:**

#### **Performance Measures:**

- Volume of SAS submissions (expected to decrease);
- Number of staff required to review/approve (expected to decrease);
- Number of staff who must spend time reviewing documents (expected to decrease); and,
- Satisfaction with SAS system (expected to improve).

Baselines will need to be established for each of these measures prior to implementing these recommendations to enable assessment of the impact. The first three measures can be assessed from existing SAS system data. For the fourth measure, ADH may consider incorporating a question into a larger staff survey to capture satisfaction with the SAS system (note that other initiatives including ADH-4 would benefit from inclusion in a staff survey as well).

#### **Expected Impact:**

- Enhance departmental efficiency by reducing time spent on SAS review system, particularly at the manager level.
- Increase employee satisfaction by right-sizing the number of approvers, empowering staff to make decisions at the right level within the organization.
- Improve staff relationship with SAS system as it will only be used for approvals of required/necessary documents and not for “everything.”
- Increase staff visibility into where each document is in the routing/review process through routing the document electronically.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Savings in staff time would be expected but will be difficult to quantify. After implementation, ADH could consider deploying a staff survey that would have employees estimate the time savings and potentially use information from the survey to quantify estimated savings.

**Change Management Plan:** Intentional change management is needed to ensure the success of this initiative. While the SAS process has become inefficient and is in need of modernization and improvement, this initiative will likely result in changes in how decisions are made in certain situations – shifting from diffusion of responsibility approach to more direct ownership for affected leaders in a given situation. The organization will need to encourage leaders to use other methods to collaborate and communicate and reinforce the permission for autonomy and accountability for leaders when decisions need to be made. Once leadership has embraced and approved the new SAS

process, ADH could use the communication plan below to socialize the message throughout the organization.

Communication and change management tasks are included in **Appendix A – ADH Work Plan** and communication tasks are summarized in **Figure 6**.

**Figure 6 – SAS Process Improvement Communication Plan**

Audience	Key Messages	Modalities	Owner
ADH Executive Leadership	<ul style="list-style-type: none"> <li>SAS process changes will improve efficiency by relieving staff of unnecessary reviews</li> <li>SAS process changes will improve staff satisfaction as staff find current SAS process burdensome</li> </ul>	Meeting with executive staff	ADH CFO
ADH staff including Boards and Commissions	<ul style="list-style-type: none"> <li>Announcing the launch of the improved SAS process; changes will improve efficiency by relieving you of unnecessary reviews</li> <li>We are empowering you to right-size the approval process and it's okay to delegate/streamline approvals</li> </ul>	ADH Secretary video to all staff	ADH CFO ADH Secretary
ADH staff including Boards and Commissions	<ul style="list-style-type: none"> <li>Implementation of SAS process including training materials</li> </ul>	Training videos  SAS checklist for Users	SAS Process Improvement Workgroup – Training Subcommittee

## ADH-04: Update Billing System

This initiative updates the billing intake process, back-end resolution, and centralized billing at local health units to increase reporting accuracy (e.g., include multiple "hard stops" to affirm accuracy, provide training to staff on supporting reporting), incorporate new technology (e.g., automate and/or outsource insurance lookup), and develop policies on how to work rejections, reducing employee rework and ensuring available insurance payments and revenue are accounted for.

**Initiative Overview and Current State:** The Arkansas Department of Health (ADH) has 92 local health offices (referred to as "local health units" or "LHUs") spread across the state. These LHUs provide different services, depending on the location. Services include (but are not limited to) immunization administration, (Women, Infants and Children) WIC services, reproductive health services, testing services for infectious diseases such as HIV, viral hepatitis, etc., tobacco counseling, Sexually Transmitted Disease (STD) testing and counseling, tuberculosis testing, and case management.

The mission of the LHUs is to provide services to citizens regardless of their ability to pay. When a person checks in, they are asked whether they have insurance. Many people are unable (or unwilling) to provide insurance information. Many reasons contribute to why people are reluctant to share

insurance information, including patients know they will receive the service for free regardless of whether they produce their insurance information, patients do not have their information with them and/or it is easier to say they do not have it, and patients incorrectly believe their insurance rates would go up through use. LHUs provide services such as reproductive health and STI testing and treatment that patients prefer to maintain confidential; therefore, ADH will not bill insurance in order to avoid an insurance EOB being mailed to their residence. Reproductive health services are the only services that require a sliding scale fee from the patient, although ADH provides services regardless of ability to pay.

ADH uses Greenway as its billing vendor and Waystar as its claims clearing house. The greenway billing software is an older billing software product that ADH intends to replace with a new electronic health record (EHR) solution. Greenway's user interface is challenging, and the software has limited reporting capabilities. ADH is currently using the Waystar insurance lookup feature (called Coverage Detection) to verify citizen third-party insurance in close to real-time. However, unlike other services that only require name and date of birth, Coverage Detection requires the person's insurance identification number to perform the lookup, significantly reducing the tool's effectiveness.

To verify Medicaid/Chip enrollment, ADH uses the DHS Medicaid provider portal (requires only names and dates of birth to complete a query). As a result of this tool, ADH is able to identify and submit claims for Medicaid patients and receive payment. The LHUs do not collect deductibles or co-pays. If a patient is insured but has not met their deductible, ADH renders service and bills the insurance, but does not collect the deductible from the patient.

Currently, ADH Billing Specialists, classified as GS-4s. ADH has eight billing specialists in LHUs across the state and ADH is focused on improving the billing process. In the past year, ADH successfully introduced credit card payments as a payment method in the LHUs. This project was a significant achievement, resulting in positive feedback from citizens, who were appreciative of this new payment option, and increased revenue for the department. Leadership believes that the "lessons learned" from the credit card implementation can be used to roll-out the process improvements identified in this initiative.

Through work sessions with the ADH billing staff, two key tools were created to document and improve the billing process: 1) a Strategic Compass to identify the goal of the billing process and a high-level current state process map, and 2) a more detailed current state process map. The two diagrams are shown in **Figures 7 and 8**:

**Figure 7 – External Billing Strategic Compass**

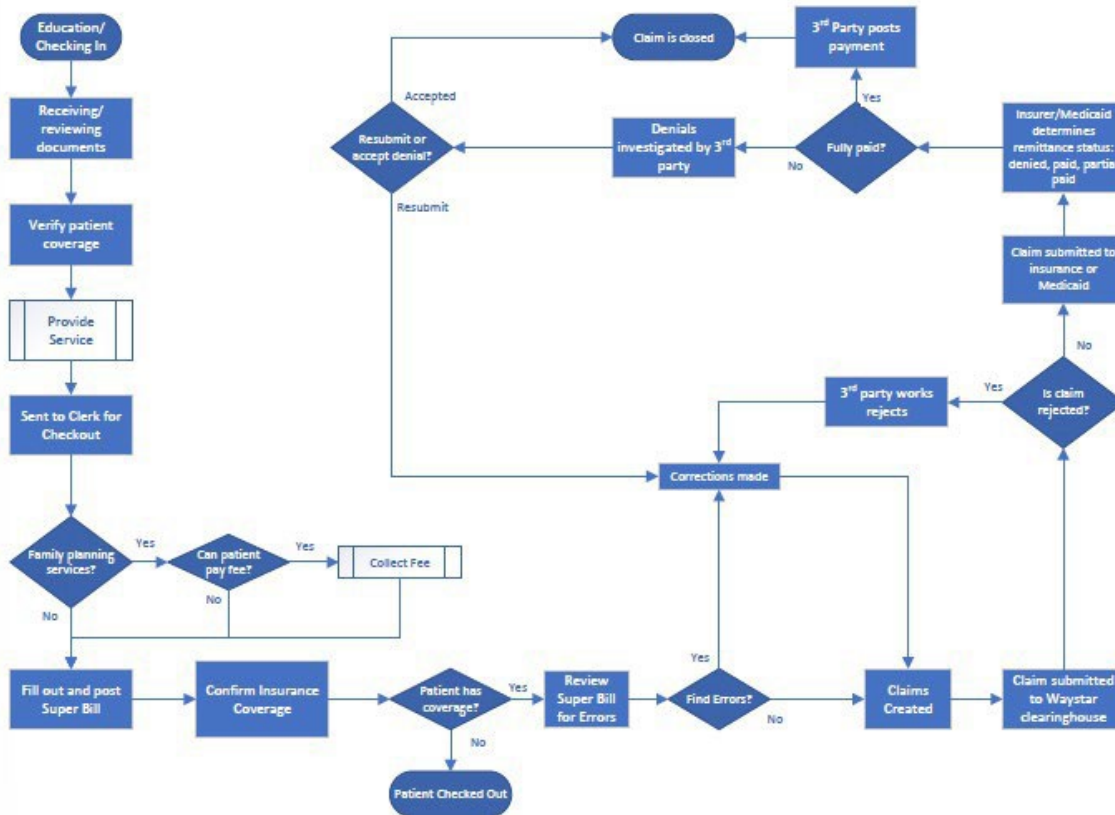


**What Good Looks Like:** There are no check-in errors. The correct procedure and diagnosis codes are used, appropriate modifiers are applied, and patient coverage is accurately verified.

Source: Developed in work session with ADH staff on August 27, 2024



**Figure 8 – Existing Billing Process**



Source: Developed in work session with ADH staff on August 27, 2024.

**Rationale:** LHUs have two primary goals. First and foremost, they want to provide services to all citizens when in need, regardless of the person’s ability to pay. However, a second goal is to be a good steward of state resources, and where a citizen (or their insurance provider) can pay, ADH aims to collect revenue through claims payment. The objectives of this initiative are to:

- Increase claims revenue collection where feasible; and,
- Decrease burden on staff caused by rejected claims that must be re-worked.

A closely related initiative (ADH-05 – Electronic Health Record) aims to replace the current Greenway billing software with an electronic health record (EHR). This project is longer-term, and ADH does not expect to implement the EHR until 2026. In the interim, ADH wants to improve billing processes in preparation for that implementation. ADH could implement several short-term process improvements, and those improvements would be helpful to the EHR initiative as well, so effort would not be wasted.

Through interviews and a process mapping session, several key areas for process improvement were identified, including:

- Obtain reports that show rejection and denial reasons:
  - Waystar should be able to provide reports on rejection reasons.



- DHS Medicaid should be able to provide a report showing the top 10 denial reason by location ID.
- Similarly, the large commercial insurance companies (Blue Cross, United Health, etc.) should also be able to provide a report showing the top 10 denial reasons.
- Assign a staff person to analyze these reports to look for the reasons for rejection/denials and, where applicable, develop resources and provide training to correct the cause. For example, if the reports by location show that modifiers need to be correctly applied, reach out to the billing specialist(s) in the impacted location and show them the correct use of modifiers.
- Develop desk-level guides for Billing Specialists with step-by-step instructions for accurate coding and preventing errors.
- Develop training materials targeting top rejection/denial reasons and show staff how to fix errors and submit clean claims.
- Replace the Coverage Detection insurance lookup with a tool that allows insurance coverage search by name and date of birth.
- Investigate Coverage Detection insurance lookup features to see if it might offer an option to do insurance coverage lookup using only a patient name and date of birth. If not, consider replacing Coverage Detection with another tool.
- Develop educational materials and website information to educate patients on the benefits of providing their insurance information.
- Continue the workgroups that bring together billing specialists and third-party claims staff to share information. Use the output from these workgroups to develop “cheat sheets” and best practice guidelines for the billing specialists.

**Implementation Considerations:** In preparing to implement this initiative, the ADH team identified potential challenges/barriers to improve the billing process and related potential solutions in a facilitated work session. The output from this session is shown in the diagram presented in **Figure 9**. In this diagram, the goal for the process is summarized in the blue box; the potential challenges the team may experience during the transition are shown in the red boxes, and the related solutions are shown in the green boxes.

**Figure 9 – Existing Billing Goals/Challenges/Solutions Diagram**



Source: Developed in work session with ADH staff on August 24, 2024.

Because ADH is also actively working on the implementation of the new EHR software, some may prefer to wait to implement process improvements until the implementation of the EHR. However, ADH has the opportunity to implement several key process improvements that would increase staff satisfaction and revenue collection in the short-term time period leading up the EHR implementation. All of the proposed improvements would be beneficial in the interim period and would complement the EHR as it is rolled out. ADH will need to identify owners who can champion each of the process improvements.

**Recommended steps for establishing billing process improvements:**

- Assess the current state of the billing system:
  - Conduct staff interviews/focus groups at a sample of local health units and other staff involved in finance and billing to understand common errors.
  - Conduct interviews with citizens using services at local health units to understand common reasons for incorrect or no insurance reporting.
- Conduct a step-back assessment of billing system policies to inventory current guidance, training, and systems to identify opportunities for improvement.
- Request rejection reason report from Waystar and denial reason code reports from DHS and large commercial payers.
- Move forward with several process improvements incorporating options shared in ADH interviews, including:
  - Investigate Coverage Detection insurance lookup features to see if it might offer an option to do insurance coverage lookup using only a patient name and date of birth. If not, consider replacing Coverage Detection with another tool. Educate staff on how to use

- new features/tools and consistently use insurance coverage lookup for every patient. (NOTE: staff currently perform a Medicaid lookup for all patients; suggest using the new tool after the Medicaid lookup for all patients who are non-Medicaid). This should also significantly reduce the number of claims that are denied for coordination of benefits (COB) as patient insurance can be identified correctly.
- Identify an owner to collect rejection/denial reason reports by service location. Use rejection/denial reasons to educate Billing Specialists in each service location and reduce errors.
  - Create education/training materials on top rejection/denial reasons to proactively educate new and existing staff on preventing common errors.
  - Continue to bring together Billing Specialists with the third-party administrator unit to collaborate and understand/resolve issues.
  - Potentially identify claims bot software that is compatible with Greenway. Explore the potential use of the BOT to improve clean claim submission.
  - Create new guidance documents and conduct live training with local health unit staff and other staff involved in billing and local health unit revenue.
  - Building on the successful implementation of credit cards, use the ADH credit card project transition plan to implement process improvements in the LHUs, refining and adjusting as needed.
  - Collect metrics and conduct regular retrospectives to assess success and identify necessary changes and improvements.

**Strategies to address potential risks and enable success:**

- Provide extensive and proactive training, support, and guidance on process improvements for staff and patients. Ensure that staff understand that the ADH priority is to render services regardless of patient insurance status. A secondary goal is to work with patients to obtain insurance information, when applicable, and to submit clean claims for payment. ADH must balance the need to provide the patient services regardless of ability to pay, with due diligence to work with the patient to understand that providing insurance information will not jeopardize their service delivery in any way. Educate patients on the benefits of providing insurance information.
- Engage staff early to incorporate their ideas into improving the billing process to support process improvement and obtain buy-in for the initiative. Take steps to improve and optimize the current process in preparation for the longer-term implementation of the EHR, which will enhance the tool used in the billing process.

**Alignment of department priorities with staffing and resources:** ADH is committed to improving the efficiency and effectiveness of staff resources. ADH wants to reduce the burden on staff by improving the billing process. Reducing the number of rejected/denied claims eliminates the need for staff to spend hours re-working claims they could have submitted correctly the first time.

**Process changes, associated with implementing changes in the strategic plans:** While most of the essential processes will likely remain the same until implementation of the EHR, taking steps to increase identification of patient insurance coverage and reduce the number

of rejected/denied claims will significantly improve staff satisfaction and increase revenue collection.

**Performance metrics to measure success post-implementation:**

- Percentage of rejected and inappropriately denied claims (expect this to decrease);
- Collected revenue by LHUs (expect this to increase); and,
- Staff satisfaction rate (as measured by a staff survey) (expect this to increase).

**Identification and estimation of any savings the strategic plan could realize once implemented:** Staff have estimated that increasing revenue collection through improved identification of patient insurance coverage and improved clean claim submission rates could have a positive annual reoccurring financial impact of approximately \$0.5 million over current collections. This estimate is based on the cost of replacing the current insurance look-up tool with a tool that allows lookup without the insurance number would be offset by increased revenue collection.

**Change Management Plan:** Executive support for the process improvements will help staff be on board and facilitate change management. Executives could show their support using existing ADH communication channels (i.e., team meetings, emails). Key communication tasks are included in **Figure 10** below.

**Figure 10 – ADH-4 Communication Plan**

Audience	Key Messages	Modalities	Owner
ADH Executive Leadership	<ul style="list-style-type: none"> <li>• Billing process changes will improve efficiency by decreasing number of rejected/denied claims</li> <li>• Improved insurance look-up process will identify more patients with insurance and increase revenue.</li> </ul>	Staff meetings Intranet banner messages Email to staff	ADH CFO
LHU patients	<ul style="list-style-type: none"> <li>• Providing your insurance information will not make your rates go up</li> <li>• Providing your insurance information will allow ADH to serve more people</li> </ul>	Social media Informational materials in the LHUs (e.g., posters, fliers)	ADH CFO

**ADH-05: Electronic Health Record (EHR)**

This initiative seeks to replace ADH’s current electronic health record (EHR) system with a system that performs better for local health units and is more user-friendly for their staff, is interoperable with other systems, and centralizes and simplifies billing to reduce time spent on billing, improves reporting capabilities, and address revenue leakage.

**Initiative Overview and Current State:** ADH has begun its project to assess the current EHR processes and the billing tool (Greenway) and explore the feasibility of implementing a new EHR for

its 92 local health department offices (known as local health units or LHUs). Services include (but are not limited to) immunization administration, (Women, Infants and Children) WIC services, reproductive health services, testing services for infectious diseases such as HIV and viral hepatitis, etc. tobacco counseling, STD testing and counseling, tuberculosis testing and case management.

The billing tool ADH uses (Greenway) is an older, billing software product that has a challenging user interface. The software also has an antiquated database design that results in extremely limited reporting capabilities.

The EHR project is funded through a grant from the Centers for Disease Control and Prevention (CDC), which extends through November 2027. The grant is anticipated to support all phases of the EHR project from initiation through implementation. ADH expects that the revenue generated from increased efficiency and higher claim collection will help offset costs once the grant has expired.

ADH began the EHR requirement gathering and Request for Proposal (RFP) development project in August 2024 and expects to complete the planning by December 2024. ADH selected a vendor (Baker Tilly) to assist them with requirements gathering and Request for Proposal (RFP) development. The five phases of the project include project initiation, project planning, requirements gathering, key performance indicator (KPI) development, and cost evaluation. The project culminates with a recommendation presentation to executives. Below is a description and timeline for the five phases.

**Phase 1: Project Initiation (Week 1 – completed)**

The EHR project team met with Baker Tilly, the contracted vendor for this project, to review the scope of work and develop an implementation plan. Weekly meetings with a project team comprising over 40 individuals from various program areas within the ADH were established to ensure representation of stakeholders and participation throughout the organization. Additionally, a steering committee comprised of executive leadership and subject matter experts was formed to provide oversight and strategic direction.

**Phase 2: Project Planning (Week 2 - completed)**

The team developed a comprehensive project plan outlining the timeline and weekly deliverables. The team also created detailed schedules to coordinate the involvement of the project team and steering committee. By the end of this phase, ADH and their vendor, Baker Tilly, had a clear understanding of the project's objectives, timelines, and roles.

**Phase 3: Requirements Gathering (Weeks 3 through 8 – in-progress)**

The team is currently in the requirements-gathering phase, which will be completed over an eight-week period. The goal is to develop a comprehensive list of the requirements for the features and functionalities of the EHR system so that these requirements can be included in an RFP to procure an EHR. A total of 38 requirement topics were identified, and each topic area was further broken into various subcategories. By the end of this phase, the EHR project team will have a robust and comprehensive set of requirements ready for inclusion in the RFP.

**Phase 4: KPI Development and Cost Evaluation (Week 8 – 14)**

ADH and Baker Tilley will establish baseline metrics (Key Performance Indicators (KPIs) for the EHR system. These KPIs will measure EHR performance and focus on user satisfaction, data quality, patient outcomes, revenue collection, and system efficiency. The team will conduct a cost evaluation to ensure that any recommendations for EHR implementation are financially viable and demonstrate a clear return on investment for ADH.

**Phase 5: Recommendation Presentation (Week 15-16)** In the project's final phase, the EHR team will present findings and recommendations to ADH's executive leadership. The presentation will summarize the results of the requirements-gathering process, present KPIs, and provide a detailed cost-benefit analysis. The outcome of this phase will be a set of actionable recommendations that ADH can use to inform the publication of an RFP.

The EHR team anticipates completing all requirement modules by October 4, 2024. The team will continue refining the documents, with final drafts ready before the project presentation in the last week of November 2024. The requirement modules include:

- |                           |                         |                             |
|---------------------------|-------------------------|-----------------------------|
| 1. Analytics              | 15. Issue Escalation    | 27. Revenue Cycle           |
| 2. Backups and Recovery   | 16. Medical Records     | Functional and              |
| 3. Be Well Arkansas       | 17. Network             | Technology                  |
| 4. Breast Care            | 18. Orders              | Requirements                |
| 5. Cervical Cytology      | 19. Organizational      | 28. Risk Management         |
| 6. Clinical Documentation | Change                  | 29. Security                |
| 7. Community Team-        | Management              | 30. Sexually Transmitted    |
| Based Care                | 20. Perinatal Health    | Infections                  |
| 8. Data Conversion        | 21. Physician           | 31. Staffing Resource       |
| Requirements - ADH        | Requirements            | Requirements                |
| 9. EMR Application        | 22. Registration        | 32. System                  |
| Security                  | Functional and          | 33. Modifications /         |
| 10. Hardware              | Technology              | Updates                     |
| 11. Implementation        | Requirements            | 34. Technology              |
| Work Plan / Strategy /    | 23. Registration /      | Architecture                |
| Team Structure            | Scheduling              | 35. Training Functional and |
| 12. Integration           | 24. Reporting & Data    | Technology                  |
| 13. Interface             | Warehouse               | Requirements                |
| Requirements –            | Requirements - ADH      | 36. Tuberculosis            |
| 14. ADH Interoperability  | 25. Reproductive Health | 37. Vendor Hosted           |
|                           | 26. Revenue Cycle       | 38. Women, Infant and       |
|                           |                         | Children (WIC)              |

**Rationale:** Citizen health data collection is fragmented and patient health records are not readily available. ADH wants to improve clinical quality by providing more ready access to all relevant clinical information during patient encounters. ADH wants the ability to quickly identify patients due for health maintenance or other clinical tests and follow-ups. ADH can improve service quality by providing copies of clinical notes/recommendations for follow-up to patients at the completion of a patient visit.

The LHUs, serving thousands of Arkansans, often find their offices crowded as ADH staff strive to serve the public. The implementation of an EHR will improve the efficiency of the LHUs, and the staff's role in this transition is crucial. They will be provided with an advanced tool for managing most aspects of their work, and their feedback and involvement will be integral to the success of this process. In addition, replacement of the EHR will allow ADH to replace its current antiquated billing software, which reduce the number of rejected/denied claims and increase revenue. In the two years leading up to the EHR implementation, ADH intends to implement several short-term billing process improvements that are outlined in a companion initiative (ADH-04). These process improvements pave the way for the future implementation of the EHR.

## Implementation Considerations:

### **Recommended steps for establishing the EHR for local health departments:**

- Implement the first five phases of the EHR planning project that were described in the previous section including: project initiation, project planning, requirements gathering, KPI/cost-benefit analysis, and presentation of recommendations.
- Develop and issue the RFP.
- Evaluate and procure an EHR vendor.
- Develop a transition plan including timelines and milestones to address interdependencies with current billing software and patient health records.
- Securely migrate data over time to the new EHR.
- Develop a mitigation plan to minimize potential disruptions to local health unit services. Include a communication/change management plan to ensure that LHU staff know what is happening and when.
- Revise existing policies and procedures, as applicable, to align with new EHR.
- Develop and provide comprehensive training for all users of the new EHR system to ensure they are comfortable and proficient with the new technology.
- Implement new EHR system and monitor transition, track KPIs, and address issues.
- Continuously track EHR performance using data dashboards and periodically review to identify additional opportunities for improvement,

**Alignment of department priorities with staffing and resources:** Modernizing and improving its EHR will improve ADH's ability to deliver quality services through access to better patient health information. Additionally, ADH wants to increase revenue collection and reduce staff burden by improving the tool staff use in the billing process. Reducing the number of rejected/denied claims eliminates the need for staff to spend hours re-working claims they could have submitted correctly the first time. As an added benefit, clean claims submission will improve revenue collection, enabling ADH to subsidize EHR expenses.

### **Process changes associated with implementing changes in the strategic plans:**

Implementing a new EHR system will likely result in significant process changes for the LHUs as staff learn to use it for data collection, appointment scheduling, patient check-in/check-out, service delivery, claim submission, reporting, and quality assurance. ADH must carefully plan the rollout to



pilot the new process and have iterative feedback loops to ensure process improvements as the EHR is implemented across all 92 LHUs.

## Performance metrics to measure success post-implementation:

### Expected Impact of the EHR Implementation:

- Enhanced LHU efficiency by reducing amount of effort staff need to spend entering/obtaining data, scheduling patients;
- Increased interoperability with other sources of patient data;
- Increased revenue due to higher level of insurance matching and increased submission of clean claims;
- Improved reporting capabilities through enhanced reporting features and automation; and,
- Improved service to patients through use of a patient portal.

### Performance Measures:

As part of the EHR planning phase, the team will identify KPIs for the EHR. ADH should carefully monitor and assess the effectiveness of these KPIs and adjust as necessary. ADH has identified the following performance measures that will be part of the future KPIs:

- Time staff spend using the EHR system (e.g., time to input or pull information, time to create reports for grant management) (expected to decrease);
- Number of duplicate or erroneous patient accounts (expected to decrease);
- Number of rejected and inappropriately denied claims (expected to decrease); and,
- Collected revenue (expected to increase).

**Identification and estimation of any savings the strategic plan could realize once implemented:** ADH has estimated that implementation of a modern EHR has the potential to have improved revenue collection, improved efficiencies, and cost savings/avoidance. These savings will be offset by the cost of the EHR. During the planning process, the team will conduct a cost evaluation to ensure that any recommendations for EHR implementation are financially viable and demonstrate a clear return on investment for ADH.

**Change Management Plan:** Intentional change management is needed to ensure the success of the EHR implementation. Transitioning to the new EHR is a huge undertaking and, in the short-term, will cause disruption for ADH staff. Careful transition planning, targeted communication, and adequate training will be required to ensure the success of the implementation. The organization will need to expect bumps, be patient, and believe that the long-term gain is worth the short-term pain. ADH could use the communication plan below to announce the upcoming EHR implementation. **Figure 11** provides the key communication plan tasks related to this initiative.



**Figure 11 – EHR Implementation Communication Plan**

Audience	Key Messages	Modalities	Owner
Staff impacted by changes	<ul style="list-style-type: none"> <li>• ADH is investing in an EHR to better serve our customers and fulfill our mission.</li> <li>• The EHR will offer staff an improved tool and increase efficiency and job satisfaction.</li> <li>• Detailed description of changes, including specific changes for every team impacted by the EHR.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• Face-to-Face team meetings with leadership, future manager, and former manager.</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary</li> <li>• Impacted division leads</li> <li>• Communication Director</li> </ul>
Other ADH staff	<ul style="list-style-type: none"> <li>• The implementation of the EHR will improve efficiency.</li> <li>• High level summary of changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• All staff email.</li> </ul>	<ul style="list-style-type: none"> <li>• Communication Director</li> </ul>

## ADH-08: Improve customer experience at local health units

This initiative seeks to improve customer experiences at local health units operated by the ADH by leveraging data, reviewing operational performance to identify opportunities for improvement, and developing actionable strategies. ADH seeks to implement this initiative in alignment with the statewide strategy of achieving operational excellence by optimizing the AR citizen experience through digitization.

**Initiative Overview and Current State:** ADH delivers a broad range of public health preventative and regulatory services statewide. With a central office location, ADH manages 92 Local Health Units, with at least one in all of the 75 counties of Arkansas, scheduling over 1.4 million appointments within the last four years. The Public Health Division workforce performs a variety of daily functions in the LHUs such as testing for contagious diseases like tuberculosis and screening for children’s health problems, promoting and providing prevention services like immunizations, reproductive health services, and provision of WIC (Women, Infants and Children) services.

Beginning in January 2018, ADH implemented a LHU customer satisfaction initiative using text message, where LHU customers are asked to provide feedback on their experience receiving services at the LHU four hours after their checkout. Survey questions included:

- How friendly and helpful was the health unit staff?
- How would you rate our scheduling process?
- How would you rate your privacy?
- How would you rate the condition of the health unit?
- Tell us about your wait time and length of visit?
- Overall, how well did we meet your needs?
- Do you plan to use the health unit for services again?

Customers are asked to answer the following questions with the corresponding ratings:

Questions 1-4	Poor	Fair	Good	Excellent
Value	1	2	3	4
Question 5	Very Long	Long	OK	Quick
Value	1	2	3	4
Questions 6	Poor	Fair	Good	Excellent
Value	1	2	3	4
Question 7	Open Ended Comment.			
Value	N/A			

Customer satisfaction scores are calculated individually for each survey completed, averaging responses for Questions 1 through Question 6. The total score is used as an overall measure of the customer’s satisfaction with their visit. Approximately 1,000 surveys are sent daily, and ADH estimates that it takes each customer approximately one minute to complete the survey.

ADH’s goal was to collect data to gain insight into the following areas:

- Did customer response differ by program service received?
- Did customer satisfaction metric differ by LHU where services were received?
- Did customer satisfaction metric differ between Pre-, During, and Post- COVID time periods?
- What were the most frequently used terms and phrases used by survey customers to make comments?
- Did customer satisfaction metric differ between the current and previous report?

From August 2019 to August 2023, there were 1.4 million appointments across the local health units, with 650,000 survey invitations being accessed. According to ADH, customers completed 27,000 resulting in a survey response rate of 4.2%. To date, most of the survey data has been positive, with the primary complaint being long wait times.

Despite the existence of this survey, in a staff focus group, staff identified multiple gaps in data collection and use:

- The satisfaction survey was originally developed in Google Docs, and the tool has lost functionality over the years.
- There are questions about the response rate as the number of texts sent does not align to total patients seen. The methodology for outreach is in need of review. Also, there are missed opportunities to improve the response rate. LHUs could do more to promote the survey.
- Staff do not have the ability to easily extract their region’s data to know how each region compares. There is an effort to improve this by moving the survey platform to a Microsoft 365 product.
- Having some customer service data is not enough. There are opportunities for improvement by addressing the lack of training for customer-facing staff and the absence of a regular, consistent analysis of trends over time, and the creating a process to review survey data with staff for training purposes.

Given these gaps, the group identified five opportunities for improvement:

- Provide customer service training at the LHUs. Staff training does not include insight into the customer survey process and the importance of engaging clients to complete the survey.
  - Create training curriculum for staff that defines expectations for customer service and provides guidance. Training would include specific examples of how member facing roles could provide improved customer service. Include the data evaluation component that leadership will complete to drive operational decisions and recognize high performing outcomes by staff and LHUs. Showcase incentives and reward recognition to be implemented (if applicable).
  - Create a standardized process for LHUs to engage customers in the survey when they are interacting with them to schedule appointments, access services in person and when leaving the premises. Consider the creation of visual tools (e.g., posters in the LHUs) to express the importance and value of the customer’s voice when filling out the survey. Evaluate the possibility for staff to work with the customer to fill out the survey before they leave the appointment either verbally, with a survey card to complete and submit or both.
- Update the survey technology platform to allow for automated reports broken down by region and LHU. Currently, the ability to stratify and extrapolate data is difficult and cumbersome to filter. This results in administrative burden as it requires manual effort to extract data regionally and locally. Ensure automation, stratification and extrapolation capabilities exist for tracking, trending, reporting, and distributing results amongst partners statewide and by region and LHU.
- Increase the survey response rate through other mechanisms including:
  - Incorporate the use of verbal, in-person engagement and visual reminders such as posters or fliers encouraging customers to complete the survey.
  - Utilize and assess online customer review platforms. Consider developing a strategy to begin incorporating online customer review platforms such as the ADH and LHU websites to complete a survey. Consideration should also be given to reviewing YELP and Google reviews for additional insight to customer service provided in an LHU environment.
- Increase the cadence of the analyzing the survey results and sharing with team members:
  - ADH is transitioning between survey platforms. The survey was originally created in Google Docs but has lost functionality and the department is in the process of adopting Microsoft 365 products going forward.
  - Evaluate and solidify the survey platform. System capabilities must have consistent functionality to support the needs of this initiative and allow for automation to track, trend, report, and distribute information gathered.
  - Use results to target improvements.
  - Implement standardized processes and operational practices to incorporate customer surveys into a quality assurance process.
  - Standardize leadership protocols to utilize customer surveys for quality assurance to improve the experience of the LHU customer.

**Rationale:** The quality of service delivery and customer experience influence how patients view LHUs and their trust and satisfaction with ADH overall. ADH is committed to enhancing the overall

experience of the customers they serve at LHUs. Through this initiative focused on improving customer service at LHUs, ADH has an opportunity to:

- Analyze the existing service process and identify opportunities for improvement;
- Launch updated survey and tools;
- Set customer service goals at the state, regional, and local level using key performance indicators (e.g., all LHUs will have a satisfaction rate of 90%) and define expectations of customer service delivery for staff;
- Deploy training for LHU staff to reinforce customer service expectations, at the job role level;
- Develop and launch reporting resources for managers to support increased acumen and establish expectations for data use with their teams; and,
- Prioritize discussions about data and model behavior for leaders on how they can use data with their teams; and,
- Create operational processes to utilize customer surveys for quality assurance.

### Implementation Considerations:

Other states have demonstrated creativity to measure customer satisfaction scores and build upon the feedback received to improve experiences. The experience from other states may be valuable for ADH to review and potentially incorporate. For example:

- **Association of State and Territorial Health Officials (ASTHO):** ASTHO prepared a toolkit for states (developed based on work in seven states) to assist in creation of public health department customer feedback surveys. There are several sample surveys included in the toolkit, as well as questions for consideration when designing and implementing a survey, and analyzing survey results.<sup>2</sup>
- **Texas:** Texas statute requires a biennial report about the quality of services provided to customers through the Health and Human Services System. This includes the State’s Department of Health Services (DSHS), which administers many programs similar in scope to Arkansas Department of Health. The 2022 report includes analysis of surveys used across the HHS enterprise including at DSHS. There is a satisfaction survey of families of children with special health care needs, as well as others that could be adapted by ADH.<sup>3</sup>
- **Minnesota:** The Minnesota Department of Health published a resource to help public health agencies and programs achieve a customer-focused culture.<sup>4</sup> They provide guidance for identifying customers, prioritizing focus areas, determining customer needs and requirements, guidance to collect and analyze customer information and taking action to use and share customer feedback. Minnesota provides guidance for public health agencies to consider different methods to gather customer feedback through surveys, focus groups,

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<sup>2</sup> ASTHO, “Measuring Customer Satisfaction Nine Steps to Success,”

<https://www.astho.org/globalassets/pdf/accreditation/measuring-customer-satisfaction-nine-steps-to-success.pdf>

<sup>3</sup> Texas Department of Health and Human Services, “2022 Report on Customer Service,” June 1, 2022,

<https://www.hhs.texas.gov/sites/default/files/documents/2022-customer-service-report.pdf>.

<sup>4</sup> Minnesota Department of Health, Customer Focus in Public Health, December 2015,

<https://www.health.state.mn.us/communities/practice/qi/customerfocus/docs/customerfocus.pdf>.

interviews and comment/complaint cards notating the advantages, disadvantages, best practices, and preferred analysis methods.

- **Los Angeles (LA) County:** The LA County Department of Public Health (DPH) created a Customer Satisfaction Toolkit to improve overall and program-level customer satisfaction with DPH programs and services.<sup>5</sup> Many DPH programs collected customer feedback. DPH wanted to expand opportunities to ensure the feedback received was collected and utilized to enhance existing customer service. In this toolkit, they offer guidelines and templates for external customers, internal staff, partners, and stakeholders. Included are action plan questions utilized and included a sample of their survey analysis template.

#### **Strategies to address potential risks and enable success:**

- Becoming a more customer service-focused department will require buy-in from staff. Leadership must clearly communicate how the new processes will increase the quality of services delivered and streamline LHU operations for staff. To promote staff adoption and LHU championing, ADH must clearly define expectations through standardized training for each LHU employee role that is member facing. ADH must put an accountability process in place to evaluate how employees meet the new expectations by measuring their success in meeting the new requirements.
- Consideration should also be given to deploying a reward program that incentivizes staff and motivates them to embrace the new customer service quality processes. A reward program should consider recognizing individual staff, LHUs, and spotlight regions who are top performers in customer service quality. Reward those LHUs that produce the highest amount of customer survey completion, and have the most improved scores since the last review. Individual rewards and unit recognition will expedite preferred outcomes and promote healthy competition amongst peers and departments to outshine one another while promoting the increased satisfaction of customers they serve.

#### **Recommended steps for improving customer service at LHUs (future state):**

ADH staff demonstrated agreement around the need for improvement and an understanding that data should inform improvement initiatives. Factors for consideration in reviewing and revising the survey include:

- Identify who will be sent a survey. Questions to consider when designing the survey process include: Will all LHU customers who completed a visit receive a survey or only LHU customers who accessed a certain service? Should only new LHU customers be engaged or reoccurring LHU customers with 2+ visits within a certain time frame? If all customers are engaged - is there the capability to tell the difference between the type of customer, you are surveying? Is there a need to?
- Review and validate the questions being used remain those to continue to be used going forward. If not, modify and finalize, as necessary.

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<sup>5</sup> Los Angeles County Department of Public Health, Customer Satisfaction Toolkit, January 2023, <http://publichealth.lacounty.gov/qiap/docs/CustomerSatisfaction/CS-SurveyGuidelines.pdf>.

- Determine survey methods to be utilized. Questions to consider when designing the survey process include: Will you be utilizing text message surveys only? Is there interest and capabilities to also offer in-person surveys when customers are leaving LHUs? What about telephone surveys? Is an email survey an option? If so, how will emails be obtained and utilized for the survey process?
- Establish survey frequency and duration. Questions to consider when designing the survey process include: What is the timeline that will occur for customers to complete the survey? What is the time frame for ADH to collect, track and trend responses?
- Decipher what the evaluation process to review data will be. Questions to consider when designing the survey process include: How often will data be reviewed? Who will collect the data and stratify the results to allow for statewide, regional, and local reporting? Is there interest and capability to create scorecards for LHUs to identify high performing units and staff for recognition? How will these be created and maintained for ongoing review?
- Implementation of follow-up protocols amongst internal stakeholders to identify what actions will take place based on the survey outcomes. Questions to consider when designing the survey process include: Did operational changes take place because of the survey data received? If so which ones and where? How will this information be documented for record keeping? How will high performing LHUs and individual staff be recognized? How will low-performing LHUs and staff be engaged to improve?

Factors for consideration in using the data to drive process improvement:

- Who is responsible for analyzing and trending findings?
- Can the department create automated reporting with drill-down capability by region and LHU?
- What goals will ADH leadership establish for satisfaction and what will under-performing LHUs be required to do to remediate performance (i.e., develop an action plan)?
- How will ADH become a more data-driven, customer service-focused department? How will top performers be recognized? What resources can be identified to support managers in using data – examples include lunch and learns where leaders share their ideas and best practices, training for management on using data to drive process improvement, and modeling behavior by incorporating review of customer service data at every leadership meeting.

**Alignment of department priorities with staffing and resources:** This initiative aligns with ADH’s mission to improve the health and well-being of all Arkansans by utilizing customer feedback to improve service delivery protocols and enhance customer experiences at local health units.

ADH seeks to implement this statewide initiative of achieving operational excellence by optimizing citizen experience through use of modern survey tools. Utilizing survey platforms that are easily accessible to customers so they can share their experience quickly and easily will promote the increase of customer engagement and survey completions. Streamlining and automating the survey data collection will expedite ADH’s ability to review and respond to customer feedback and improve customer satisfaction. Highlighting and rewarding the positive work staff are performing will

positively impact employee morale. It will also promote active engagement for change when employee problems arise.

### **Process changes associated with implementing changes in the strategic plans:**

This initiative will require statewide communication within the Division of Local Public Health, Local Unit Administrators, Nurse Managers and Division of Public Health Practice to ensure everyone is educated and made aware of changes and new expectations.

Standardized checkpoints will need to be identified to ensure consistent data collection, analysis, and use, as well as ensure the appropriate setting state, regional, and local goals for performance. There should be proactive scheduling of meetings or inclusion of an agenda item in standing meetings for leadership to review the survey findings and encouragement of active dialogue to promote awareness of changes that need to occur to standardize operations including a timeline of when those changes should be implemented.

Statewide processes will also need to be created for staff training both onboarding and ongoing annual training. An employee rewards program should also be considered to recognize and reward high performing employees and LHUs.

**Performance metrics to measure success post-implementation:** This initiative is expected to increase awareness of the customer service survey and promote engagement and encourage customers to submit their feedback; increase customer satisfaction with the LHU experience; enhance visibility into the quality of services delivered at the LHUs; reduce administrative burden when collecting and stratifying data; and evaluate the opportunity for leadership to consistently review and engage their teams based on the outcomes of their customer service surveys. Metrics to track the impact of this initiative include:

- Number of visits completed within the designated time per LHU, regionally and statewide.
- Number of surveys distributed to customers per LHU, regionally and statewide.
- Number of surveys completed by customers per LHU, regionally and statewide.
- Customer satisfaction rate (e.g., Net Promoter Score) within state fiscal years per LHU, regionally and statewide.
- Utilization volume by service for each LHU, regionally and statewide.
- Percent of new and overall staff who receive customer service training.

### **Identification and estimation of any savings the strategic plan could realize once implemented:**

It is not anticipated this initiative will result in cost savings. Existing resources will need to be accessed to enhance marketing efforts, training development and project management. Marketing support is needed for creating standardized messaging for survey awareness visuals, materials, and opportunities. Training development expertise will be required to define expectations and accountability of LHUs and their staff to engage customers to participate in the survey process that aligns with the marketing resources created. Consideration will need to be given to determine if LHU staff training will be in person, if virtual training sessions be offered or if a hybrid of both will be used for all LHUs to be informed as to the new requirements.

Project management support is needed to ensure that staff are supported and able to meet deliverables in a timely manner and that project efforts stay on task. ADH will need to consider the cost of technological resources needed to secure a reliable and efficient survey software platform that will deliver effective automation and stratification capabilities for data collection.

**Change Management Plan:** Standardized messaging and communications across ADH, LHUs and staff will be critical to deploy unified expectations to enhance LHU customer satisfaction and engage customers to share their feedback regarding their experiences. Key activities and timing for communication plan are included in **Appendix A – ADH Work Plan** and provided in **Figure 12** below.

**Figure 12 – ADH-08 Communication Plan**

Audience	Key Messages	Modalities	Owner
Division of Local Public Health staff and Division of Public Health Practice (Data Support) staff	<ul style="list-style-type: none"> <li>● We are enhancing our customer survey process to increase the engagement of clients served so they can share their experiences to help us improve the way we deliver services at LHUs.</li> <li>● We will also standardize our survey data collection with automation and stratification capabilities to consistently review measures statewide, regionally and locally.</li> <li>● Accountability protocols will be implemented to ensure leadership is utilizing our data findings to implement and modify LHU operational practices for improvement.</li> </ul>	<ul style="list-style-type: none"> <li>● Division meetings</li> <li>● Staff meetings</li> </ul>	Sherian Kwanisai and Department Leadership

## ADH-09: Optimize manager roles and team size for better control and efficiency

This initiative is part of the broader Arkansas Forward Agile Organization initiative and includes implementing a tailored and modernized organization to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions.

**Initiative Overview and Current State:** ADH has established shared services for finance, human resources, IT, and communications. There are five programmatic divisions: Division of Health Advancement, Division of Health Protection; Division of Local Public Health, Division of Health Data



and Analytics; and the Public Health Laboratory. ADH desired to conduct a review of its organization structure to identify opportunities for improvement.

**Rationale:** Through this initiative, the project team facilitated discussion with each division leader to identify opportunities to create a more agile organization. Multiple factors were considered including:

- **Span of Control:** There are certain divisions with a high number of small teams (i.e., Division of Local Public Health, Division of Health Advancement, and Division of Health Protection). The Division of Local Public Health’s organization structure exists to support LHUs across the state and ensure consistency statewide. In the Divisions of Health Advancement and Health Protection, federal funding is the primary driver for the staffing structure. There are federal grant requirements regarding the use of dedicated staff positions and there are often prohibitions on staff cross-charging time across programs. In the short-term, while this federal grant funding is available, ADH will not be able to change its staffing model. However, in the future, if there is risk of reduction in federal funds, ADH may consider opportunities to consolidate some of these teams.
- **Number of Managerial Layers:** In some of the divisions where there was a higher occurrence of small teams, the organization often contained additional management layers. Existence of additional layers can result in delayed decision-making or slow communication. Two divisions were already seeking to collapse layers upon retirements or other vacancies. This approach enables the organization to become more efficient, while minimizing staff abrasion.
- **Opportunity for Shared Services Consolidation:** ADH has made a number of organizational changes since the 2019 transformation and has moved to implement shared services and other efficiencies to support its divisions. In conducting a division-by-division review, the project team identified that there are a small numbers of staff who have not been consolidated. For example, there are some IT application staff embedded within programmatic divisions. There is an IT team located within the Public Health Laboratory. However, due to the specialized nature of the team’s work, the department does not anticipate there would be a benefit to transferring this team to the CIO. However, in instances like this, the department can realize improvements by creating a stronger dotted line relationship between the IT team in the Laboratory and the team reporting to the CIO. This would allow for enhanced staff professional development and consistency of operations.

Overall, several division leaders exhibited practices consistent with an agile organization, including:

- Using data to determine workload (e.g., in the Laboratory, a historical basis of volume guides staffing levels);
- Reviewing positions upon vacancy and determining whether to fill or eliminate;
- Using vacancies as an opportunity to collapse organizational layers; and,
- Combining like-functioning teams previously housed in different locations of the organization.

**Implementation Considerations:** At this time, no organization structure changes were identified. However, there are considerations to:

- Continue to have discussions with senior leadership about the principles of agile organization to reinforce the expectation that ADH should strive to be as organizationally efficient as possible.
- Encourage each leader to look within their organization for opportunities to eliminate managerial layers;
- Direct each leader to review the necessity of positions upon becoming vacant and use those opportunities to make the organization more efficient with less abrasion;
- Create forums for leaders who have transformed their organization's structure to share best practices with colleagues to encourage similar actions across the organization; and,
- Create dotted line reporting relationships where all staff for a functional area have not been consolidated into a shared services team (i.e., IT) to realize benefits from greater collaboration.

**Appendix A – ADH Work Plan** – provides the action steps in the recommended sequence for implementation of this initiative.

**Strategies to address potential risks and enable success:**

This initiative is not expected to require change management or other risks. The Division Leader will want to ensure impacted staff understand the reason for the change, and that roles and responsibilities for the team are created to ensure they best support the Division Director.

**Recommended steps to implement changes to ADH's organization structure include:** Working with directly impacted staff to make the organization change.

**Alignment with department priorities staffing and resources:** The proposed organization chart for ADH is provided above in **Figure 1**.

**Process changes, associated with implementing changes in the strategic plans:** None are anticipated.

**Estimation of any anticipated costs and staffing needs:** No fiscal impact is anticipated.

**Performance metrics to measure success post-implementation:** Metrics are not anticipated to be required to implement this initiative.

In addition to these measures, surveys could be utilized for impacted staff during the transition to identify and address any issues or concerns.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not expected to result in cost savings.

**Change Management:** There is an opportunity for leadership to continue to engage management about the principles of an agile organization and to utilize the framework discussed above to drive improvements in the organization's structure in the future.

## ADH-12: Implement cross-training to enhance task coverage and knowledge continuity

This initiative introduces cross-training across the Arkansas Department of Health (ADH) to ensure that more than one person knows how to do critical tasks, thereby mitigating knowledge loss in the event of staff attrition and reducing delays when staff are out or at capacity to ensure business continuity and improve customer and employee experience.

**Initiative Overview and Current State:** ADH has approximately 1,969 salaried employees (as of September 2024). While overall staff turnover (defined as leaving role at ADH) and staff turmoil (an industry term meaning internal churn caused by staff leaving their role for another position within the department) are low, reported to be 9.6% and 15.6%, respectively (annualized based on data through September of current fiscal year), there are pockets of the organization where there are certain critical roles with no redundancy, meaning that there may be critical delays when these staff are at capacity, and if staff are out of the office or leave ADH, the organization is at risk. There are also staff units with high workload (which may or may not be seasonal) or higher staffing vacancies, which results in overtime worked by existing staff in filled positions. This workload imbalance can contribute to turnover, low morale, and dissatisfaction.

ADH has reviewed cross training today across its divisions. There are many promising practices. For example, the Public Health Laboratory has used cross-training within each of its labs. For nearly each analysis, two or more analysts perform each test. Most laboratory areas rotate assignments to prevent burnout and ensure cross-training occurs. Within the Division for Data and Analytics, cross-training has been used across teams. Some best practices to note in the Outbreak Response and Prevention Branch include:

- Identified an epidemiologist back up for each position;
- Developed Standard Operating Procedures for routine tasks;
- Constructed Desk References for each position (for identified roles);
- Established a shared e-mail so that requests for general programmatic work are not confined to a single email;
- Created fact sheets, cheat sheets, and scripts for various diseases; and,
- Communicable Disease Nurse Specialist (CDNS) in the field are trained in outbreak response, and we conduct yearly updates to each region, nurses in the clinic, and CDNS.

Building on the success of some divisions that have successfully used cross-training, ADH has identified an opportunity to extend cross-training throughout the entire department and to facilitate a process to ensure consistency in the development of these efforts.

**Rationale:** ADH-12 directs the ADH to use cross-training as a method to provide redundancy and address capacity issues in key areas, while also creating a mechanism for staff to enhance their skills and experience growth by working with other business units.

Workforce Development staff can manage a process to identify areas where there is a need for redundancy or additional support and to ensure that appropriate resources are identified to be cross-

trained. While the actual training will occur within divisions, Workforce Development can oversee consistent application of cross-training and monitor the effectiveness of the program.

Training and development of staff can help employees learn or strengthen skills, and increase confidence, motivation, and productivity. Training and mentoring help create a better understanding of work expectations and an appreciation of the value of the employee's contributions. Cross-training best practice adoption can provide quality and service level improvements. If done correctly, cross-training can improve efficiency. It can also make the job more interesting, make the employee feel more valued, and enable employee learning and career development. By encouraging a learning / cross-training culture, ADH ensures that employees take a more active role in their work and help to spread knowledge and best practices throughout their organization. These factors can support a more engaged and satisfied workforce, which can improve retention and create a more effective organization overall.

Cross-training has been used throughout federal, state, and local governments, as well as across the private sector. Some examples of successful government cross-training programs include:

- **City Example:** The City of Cody, Wyoming, used has used cross-training for over 20 years to address gaps in multiple departments and to prepare for retirements. There are several examples of how staff have supported other departments. The Parks Department's staff size decreased due to elimination of a vacancy; the utility meter reader was able to collect trash as part of their recurring rounds. Some staff have become certified in other fields to support (i.e., a facility maintenance worker is now also a certified pool technician to support the Parks Department) The County Clerk and Records Clerk positions were combined. Billing staff in recreation support in utility billing.<sup>6</sup>
- **County Example:** Los Angeles County is the largest in the nation and has adopted cross-training across programs. One recent example is within the Property Tax group, where four departments responsible for a portion of the process collaborated to improve constituent service. The teams formed an Inter-Departmental Steering Committee to troubleshoot issues and the group was effective because it utilized cross training and staff understood how other teams operated.<sup>7</sup>
- **Private Sector Examples:**
  - **Job Rotation Programs:** Employees rotate through different roles or departments to gain a broad understanding of the organization. Google's "20% Time" offers an example where employees spend a portion of their time working on different projects or areas.<sup>8</sup>

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<sup>6</sup> Government Finance Officers Association, Mark Mack, "Employee Cross-training Employee Cross-training How small governments can improve efficiency and reduce their risk," 2020, [https://gfoaorg.cdn.prismic.io/gfoaorg/41c9305f-7a83-4452-894d-be213c0bdf4e\\_GFR\\_10-2020\\_EmployeeCrossTraining.pdf](https://gfoaorg.cdn.prismic.io/gfoaorg/41c9305f-7a83-4452-894d-be213c0bdf4e_GFR_10-2020_EmployeeCrossTraining.pdf).

<sup>7</sup> Ben Effinger, "The Multi-Functional Manager: Cross-Training and Collaboration for Organizational Success," November 1, 2022, <https://icma.org/articles/pm-magazine/multi-functional-manager-cross-training-and-collaboration-organizational-success>.

<sup>8</sup> Medium, "Google's "20% Time" Policy, January 27, 2024, <https://medium.com/@nareshnavinash/googles-20-time-policy-60d5706084be>.

- **Mentorship Programs:** Pairing employees with mentors from different departments or roles to provide guidance and knowledge. IBM’s mentoring programs is an example, where employees are matched with senior leaders for cross-functional learning.
- **Shadowing Programs:** Employees follow and observe colleagues in different roles to learn about their responsibilities and daily tasks. The “Job Shadowing” initiative at Salesforce is an where employees can spend a day shadowing peers in other departments.

## Implementation Considerations:

**Appendix A – ADH Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADH staff and review of other state best practices include:

### **Strategies to address potential risks and enable success:**

- Workforce Development will need to be proactive in working with managers to find teams with the capacity to be cross trained. There may be reluctance for a manager or staff to admit that they are not fully utilized now and have capacity.
- ADH may want to build accountability for the secondary assignment into an affected employee’s annual evaluation. If an employee’s productivity for their secondary assignment is not monitored and part of their evaluation, the employee may treat this role as optional and not provide the level of support the unit expects.
- There is a need to develop non-monetary ways to recognize staff for the additional work performed and to provide an incentive for employees to embrace this program. There is a statutory provision (Act 172) that provides a means to offer a ten percent increase as well as a lump sum for \$5,000 or 40 hours of leave for employees who take on additional duties. Still, there are restrictions, and OPM and the Legislature must approve a department’s plan before implementation. Non-monetary or low-cost recognition methods include monthly/quarterly breakfasts with the Secretary of Health, nominal gifts such as pins or awards to thank employees for their contributions, and recognition at all-staff town halls and in all-staff emails.
- Workforce Development should identify a lead within the Human Resources (HR) organization to help to sustain this initiative.
- Once the HR Lead pairs units and ensures training occurs, the HR Lead will need to communicate on an ongoing basis with the impacted managers and staff to ensure the success of the program. Support for the initiative will extend beyond the initial pairing of the units, including the need to strengthen the relationship between the unit and its cross-trained support team.

### **Recommended steps for establishing a cross-training program (future state):**

- The Workforce Development Lead will ask each division leader to identify instances in which their team could be supported with a cross-trained support team and where they have capacity to provide staff to support other areas.

- The Workforce Development Lead will review organizational needs for cross-training and adequacy of resources to address these needs. As required, the Lead will pair identified units and oversee creation of a training plan.
- Each team will develop standard operating procedures, job aids, and other tools needed to document key business process and support business continuity.
- For areas where cross-training is identified, the impacted team will develop an on-the-job training and shadowing plan for the identified resources, seeking help from the Workforce Development Lead when needed.
- When any teams are paired (such as to assist with seasonal workload fluctuations), the managers of the paired teams will co-conduct team meetings and other events to strengthen the relationship between the teams and support collaboration.
- The Workforce Development Lead will work with ADH leadership to modify the annual performance evaluation process to capture feedback and provide a place to note any areas where an employee receives cross-training and provides support for additional areas. If an employee assists another team, goals will be included in the annual performance evaluation to reinforce this secondary assignment and feedback from the manager of the unit the employee supports will be included in the evaluation.
- The Workforce Development Lead will identify non-monetary rewards that can be used to recognize staff for providing support to additional areas.
- The Workforce Development Lead will establish an evaluation plan for the program, including meeting with all paired teams at least quarterly to monitor the implementation.

**Alignment of department priorities with staffing and resources:** This initiative is a strategy to leverage the skills and capacity of ADH’s current team to support high-impact activities where there is no redundancy in the staff performing those duties, in areas that are under-staffed, and in areas with high workloads (or high seasonal workloads). Over time, this effort will strengthen the skills of ADH’s staff through exposure to additional areas.

**Process changes, associated with implementing changes in the strategic plans:** A cross-training program will need to be established, but this is not expected to impact other existing business processes.

Performance metrics to measure success post-implementation:

- Job satisfaction for cross-trained employees – This initiative is expected to increase satisfaction among the employees who receive cross-training, who feel they are developing and progressing in their careers.
- “Work stoppage” delays in critical areas and staff productivity – This initiative is expected to reduce these incidences and increase staff productivity.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on initial estimates validated by the department, ADH-12 has the potential positive annual reoccurring financial impact related to improved efficiency. This does not reflect any additional compensation for staff, as that plan has not been identified or approved by OPM. This initiative could begin implementation within calendar year 2024.

**Change Management Plan:** This initiative requires the support of management and staff who can be cross-trained to support critical functions that currently lack resources or redundancy. **Figure 13** provides a summary of the communication tasks. Key activities and timing for communication plan are included in **Appendix A – ADH Work Plan**.

**Figure 13 – ADH-12 Communication Plan**

Audience	Key Messages	Modalities	Owner
All Staff	<ul style="list-style-type: none"> <li>• ADH is launching a new cross-training program (add program details).</li> <li>• Workforce Development will manage this program by identifying both teams with needs and teams with capacity.</li> <li>• This program is a way to provide immediate relief to high-volume units to expand their capacity and prevent disruption when staff are at capacity or out of office.</li> <li>• This program is a great way to expand skills and gain visibility into other programs at ADH.</li> </ul>	Town halls, team meetings, and all staff emails. Face-to-face leadership meetings.	Kristy Caldwell Workforce Development Director
Management	<ul style="list-style-type: none"> <li>• Volunteering to be cross-trained/ volunteering your unit for cross-training is an important contribution to the organization’s success.</li> <li>• No punitive action will be taken toward teams who identify excess capacity.</li> </ul>		Kristy Caldwell Workforce Development Director

# Strategic Management Plan: Arkansas Department of Labor and Licensing

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## Overview

Formed in 2019 through Act 910, the Arkansas Department of Labor and Licensing (ADLL) was created through the consolidation of the legacy Department of Labor, Workers Compensation Program, and over 20 boards and commissions. ADLL has been steadfast in achieving its mission of “ensuring fair and safe labor practices, promoting economic growth, and protecting the welfare of workers and businesses across the state.” A core strategy in achieving this mission is “upholding standards, promoting education and compliance, and striving for continuous improvement in all areas of labor and licensing regulation.”

ADLL has worked since its formation to develop the most effective framework for regulation of the professions under its purview and management of its boards and commissions. Through the Arkansas Forward project, a 2024 initiative to improve the efficiency and effectiveness of Arkansas’ 15 cabinet-level departments, ADLL seeks to continue the work of the 2019 transformation to more fully integrate its organization and create an improved operating model through consolidation of applicable boards and commissions. ADLL’s four Arkansas Forward initiatives seek to consolidate its board structure and align its appropriation, staffing model, and facility footprint with this structure to improve service to constituents and achieve administrative efficiencies in operating these boards.

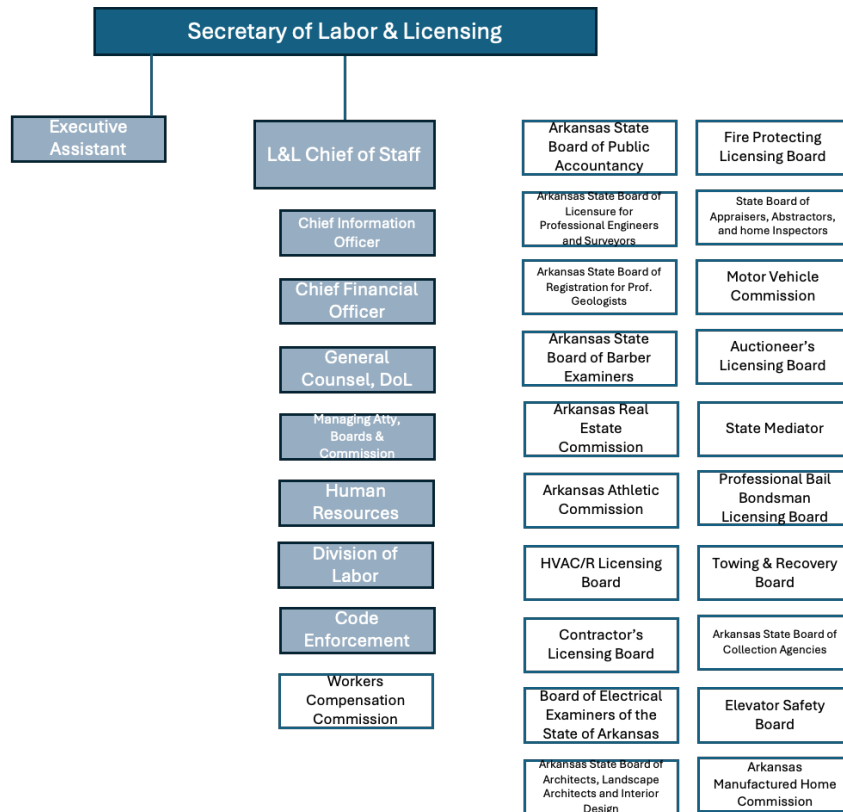
This Strategic Management Plan (“Plan”) memorializes the work completed by ADLL during Arkansas Forward, translating the department’s vision into a plan consisting of recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics.



# Recommended Organizational Structure

ADLL’s current organization chart is shown in **Figure 1**.

**Figure 1 – Current Organizational Structure**



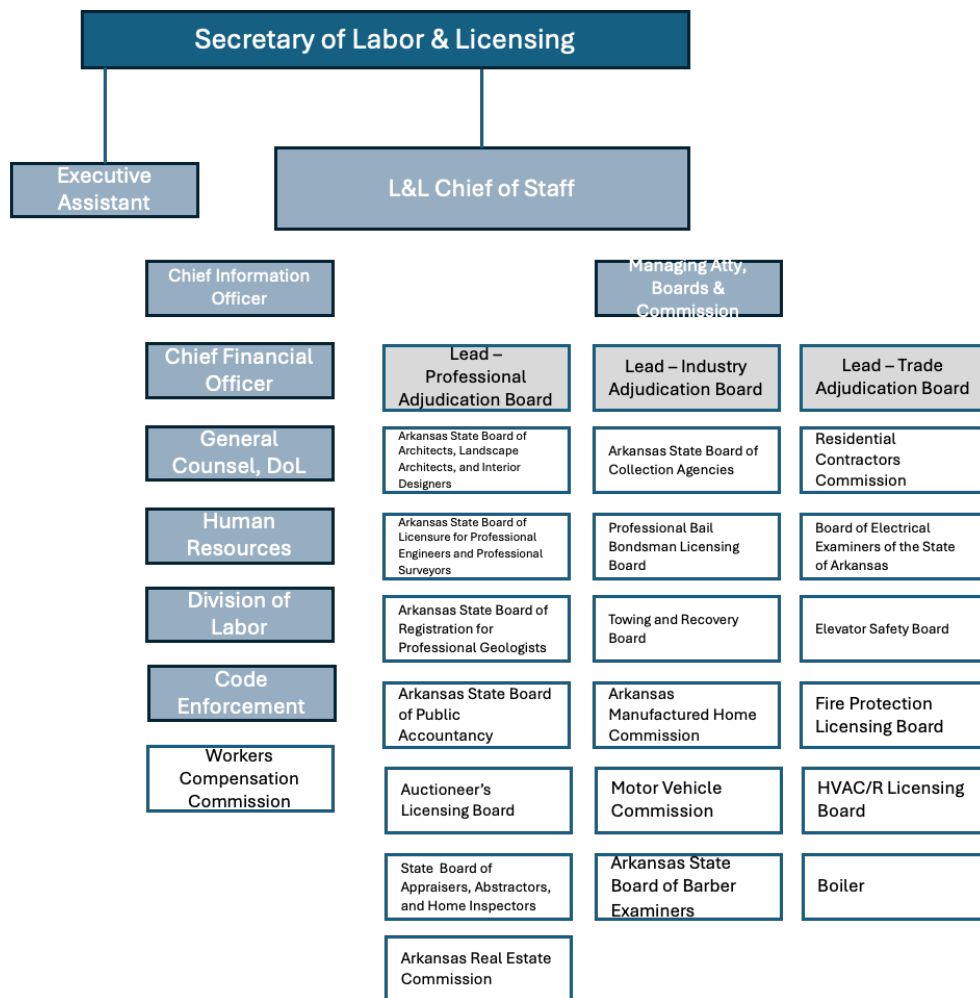
As part of Arkansas Forward, the project team reviewed ADH’s structure to identify opportunities for redesign in the following areas:

- **Changes that would support the department’s execution of its mission:** Realignment of ADLL’s structure of Boards and Commissions (contemplated in ADLL-11) supports ADLL’s efforts bring value to the public and licensees served by ADLL. Improvements in how ADLL staffs the Boards and Commissions can improve customer service by simplifying the licensing process across functions, reducing licensing processing times, and reducing the overall cost of regulation, which can result in fee reductions.
- **Changes identified as part of Arkansas Forward:** Initiative ADLL-01 proposes to align ADLL’s organization structure with its new Boards and Commissions structure. This would need a change in how ADLL receives its appropriations (ADLL-04) and would require legislative support. This structure would allow ADLL to staff these Boards and Commissions efficiently and benefit licensees as noted above.

- Changes necessitated by Arkansas’ move to deliver certain functions through shared services:** Based on direction from the Steering Committee, Transformation and Shared Services (TSS) will assume responsibility for the Payroll and Help Desk functions statewide, as the first Human Resources and Information Technology functions to transfer to TSS in a statewide shared services model. Additional decisions on further functions have not yet been determined.

Figure 2 provides an organization chart that aligns with ADLL’s preferred model of consolidation. Other options for the future of ADLL’s organization are detailed in ADLL-01.

**Figure 2 – Current Organizational Structure**



## How this department will meet the vision of an efficient and effective future department

ADLL prioritized initiatives to focus on its operation of boards and commissions – all of its four initiatives fall within these focus areas. ADLL seeks the regulatory and budgetary flexibility to change how it operates the boards and commissions so that it can leverage its staff efficiently to address workload, use cross-training to enable staff to support staff in other areas, and achieve improvements in how it regulates and oversees these professions (e.g., streamlining licensing processes). ADLL will also reduce its facilities footprint as part of this effort. Collectively, the goal of these initiatives is to ensure an efficient administrative structure exists to support the work of the boards and commissions under ADLL’s purview, and to make these changes in a manner that does not negatively impact the public, licensees, and stakeholders. ADLL seeks to use the administrative efficiency and flexibility gained as a result of these efforts to conduct greater process improvement for areas such as licensing and oversight, which can reduce the cost of regulation and reduced fees.

## Key Initiatives Prioritized for Arkansas Forward Implementation

ADLL leadership generated 17 ideas to improve departmental effectiveness and efficiency before prioritizing 4 initiatives for immediate implementation as part of Arkansas Forward which collectively focus on improving the organization.

### ADLL-11: Consolidate agency board structures

This initiative seeks to simplify agency board structures by consolidating boards for similar trades to reduce administrative workload and improve license application cycle time.

**Initiative Overview and Current State:** When the Department of Labor and Licensing was established in 2019, a significant step was taken to consolidate numerous boards under a single umbrella. This move aimed to streamline oversight and improve efficiency. However, ADLL has not yet fully implemented, with each of its 22 boards existing as an independent entity, with a separate appropriation. Not only does this create a workload challenge, with all Boards reporting to the Chief of Staff, but ADLL is unable to staff the boards efficiently, share resources as needed to address workload, leverage efficiencies to create an improved and simplified process for licensees, and lower the overall costs.

The department oversees a wide range of boards, including those focused on building professionals, building safety, public accountancy, bail, towing, real estate, workers’ compensation, and manufactured homes. Current boards overseen by ADLL include:

- AR State Board of Architects, Landscape Architects, & Interior Designers
- AR State Board of Licensure for Professional Engineers & Professional Surveyors

- AR State Board of Registration for Professional Geologists
- AR State Board of Public Accountancy
- AR Real Estate Commission
- Auctioneer's Licensing Board
- State Board of Appraisers, Abstracters, & Home Inspectors
- AR State Board of Collection Agencies
- Professional Bail Bondsman Licensing Board
- Towing and Recovery Board
- AR Manufactured Home Commission
- Motor Vehicle Commission
- AR Athletic Commission
- AR State Board of Barber Examiners
- Contractor's Licensing Board
- Residential Contractors Committee
- Board of Electrical Examiners of the State of AR
- Elevator Safety Board
- Fire Protection Licensing Board
- HVAC/R Licensing Board
- Boiler - Not current Board
- Workers Compensation Commission

**Rationale:** ADLL seeks to implement a consolidated board structure, while streamlining the administration of these boards. The department has identified two approaches for consolidation to address the challenges related to the current structure. Both approaches seek to reduce administrative burden. Both proposals maintain the Workers Compensation Commission as a freestanding Commission due to its specialized function.

**Plan 1: Four Board Approach**

This approach merges all boards into four boards (with the Workers Compensation Commission remaining freestanding as the fourth entity) based on broad function, summarized in **Figure 3** below:

- **Professional Adjudication Board:** Overseeing professions such as accounting, law, and engineering.
- **Industry Adjudication Board:** Focusing on industries such as construction, manufacturing, and transportation.
- **Trade Adjudication Board:** Regulating trades such as plumbing, electrical work, and HVAC.

**Figure 3 – Proposed Four Board Consolidation**

Professional Adjudication Board	Industry Adjudication Board	Trade Adjudication Board
Arkansas State Board of Architects, Landscape Architects, and Interior Designers	Arkansas State Board of Collection Agencies	Residential Contractors Commission
Arkansas State Board of Licensure for Professional Engineers and Professional Surveyors	Professional Bail Bondsman Licensing Board	Board of Electrical Examiners of the State of Arkansas
Arkansas State Board of Registration for Professional Geologists	Towing and Recovery Board	Elevator Safety Board
Arkansas State Board of Public Accountancy	Arkansas Manufactured Home Commission	Fire Protection Licensing Board

Professional Adjudication Board	Industry Adjudication Board	Trade Adjudication Board
Arkansas Real Estate Commission	Motor Vehicle Commission	HVAC/R Licensing Board
Auctioneer’s Licensing Board	Arkansas Athletic Commission (Eliminate as a freestanding Commission, would become responsibility of Industry Adjudication Board)	Boiler
State Board of Appraisers, Abstractors, and Home Inspectors (this group already has an in-process consolidation)	Arkansas State Board of Barber Examiners	

Notes: The State Board of Barber Examiners could be included with the Professional or Trade Adjudication Boards and ADLL has not yet determined its recommended board grouping. The Athletic Commission would be eliminated as a freestanding Commission, but its responsibilities would be taken over by the Industry Adjudication Board. ADLL has indicated the proposal to eliminate the Commission is based on the fact that the Commission’s costs of operation have exceeded its revenue collections for several years.

**Plan 2: Nine Board Approach**

This approach reduces the number of boards from 22 to 9 (again, no change to Workers Compensation Commission). The proposed boards are outlined in **Figure 4** below.

**Figure 4 – ADLL Proposed Nine Board Consolidation**

Group 1 Building Professionals	Group 2 Building Safety	Group 3 Public Accountancy and Collections	Group 4 Bail, Towing, and Recovery	Group 5 Real Estate/Property Sales	Group 6 Manufactured Homes & Motor Vehicles	Group 7	Group 8 Other Labor Boards
Arkansas State Board of Architects, Landscape Architects, and Interior Designers	Board of Electrical Examiners of the State of Arkansas	Arkansas State Board of Public Accountancy	Professional Bail Bondsman Licensing Board	Arkansas Real Estate Commission	Arkansas Manufactured Home Commission	State Board of Appraisers, Abstractors, and Home Inspectors	State Board of Barber Examiners
Arkansas State Board of Licensure for Professional Engineers and Professional Surveyors	Elevator Safety Board	Arkansas State Board of Collection Agencies	Towing and Recovery Board	Auctioneer’s Licensing Board	Motor Vehicle Commission		Athletic Commission (Eliminate as freestanding Commission, would become responsibility of Other Department of Labor Board)

Group 1 Building Professionals	Group 2 Building Safety	Group 3 Public Accountancy and Collections	Group 4 Bail, Towing, and Recovery	Group 5 Real Estate/ Property Sales	Group 6 Manufactured Homes & Motor Vehicles	Group 7	Group 8 Other Labor Boards
Arkansas State Board of Registration for Professional Geologists	Fire Protection Licensing Board						
Residential Contractors Commission	HVAC/R Licensing Board						

Notes: Boiler – not proposed for consolidation in Plan 2 and the location for the State Board of Barber Examiners has not yet been identified for consolidation. State Board of Appraisers, Abstracters, & Home Inspectors is currently merging into one board.

Both plans offer several potential benefits that include:

- Streamlined and improved processes for licensees: Consolidated boards will be able to share best practices, and review and adopt processes, forms, and approaches to regulation, which could benefit licensees.
- Increased efficiency: Consolidating boards allows for better coordination among staff, leading to more efficient use of resources and faster response times, given many instances in which staff are over- and under-utilized based on the licensing calendar.
- Improved oversight: Grouping similar boards can result in enhanced oversight and improved decision-making.
- Enhanced collaboration: Merging boards can improve communication and collaboration among ADLL staff, board members, stakeholders, and the public.
- Greater resource utilization: Pooling resources can lead to more effective use of state funds and staff expertise.

The degree of consolidation will determine the extent of these benefits. A more significant consolidation, as envisioned in Plan 1, is likely to yield greater efficiencies and improvements. However, Plan 1 may be more challenging to implement.

### Implementation Considerations:

The State of Iowa recently undertook an initiative to substantially transform its boards and commissions. This experience can be instructive to Arkansas. In 2023-2024, the State of Iowa engaged in a comprehensive review of its boards and commissions. This review coincided with consolidation of the state’s cabinet-level departments. Most of the occupational licensing functions were consolidated at the Department of Inspections, Appeals, and Licensing (DIAL). Key steps in this process included:

- Senate Bill 514 (2023) created a Boards & Commissions Review Committee.

- The Committee issued a final report in September 2023 recommending a reduction of 111 boards and commissions (43%), board members (450 member reduction), and making many improvements to the administrative functions of DIAL in supporting the boards.
- Senate Bill 2385 (2024) made some consolidations including creating a new board charged with mental health-related functions but did not result in the significant consolidation envisioned by the Committee. Many administrative changes did pass. Some of the most significant changes included amending statutes to permit the use of the licensing fees for the purpose of all DIAL's operations (instead of the more limited purpose to support the given profession's board) which gave the department the flexibility to operate its boards efficiently and make other administrative changes including pooling administrative resources and making assignments based on function not board (i.e., licensing, oversight, board support).

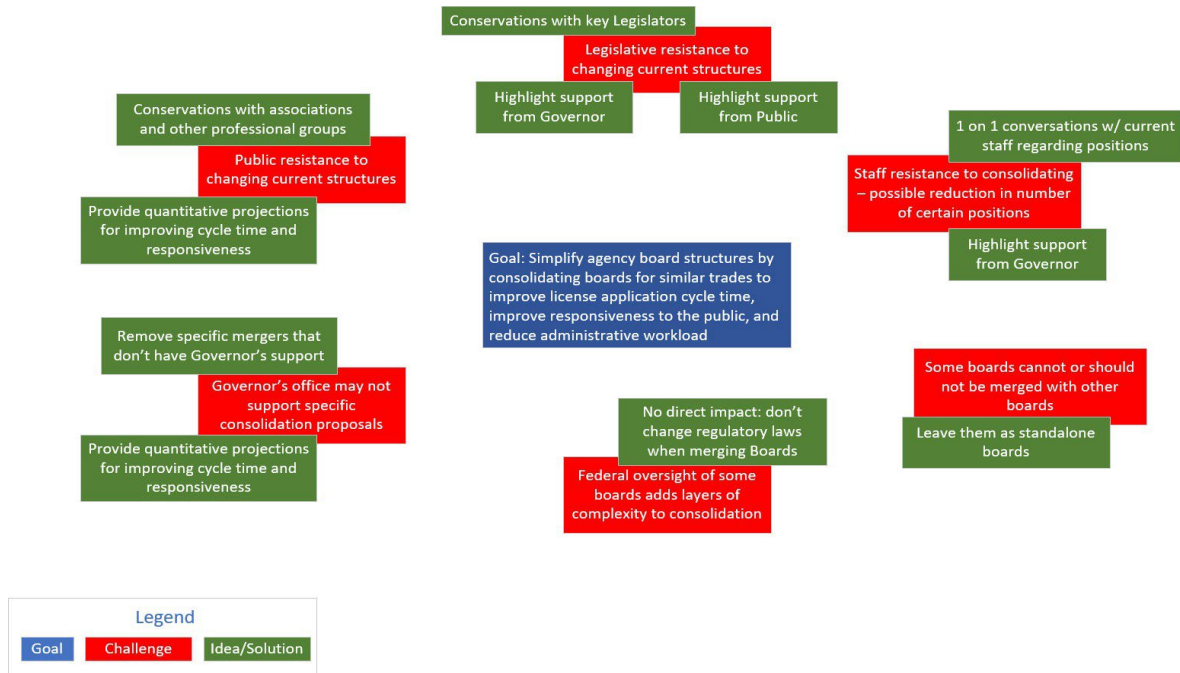
DIAL was able to implement a variety of improvements following SB 2385, including:

- Creation of a single licensing appropriation: By consolidating the licensing funds, Iowa enabled greater flexibility in administrative funding. This allows for more effective allocation of resources across various licensing functions, addressing demand fluctuations without being constrained by department-specific budgets.
- Database consolidation: DIAL is in the process of merging its six legacy licensing system databases into one, which will greatly simplify the management and oversight of licensing.
- Staffing efficiency: Consolidation allowed for staff cross-training. This adaptability maximized workforce utilization and enabled departments to meet demands more flexibly.

**Strategies to address potential risks and enable success:**

In meeting with ADLL leaders, leaders identified some of the risks and challenges to board and commission consolidation which are summarized in the diagram provided in **Figure 6**. In this diagram, the goal of a streamlined structure is shown in blue, and each of the red boxes represents a challenge or anticipated challenge. The green boxes represent solutions. In summary, the greatest challenge anticipated relates to change management. See the detailed discussion to follow about managing the change and engaging stakeholders.

**Figure 6 – Board Consolidation Interference Diagram**



**Recommended steps for establishing a consolidated board structure:**

- Conduct initial assessments to develop a consolidation proposal: Complete
- Review legal and operational considerations for proposal: Complete
- Clarify and define legal restrictions (identifying needed statutory changes): Complete
- Present plan to Secretary Bassett for approval: Complete
- Engage with Arkansas Legislative Council: In process
- Draft necessary statutory changes
- Ensure appropriate transparency and controls.
- Develop a comprehensive Stakeholder Engagement and Communication Plan
- Initiate Stakeholder Engagement and Communication Plan
- Develop a phased plan for data and system integration

**Alignment of Department priorities with staffing and resources:** ADLL leadership believes that this initiative is crucial to completing the work intended by the 2019 Transformation initiative. Today’s board structure results in a siloed approach, with each board performing all of its own functions (licensing, investigating grievances, preparing for meetings, conducting meetings). ADLL seeks greater flexibility in how it operates and staffs the boards and commissions, which it expects will result in a leaner and more efficient model over time.

**Process changes, associated with implementing changes in the strategic plans:** The immediate process changes resulting from the consolidation of boards and commissions will primarily focus on structural adjustments. While the core processes and functions



will remain largely unchanged in the short-term, the consolidation will streamline operations and enhance efficiency and, over time, additional process changes will be possible.

Key initial changes include:

- **Reduced number of boards:** The consolidation will significantly reduce the number of governing bodies, leading to fewer meetings, reduced administrative overhead, and improved coordination.
- **Streamlined governance:** The consolidated boards will likely adopt a more unified governance structure, potentially including a central executive committee or board chair. This will help ensure consistent decision-making and policy implementation.
- **Shared resources:** Administrative and support staff may be shared across multiple boards, leading to more efficient use of resources and reduced costs.

Future process changes will evolve over time as:

- **Teams collaborate:** As the new structure takes effect, teams will have the opportunity to share best practices and learn from each other.
- **Continuous improvement:** A culture of continuous improvement will be fostered, leading to ongoing refinements and optimizations of processes and procedures such as adopting more uniform licensing requirements, use of forms, and systems utilized.

## Performance metrics to measure success post-implementation:

### **Reduction in Administrative Burden:**

- Number of meetings held annually across all boards and commissions (expected to decrease);

### **Improved Efficiency of Oversight:**

- Regulatory turnaround time (time to process a license) (expected to decrease);

### **Cost savings:**

- Total administrative costs (expected to decrease across all boards and commissions);
- Total number of administrative staff (not immediately expected to change as a result of the consolidation but could decrease over time);
- Percent of fees reduced (expect this to increase over time as regulatory costs decrease);

### **Measures to ensure no unintended consequences of consolidation:**

- Number of grievances, by board (this initiative is not expected to change the volume of grievances, but it is important to monitor that the number of grievances does not increase).

**Identification and estimation of any savings the strategic plan could realize once implemented:** To prevent double-counting of anticipated fiscal impacts, the staffing and budgetary impacts of board consolidation are discussed in greater detail in ADLL-01 and ADLL-04.

**Change Management Plan:** Effective change management for the consolidation of boards at ADLL requires early, open conversations with key stakeholders. By initiating open dialogue with legislators, staff, and the public, the department can ensure a smooth transition and minimize issues for its stakeholders. Fostering open communication and proactively addressing concerns will help build trust and support for the consolidation process.

- **Obtaining legislative support:** Initiate early dialogue with key legislators to outline the benefits of consolidation and address potential concerns. Emphasize how the consolidation will improve efficiency, reduce costs, and ultimately benefit all stakeholders, including legislators and their constituents.
- **Addressing staff concerns:** Conduct one-on-one conversations with impacted employees to address concerns and provide reassurance that they have a role in the new structure. Highlight potential benefits such as reduced workload, increased support during peak demand, and opportunities for career growth.
- **Addressing stakeholder, board member, and public concerns:** Establish a public process to obtain feedback and engage stakeholders around the purpose for the change, controls being implemented, and anticipated benefits of consolidation, such as cost savings and improved efficiency. This includes the need to engage in dialogue with associations to address their concerns and gain their support.

To address these unique stakeholder groups, it is recommended that ADLL develop a comprehensive communication plan in collaboration with the Office of the Governor. **Figure 7** summarizes high level communication tasks, that are also included in **Appendix A – ADLL Work Plan**.

**Figure 7 – ADLL-11 Communication Plan**

Audience	Key Messages	Modalities	Owner
Legislative Stakeholders	<ul style="list-style-type: none"> <li>● Realigning ADLL’s board structure, appropriation, and staffing model will allow the department to improve the efficiency of state government</li> <li>● This realignment will support process improvement and efficient oversight of the Boards, which will benefit stakeholders and the public</li> <li>● This approach is will free up approximately \$3.6 million in General Revenue</li> <li>● This approach is also expected to result in cost savings over time from more efficient use of staff and reduced regulatory costs</li> <li>● Savings from reduced regulatory costs can be passed on to the public and licensees through reduced fees</li> </ul>	<ul style="list-style-type: none"> <li>● Meetings with Legislative leadership</li> </ul>	<ul style="list-style-type: none"> <li>● Secretary Bassett</li> <li>● Steve Guntharp</li> </ul>

Audience	Key Messages	Modalities	Owner
Board Members and Stakeholders	<ul style="list-style-type: none"> <li>ADLL has created groupings based on policy reasons and to allow for a balancing of workload</li> <li>ADLL will maintain adequate resources to support each Board and Commission</li> <li>The new appropriations and organizational structure will allow ADLL to staff and Boards and Commissions better, including managing seasonal workload fluctuations</li> <li>The new organization structure will support process improvement including efforts to streamline the licensure process</li> </ul>	<ul style="list-style-type: none"> <li>Meetings with each board</li> <li>Public meetings to obtain feedback on proposal</li> </ul>	<ul style="list-style-type: none"> <li>Secretary Bassett</li> <li>Steve Guntharp</li> </ul>
ADLL Staff (impacted by the consolidation)	<ul style="list-style-type: none"> <li>ADLL is excited to develop a new approach to operating the many boards and commissions under ADLL's purview</li> <li>This will result in staffing changes</li> <li>This approach will allow for greater cross-training and support for all Boards, while providing employees opportunities for professional development and growth, through cross-training</li> </ul>	<ul style="list-style-type: none"> <li>Staff meetings (face-to-face)</li> </ul>	<ul style="list-style-type: none"> <li>Secretary Bassett</li> <li>Steve Guntharp</li> </ul>

### ADLL-02: Restructure ADLL funding to single appropriation

This initiative restructures ADLL’s appropriation to a single appropriation to enable strategic budget management across divisions and improve organizational effectiveness and the ability to develop and execute strategic priorities to advance the department’s mission. Note that this initiative excludes the Workers Compensation program, which has its own appropriation bill and would remain separate from the proposed single ADLL appropriation.

This initiative will help ADLL to realize the benefits and efficiencies related to three other initiatives related to boards and commissions, by offering ADLL greater flexibility to redeploy resources based on a single appropriation (see ADLL-11, which would restructure the department’s boards and commissions; ADLL-04, which aligns ADLL’s workforce to the new organization structure; and ADLL-05, which consolidates the physical locations of the boards to reduce rent expenditures). However, even if the Legislature does not move forward to consolidate boards and commissions under ADLL’s authority, there is still benefit from consolidating the department’s appropriation.

**Initiative Overview and Current State:** ADLL has three appropriations bills (Workers Compensation, legacy Department of Labor programs and boards, and one for multiple boards and commissions). Including Workers Compensation, ADLL currently oversees 22 boards and commissions, with the Executive Director of each board reporting to the Chief of Staff. Most of the

boards and commissions receive a separate appropriation, which are contained in two appropriations bills (Act 147, 2024 and Act 10, 2024). Many of the boards receive appropriations from dedicated funds, as shown in **Figure 8** (e.g., State Board of Appraisers, Abstracters, and Home Inspectors is funded from Arkansas Abstracters' Board Fund). There are no provisions in ADLL's budget bills that allow for transfer between the funds or for ADLL to apply fund balances toward its general operations. Some boards have the authority to add part-time and temporary staff within appropriated funds when necessary.

**Figure 8 – Boards and Commissions, by Method of Finance**

Board and Commission	Method of Finance	2024 Appropriation Source
Arkansas Board of Accountancy	Cash Fund	Act 147
Appraisers, Abstracters and Home Inspection Board	Arkansas Abstracters' Board Fund Arkansas Home Inspectors Registration Fund Cash Fund Federal Funds	Act 147
Arkansas State Board of Architects, Landscape Architect and Interior Design	Cash Fund	Act 147
Arkansas Athletic Commission	Arkansas Athletic Commission Fund Cash Fund	Act 147
Auctioneers Licensing Board	Cash Fund	Act 147
Professional Bail Bondman Licensing Board	Bail Bondsman Board Fund Bail Bond Recovery Fund Cash Fund	Act 147
Arkansas State Board of Barber Examiners	Cash Funds	Act 147
Contractors Licensing Board	Cash Funds	Act 147
State Board of Collection Agencies	Cash Funds	Act 147
State Bd of Licensure for Professional Engineers and Professional Surveyors	Cash Funds	Act 147
Board of Registration for Professional Geologists	Cash Funds	Act 147
Arkansas Real Estate Commission	Cash Fund	Act 147
Arkansas Towing and Recovery Board	Cash Fund	Act 147
Fire Protection Licensing Board	Fire Protection Licensing Fund	Act 147
Arkansas Manufactured Home Commission	Manufactured Home Standards Fund,	Act 147
Motor Vehicle Commission	Motor Vehicle Commission Fund Automotive Technologist Education Grant Fund	Act 147
HVAC Licensing Board	Heating, Ventilation, Air Conditioning and Refrigeration Fund	Act 147
Board of Electrical Examiners	Department of Labor and Licensing Special Fund	Act 10

Source: Act 147 and Act 10.

Note: The Amusement Ride Safety Advisory Board does not receive an appropriation. The State Mediator and Elevator Safety Board do not receive line item appropriations; they are included in the legacy Department of Labor appropriations bill (Act 10).

Historically, the rationale for this structure is that licensing fees are to be set at an appropriate level to cover regulatory costs and the fee revenue is meant to be applied toward regulation of a specific profession of its staff and board. These fees are established in statute and dedicated for certain purposes. For example, AR Code § 19-6-415 specifies that: “The Arkansas Abstracters' Board Fund shall consist of those special revenues as specified in § 19-6-301(93), there to be used for the maintenance, operation, and improvement of the State Board of Appraisers, Abstracters, and Home Inspectors.” A listing of all special revenues can be found in AR Code § 19-6-301.

The current budget structure is unsustainable for all Boards and Commission, as some fund balances are decreasing over time due to reductions in collected fees, which require or will require subsidization from general revenue (cash funds) (the clearest example being the Arkansas Athletic Commission). Conversely, some boards have accumulated significant fund balances in excess of the appropriation need, which cannot otherwise be spent (with examples including the Arkansas State Board of Architects, Landscape Architects, and Interior Design, and the Motor Vehicle Commission).

ADLL lacks the budgetary flexibility needed to manage its boards and commissions effectively. The level of workload varies by board and fluctuates throughout the year (linked to the licensing calendar). **Figure 9** illustrates the timing of licensure applications, which reflect periods of increased workload during the renewal and late fee periods. Because ADLL cannot shift staff or funds to support increased workload, the department must independently staff each board, resulting in a higher total staffing level than might be needed based on volume. At any given point in the year, there are under-utilized and over-utilized staff.

**Figure 9 – Licensing Renewal and Late Periods, by Date**

Licensing Area	Renewal Period	Late Fee Period
State Board of Accountancy	November-December	January-March
Professional Engineers	November-June	July-up to 2 years
Professional Surveyors	May-December	January-up to 2 years
Dual (Engineer and Surveyor)	August-March	April-up to 2 years
Professional Geologists	May-June	July-December
Barbers	July-September 1st	October-up to 3 years
Real Estate Commission	July 15-Sept 30	October-December
Real Estate Schools/Instructors	Feb 1st-March 31st	April
Athletic Commission (All Licenses)	May-June	N/A
HVACR (All Licenses)	Year Round (Annual)	Day after Expiration up to 3 years
Contractors (All Licenses)	Year Round (Annual)	Day after Expiration up to 2 years
Electrical Licenses (All Licenses)	Year Round (Annual)	Day after Expiration up to 3 years
Fire Protection Licensing and Permits	May-June	July-up to 2 years
Portable Extinguishers	August-Sept	October-up to 2 years

Licensing Area	Renewal Period	Late Fee Period
Elevator Inspection and Permits	Year Round (Annual)	N/A
Elevator Mechanics/Inspectors	December	N/A
Appraiser (In State Appraisers)	May-June	July-December
Appraiser Trainees	November-December	January-June
Motor Vehicle Commission (Dealers, Lessors)	November-December	January-June
Motor Vehicle Commission (Distributors, Mfgs)	July	August-December
Auctioneer's	July-October	November-December
Professional Bail Bondsman/ Companies	October-November	December 2nd-December 31st
Towing and Recovery	Year Around (Annual)	N/A
Collection Agencies	April-June	N/A
Abstracters	May-July 1st	N/A
Architects	July	August 1st- up to 3 years
Landscape, and Interior Designers	January	February 1st- up to 3 years
Home Inspectors	November-December	January-June
Manufactured Home Commission	Year Round (Annual)	Up to 45 days after expiration
Boiler Inspectors	May-June	N/A
Boiler Operators	Year Round (Annual)	N/A

Source: ADLL

**Rationale:** Creation of a single appropriation for ADLL (excluding Workers Compensation) would give the department the flexibility to administer board activities more efficiently and enable further improvements and cost savings to be realized. The consolidated appropriation would allow ADLL to pool administrative staff resources to support multiple boards or to reorganize based on functional responsibilities (i.e., licensing, oversight) instead of by board. This model would result in improved utilization of staff resources, allowing additional staff to support increased volume around peak licensure time periods and improve management of workload.

Over time, improvements in how ADLL supports its boards are expected to reduce the cost of regulation by decreasing the number of full-time staff required to staff the boards. As the cost of regulation decreases, ADLL can pass these savings on to the professions it regulates in the form of fee reductions.

In addition, appropriating fee revenue to the department in a single appropriation and passage of enabling legislation to allow fee revenue to support all ADLL activities instead of restricted to each board. This would enable board oversight activities to be funded solely through fee revenue, eliminating the need for a general revenue (cash) appropriation of approximately \$3.5 million annually. This appropriation could be in turn be used to support other budgetary priorities for the state. ADLL would continue to require approximately \$400,000 in general revenue to maintain the state share match required by the department’s federal grants.

**Implementation Considerations:**

As noted, the state of Iowa provides a recent example of a state that sought to streamline its boards and commissions. In 2023-2024, Iowa engaged in a comprehensive review of its boards and

commissions. This review coincided with consolidation of the state’s cabinet-level departments. Most of the occupational licensing functions were consolidated at the Department of Inspections, Appeals, and Licensing (DIAL). Senate Bill 514 (2023) created a Boards & Commissions Review Committee. The Committee issued a final report in September 2023 recommending a reduction of 111 boards and commissions (43%), board members (450 member reduction), and making many modernizations and improvements to the administrative functions of DIAL in supporting the boards. While the final legislation (SB 2385) did not result in the significant consolidation envisioned by the Committee, some of the administrative improvements did pass. Some of the most significant changes included amending statutes to permit the use of the licensing fees for the purpose of all DIAL’s operations (instead of the more limited purpose to support the given profession’s board) which gave the department the flexibility to operate its boards efficiently and make other administrative changes including pooling administrative resources and making assignments based on function not board (i.e., licensing, oversight, board support). Arkansas may wish to follow all or parts of the Iowa model.

**Appendix A – ADLL Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADL staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Complete a statutory review of changes required to support a single appropriation (complete).
- Provide early outreach to Legislative leaders and outline in a clear manner the benefits to the State, its taxpayers, stakeholders, and ADLL:
  - Develop a fiscal impact analysis that shows cost neutrality within the department, freeing up of general revenue.
  - Develop a plan to use administrative cost reduction to decrease fee revenue over time.
  - Develop outreach materials designed to educate legislators about how this authority will help ADLL operate more effectively, reduce administrative costs over time, and share cost savings with the public through reduced fees.

**Recommended steps for establishing a single appropriation for ADLL (future state):**

- Engage the Department of Finance and Administration (DFA) to review and refine proposal.
- Review and verify financial systems capacity to properly account for and report budget to actual performance and financial statements to align with a consolidated appropriations act.
- Document business cases on how consolidated appropriations will support administrative efficiency; align funding to new organization structure and demonstrate reduced cost of regulation over time (to support fee reduction proposal).
- Meet with Legislative leaders from both Houses to develop support, outline the ADLL roadmap for implementation, including strategies to address specific legislative concerns. Discuss business case. Share information about Iowa’s streamlining of boards and commissions with Legislative leaders.

- Work with group of key Legislators and the Office of Legislative and Intergovernmental Affairs to draft legislation that would consolidate appropriations and modify statutory requirements for the use of dedicated licensing fees.
- Receive Executive approval before moving forward.
- Engage stakeholders in review of proposed appropriation language and share Business Case.
- Ensure that the legislation has the appropriate transparency and organizational controls.
- Establish the required financial controls.
- Develop a fiscal impact statement including analysis that demonstrates the cost neutrality or long-term savings for any such legislation.
- Pass required statutory changes to support single appropriation.
- Pass budget under the new appropriation structure.

These proposed steps assume a time period of approximately three months to prepare documentation and meet with Legislative officials (including Legislative Council) to identify champions, build support, and file legislation. This time period also assumes upfront engagement of interested stakeholders.

**Alignment of department priorities with staffing and resources:** This single appropriation initiative aligns with ADLL’s related initiatives to improve the functioning of its boards and commissions. This initiative is expected to support the change in how ADLL staffs its boards and commissions, enabling administrative staff to be pooled across boards or to support specialization by function (i.e., licensing).

**Process changes associated with implementing changes in the strategic plans:** The shift to a single appropriation will change departmental budget processes and position management, impacting how ADLL engages DFA and the Office of Personnel Management.

**Performance metrics to measure success post-implementation:** This initiative is expected to result in greater flexibility to transfer funds and resources to administer boards.

Success could be measured by monitoring:

- Administrative costs (expected to decrease over time)
- Total staff supporting Boards and Commissions (expected to decrease over time)

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative will lead to more efficient and effective management of ADLL’s scarce resources across all boards and will also serve to enable ADLL to pool resources and reduce or eliminate the over/under utilization of staff. The pooling of funds will enable ADLL to share funds across boards, using surpluses to fund deficits and eliminating the need for a general revenue (cash) appropriation of approximately \$3.5 million annually. This appropriation could be in turn be used to support other budgetary priorities for the state. ADLL would continue to require approximately \$400,000 in general revenue to maintain the state share match required by the department’s federal grants. A complete fiscal analysis will be conducted by ADLL once preliminary approval is received for this initiative. ADLL will then implement proper fiscal controls to monitor any future transfer and activities under this single appropriation..



**Change Management Plan:** ADLL will need to ensure additional fiscal controls are in place. A model will need to be created to demonstrate fiscal neutrality (total funding per board not changing despite method of finance change) and a plan to reduce share staff resources among boards and reduce administrative expenses over time (returning some revenue back to the public through fee reductions). **Figure 10** summarizes communication tasks that are also included in **Appendix A – ADLL Work Plan**.

**Figure 10 – ADLL-02 Communication Plan**

Audience	Key Messages	Modalities	Owner
Legislative Stakeholders	<ul style="list-style-type: none"> <li>• Single Appropriation will enable more effective administration of boards and commission</li> <li>• This appropriation will reduce the need for general revenue/cash and free up approximately \$3.5 million per year for other purposes</li> <li>• More efficient staffing of the boards will decrease regulatory costs and allow savings to be shared with the public in the form of fee reductions</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings with Legislative leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Steve Guntharp</li> <li>• Tyler Cain</li> </ul>
Board Staff and Members	<ul style="list-style-type: none"> <li>• Single appropriation will enable more effective management of boards</li> <li>• Ability to transfer fund and staff will allow ADLL to respond to fluctuations in workload and use cross-trained staff to balance workload</li> </ul>	<ul style="list-style-type: none"> <li>• Staff bulletins</li> <li>• Staff emails</li> <li>• All staff meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Steve Guntharp</li> <li>• Tyler Cain</li> </ul>
Stakeholders	<ul style="list-style-type: none"> <li>• Single appropriation will enable more effective management of boards</li> <li>• More efficient staffing of the boards will decrease regulatory costs and allow savings to be shared with the public in the form of fee reductions</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder email lists</li> <li>• Stakeholder forum</li> </ul>	<ul style="list-style-type: none"> <li>• Steve Guntharp</li> <li>• Tyler Cain</li> </ul>

## ADLL-01: Optimize manager roles and team size for better control and efficiency

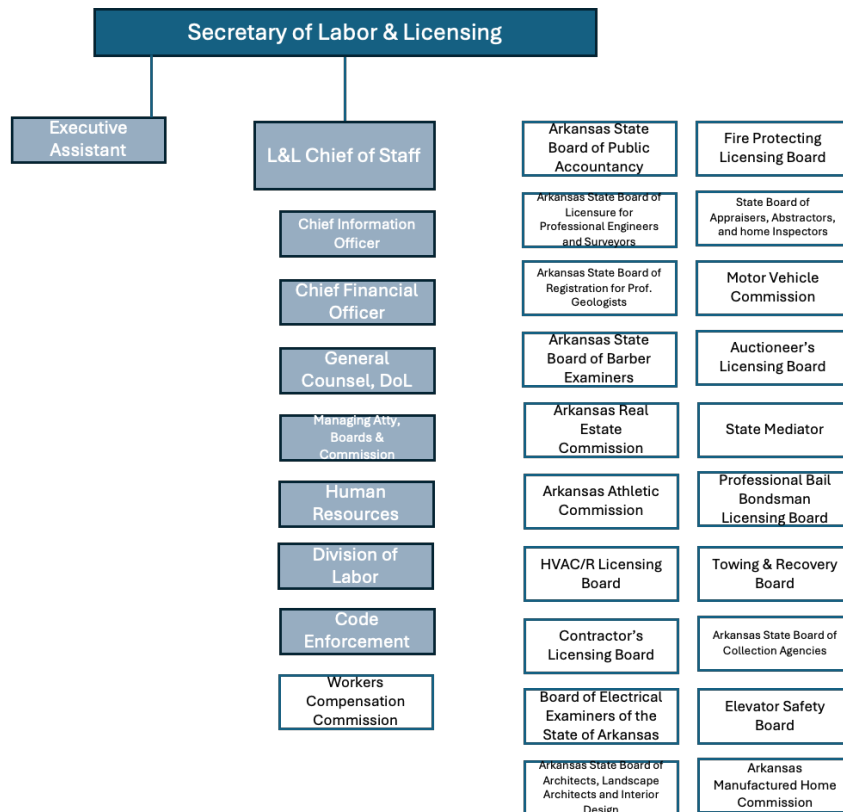
This initiative is part of the broader Arkansas Forward Agile Organization initiative and includes implementing a tailored and modernized organization to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions.

**Initiative Overview and Current State:** ADLL’s current organization structure is directly related to its current Board and Commission structure. The department’s appropriations bills

(Workers Compensation, legacy Department of Labor programs and Boards, and one for multiple Boards and Commission) provide the staff count for each Board and Commission, with the director of each reporting to the Chief of Staff (shown in **Figure 11**). This structure creates a large span of control for the Chief of Staff and contributes to the “siloed” approach to staffing each Board or Commission, where each Board or Commission has a lead and support staff. Staff are only able to support their designated Board or Commission and are not able to support multiple Boards and Commissions. This is based on the appropriations acts, which mandate that staff be solely committed to their specific organization and in many cases, fund the position out of dedicated funds.

As noted in ADLL-02, ADLL lacks the flexibility needed to manage its boards and commissions effectively. Workload of the Boards and Commissions fluctuates throughout the year, with periods of increased workload corresponding to license renewal periods. Because ADLL cannot shift staff or funds to support increased workload, the department must staff each board, resulting in a higher total staffing level than might be needed based on the volume of work. At any given point in the year, there are under-utilized and over-utilized staff under the current structure.

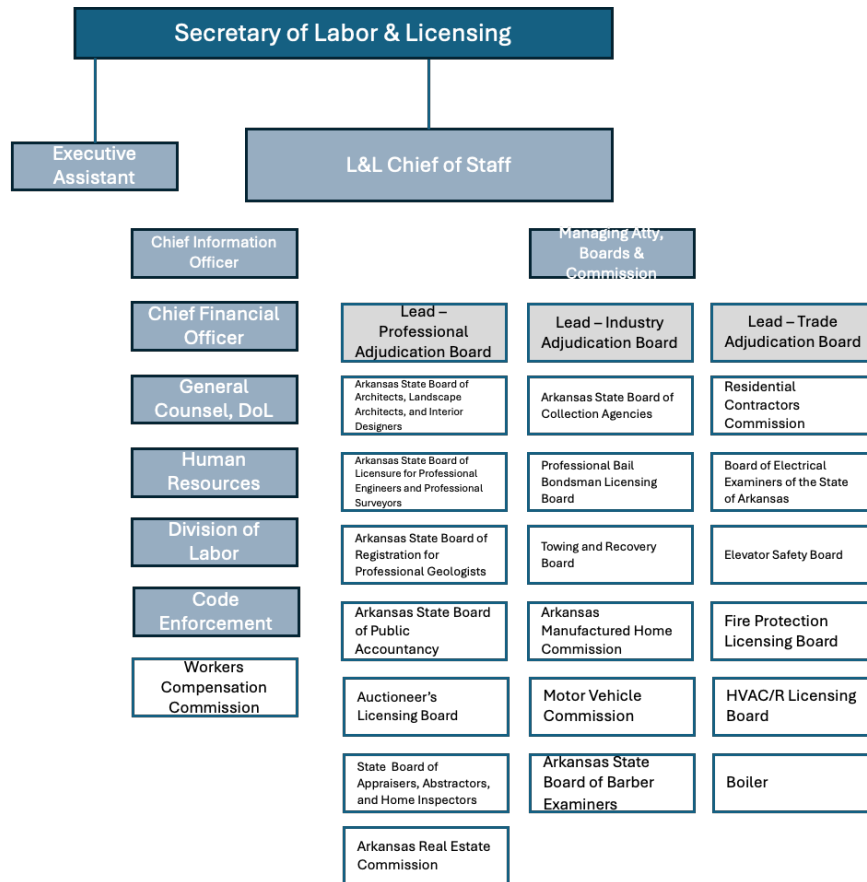
**Figure 11 – ADLL Current Organization Chart**



**Rationale:** ADLL seeks to align its organization structure with its proposals to consolidate its boards. **Figure 12** shows the proposed chart if the Plan 1 Four Board Model is used. This approach would create a team under each of the three new organizations (excluding Workers Compensation). In this model, an existing Managing Attorney position is elevated to oversee the boards and commissions and creates a layer between the Chief of Staff and the Boards. For each of the three

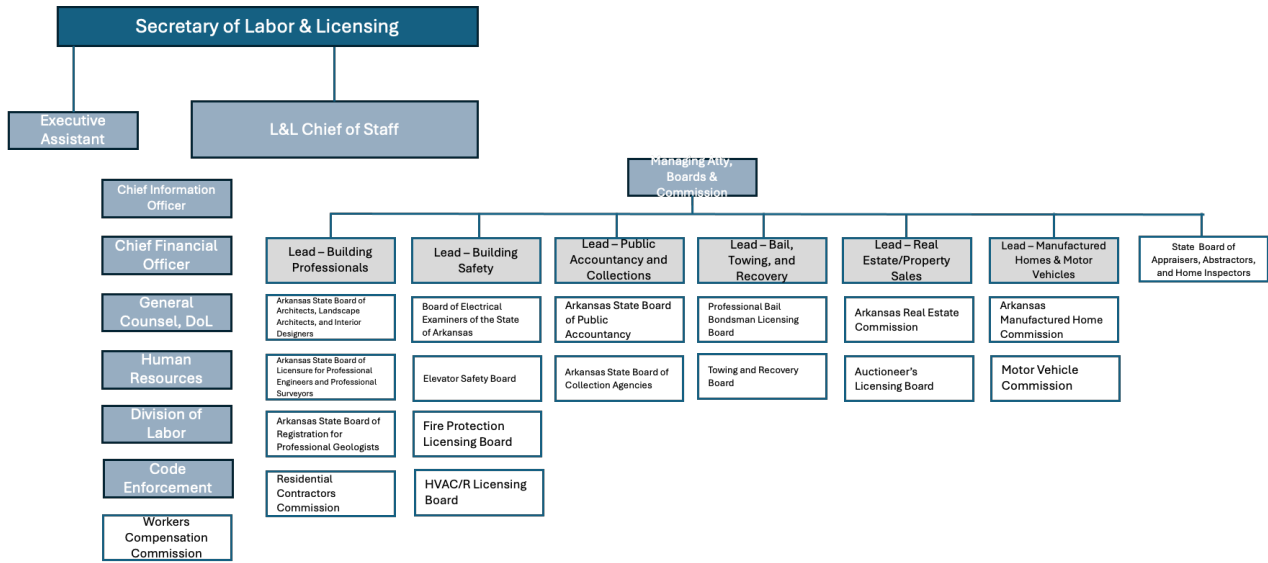
new boards, there is a team lead (elevated from one of the current directors) and a pooled support staff. Each director would continue to be the subject matter lead for their functional area.

**Figure 12 – ADLL Future Organization Chart, Four Board Model**



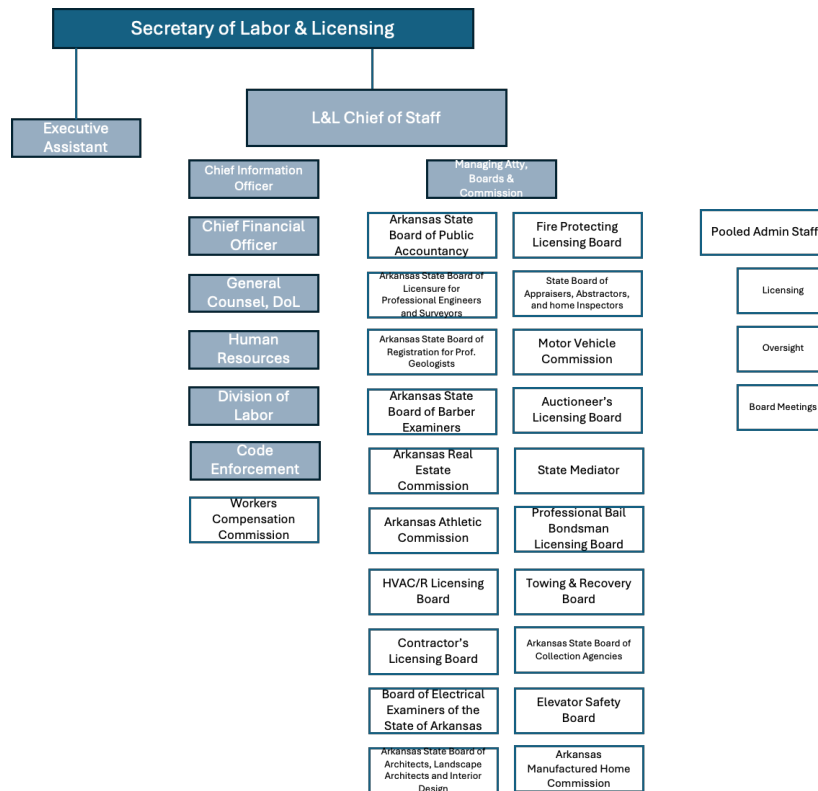
**Figure 13** provides an alternate model if the nine board model is chosen. Under this model, the only difference from the four board model is that there are more team leads identified.

**Figure 13 – ADLL Future Organization Chart, Nine Board Model**



Should the Legislature not move forward with board and commission consolidation, ADLL seeks to gain a single appropriation with ability to staff the boards using a pooled administrative staff approach. Under this model, administrative efficiencies would be achieved in how ADLL supports the Boards and Commissions, without impacting stakeholders. In this approach, a pooled administrative team would be created to support all boards and commissions, while the directors would remain dedicated to their current board or commission (see **Figure 14**). This would allow the Department to assign staff to functional areas instead of individual boards, which would prevent the over/under utilization of staff and allow for cross-training, process improvement. Over time, the pooled approach should also allow ADLL to reduce of the overall number of staff needed to perform the work.

**Figure 14 – ADLL Future Organization Chart, Administrative Consolidation Only**



**Implementation Considerations:**

As noted, the State of Iowa provides a recent example of a state that sought to streamline its boards and commissions. In Iowa the Department of Inspections, Appeals, and Licensing (DIAL) gained flexibility in SB 2385 to use licensing fees for the purpose of all DIAL’s operations (instead of the more limited purpose to support the given profession’s board). This gave the department the flexibility to operate its boards efficiently and make other administrative changes including pooling administrative resources and making staff assignments based on function not board (i.e., licensing, oversight, board support). This structural change enabled the department to begin implementing initiatives to streamline licensing such as moving to a new single licensing platform and adopting more universal licensing process (for example using a common form). These process changes also supported staff cross-training so that staff could more easily process licenses across functions instead of the Boards or Commissions to which they were previously assigned.

**Appendix A – ADLL Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADLL staff.

**Strategies to address potential risks and enable success:**

Organizational realignment will require a change in how ADLL receives its appropriation (i.e., a consolidated appropriation for the purpose of ADLL’s operational functions). Statutory changes may be required related to the use of licensing fees/dedicated funds. This will require engaging the

Legislature to demonstrate the benefits of the approach. As detailed in ADLL-02, mitigating these risks will require early outreach to Legislative leaders and clearly articulating the benefits to the state, its taxpayers, stakeholders, and ADLL. Risk mitigation steps include:

- Develop a plan to show how critical staff will be retained to ensure expertise in each area.
- Demonstrate how administrative staff will be cross-trained to support other areas and how functional organization can support the department better than having separate teams for each board.
- Develop outreach materials designed to educate legislators about how this authority will help ADLL operate more effectively, reduce administrative costs over time, foster program improvement, and share cost savings with the public through reduced fees.

Depending on which organizational model is ultimately chosen, there may be differing levels of concerns from Board and Commission members, stakeholders, and staff. ADLL will need to manage change proactively with these organizations and use a variety of public forums to explain the purpose of these changes and obtain feedback. Communicating that ADLL will staff each board appropriately, will retain a dedicated director to handle grievances and oversight issues, and ensuring appropriate expertise is retained on the consolidated boards and commissions will be key messages included in this strategy.

**Recommended steps for establishing new organization structure (future state):**

- Document business cases on how consolidated appropriations and realignment of staffing will support administrative efficiency; align funding to new organization structure and demonstrate reduced cost of regulation over time (to support fee reduction proposal).
- Meet with Legislative leaders from both Houses to develop support, outline the ADLL roadmap for implementation, including strategies to address specific legislative concerns. Discuss business case.
- Receive Executive approval before moving forward.
- Develop comprehensive Stakeholder Engagement Strategy.
- Engage stakeholders in review of proposed reorganization and share Business Case.
- Ensure that the legislation has the appropriate transparency and organizational controls.
- Pass required statutory changes to support single appropriation.
- Pass budget under the new appropriation structure.
- Coordinate with Human Resources to begin implementation of approved organization chart changes.
- Encourage each new team to map operational processes and consider process improvements enabled by the new organization structure, with a focus on improving the licensure process.

**Alignment of department priorities with staffing and resources:** The ability to realign staff efficiently to support its boards and commissions is one of the primary purposes for ADLL’s proposal to consolidate its boards and commissions. This initiative is anticipated to allow ADLL to leverage its staff efficiently, enabling administrative staff to be pooled across boards or to support specialization by function (i.e., licensing). It is assumed that some of the existing staff directors would be elevated to a “lead” position to oversee a group of boards, but that this would be done within

existing resources in the short-term. ADLL may seek to upgrade these position classifications over time.

**Process changes associated with implementing changes in the strategic plans:**

Organization realignment is anticipated to provide the conditions for process improvement. When staff collaborate, they will share best practices across the many functions performed such as licensing, board support, regulation, oversight of grievances. Consolidated teams may be able to implement more standardized and streamlined processes for functional areas such as licensing. It is recommended that the newly formed teams use process mapping to collaborate to develop their new standard operating procedures moving forward.

**Performance metrics to measure success post-implementation:** This initiative is expected to result in greater flexibility to pool resources and align the organization structure to consolidate boards.

Success could be measured by monitoring:

- Administrative costs (expected to decrease over time); and,
- Total staff supporting Boards and Commissions (expected to decrease over time).

**Identification and estimation of any savings the strategic plan could realize once implemented:**

This initiative will lead to more efficient and effective management of ADLL’s administrative resources by allowing ADLL to leverage its staff efficiently, enabling administrative staff to be pooled across boards or to support specialization by function (i.e., licensing). It will also allow staff to be cross-trained to support the work of other Boards and/or alignment of staff by function instead of Board/Commission.

**Change Management Plan:** Depending on the staffing model chosen, ADLL may encounter challenges from stakeholders, existing Boards and Commission members, the Legislature, and the public. Clear and frequent communication and stakeholder engagement will be required throughout the Board and Commission consolidation process, especially when making organizational changes. It is recommended that ADLL develop a comprehensive communication plan in collaboration with the Office of the Governor. **Figure 15** summarizes high level communication tasks, that are also included in **Appendix A – ADLL Work Plan**.

**Figure 15 – ADLL-01 Communication Plan**

Audience	Key Messages	Modalities	Owner
Legislative Stakeholders	<ul style="list-style-type: none"> <li>• Realigning ADLL’s organization structure will allow the department to realize the benefits of Board and Commission consolidation</li> <li>• This realignment will support process improvement and efficient oversight of the Boards, which will benefit stakeholders and the public</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings with Legislative leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Bassett</li> <li>• Steve Guntharp</li> </ul>

Audience	Key Messages	Modalities	Owner
	<ul style="list-style-type: none"> <li>• This approach is expected to result in cost savings over time from more efficient use of staff</li> <li>• Savings from reduced regulatory costs can be passed on to the public and licensees through reduced fees</li> </ul>		
Board Members and Stakeholders	<ul style="list-style-type: none"> <li>• ADLL will maintain adequate resources to support each Board and Commission</li> <li>• The new organizational structure will allow ADLL to staff and Boards and Commissions better, including managing seasonal workload fluctuations</li> <li>• The new organization structure will support process improvement including efforts to streamline the licensure process</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings with each board</li> <li>• Public meetings to obtain feedback on proposal</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Bassett</li> <li>• Steve Guntharp</li> </ul>
ADLL Staff (impacted by the consolidation)	<ul style="list-style-type: none"> <li>• ADLL is excited to develop a new approach to staffing and managing the important board functions for which it is responsible</li> <li>• This approach will allow for greater cross-training and support for all Boards, while providing employees opportunities for professional development and growth, through cross-training</li> </ul>	<ul style="list-style-type: none"> <li>• Staff meetings (face-to-face)</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Bassett</li> <li>• Steve Guntharp</li> </ul>

**ADLL-05: Centralize physical location of boards**

This initiative directs ADLL to relocate the three remaining agency boards (Board of Contractors, Board of Engineers, and Board of Real Estate) that are not located in the main building to enable more efficient coordination and management.

**Initiative Overview and Current State:** ADLL maintains 22 boards and commissions within its purview; and over time has been able to consolidate the physical location of its boards into its departmental headquarters, which supports staff collaboration and administrative efficiencies. However, three boards and commissions remain outside this location: the Arkansas Contractors Licensing Board on Richards Road in North Little Rock, the Arkansas Real Estate Commission on Summit Street in Little Rock, and the Arkansas State Board of Licensure for Professional Engineers and Surveyors on Woodlane Street in Little Rock. There are approximately forty employees working in these locations. Each has their own management team, equipment and supply storage. These



three Boards and Commissions own their own properties and the annual operating costs for these properties are approximately \$120,000.

**Rationale:** ADLL has a need to physically relocate these boards/commissions into one location. ADLL will evaluate the space at 900 W. Capital Avenue to determine if the footprint can absorb additional staff (it is anticipated this will be the case). The primary reason for this initiative is to improve efficiency, allowing the boards to share resources such as a common board room, and better management and oversight over the boards, which improves quality of operations. On the occasional instance when members of the public may need to interact with multiple boards, consolidating these locations has the potential to improve the department's customer experience. Consolidation will eliminate the \$120,000 annual operating cost for these properties. Additionally, because the Boards own the locations noted above, ADLL could sell the property at the locations where the Boards are currently operating, which would result in a revenue gain for the department.

**Implementation Considerations:** ADLL should consider the following when consolidating offices:

First, some external stakeholders who interact with one or more boards may initially be concerned about the office move. Even though the number of employees is relatively small, effective communication at the outset of the implementation can help to address concerns. Secondly, ADLL should consider the staff who need to be relocated. Physical separation, as indicated above, created different office cultures among offices. A change management plan must take into consideration the cultures of the offices that are being moved, for example, whether an office is family-oriented, holds employee events, or what needs might exist for privacy/confidentiality in different offices.

ADLL will need to consider the resources necessary to successfully implement this move. Building out the future space (e.g., office space footprint, copying machines, paper storage, and security to name a few) must also be considered. Additionally, collaboration with the Division of Building Authority (DBA) can help ensure a successful implementation. Finally, obtaining buy-in from the Governor's Office, appropriate state agencies, and the legislature will enable support of this initiative and its success.

**Appendix A – ADLL Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADLL staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- There are a variety of logistics that will be required to manage the moves. A dedicated project manager to work with DBA and the impacted boards is needed to support this project.
- Communication and change management for staff will be important to mitigate any opposition. Some staff may be impacted by the move positively and negatively, depending on the impact to their personal commutes.
- During the move, business continuity for the impacted boards and commissions must be maintained. This can be mitigated by planning the move in phased rollouts to minimize effects, ensuring continuous support and clear guidelines for business operations during each phase.

### **Recommended steps for reducing ADLL’s real estate footprint through board consolidation:**

- Engage the Arkansas Division of Building Administration (DBA) through ongoing meetings to implement ADLL’s desired real estate change.
- Develop a plan with recommendations for building consolidation and timeline.
  - Develop cost analysis of building consolidation, including total estimated annual savings including rent, utilities, shared service equipment like copying machines.
- Present the plan to Secretary Bassett for approval and feedback.
- Work with Arkansas Legislative Council to draft necessary statutory changes and ensure appropriate transparency and controls within the new organization.
- Design a multi-tiered communication plan that addresses different stakeholder groups, ensuring tailored messages that resonate with each group’s concerns and roles.
- Develop a project plan and designate a project manager to oversee the moves.
- Take inventory of equipment and paper storage needs.
- Engage DBA Design Review for construction drawings for permanent wall improvements, space design for pricing.
- Develop business continuity plan.
- Implement Communications Plan: make department announcements about consolidation/offices moves; tout benefits.
- Engage furniture installer to confirm product availability and schedule modifications.
- Meet DBA Maintenance Manager and on-call architects at affected sites to discuss improvements and tentative schedule for construction estimating and start.
- Develop and evaluate seating arrangement options and product availability/purchases; make purchases according to final decisions.
- Phased rollout: Complete construction/renovation of building modifications.
- Arrange with Corrections to transport equipment and supplies.
- Launch a pilot phase to test the first phase consolidations, followed by full-scale implementation.
- Monitor pilot phases to collect feedback on how well consolidations have gone, paying special attention to workflow disruptions and employee feedback.

**Alignment of department priorities with staffing and resources:** This initiative seeks to improve the collaboration among the Boards and Commissions overseen by ADLL through physical co-location. This will also support sharing of administrative resources and staff and contribute to reduced costs of regulation, which can be shared with licensees in the future in the form of lower fees.

**Process changes, associated with implementing changes in the strategic plans:** Change management will be required to implement this initiative, including developing communication plans for impacted staff and other stakeholders. Policies, protocols, and checklists for co-location and business continuity also need to be developed. Policies developed for consolidated office space will need to consider employee feedback.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve management, board efficiencies, improve customer experience, and realize savings.

The recommend performance measure includes:

- Reduced rent cost (average cost per square foot).
- Employee satisfaction (from employees directly impacted by the moves).

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on initial estimates, ADLL has the potential annual reoccurring financial impact of \$120,000, which includes cost savings from the operating costs of these properties. There could be a future revenue gain to the department if the three impacted Boards and Commissions are able to sell their properties.

**Change Management Plan:** Collaboration across state agencies, state leadership, and with community stakeholders is critical to this initiative. Recommended messaging and modalities are included for each audience in **Figure 16**.

**Figure 16 – ADLL-05 Communication Plan**

Audience	Key Messages	Modalities	Owner
Affected staff	<ul style="list-style-type: none"> <li>• Benefits of the consolidate real estate management approach, showing the value of co-locating, consolidating space.</li> <li>• Detailed timeline of moves and instructions for their packing and moving</li> </ul>	<ul style="list-style-type: none"> <li>• Departmental emails</li> <li>• ADLL staff meetings</li> <li>• Virtual meetings or roadshow</li> </ul>	Steve Guntharp
Community stakeholders	<ul style="list-style-type: none"> <li>• Demonstrate how co-location and creating more centralized government functions can help improve customer experience and reduce the cost, which can result in lower regulatory fees</li> <li>• Will involve early on in process and make aware of planned changes early on</li> </ul>	<ul style="list-style-type: none"> <li>• Individual meetings on a regular basis</li> <li>• Emails</li> </ul>	Steve Guntharp
Public	<ul style="list-style-type: none"> <li>• Communication of new office locations for public-facing</li> </ul>	<ul style="list-style-type: none"> <li>• Website updates</li> </ul>	Steve Guntharp

Audience	Key Messages	Modalities	Owner
	<p>facilities should occur in advance and following the moves</p> <ul style="list-style-type: none"> <li>• The goal of the location is to create benefits to the public related to co-location, such as reduced fees from reduced regulatory costs</li> </ul>	<ul style="list-style-type: none"> <li>• Press release in affected communities</li> </ul>	

# Strategic Management Plan: Arkansas Department of Veterans Affairs

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## Overview

In 1923, the Arkansas General Assembly created the Arkansas Department of Veterans’ Affairs (ADVA) to connect veterans and their dependents to state and federal services. ADVA’s mission is to serve veterans and their eligible dependents through advocacy, education and connection to state and federal benefits. The vision of the ADVA is to “be the state’s leading advocate and resource responsive to the changing needs of Veterans and their families in attaining the highest quality of life.”

ADVA administers:

- Two state Veteran cemeteries;
- Two state Veteran nursing homes; and,
- Veteran Services Officer (VSO) network.

Through the Arkansas Forward project, a 2024 effort to improve the efficiency and effectiveness of Arkansas’ 15 cabinet-level departments, ADVA realigned its organizational structure to strengthen its ability to perform core roles and responsibilities and prioritized implementation of six initiatives including five that focus on the organization and its most pressing workforce needs and one related to improved service delivery to the state’s veterans.

This Strategic Management Plan (“Plan”) memorializes the work completed by ADVA during Arkansas Forward, translating the department’s vision into a plan consisting of recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics.



- Changes necessitated by Arkansas' centralization of certain shared services functions (i.e., information technology, human resources, procurement).

As part of Arkansas Forward, ADVA undertook a review of each division's organization to identify opportunities to create a more agile organization, considering span of control, number of managerial layers, opportunities for internal shared services consolidation, and repurposing of existing positions, among other factors. The needs of each division were distinct, based on the specialized mission of the organization and a variety of statutory and external constraints.

- **Changes that would support the department's execution of its mission:** No additional changes were identified.
- **Changes identified through implementation of Arkansas Forward initiatives:** As part of Initiative ADVA-5, to create the most agile and efficient organization, ADVA identified opportunities to address some span of control issues within the Veterans' Service Officer organization by consolidating business functions.
- **Changes necessitated by Arkansas' centralization of certain shared services functions:** Based on direction from the Steering Committee, Transformation and Shared Services (TSS) will assume responsibility for the Payroll and Help Desk functions statewide, as the first Human Resources and Information Technology functions to transfer to TSS in a statewide shared services model. Additional decisions on sequencing of further functions have not yet been determined.

Recommendations for ADVA's future state organization are included in **Figure 2**. The box in green shows the consolidation of the division's operational functions under an Assistant Director position, to include the functions of administration, quality assurance, and business operations.





# Key Initiatives Prioritized for Arkansas Forward Implementation

ADVA leadership generated ten ideas to improve departmental effectiveness and efficiency, before prioritizing six initiatives for immediate implementation as part of Arkansas Forward which collectively focus on improving the organization.

## ADVA-01: Build a standardized onboarding and compliance curriculum

This initiative seeks to improve the onboarding and compliance practices for ADVA staff. ADVA Human Resources (HR) will create protocols that improve departmental and organizational efficiency to better deliver services to veterans. Through a clearly defined action plan, standardized training objectives will be created and used to better prepare staff for their job roles. The Veterans' Services Division aims to implement this initiative in alignment with the identification of areas needed to build long-term talent systems.

**Initiative Overview and Current State:** ADVA's workforce includes 305 authorized positions, organized into three programmatic divisions (veterans' cemeteries, veterans' nursing homes, and veterans' services network), as well as shared services. As of September 26, 2024, 130 positions are filled (42.6%) and 175 positions are vacant, with 145 of these vacant positions allocated for direct care positions such as Registered Nurses (RN), Licensed Practical Nurse (LPN), Certified Nursing Assistant (CNA) and Licensed Social Workers (LSW). Last year, ADVA agency-wide turnover was 28.65%, as reported by the Office of Personnel Management.

ADVA has a New Hire Orientation Session, conducted by HR, that covers the following topics:

- Onboarding documents – This section focuses on business functions including tax and direct deposit forms and the Arkansas Diamond Plan (457 plan).
- Benefits – HR reviews benefits materials including for health insurance and voluntary products.
- Arkansas Public Employees Retirement System (APERS) – HR reviews information about state employee retirement benefits.
- Policies – Staff review department policies and sign to confirm receipt and understanding.
- Empowering Arkansas State Employees (EASE) – HR provides an overview of the EASE system, used for timekeeping and leave requests and approval, and time and leave policies and schedule.
- Tour of office – HR provides an office tour to introduce the employee to coworkers.

Today, New Hire training is focused on onboarding new staff, but does not include formalized job training specific to their roles. There are not standardized communications or operational practices followed to ensure the employee clearly understands the expectations they are required to meet for the job they accepted. Also, leadership does not have standardized protocols they must follow or uniform resources to give the employee as they begin their new job. There is an opportunity to connect new hires to ADVA's mission to connect veterans and their families to state and federal

services. On-the-job training may be provided within each division, but there is a lack of formal expectations for New Hire training.

**Rationale:** Given the current vacancy and turnover rates, ADVA has a need to onboard new staff efficiently and effectively.

ADVA identified the need to better support onboarding staff who interface with veterans by creating job specific protocols and compliance practices to better communicate expectations of the job and equip them with the tools needed to be successful while supporting increased employee retention rates. Building a standardized onboarding process and curriculum not only supports new hire alignment with ADVA's mission but provides staff with information to begin to perform their work more quickly and effectively.

While this initiative suggests ADVA would benefit in creating an onboarding program for all new employees, it is recommended that the department implement this in phases. A core onboarding program could be developed, with modules depending on the division of assignment. Because the greatest turnover occurs within the veterans homes division, the department would realize the greatest benefit by improving the onboarding process for this division. Long-term, all divisions should provide desk manuals and checklists for their departments. Documenting clearly defined expectations and operational protocols will better support ADVA employees by providing job-specific resources while creating a sustainable workplace model throughout the agency.

**Implementation Considerations:** Some best practices for standardized onboarding protocols include<sup>1</sup>:

- Provide onboarding journeys for veterans homes division employees, with a long-term goal to expand to all hires. The standardized process should begin at orientation and should account for the integration phase into their role and through full effectiveness of their role. The detail and length of journey support will vary based on the skillset, experience and intensity of talent required for the job role. For example, entry-level positions would require the least amount of support.
- Utilize technology resources to share content at specified cadence or to enable employees to search for resources when they are needed.
- Standardize the language used in messaging, communication platforms and engagement protocols throughout the organization for employees to become familiarized with business norms and culture.
- Clearly define roles and responsibilities for each role in the organization to support new hires. This framework will create a support system for new employees to thrive as they transition into their position.

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<sup>1</sup> Harvard Business Review, 2019.

Research by Dr. Talya N. Bauer, Cameron Professor of Management at Portland State University, identifies a framework for a successful onboarding program, known as “the Four Cs”:<sup>2</sup>

- Compliance – include topics related to security/safety training and on any relevant federal and state requirements;
- Clarification – include clarity about role, expectations, organization structure;
- Culture – include mission, vision, values; and,
- Connection – connecting new hire to key colleagues, divisions they will interact with.

**Strategies to address potential risks and enable success:**

When organizations implement standardized practices for onboarding new hires, there is potential that processes will become impersonal and inflexible. ADVA may wish to include some videos or testimonials from the veterans it serves and/or leaders and staff from across the organization to ensure that new hires remain connected to ADVA’s mission. ADVA should also intentionally focus on providing the employee with an introduction to ADVA’s organizational culture, mission and values.

ADVA may need to assign more resources to this project to ensure sustainability. While it is assumed the HR team will implement the updated onboarding training, additional resources within each division are needed to create job shadowing and staff mentoring opportunities. Given that ADVA’s workforce is lean, and out of recognition that training and mentoring are resource-intensive, new hires can be used to relieve veteran staff of administrative tasks while they are in training (e.g., documentation).

ADVA should also evaluate the success of the newly implemented onboarding program, and make modifications to improve the program. ADVA should implement a survey or evaluation tool to measure employee satisfaction and the effectiveness of the transfer of knowledge from the training.

**Recommended steps for standardizing onboarding and compliance curriculum (future state):**

As ADVA develops its comprehensive new onboarding program, consideration should be given to:

- Detail the connection between the employee hired and ADVA’s core tradition of “ADVAcy” in supporting the veteran community.
- Consider mentoring programs, that would partner a new hire with a seasoned employee who can readily answer immediate questions to fulfill job duties within the first 90 days.
- Include shadowing opportunities for the new hire and all the divisions or teams the employee will interact with in their job role so they can become familiarized with the different functions of the department.
- Implement standardized check-ins between department leadership and the new employee for the first 90 days to ensure expectations are being met.

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<sup>2</sup> Bamboo HR LLC, “Definitive Guide to Onboarding in 2024”, 2024, [The Definitive Guide to Onboarding in 2024 \(bamboohr.com\)](https://bamboohr.com)

Implementation should include the following steps to standardized onboarding and compliance curriculum:

- HR and Deputy Chief of Staff will collaborate with ADVA leadership to evaluate the current state of onboarding and compliance practices across divisions.
- ADVA Directors will meet with managers to gather insights into onboarding and compliance challenges while onboarding new hires. Surveys and focus groups will be used to identify organizational bottlenecks and vulnerabilities such as storing important files locally.
- HR, Deputy Chief of Staff, and ADVA Leadership will identify the top five areas and communication channels selected for onboarding improvement based on staff engagement feedback.
- HR and Deputy Chief of Staff will create a summary report to detail the onboarding/compliance areas of focus with anticipated cost, efficiency and risks for ADVA leadership and Secretary General Penn's approval.
- HR and Deputy Chief of Staff will host a kickoff meeting with division leadership and key internal stakeholders to communicate strategies, answer questions and assign accountability for assignments.
- HR and Deputy Chief of Staff will draft, refine, and compile onboarding documents, training, and resources such as the onboarding checklist and job specific desk manuals.
- HR, Deputy Chief of Staff and ADVA leadership will implement new onboarding and compliance curriculum statewide. Ongoing evaluation checkpoints will be utilized for HR, Deputy Chief of Staff and ADVA leadership to monitor change and modify strategies as needed.

**Alignment of department priorities with staffing and resources:** This initiative aligns with the need to build long-term talent systems to improve onboarding and compliance practices for new and existing employees.

To mitigate risk for employee turnover and avoid turnover costs, ADVA will utilize staff insights and expertise to standardize onboarding and compliance protocols. All actions will be completed utilizing existing staff and internal resources. There are no new staffing positions or funding resources available for this initiative.

HR and Deputy Chief of Staff will be accountable to lead discussions, meetings, and documentation with division leadership. They will collaborate closely with the Chief of Staff to ensure all communication protocols are engaged to review and finalize strategies deployed.

**Process changes associated with implementing changes in the strategic plans:**

HR and Deputy Chief of Staff will incorporate feedback from division staff and take into account best practices and research to standardize protocols that meet the needs of ADVA staff hired and the veteran community they serve. Consideration should be given to create resources that address onboarding frustrations that new hires often experience.

ADVA may consider building the additional training resources as part of this initiative, as summarized in **Figure 3**.

**Figure 3 – Additional Training Resources for Consideration by ADVA**

Resource	Benefit(s)	Implementation considerations
Manager Checklists per job role	<ul style="list-style-type: none"> <li>Management will have standardized guidance to address all job components.</li> <li>Consistent practices will be applied when onboarding new staff and as they transition into their new role.</li> <li>All employees receive consistent messaging</li> </ul>	<ul style="list-style-type: none"> <li>HR and division leadership will need to implement consistent reviews to evaluate the various checklists to ensure they remain current and up to date per job role.</li> <li>HR will need to implement accountability protocols to ensure division leadership are utilizing checklists accordingly with new hires.</li> <li>Division leadership will need to ensure all team members (new and existing) have reviewed newly created checklists to ensure they have the information needed to support success in their role.</li> <li>ADVA may want to collect staff acknowledgement for the checklist review, which will support performance reviews and help address ongoing job performances with employees.</li> </ul>
Employee Desk Manuals	<ul style="list-style-type: none"> <li>Employees will have standardized guidance and readily available references to perform job duties.</li> <li>Consistent expectations and requirements will be readily available for reference to promote performance success.</li> <li>All employees receive consistent messaging.</li> </ul>	<ul style="list-style-type: none"> <li>Role-specific manuals will require continuous evaluation by division leadership to ensure desk manuals remain current.</li> <li>Standardized protocols should be defined to hold division leadership accountable to document changes for desk manuals individually by job role.</li> <li>HR will need to implement accountability protocols to ensure division leadership are utilizing desk manuals accordingly with new hires.</li> <li>Division leadership will need to ensure all team members (new and existing) have access to their own desk manual.</li> <li>Staff and Leadership acknowledgement will need to be collected either through signature or other tracking mechanisms to confirm receipt of this resource. This acknowledgment will help provide coaching, interventions, and address concerns with job performance.</li> <li>Costs will be incurred for the creation and upkeep of hard copy desk manuals.</li> </ul>
On-demand training resources	<ul style="list-style-type: none"> <li>Anytime accessibility to support staff schedules and availability</li> </ul>	<ul style="list-style-type: none"> <li>This could involve recurring costs to create or purchase materials.</li> <li>Need a learning management platform for training accessibility when employees are available, and to store training records.</li> </ul>
Use of In-Person Training	<ul style="list-style-type: none"> <li>Offers real-time training with question-and-answer capabilities.</li> <li>May improve workforce morale and strengthen commitment to mission.</li> </ul>	<ul style="list-style-type: none"> <li>This involves travel costs.</li> <li>This may create additional staff administrative burden or detract from job duties.</li> </ul>

Resource	Benefit(s)	Implementation considerations
Live virtual webinars (for refresher training)	<ul style="list-style-type: none"> <li>Real time training with question-and-answer capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Consider a standing monthly meeting where employees can avoid scheduling conflicts.</li> </ul>

**Performance metrics to measure success post-implementation:** This initiative will standardize onboarding and compliance practices for new and existing ADVA employees.

**Performance Measures to be tracked:**

- Number of new employees hired post launch of standardized protocols per division;
- Number of existing employees who reviewed new onboarding materials compared to total number of existing employees per division;
- Number of training courses offered by platform;
- Number of staff who attended and accessed training resources by platform; and,
- Satisfaction rate of new employees upon completing onboarding.

**Expected Outcomes:**

- Higher employee satisfaction scores;
- Decreased rates of new hire turnover within varying checkpoints of time from hire date (30, 60, 90 days, 6 months, 1 year);
- Increased employee retention rates;
- Improved patient satisfaction scores; and,
- Workforce culture shift with increased employee morale.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not expected to result in a positive fiscal impact, but by strengthening ADVA’s workforce, is an enabling practice that will support implementation of other strategic initiatives. In implementing its new training and onboarding program, ADVA will utilize existing resources and staff. No outside expertise will be needed for this development or facilitation of training sessions.

**Change Management Plan:** Standardized onboarding and compliance protocols for new hires across ADVA divisions will better equip employees for performing to expectation and increasing the quality of services delivered to the veteran community. Key activities and timing for communication plan are included in **Appendix A – ADVA Work Plan** and summarized in **Figure 4**.

**Figure 4 – ADVA-01 Communication Plan**

Audience	Key Messages	Modalities	Owner
Veteran Services Division leadership Directors and Managers	<ul style="list-style-type: none"> <li>We will be creating standardized onboarding and compliance protocols to better support new hires.</li> <li>We will also train existing employees in the new standardization protocols to ensure all staff receive consistent</li> </ul>	Division meetings Staff meetings Focus Groups Surveys	Richelle Garcia and Melissa Butler

Audience	Key Messages	Modalities	Owner
	messaging of the job expectations they are required to meet. <ul style="list-style-type: none"> <li>• We will collaborate with you to identify organizational bottlenecks and vulnerabilities with this process.</li> <li>• You (as leadership) will also be provided with standardized resources to better transition new hires into your division for enhanced performance expectations while they serve the veteran community.</li> </ul>		
Current Staff	<ul style="list-style-type: none"> <li>• We created new standardized onboarding and compliance protocols to better support employees.</li> <li>• New hires receive this information and resources at the time of hire.</li> <li>• Existing employees are being given this training and resources to better support our entire workforce to excel in their roles.</li> <li>• These desk manuals define the newly defined expectations for staff to comply with.</li> </ul>	Team meetings Staff emails 1:1 meeting between leadership and direct reports Performance evaluations Coaching sessions	ADVA Division Leadership
All ADVA Staff (existing and new hires)	Introductory comprehensive recorded video that introduces division leadership with background of what the agency does as well as individual departments.	Recorded video to be accessible as needed for staff	Richelle Garcia, Melissa Butler, Public Affairs, and IT

## ADVA-02: Upskilling County and District Veteran Service Officers

This initiative improves standards of excellence and training accessibility for District Veteran Service Officers (DVSO) and County Veterans’ Services Officers (CVSO) to increase the number and percentage of successful veteran benefits claims.

**Initiative Overview and Current State:** The Arkansas Department of Veteran Affairs (ADVA) administers a network of Veteran Service Officers (VSOs) throughout the state. Some are state employees, while others are employed by the counties. The state has nine districts served by five Veteran Service Organizations; some Organizations cover two districts. There are also over seventy-five county VSOs, hired and supervised by county judges.

VSOs assist veterans and their families to identify and access available benefits, file benefit claims, and represent them in Veterans Affairs hearings. Most of the VSOs activity assists veterans with disability claims. VSOs are critical resources to assist veterans in navigating federal and state requirements. The application, notifications, and processes are complex and can be difficult to navigate without assistance. VSOs help veterans to better understand requirements and processes, assist in gathering the necessary documentation to adjudicate a claim, and can provide guidance to access other needed benefits; making it easier for veterans to attain the benefits and resources they need.

ADVA has limited training resources for DVSOs and CVSOs. There is annual training, which has been virtual in recent years, and training resources are available online. ADVA does not have a full-time training coordinator, nor a systematic means of tracking the training received by DVSOs beyond a manual, Excel-based log. For VSOs operated by non-governmental organizations, additional training resources may be available. For example, VFW operates an online Learning Management System called PsychArmor, which is an educational platform that offers hundreds of courses on military culture, mental health, caregiving, employment, and other pertinent issues.

This initiative is to improve the DVSO's and CVSO's skills and effectiveness and provide them with necessary training and professional development to be successful and effective. This effort will strengthen the workforce to support consistent service delivery and communication statewide.

**Rationale:** To increase the effectiveness of the VSOs' ability to assist veterans, ADVA is developing a formal training program that will help veterans receive accurate, clear, and consistent information. A formalized program will help to address the fact that VSOs are dispersed throughout the state and employed by multiple employers, which can lead to different messages and information delivered to Arkansas's veterans.

This training program will help VSOs to serve veterans better and increase veterans access to needed benefits. Veterans and their families experience unique and challenging situations. VSOs must be trained on relevant policies and requirements and how to apply them to a given situation to provide support. DVSOs and CVSOs must have access to information about federal and state laws (which are subject to change) that impact administration of veterans benefits, as well as other federal and state programs.

## Implementation Considerations:

**Appendix A – ADVA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with ADVA staff and review of other state best practices include:

### **Strategies to address potential risks and enable success:**

DVSOs and CVSOs are effective advocates for veterans, working hard to see that they attain their rights and obtain needed benefits. By improving standards of excellence and developing a training program that fosters a learning culture, ADVA will improve DVSO/CVSO's effectiveness and enhance veterans ability to access benefits and services.

By considering the needs of the VSOs and recognizing potential risks and mitigation, ADVA can foster an environment that values continuous learning, professional development, and better customer service, leading to success by:

- Identifying an owner/resource to support training initiatives and ensure continued focus and prioritization on the importance of training.
- Avoiding insufficient training uptake by ensuring that training sessions are engaging and accessible, providing incentives for completion, and scheduling follow-up sessions to reinforce learning.
- Conducting regular feedback to understand VSOs needs and concerns.



- Ensuring business continuity while training is occurring; mitigated by scheduling critical operational activities during non-training periods and assigning employees from other ADVA divisions to answer calls and other urgent communications.
- Measuring the increase in benefit awards and VSO skill set improvement.
- Identifying a small group of district and county VSOs to pilot training.
- Building a business case and seeking resources to implement survey software to track program results.
- Developing a central accessible portal to store training materials.

**Recommended steps for improving training for DVSOs (future state):**

- Conduct a needs assessment with DVSOs using surveys and interviews to understand specific skill gaps and common training and professional interests.
- Compile a full portfolio of data, learnings, and material from past trainings including slide decks, participant feedback, performance metrics, and training outcomes to inform and develop a tailored curriculum addressing survey and interview responses.
- Develop a business continuity plan.
- Design a multi-tiered communication plan that addresses different stakeholder groups, ensuring tailored messages that resonate with each group's concerns and roles.
- Determine the value of developing podcasts and videos.
- Develop a training evaluation form to be completed after each training session.
- Develop interactive stories to be included in the training curriculum.
- Implement a predefined section of the training with a pilot representative sample of 3-4 DVSOs and 10-15 CVSOs through a virtual upskilling session for feedback and refinement of curriculum.
- Build a business case and seek resources to implement survey software to track program results and a central portal to store training materials.
- Develop and implement communication plan.
- Adjust the training program based on pilot feedback to ensure it meets participants' needs, hold "lessons learned" sessions to gather input from participants and coworkers to identify and implement ideas for improvement.
- Present a detailed report summarizing the development process, pilot results, modifications made, and the final training program to Secretary General Penn + other ADVA leadership for final approval.
- Explore opportunities to centralize existing training materials and increase asynchronous access through digital platforms (e.g., an online learning portal such as Psych Armor, uploading program material, and other important information for Arkansas DVSOs and CVSOs to access).
- Implement the full-scale training program with all CVSOs and DVSOs during annual training session; monitor ongoing impact of program and adapt as needed.
- Develop an ongoing assessment tool and sequence for administration of the tool.
- Conduct training needs assessments.

## Alignment of department priorities with staffing and resources

The vision of the ADVA is to “recognizing the value of Veterans to Arkansas, the ADVA will be the state’s leading advocate and resource responsive to the changing needs of veterans and their families in attaining the highest quality of life.” One of the principal advocates for veterans is the VSO. The VSO to achieve success and become an effective voice for veterans is to possess the skills to motivate and inform veterans and their families of available benefits and resources. To that end, a formal training program that delivers clear, consistent, and concise information to VSOs will provide a foundation that provides the skill and knowledge to better the life of veterans and their families, which is directly aligned to the department’s mission.

## Process changes, associated with implementing changes in the strategic plans:

Understanding the needs of the workforce and the customers they serve is fundamental to adapting and pivoting to address the ongoing and unique challenges they face. These needs and the situations faced are not constant. Change can occur in one’s life situation, the process for addressing these, and the resources or solutions available. Change management is planning and delivering new means of addressing these changes. A vigorous communication plan will be the vehicle to disseminate these changes and the information associated with them.

A clear picture of need and what the future will look like will enable a more effective organization and the ability to serve veterans. ADVA obtaining input from VSO’s and assessing their needs will help develop their formal training program. Evaluating the courses after each session will provide instant feedback. Ongoing assessment will help adapt to the changes that most surely will occur. All of these will lead to a more dynamic and adaptable approach to improve efficiency and veterans quality of life.

## Performance metrics to measure success post-implementation:

The results of this initiative are to improve effectiveness of the VSOs and increase the total value and percentage of veterans obtaining eligible benefits.

The recommended performance measures for this initiative are:

- Increase in number of veterans matched with benefits increased with benefits increased average benefit award.
- Improved benefits matching outcomes for veterans.
- Upskilling for department VSOs and county VSOs.
- Higher levels of contact between VSOs across the state.

## Identification and estimation of any savings the strategic plan could realize once implemented:

ADVA-2 is an initiative that will enable the department to achieve its objectives but is not expected to have a significant fiscal impact on ADVA. Development of new training resources (whether in-house or through purchase) is expected to have some cost but result in an increase in benefits to the veterans’ served by ADVA.

This initiative could begin implementation in the fall of 2024 and take six to nine months.

**Change Management Plan:** Collaboration with county governments, VSOs, state leadership, veterans and their families, and with community stakeholders is critical to this initiative. State leaders and county governments need to be included and engaged in this communication plan because they will need to arrange the necessary resources, provide encouragement so that the trainings are well attended, and promote the value so that citizens are informed and understand how to access services during the trainings. Key activities and timing for the communication plan are in summarized in **Figure 5**.

**Figure 5 – ADVA-02 Communication Plan**

Audience	Key Messages	Modalities
Affected staff	<ul style="list-style-type: none"> <li>• Benefits of training, showing the value to workers and veterans by improving the VSOs skill and knowledge.</li> <li>• Feedback of assessments</li> <li>• Performance measures</li> </ul>	<ul style="list-style-type: none"> <li>• Departmental and county VSO’s emails</li> <li>• VSO staff meetings</li> <li>• Virtual meetings or roadshow</li> <li>• Memos</li> </ul>
Veterans and their families	<ul style="list-style-type: none"> <li>• The goal of the VSO training is to improve effectiveness and provide better access to eligible benefits.</li> <li>• How to contact VSOs during trainings.</li> </ul>	<ul style="list-style-type: none"> <li>• Website</li> <li>• Telephonic outreach</li> </ul>
County Governments	<ul style="list-style-type: none"> <li>• Purpose of training.</li> <li>• Business continuity plan.</li> <li>• Curriculum</li> <li>• Time and place of trainings</li> <li>• Feedback of assessments</li> <li>• Performance measures</li> </ul>	<ul style="list-style-type: none"> <li>• Emails</li> <li>• Telephonic outreach</li> <li>• Memos</li> </ul>
State Leadership	<ul style="list-style-type: none"> <li>• The purpose of trainings</li> <li>• Training value</li> <li>• Schedule</li> <li>• Business continuity plan</li> <li>• Performance measures</li> </ul>	<ul style="list-style-type: none"> <li>• Emails</li> <li>• Memos</li> <li>• Face-to-face meetings</li> </ul>

### ADVA-03: Modify recruitment practices to sustainably staff veteran cemeteries

This initiative seeks to improve veterans ability to implement a targeted and specific recruitment and hiring strategy for veteran cemeteries to ensure adequate staffing and to remain compliant with Federal Veteran Affairs regulations, ensuring sustained federal funding.

**Initiative Overview and Current State:** ADVA operates two cemeteries to commemorate the military service of deceased Arkansas veterans and family members. The Arkansas State Veterans’ Cemetery at North Little Rock was authorized in 1997, during the 81st Arkansas General Assembly. The cemetery is situated on an 82-acre site in North Little Rock at 1501 West Maryland Avenue. In 2008, a second Arkansas State Veterans’ Cemetery was created at Birdeye with the purchase of a 100-acre property. Construction began in the Fall 2010 and the first interment was conducted in

February 2012. Last year there were over 700 burials at the North Little Rock location and 65 at the Birdeye cemetery.

Veterans' cemeteries symbolize our country's gratitude to veterans for their sacrifices and contributions, and they were created to provide a dignified resting place that reflects the value that veterans deserve. Veterans' cemeteries are considered distinguished, noble, and honorable for several reasons:

- **Respect for Service:** Veterans' cemeteries are dedicated to honoring the service of U.S. military veterans and their families. Being interred in a veterans' cemetery is a sign of respect for their contributions to the country.
- **Ceremonial Customs:** Veterans' cemeteries often uphold high standards for military ceremonies and honors, including full military funerals, the playing of taps, and the presentation of the flag. These traditions emphasize the importance of recognizing and respecting veterans' service.
- **Historical Significance:** Many Veterans' cemeteries are located at sites of historical significance or have historical monuments and markers. They serve as a reminder of the nation's history and the sacrifices made by those who served.
- **High Standards of Care:** Veterans' cemeteries are maintained to a high standard, ensuring that the grounds are well-kept and that the final resting places of veterans' are treated with dignity and respect. This level of care reflects the nation's commitment to honoring its veterans'.
- **Community and Legacy:** Veterans' cemeteries often become places of community remembrance and reflection. They serve as enduring symbols of the nation's gratitude and the legacy of those who have served in the armed forces.

The United States Department of Veteran Affairs (USDVA) places a strong emphasis on maintaining a high standard of appearance and service. To ensure that quality standards are met, the USDVA monitors the quality of its state cemetery grant program recipients through a triannual compliance review. During this review, USDVA inspects and assesses grounds operations, equipment, turf, facilities, and burial/cremains cemetery for compliance with their standards. Cemeteries must make corrective actions (if there are issues) to continue to be eligible for USDVA financial support. This process ensures that state cemeteries continue to meet the requirements expected of a national program.

The National Cemetery Administration and the Veterans' Cemetery Grants Program compliance review team conducted an onsite inspection of the Birdeye State Veterans' Cemetery during November 2023. The national review teams monitor and inspect the Veterans' cemeteries across the United States. The monitoring tool includes over 90 measures, and the categories are classified into critical, high, and medium compliance sections. The Birdeye cemetery scorecard results:

- Critical compliance - 100%
- High compliance - 100%
- Medium compliance - 98%

The National Cemetery Administration and the Veterans’ Cemetery Grants Program compliance review team conducted an onsite inspection of the North Little Rock State VA Cemetery during January 2024. The North Little Rock cemetery scorecard results:

- Critical compliance - 100%
- High compliance - 86%
- Medium compliance - 98%

The 86% score in the high compliance category required a corrective action plan to remediate the deficiencies identified by the review team. Some examples included:

- The category of grounds maintenance, measure 5.2.1 – “Sand, mineral, or turf in visually prominent areas are generally weed free.” Ten of the sections inspected at North Little Rock did not meet the criteria.
- The category of headstone, marker, and niche cover operations, measure 6.3.1 – “The percent of headstones, markers, or niche covers set within 10 calendar days.” From January 2023 through January 2024, 559 of 640 were set within 10 days. The target is 95% and North Little Rock achieved 87%.
- The category of interment operations, measure 7.5.1a – “Daily interment or inurnment sites are marked with a correct and aligned temporary marker.” Of the ten temporary markers inspected to verify they were correctly placed and aligned, 4 markers met the criteria, and 6 markers did not meet the criteria.

Although almost all of the 90+ measures were met and the overall scores were relatively high, it is evident in the failed measures that a depleted workforce contributed to the performance.

**Staffing Needs**

Cemetery workers are the backbone of the veterans’ cemeteries workforce. They provide dignified burial services for veterans’ and eligible family members by maintaining the sites in pristine condition to serve as national shrines to commemorate their legacy, service, and sacrifice to our nation. The Little Rock Veterans’ Cemetery is staffed with seven Maintenance Technicians and one Supervisor. The cemetery has seven allocated tech positions and three are currently vacant. Of the four existing tech positions that are filled, only one is filled by an individual with more than two years of experience. The Birdeye Veterans’ Cemetery is staffed with three Maintenance Technicians and one Supervisor. The Birdeye location is completely staffed and has had limited to no attrition over the last several years. **Figure 6** summarizes workload and staffing at the two locations.

**Figure 6 – Workload and Staffing for State Veterans’ Cemeteries**

State VA Cemetery	Annual Burials	# of Allocated Workers	Workload
North Little Rock	700	7	100:1
Birdeye	65	3	21:1

The identified area of concern is the GS-O4 Maintenance Technician positions at the North Little Rock Veterans’ Cemetery. ADVA leadership interviews, focus groups, and research conducted in August 2024 identified several key themes regarding the ADVA cemetery workforce, including the inability to attract and keep workers, primarily at the North Little Rock Cemetery. One leader stated

in addition to the challenging nature of the work, the salary does not help attract candidates or keep their workforce. Commonly cited workforce challenges included:

- Low compensation and/or not competitive with similar private sector jobs;
- Challenging work;
- Nature of the work; and,
- The job title and description does not match the type of work.

The inability to keep the North Little Rock Veterans' Cemetery positions filled and the challenge of finding new workers jeopardizes the high standards expected for Veterans' cemeteries. Challenges associated with finding new workers could include:

- The potential for perception and stigma associated with working in cemeteries might impact how potential candidates view the job or the industry as a whole.
- The pay for cemetery workers may not always be competitive compared to other trades or services requiring similar levels of skill and physical labor, making it harder to attract and retain qualified employees.
- Working in a cemetery often involves physically demanding tasks like digging graves and setting or moving headstones, maintaining grounds, and operating heavy equipment. It can also require working in weather conditions such as heat, rain, and other inclement conditions.
- The job can be emotionally taxing, as it involves end-of-life tasks including the acceptance of urns and caskets. The associated emotional strain could deter some people from pursuing working in a cemetery as a job or career.

### ***Compensation Challenges***

Compensation is a critical element for recruiting and retention success in more challenging careers and positions. The lack of a strong compensation strategy and salary progression signals to potential applicants that there are limited opportunities and career growth.

The starting salary for a GS-04 position in Arkansas is \$32,405 dollars annually. The salary for cemetery jobs can vary widely based on factors such as the specific role within the cemetery, location, level of experience, and the size and type of the cemetery.

The Arkansas Legislature, recognizing the issue related to the need for all agencies, including ADVA, to attract talented candidates, especially in challenging workforce areas, passed Act 172 in the 2024 session. Section 21-5-227 of the Act allows for "Special compensation awards" "to recognize an employee's outstanding performance in successfully completing a significant project or job assignment or completing a major project milestone..."<sup>3</sup> The department determines whether to offer the special compensation award and it can be a lump sum bonus not to exceed \$5,000 per award and up to 40 hours of incentive leave that shall be used at the end of the calendar year. It still will require Governor, Legislature, and administrative approval. The impacted divisions at ADVA have yet to create these specific recognition plans.

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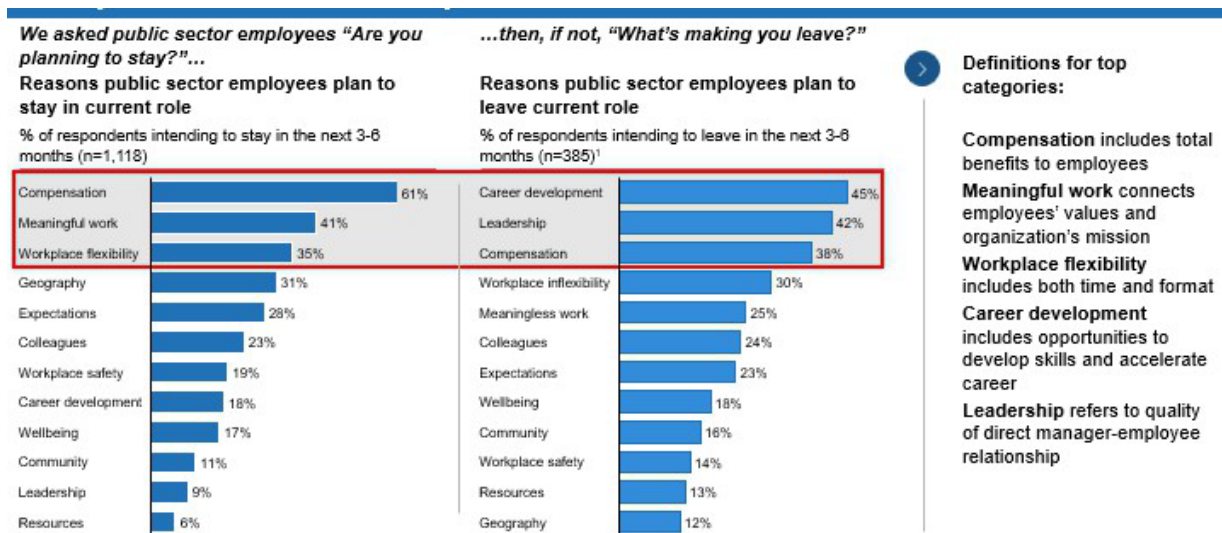
<sup>3</sup> Arkansas Legislature, <https://www.arkleg.state.ar.us/Bills/Detail?id=sb77&ddBienniumSession=2023%2F2024F>

ADVA has proposed changing the paygrade and job classification to better align with the duties of working in a cemetery. The special compensation awards outlined in Act 172 could be available in the near future as the recommended changes are considered.

**Other Challenges**

Compensation is part of the equation and is being addressed through the Personnel Plan workstream in the Arkansas Forward Project to help alleviate some of the salary issues currently experienced within ADVA. While compensation matters to those in the public sector, there are other motivating factors that are aptly captured in **Figure 7**.<sup>4</sup>

**Figure 7 – State government Talent Challenges**



Source: McKinsey & Company, 2022.

Additionally, ADVA cemetery leadership feel strongly the job is not properly classified and could be more specific in the job tasks required. Although some of the duties align with a “Maintenance Technician” job, many applicants are surprised when they learn the job is located at the ADVA cemetery and that tasks required are not typical maintenance technician tasks.

**Rationale:** This initiative recommends that ADVA modify their recruitment practices and more accurately classify the job to sustainably staff their veteran cemeteries. Although the workforce is small, the cemetery worker positions are mission critical for ADVA, have proven difficult to recruit and retain, and use of temporary workers is an additional cost to the department.

<sup>4</sup> 2022 Great Attrition, Great Attraction 2.0 global survey - Public Sector

In the short-term, while implementing this initiative, there is an opportunity to review the workload and staffing model, as presented above in **Figure 7** by doing the following:

- ADVA leadership could consider shifting a worker position from Birdeye to North Little Rock on a permanent or rotating basis until the staffing shortage and workload conditions improve at North Little Rock.
- Although ADVA leadership believes the North Little Rock Cemetery can function with 7 workers, consideration of additional FTE for North Little Rock could be explored.

**Implementation Considerations: Appendix A – ADVA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with department staff and review of other state best practices include:

**Strategies to address potential risks and enable success:**

- Consider eliminating the one general job title specified as maintenance technician for all of the different cemetery work. It can be a detriment for recruiting workers as it is confusing to applicants to what their actual duties would be. For future consideration, setting up multiple more specialized job titles like other cemeteries can afford the flexibility to pay low rates for basic grounds keepers, while increasing the rate for more valuable and knowledgeable caretakers and maintenance / mechanical positions. It would also provide a career path when combined with a training / cross-training program, and even more so if there was salary progression aligned pay levels within each job title.

Best practice examples from other states/organizations operating veteran cemeteries include:

US Department of Veteran Affairs / National Cemetery Administration (NCA)

- Classify job titles into clearly defined roles. Instead of one job title that lumps numerous roles like a maintenance / technician into one title, the NCA offers more granularity in roles including gardener, cemetery caretaker, and maintenance / mechanic job titles. These more specific job titles have different duties and pay ranges. The more granular job titles/description also allows them to provide a specific promotion path and helps them retain employees.
- Communicate pay rates as a salary, but also as salary and benefits combined, reminding applicants of the true compensation value.
- Pay rates at the NCA are significantly higher than ADVA and the higher pay facilitates the recruitment of more experienced and professional applicants. This helps NCA to conduct cemetery operations more efficiently and provide higher quality results.
- NCA does an excellent job of communicating the importance and honor involved in serving veterans and their families through providing veteran cemetery services. ADVA should consider adopting some of the NCA communication messaging.
- ADVA should review the NCA careers website and consider modelling ADVA job titles/descriptions on the national model.



### **Recommended steps to target and attract a workforce for the ADVA cemeteries:**

- Establish working group with Office of Personnel Management (OPM) to review the cemetery worker job description and pay grade classification;
- Immediately begin adding cemetery worker responsibilities and duties to the OPM job requisition external posting preview. An applicant will see this narrative before the core “Maintenance Technician” job description.
- Implement the special compensation awards outlined in Act 172 passed in the 2024 legislative session. Although the Department has not developed an Act 172 plan, is anticipated funding freed up from reduced use of contract staff could be used for this purpose.
- Assess value in developing a mandatory and rigorous, realistic job preview video similar to the video posted on the USDVA National Cemetery Administrations website ([cem.va.gov/careers/](http://cem.va.gov/careers/)), as part of the ADVA hiring process and completed before an application is submitted. ADVA may elect to share the federal video instead of developing a state video. Viewing a job preview video will improve the applicant’s understanding of the job, increasing the quality of the applicant pool, and help the applicant understand ADVA job expectations.
- Conduct a compensation analysis of other state managed veteran cemeteries and similar private sector jobs in like size states.
- Identify new sources of talent, such as partnerships with veterans’ organizations, the Arkansas National Guard, and the Little Rock Air Force base.
- Develop a digital-based employment branding plan to increase the size and quality of candidate pools and refresh and rebrand the ADVA Facebook page, website, and other social media channels.
- Develop a strategic marketing and recruitment plan that contains a complete profile of the ideal candidate, a more creative and targeted analysis of the best places to source for talent, and positive branding and messaging to promote positive occupational awareness about the ADVA cemetery positions.

**Alignment of department priorities with staffing and resources:** Based on interviews with ADVA leadership, ADVA would need to collaborate with OPM to support this initiative to review (improve and/or change) the job descriptions and postings to improve the recruitment and selection process.

### **Process changes associated with implementing changes in the strategic plans:**

Training and development of staff can help employees learn or strengthen skills; increase confidence, motivation and productivity. Leadership programs and mentoring create community. Best practice adoption builds credibility. To retain skilled employees and develop future leaders, it is critical to understand employee career objectives and align them with organizational goals. This initiative enables both career development and leadership development to help employees gain new skills and feel engaged with peers, management and ADVA. By encouraging a learning culture ADVA ensures that employees take an active role in spreading knowledge and best practices throughout their organization. These factors all lead to happier employees and better employee retention for a stronger, more effective organization.

**Performance metrics to measure success post-implementation:** Proposed metrics to assess the impact of this initiative include:

- Percentage of positions filled (expected to increase);
- Improved NCA grade (expected to increase);
- Retention and average employee tenure (expected to increase);
- Time to hire (expected to decrease); and,
- Increased number of applicants.

**Identification and estimation of any savings the strategic plan could realize once implemented:**

This initiative can be accomplished through existing appropriations. It is anticipated that ADVA leadership, communications officer, and existing human resources staff with OPM assistance would coordinate these new initiatives.

Cost savings and cost avoidance opportunities could be captured in the future, including reduced costs related to overtime and payment for contract staffing (temporary employees), reduced costs related to staff turnover, and increased employee retention. As discussed, this initiative could be accompanied by an upfront initial investment aligned with recently passed Act 172 to allow for special compensation awards in the mission critical area of the veterans' cemeteries.

**Change Management Plan:** It is not anticipated this initiative would require a change management plan. Clear communication with staff about the purpose of the change in job title/description should accompany the implementation of the change.

**ADVA-05: Optimize manager roles and team size for better control and efficiency**

This initiative is part of the broader Arkansas Forward Agile Organization initiative and includes implementing a tailored and modernized organization to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions.

**Initiative Overview and Current State:** ADVA has established shared services for finance, human resources, IT, and communications. The three remaining divisions align with the programmatic functions performed by the department: veterans' cemeteries, veterans' homes, and veterans' service officer network. The different and specialized functions of each division impact the staffing model used. In addition, significant vacancies exist in two of the three divisions, which are addressed through the related initiatives: ADVA-3 and ADVA-7.

**Rationale:** As part of Initiative ADVA-5, to create the most agile and efficient organization, ADVA determined organizational changes in the cemeteries and veterans' homes divisions are not advised at this time, as the greatest organizational need of those divisions is to address employee vacancies. An opportunity to address the VSO Division Director's large span of control (16 direct reports) was identified and addressed by creating a deputy role and consolidating the business operations, quality

assurance, and administrative staff under this role (see **Figure 2** for visualization of these changes).

**Implementation Considerations: Appendix A – ADVA Work Plan** provides the action steps in the recommended sequence for implementation of this initiative.

**Strategies to address potential risks and enable success:**

This initiative is not expected to require change management or other risks. The Division Leader will want to ensure impacted staff understand the reason for the change, and that roles and responsibilities for the team are created to ensure they best support the Division Director.

**Recommended steps to implement changes to ADVA’s organization structure include:**

Working with directly impacted staff to make the organization change.

**Alignment with department priorities staffing and resources:** The proposed organization chart for ADVA is provided above in **Figure 2**.

**Process changes, associated with implementing changes in the strategic plans:** None are anticipated.

**Estimation of any anticipated costs and staffing needs:** No fiscal impact is anticipated.

**Performance metrics to measure success post-implementation:** Metrics are not anticipated to be required to implement this initiative.

In addition to these measures, surveys could be utilized for impacted staff during the transition to identify and address any issues or concerns.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not expected to result in cost savings.

## **ADVA-06: Focus on talent targeting and broadening career paths for nurses and Certified Nurse Assistant (CNAs) in veteran homes**

This initiative seeks to improve ADVA’s ability to target and attract talent and to develop careers paths for employees working in the state-operated veterans’ homes, to improve the employee experience and continually develop skills needed to deliver the best service to Arkansans.

**Initiative Overview and Current State:** ADVA operates two state veterans’ homes located in Fayetteville and North Little Rock, with a September 2024 census of 46 and 83, respectively. Critical workforce shortages and needs were highlighted by ADVA veteran home leadership in the primary area of nursing, to include CNAs, Licensed Practical Nurses, and Registered Nurses. Being able to hire qualified nurses that can provide quality long-term care for the state’s veterans is critical to the ADVA mission and core belief that Arkansas’ veterans deserve a high quality of care when they need assistance or can no longer care for themselves. Ensuring quality care provision for the veterans served in the state-operated homes is directly aligned with ADVA’s ability to build a high-quality,

professional, and stable workforce.

ADVA leadership interviews conducted in September 2024 identified several key themes regarding the ADVA nursing workforce, including high vacancy rates and the inability to attract applicants. One leader stated “We just can’t hire any nursing or CNA staff with the salaries we offer” and “workforce is ADVA homes’ biggest challenge.” Commonly cited workforce challenges included:

- Low compensation and lack of competitiveness with the private sector;
- Lack of talent pool;
- No career ladder;
- Lack of resources; and,
- Little to no flexibility with salary adjustments.

ADVA has experienced a severe shortage of nurses and CNAs at both veterans’ homes, operating with more than half the positions vacant (see **Figure 8**). CNAs at the two homes make up the largest number of staff (147) and 64% of the positions are vacant. RNs and LPNs account for 63 positions and only 9 are filled with FTEs. The two homes have 86% of the nursing positions vacant.

**Figure 8 – Vacancies at the ADVA Veteran Homes, September 2024**

Position	Total	Filled	Vacant
Registered Nurse	23	4	19
Licensed Practical Nurse	40	5	35
Position	Total	Filled	Vacant
Certified Nursing Assistant	147	53	94
<b>Total</b>	<b>210</b>	<b>62</b>	<b>148</b>

Source: Arkansas Department of Veterans Affairs.

### **Compensation Analysis Across States**

The two veterans’ homes are operating with a 70% staff vacancy rate, requiring ADVA to use temporary contracted staff for nurses and other positions at much higher rates than if salaries were enhanced to attract staff. During state fiscal year 2023, ADVA spent \$5,590,335 on staff at the two veterans’ homes and \$8,315,569 for contracted staff to maintain operations.

Many of the nurses and CNAs that leave ADVA are working for contracted agencies and are being paid sometimes two times as much as the salaries they left behind at the veterans’ homes. Those that move into other private sector nursing positions typically can earn significantly more than they could earn in the public sector in Arkansas.

Compensation is a critical element for successful recruiting and retention of ADVA staff. The lack of a strong compensation strategy and salary progression signals to potential applicants limited opportunities and the unpredictability of rewards.

**Figure 9 – Arkansas Veterans’ Home Salary Comparison to National Average, by Type**

Position Type	Arkansas Veterans’ Home Starting Salary	Arkansas Salary Range	National Salary Average
Registered Nurse	\$73,404	\$63,830 - \$88,055	\$86,070
Licensed Practical Nurse	\$36,155	\$36,155 - \$52,425	\$58,140
Certified Nursing Assistant	\$31,892	\$26,034 - \$37,749	\$41,724

Sources: ARcareers.arkansas.gov, ZipRecruiter

**National Nursing Workforce Shortage**

The United States is experiencing a national nursing labor shortage and according to the American Association of College of Nursing, the U.S. is projected to experience a shortage of Registered Nurses (RNs).

Factors contributing to the nursing shortage include:

1. An aging population
2. Nurse burnout
3. Nursing school capacity

The US Chamber of Commerce reports there will be at least 193,000 projected job openings for registered nurses (RNs) on average per year until 2032. The Chamber expects only 177,400 nurses to enter the workforce each year between 2022 – 2032 which is considerably less than what is required to fill the openings.<sup>5</sup>

To continue painting a bleak outlook on hiring nurses, the national unemployment rate as of December 2023 was 3.7% and the nursing unemployment rate was 1.6%.

The US Chamber also reported that from 2020 to 2021, the number of registered nurses in the workforce decreased by over 100,000, marking the largest decline in the last forty years. A considerable portion of these departing nurses were under 35 years old, with the majority being previously employed within hospital settings.<sup>6</sup>

The American Association of Colleges of Nursing (AACN) is working to address the shortage by shaping legislation, identifying strategies, and forming collaborations. The National Nursing Shortage Task Force Act of 2023 was introduced to address the shortage by forming a task force to issue policy recommendations.

<sup>5</sup> American Association of Colleges of Nursing, Fact Sheet: Nursing Shortage, May 2024, <https://www.aacnnursing.org/news-data/fact-sheets/nursing-shortage>.

<sup>6</sup> US Chamber of Commerce, “Data Deep Dive: A National Nursing Crisis,” January 29, 2024, <https://www.uschamber.com/workforce/nursing-workforce-data-center-a-national-nursing-crisis>.

The impact is being felt across all medical facilities and according to the Federal Department of Veterans' Affairs Inspector General, every veterans' facility in the country experienced at least two severe staffing shortages in 2023. The most common shortages are for practical nurses and nursing assistants. The Veterans Health Administration (VHA) has also seen high turnover rates in recent years, like the rest of the healthcare industry.

Compensation is part of the equation and is being addressed through the Personnel Plan workstream in the Arkansas Forward Project to help alleviate some of the salary issues currently experienced within ADVA. Additionally, the Arkansas legislature, recognizing the issue related to the need for all agencies, including ADVA, to attract talented candidates, especially in these nursing and CNA workforce areas, passed Act 172 in the 2024 session. Section 21-5-227 of the Act allows for "special compensation awards" "to recognize an employee's outstanding performance in successfully completing a significant project or job assignment or completing a major project milestone..."<sup>7</sup> The department determines whether to offer the special compensation award and it can be a lump sum bonus not to exceed \$5,000 per award and up to 40 hours of incentive leave that shall be used at the end of the calendar year. It still will require Governor, Legislative and Administrative approval and the impacted divisions at ADVA have yet to create these specific recognition plans. ADVA believes that it will be difficult to grant additional leave as an incentive when shift coverage is one of the main drivers for creating the recognition in the first place. While compensation matters to those in the public sector there are other motivating factors, as discussed above in **Figure 7**.<sup>8</sup>

The costs associated with recruiting, hiring, and training new state employees can be considerable, with some estimates of replacing an employee ranging from approximately 16% to 200% of spending on annual salaries<sup>9</sup>; by other estimates, 150% of a departed employee's annual salary.<sup>10</sup>

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<sup>7</sup> Arkansas Legislature, <https://www.arkleg.state.ar.us/Bills/Detail?id=sb77&ddBienniumSession=2023%2F2024F>

<sup>8</sup> 2022 Great Attrition, Great Attraction 2.0 global survey - Public Sector

<sup>9</sup> Government Executive, "What Keeps Public Employees In Their Jobs? It's Not Just Pay," January 11, 2023, <https://www.govexec.com/management/2023/01/what-keeps-public-employees-their-jobs-its-not-just-pay/381709/#:~:text=Turnover%20among%20government%20employees%20is,experience%20required%20for%20the%20job.>

<sup>10</sup> Route 50, "Replacing a Government Employee Can Cost 150% of Worker's Salary," July 22, 2021, <https://www.route-fifty.com/workforce/2021/07/replacing-government-employee-can-cost-150-workers-salary/183989/>

**Rationale:** This initiative recommends that ADVA target and attract talent and develop careers paths for employees to improve the employee experience and continually develop skills needed to deliver the best service to Arkansans veterans. This initiative seeks to:

- **Target:** Conduct skills demand forecasting and use current skills assessments.
- **Attract:** Develop an employee value proposition assessment, financial and non-financial recruiting incentives, and more flexible hiring bonuses, and seek to attract new sources of talent.
- **Develop career paths:** Work with OPM to develop career paths for nursing and CNA positions to offer opportunities for advancement and enhance skills development and sharing of best practices to improve overall experience and effectiveness of Arkansas state government.

The development of career paths through the implementation of specialized training, incorporating mentorship, and tuition reimbursement, ADVA and the state may have the opportunity to increase talent identification of highly qualified individuals, improve retention, and increase internal promotion. In addition, the Arkansas may benefit from the increased production of high quality and well-trained employees delivering services.

**Implementation Considerations:** Appendix A – ADVA Work Plan provides the action steps in the recommended sequence for implementation of this initiative. Research suggests that as the CNA and nursing crisis continues to unfold, states, training providers, workforce agencies, and employers have adopted strategies focused on compensation increases, stipends and signing bonuses, and subsidized training. A multipronged approach that prioritizes pay and career advancement can help improve outcomes for recruiting and retaining nurses and CNAs.

Considerations for the implementation process identified through interviews with department staff and review of other best practices include:

- The U.S. Department of Veterans' Affairs (VA) provides federal assistance to State Veteran Homes (SVH) for the hiring and retention of nurses. Additional payments are available to SVHs that receive per diem payments and have a documented nursing shortage. Under this program, an SVH can receive funds for up to 50% of the cost of employee incentive programs, but not for standard employee benefits, such as salaries (Congressional Research Service 2020). ADVA should pursue federal funding.
- The Baltimore Public Health Pathways Program offers a \$1,000 per month stipend for CNA trainees with tuition assistance and a guaranteed job upon completion.
- The Georgia CNA Career Pathway Initiative provides 500 stipends of \$5,000 each, paid in three milestones (starting training, completing training, and six months of employment).
- Wisconsin's WisCaregiver Careers offers \$500 bonuses after six months of CAN employment.
- Subsidized CNA training and apprenticeships are available sporadically throughout the country. One example is the Minnesota Next Generation Nursing Assistant Initiative.
- Part-time and flexible trainings encourage career advancement and reduce turnover. For example, Monroe Community College designed a part-time, jobsite LPN course for CNAs.

### **Recommended steps to target and attract talent and develop careers paths:**

- Work with OPM to revise the pay plan for the Nursing Job Family, to create competitive pay and offer a career ladder for nurses interested in state government employment.
- Establish working group with OPM stakeholders and ADVA leadership to research creating a tiered pay system and/or lead workers for challenging to fill positions to develop career paths within the VA homes to open opportunities for advancement and enhance skills development. The VA homes could request more flexibility in their budget since the homes are self-funded through Medicare, Medicaid, VA per diem rates, private insurance, and private pay.
- Implement the special compensation awards outlined in Act 172 passed in the 2024 legislative session to attract nurses and CNAs.
- Conduct a detailed current state assessment of ADVA talent and career development in veteran homes including existing professional development opportunities and current skills needs.
- Further assess current critical areas for ADVA talent and career development, such as Employee Value Proposition for roles with high reliance on external contractors and forecasting of future skills needs.
- Develop and launch an employee survey to understand current satisfaction, interest in different roles and training topics, and creating a success profile of tenured and high performing staff.
- Analyze survey results and current state assessment to create a list of training and career development priorities for employees in veteran homes.
- Establish working group with OPM stakeholders and ADVA leadership to research and promote continuing education tuition reimbursement and financial incentives for veterans' home CNAs and LPNs.
- Apply to the U.S. Department of Veterans' Administration for federal funds to create a financial incentive for CNAs and nurses.
- Develop a mentorship program for CNAs and LPNs that have a desire to advance their career.
- Conduct a comprehensive compensation analysis of ADVA nursing (RN & LPN) and CNA jobs to similar private and public sector jobs and a comparative market study by position type with like size states.
- Identify new sources of talent by creating partnerships with high schools, technical schools, and universities, and develop strategies to engage with these sources.
- Develop financial and non-financial recruiting incentives to attract new talent, such as signing bonuses, relocation assistance, and flexible work arrangements; adjust policies as needed.
- Develop a strategic marketing and recruitment plan that contains a complete profile of the ideal candidate, a more creative and targeted analysis of the best places to source for talent, and positive branding and messaging to promote positive occupational awareness about working in ADVA home.



- Develop and deploy a community awareness campaign to increase understanding and desirability of helping veterans as a career.
- Monitor and evaluate the effectiveness of the talent targeting and attraction strategies and career development programs. Use data analytics and performance metrics to assess the impact of the changes and identify areas for further improvement.
- Communicate pay rates as a salary, but also as salary and benefits combined, reminding applicants of the true compensation value.

**Alignment of department priorities with staffing and resources:** Based on interviews with ADVA leadership, ADVA will need to collaborate with OPM to support this initiative to build career paths, develop specialized training, create tuition reimbursement opportunities, and a tiered salary structure to retain hard to fill positions.

**Estimation of department priorities with staffing and resources:** Based on the unique funding of the ADVA homes (revenue from Medicare, Medicaid, VA, private insurance, and self-pay), ADVA currently has budget to increase salaries and reduce their reliance on outside contractors for staffing needs. ADVA expects that the initiative can be accomplished through existing appropriations and revenue generated from their long-term care VA homes. It is anticipated existing OPM staff would coordinate these new initiatives.

**Process changes associated with implementing changes in the strategic plans:** New recruiting tactics, partnerships, tuition reimbursement, tiered pay, and hiring incentives will build tenure and development of staff to help employees learn or strengthen skills; increase confidence, motivation and productivity. To retain skilled employees and develop future leaders, it is critical to understand employee career objectives and align them with organizational goals. This initiative enables both recruitment strategies and career development to help employees gain new skills and improve retention at the ADVA homes.

**Performance metrics to measure success post-implementation:** Proposed metrics to assess the impact of this initiative include:

- Staff position vacancy rate (expected to decrease)
- Rate of employee satisfaction (expected to increase);
- Percentage of positions filled (expected to increase);
- Turnover rate (expected to decrease);
- Increased number of job applicants (expected to increase); and,
- Improved patient satisfaction scores (expected to increase).

**Identification and estimation of any savings the strategic plan could realize once implemented:** Cost savings and cost avoidance opportunities could be captured in the future, reduced costs related to overtime and contract staffing, reduced costs related to staff turnover, reduced overall cost from contracted staff in key areas, and increased retention. As highlighted in the recommendations section, this initiative could be accompanied by an upfront initial appropriations authority and investment to enhance salaries in the mission critical areas identified: nursing and CNAs in the veterans' homes.

**Change Management Plan:** Clear communication with staff about the purpose for the changes should accompany any information on the new process changes. Recommended messaging and modalities are included for each audience in **Figure 10**. Key activities and timing for communication plan are included in **Appendix A – ADVA Work Plan**.

**Figure 10 – ADVA - 6 Communication Plan**

Audience	Key Messages	Modalities	Owner
All Staff	ADVA is embarking on a plan to recruit new staff and develop career paths through specialized training, mentorship, and tuition reimbursement. This will support employee development, retention, and improve the patient experience. This investment will help ADVA better fulfill its mission.	Staff Email	HR Director Division Directors Leadership
All Staff	ADVA specialized training subject matter areas ADVA Mentoring program creates opportunities for CNAs and LPNs.	Staff Email Staff Bulletins Staff Announcements Staff Meetings	HR Director Division Directors Leadership

## ADVA-07: Increase Public Knowledge of Benefits for Veterans

This initiative seeks to increase public knowledge of benefits available for veterans in Arkansas. ADVA will lead educational action to bring awareness of the federal and state benefits, high quality long-term nursing care and burial honors available for veterans. Through community partnerships and communication channels, actionable strategies will be created and implemented to promote the increase of service utilization of ADVA benefits available to eligible veterans statewide. The Veterans’ Services Division aims to implement this initiative in alignment with the identification of areas needed to build long-term talent systems.

**Initiative Overview and Current State:** ADVA embodies a core tradition of “ADVAcacy” through its VSO Network, providing access across nine state districts. District Veteran Service Offices are available to provide direct support to County Veteran Service Officers, however there are limited DVSO positions statewide (13 positions, with 2 vacancies).

ADVA estimates over 200,000 veterans reside in Arkansas, while 10,000 receive ADVA services. ADVA has no marketing budget or other resources dedicated to promoting awareness of services. Because of this budget gap, there is a lack of awareness of available services and benefits in the veteran community. ADVA needs a marketing strategy beyond the VSO network, as the primary method to engage veterans today is through word of mouth. ADVA has an authorized Public Affairs Officer position, but this position has been vacant for approximately one year.

**Rationale:** ADVA needs an integrated strategy to bring community awareness to the services and resources available for veterans residing in Arkansas. Underutilization of services is primarily due to veterans either not understanding of the benefits available and or lacking knowledge of the process to apply for these benefits. ADVA will consider partnering with division stakeholders such as the

Department of Health (Division of Public Health), and Department of Human Services, to expand effective communications and bring awareness of military benefits available to increase service utilization.

### Implementation Considerations:

Several other states and the federal government have used innovative marketing strategies to promote available veteran benefits, in addition to conducting many effective public service campaigns on topics such as veterans' mental health, suicide prevention, employment, among others:

- South Dakota: Implemented an "Operating Reaching All Veterans" project in 2024. South Dakota Department of Veterans' Affairs set a goal to identify and make contact with every veteran in the state and used multiple strategies including open houses, telephone outreach, print/mail outreach.<sup>11</sup>
- Florida: The Department of Veterans' Affairs partnered with Public Broadcasting Service to air announcements following veteran-related programming to raise awareness of FDVA and available earned benefits. The PSAs aired before and after 7 PBS documentaries in 2014-2015 on Florida's nine PBS stations. Over 1.1 million households watched the programming and Florida experienced a 20% increase in veterans receiving benefits.<sup>12</sup>
- Utah: The Utah Department of Veterans and Military Affairs (UDVMA) partnered with the Department of Motor Vehicles (DMV) to identify veterans and send outbound postcard outreach to them about programming.<sup>13</sup>
- Michigan: In 2023, the state launched a video series that documents individual stories of veterans. The outreach and awareness campaign named "I Served. I am a Veteran,"<sup>14</sup> was funded by the state to connect veterans to the benefits and resources they earned for serving. Each story highlighted shares the adversities and triumphs of local veterans each with different backgrounds connecting them to benefits so they can thrive.

**A case study from the Miami-Dade Public Library System (Florida) may also prove instructive for ADVA, particularly in using multiple low-cost channels to engage veterans.** The Miami-Dade Public Library System developed strategies to create awareness of library services. The strategies deployed provide valuable insight on how to maximize low-cost channels to expand the impact of awareness campaigns.

Through their research, they discovered that the public did not access their local libraries because they were not fully aware of the latest and non-traditional services offered to them. They used various strategies to create brand

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<sup>11</sup> Institute for Veterans and Military Families, "INNOVATION IN STATE-LEVEL VETERANS SERVICES: A Comprehensive Review, Case Highlights, and an Agenda for Enhanced State Impact," July 2019, <https://nyhealthfoundation.org/wp-content/uploads/2019/07/IVMF-innovation-in-state-level-veterans-services.pdf>.

<sup>12</sup> Institute for Veterans and Military Families, 2019.

<sup>13</sup> Institute for Veterans and Military Families, 2019.

<sup>14</sup> [Michigan veterans from all backgrounds tell their stories](#)

**A case study from the Miami-Dade Public Library System (Florida) may also prove instructive for ADVA, particularly in using multiple low-cost channels to engage veterans.** The Miami-Dade Public Library System developed strategies to create awareness of library services. The strategies deployed provide valuable insight on how to maximize low-cost channels to expand the impact of awareness campaigns.

Through their research, they discovered that the public did not access their local libraries because they were not fully aware of the latest and non-traditional services offered to them. They used various strategies to create brand loyalty for customers to see the library as the best resource to meet their needs and become a reoccurring customer, with channels shown in **Figure 11**.<sup>15</sup>

**Figure 11 – Modalities to Deliver the Message**

Strategy	Expected Outcome
Advertising	Used allocated funding to expand printing and electronic media. Consider using multiple channels like social media, radio, billboards, website, and collateral handout materials.
Community Outreach	Collaboration with community leaders and organizations to develop trusting partnerships who will help share information about the many resources the library has to offer.
E-mail Subscription Services	Subscribers stayed connected and received regular updates about library programming, services and current events.
Mobile Applications	Customers connected with the library and access to the many services available to them.
Print Collateral	Fliers, posters and brochures were used to promote the library programs and services. These resources were distributed through community partnerships and used during outreach events.
Public Relations	Program information, services and current events were shared through press releases to media outlets. The library also created a dedicated public information offer who led all marketing initiatives like a public relations campaign, speech writing, press kits, and power point presentations.
Social media	Used social media consistently to share and update information about the program, services and events. Photos were shared about events taking place at the library to create interest and promote services available. Platforms used are Facebook, twitter, and Pinterest. The library did dedicate a staff person to manage its social media footprint.
Staff Development	The library provided in-house trainings, webinars, workshops and conferences to keep staff informed about library resources, services and programs so they could provide a five-star customer experience. They relied on their customer service delivery to produce positive word of mouth promotion to gain new customers.
Videos	Videos were used in community outreach events and shared on the website to highlight programs and resources offered.
Website	A new website was launched to provide fresh content and increase user interface. The website allowed users to access the library catalog, subscription databases, calendar of events, latest news and press releases and eBooks, music and magazines available for download.

Source: Mayor’s Blue Ribbon Task Force for the Miami-Dade Public Library System.

<sup>15</sup> Awareness, Advocacy, and Marketing Working Group, “Strategies to Create Awareness of Library Services,” [AM7 Strategies to Create Awareness of Library Services.pdf \(miamidade.gov\)](https://www.miamidade.gov/AM7/Strategies-to-Create-Awareness-of-Library-Services.pdf).

## Strategies to address potential risks and enable success:

Despite use of new communication channels, there is a risk that the targeted audience may not be reached. However, research on health prevention and promotion public awareness efforts has found that awareness campaigns can be effective but require dedicated time and resources for community engagement, support recipients to overcome barriers in accessing services and maintaining an open approach for community-based partnerships to promote a culture shift.<sup>16</sup>

To increase effectiveness of any public awareness campaign, ADVA should consult examples such as that of the FRIENDS National Center:<sup>17</sup>

- **A specific message purpose.** The awareness campaign will try to influence specific actions and behaviors such as expanding the knowledge of military benefits to increase the number of eligible veterans who can receive military benefits.
- **Understanding the communication impact.** The communication message will call for action because the goal is to increase the number of benefit applicants completed and submitted to identify eligible veterans who can access services.
- **Using tailored messaging.** Use language context, values and resources that veteran communities understand. The messages should use the voice of the customer. The campaign should consider using the role of family members and support system play for a veteran to help relay information or help them get connected with ADVA.

A September 2024 ADVA staff focus group identified some ongoing challenges to increase awareness of ADVA's services including a lack of marketing budget, no dedicated person to lead public engagement and to actively engage social media platforms; and lack of VSO staff available with only 13 statewide positions, two of which remain vacant. Considerations to mitigate risks and enabling success include:

- Exploring free marketing opportunities to expand message potential. Partner with trusted business and community organizations who can help spread ADVAs message to increase awareness and can help drive action to increase applications to be submitted for benefit eligibility. Ask if they are willing to display ADVA messaging and the application link on their business website, if they can display visuals in their office or will include campaign/partnership messaging in their business interactions with their customers.
- Evaluating opportunities within the state government to promote a connection to ADVA, for example; State Revenue Offices and Local Health Units to display ADVA signage for family members to learn how they can help connect their veteran family members. Utilizing health care campaigns within the Department of Human Services and the Department of Health to mention VSO accessibility for veterans with immediate steps on how to connect with ADVA.
- Filling and utilizing the Public Affairs Officer position as the dedicated point of contact and lead for all marketing campaign efforts and social media outlets. Prioritize efforts to recruit and fill qualified candidates.

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<sup>16</sup> Public Health Institute, 2022.

<sup>17</sup> FRIENDS National Center for Community-Based Child Abuse Prevention, "Are Public Awareness Campaigns Effective?" [Are Public Awareness Campaigns Effective? - Friends NRC](#)

- Exploring partnerships with universities for interns and collaborative projects. For example, Walton School of Business could be a partner to assist with marketing campaigns and create an internship position for a social media lead.
- Using communication channels that are low cost and have high volume proven impact (i.e., social media, radio).
- Promoting VSO vacancies across ADVA's program areas such as with families of residents of ADVA's veterans homes and families accessing ADVA cemetery benefits and utilizing community/business partnerships that promote ADVA's awareness campaign to also share employment potential within ADVA to help support the veteran community.

**Recommended steps for increasing the number of veterans eligible to receive ADVA services (future state):**

- Complete a current state assessment of ADVA's public reach – Gather details of ADVA's public reach through existing communication channels (website traffic, social media presence and outlets for printed materials. Cross reference communication reach against current percentage of eligible veterans receiving benefits within the state.
- Facilitate surveys to veterans – Utilize surveys to gain insight as to how veterans utilizing services learned about ADVA programs.
- Modify benefit awareness marketing messaging – Simplify marketing messages to engage veterans to apply for available benefits. Provide clarity on ADVA program accessibility in Arkansas compared to ADVA spending in other states. Create a one page brochure that explains the difference between county, state and federal benefits.
- Analyze survey data to identify new communication methods to pursue – Review survey data collections to determine high impact communication channels and methods to magnify veteran reach (VFW posts, online chat rooms, and veteran publications, etc.)
- Develop an integrated media strategy – Formalize a detailed plan to tailor key messages utilizing the most effective channels of communication available. Consider impact and return on investment for upgrading websites, print resources, VSOs and social media efforts to communicate benefit resources and the process for accessibility.
- Implement the media strategy – Execute detailed actions within the designated time frames and ensure accountable parties are consistently communicating for a successful launch.
- Evaluate and align ongoing efforts of communication needed - Ensure accountability and consistent checkpoints to review the integrated media strategy is executing desired results and impact through key performance indicators.

**Alignment of department priorities with staffing and resources:** This initiative aligns with the need to build long-term talent systems to increase the volume of veterans eligible to access military benefits in Arkansas.

**Process changes associated with implementing changes in the strategic plans:** This initiative is not expected to result in changes to how ADVA administers benefits.

**Performance metrics to measure success post-implementation:**

This initiative will increase public awareness on veteran benefits and seeks to increase the number applications for services as well as service utilization of eligible veterans.

Performance Measures to be tracked:

- The number and methods of communication channels utilized for marketing (increase expected);
- Volume of reach through each communication channel used (e.g., website views, social media likes) (increase expected);
- The number of benefit applications submitted post launch of marketing campaign (increase expected); and,
- Service utilization rate for ADVA services post launch of marketing campaign (increase expected).

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not expected to result in a cost savings.

ADVA requires financial support to create a marketing strategy as there are little to no branding resources available. There is a pending legislative request for \$10,000 that could help expedite the launch of this awareness campaign for marketing materials and communication platforms.

ADVA also needs a full-time Public Affairs Officer to lead all communications and marketing efforts within ADVA. Hiring a full-time employee to be dedicated to these efforts would ensure continuous focus on this project. There is no recurring financial impact to support communication or marketing, but if the campaign is effective, it is expected to have an indeterminate cost to ADVA's programs.

**Change Management Plan:** This initiative is not expected to require a change management plan. The initiative seeks to develop a communication strategy for engaging veterans.

Standardized messaging and communications across ADVA will be critical to enhance promotion of service offerings for veteran communities. As the communication strategy plan is being created, consideration for key messaging elements could include:

- We created an integrated strategy for community awareness on our benefits because we want to increase the number of eligible Veterans that can access services.
- We are looking for communication platforms with proven high-volume impact to obtain statewide reach within the veteran community.
- We are exploring new ways to bring awareness using new platforms of radio, social media and community partnerships.
- We need trusted partners in business and community organizations that can help us expand our reach to the veteran community statewide.
- We need your help to spread the word on our efforts and the importance of our work to help get Veterans to complete the benefit application for eligibility.
- We are also hiring vacant positions within VSO and Public Affairs, please share the job postings with anyone you know who may be interested and meets the criteria.



# Strategic Management Plan: Arkansas Department of the Military

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## Overview

The Arkansas Department of the Military (DOTM) operates a professional staff of state employees who maintain and improve the readiness of Arkansas National Guard units. DOTM’s objective is to provide ready, trained, and responsive community-based units that support the State and defend the Nation. State employees work alongside federal employees, forming a unique organizational structure that exists to:

- Promote National Guard individual and unit readiness through effective use of state resources;
- Provide excellent customer service; and,
- Provide guidance and assistance in the management of state resources.

Through the Arkansas Forward project, a 2024 initiative to improve the efficiency and effectiveness of Arkansas’ 15 cabinet-level departments, DOTM prioritized implementation of five initiatives that improve operations, including to remove systems access hurdles that impact the ability of the federal and state employees to collaborate.

This Strategic Management Plan (“Plan”) memorializes the work completed by DOTM during Arkansas Forward, translating the department’s vision into a plan consisting of recommended

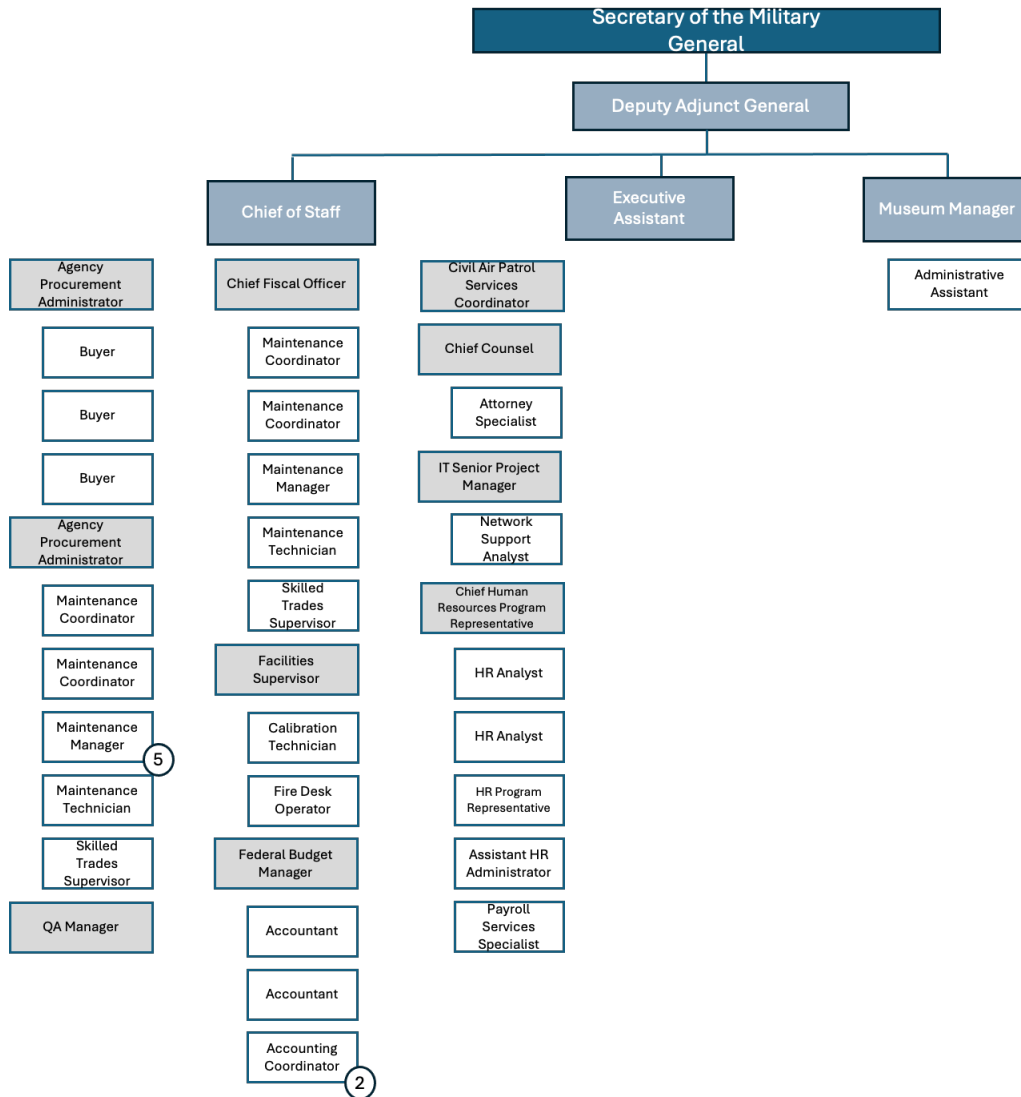


organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics. A companion project plan (“Work Plan”) provides a more detailed resource to support implementation of the initiatives by DOTM’s Arkansas Forward project management team.

## Recommended Organizational Structure

DOTM’s current organization chart is shown in **Figure 1**.

**Figure 1 – Current Organizational Structure**



Note: Organization Chart does not display federal employees.

As part of Arkansas Forward, DOTM’s structure was reviewed to identify opportunities for redesign in three areas:

- Changes that would support the department’s execution of its mission;
- Changes identified through implementation of Arkansas Forward initiatives; and,

- Changes necessitated by Arkansas’ centralization of certain shared services functions (i.e., information technology, human resources, procurement).

**Changes that would support the department’s execution of its mission:** No organization chart changes were identified to better help the department achieve its mission. All employees that can report to the Chief of Staff do so at this time; the Museum Manager reports to the Adjunct Deputy General (because this role serves as the chair of the museum board). Further managerial changes within the organization are not entirely within state authority, as many of the department’s supervisory positions are federal employees and factors such as team size are not determined solely by state leaders.

**Changes identified through implementation of Arkansas Forward initiatives:** The most pressing change that would support the efficiency of DOTM’s unique state-federal employee organization structure is not an organization structure change, but instead, is to improve federal-state system integration and address system barriers that prevent federal managerial employees from accessing state email and payroll systems, among others. Major progress has been made in this area and is a “quick win” for the department, with significant potential to improve the efficiency of the department’s operations (see DOTM-01).

**Changes necessitated by Arkansas’ move to deliver certain functions through shared services functions:** Based on direction from the Steering Committee, Transformation and Shared Services (TSS) will assume responsibility for the Payroll and Help Desk functions statewide, as the first Human Resources and Information Technology functions to transfer to TSS in a statewide shared services model. Additional decisions on sequencing of further functions have not yet been determined.

At this time, the recommendation for DOTM’s future state organization is to continue the current organization structure, as included in **Figure 1**.

## How this Department will meet the vision of an efficient and effective future department

DOTM has a unique organization structure, with both state and federal employees. Rather than choosing to focus on how to reorganize, DOTM identified multiple initiatives as part of Arkansas Forward to improve the effectiveness and efficiency of its operations, given this structure, including improving federal-state information sharing, improving the accuracy of the payroll process, and optimizing document routing. These operational improvements will improve collaboration and effectiveness of the existing organizational design.

## Key Initiatives Prioritized for Arkansas Forward Implementation

DOTM leadership generated nine ideas to improve the departmental effectiveness and efficiency, before prioritizing five initiatives for immediate implementation as part of Arkansas Forward that focus on improving operational performance.

## DOTM-01: Streamline information sharing in DOTM through federal-state integration

This initiative aims to unify federal and state information technology applications where different processes cause issues. Develop a solution to either integrate DOTM federal employees into state systems and programs (e.g., AASIS and EASE) or create a new secure data transfer portal.

**Initiative Overview and Current State:** DOTM has a unique organizational structure, which includes state and federal employees. Federal employees serve in many supervisory roles, in which they oversee state staff across functions such as: police, facilities, maintenance, building and grounds, and fire desk, among others.

DOTM-01 was established to address the inefficiencies and challenges arising from the disparate IT systems used by federal and state staff. A primary challenge identified by staff is that federal employees cannot access state systems and do not have access to a state email account, which is a prerequisite for certain system access. Examples of impacted systems include:

- **Arkansas Administrative Statewide Information System (AASIS):** This system is administered by the Department of Finance and Administration (DFA) and is used by all state departments for financial, human resources, and procurement operations. Managers can use this system to approve time and leave requests for employees.
- **Empowering Arkansas State Employees (EASE):** This system is administered by the DFA and is used by state employees to manage a variety of functions (i.e., view and print paystubs, review state benefits plans, view their contact information as displayed in AASIS) and for managers to conduct Performance Management.

The result of this lack of access is that federal managers cannot approve time/leave, enter the results of employee evaluations, or otherwise perform routine management tasks, and such tasks must be completed by DOTM Human Resources staff. The existing process is resource intensive, time-consuming, and risks human error, as documentation must be manually entered into state systems.

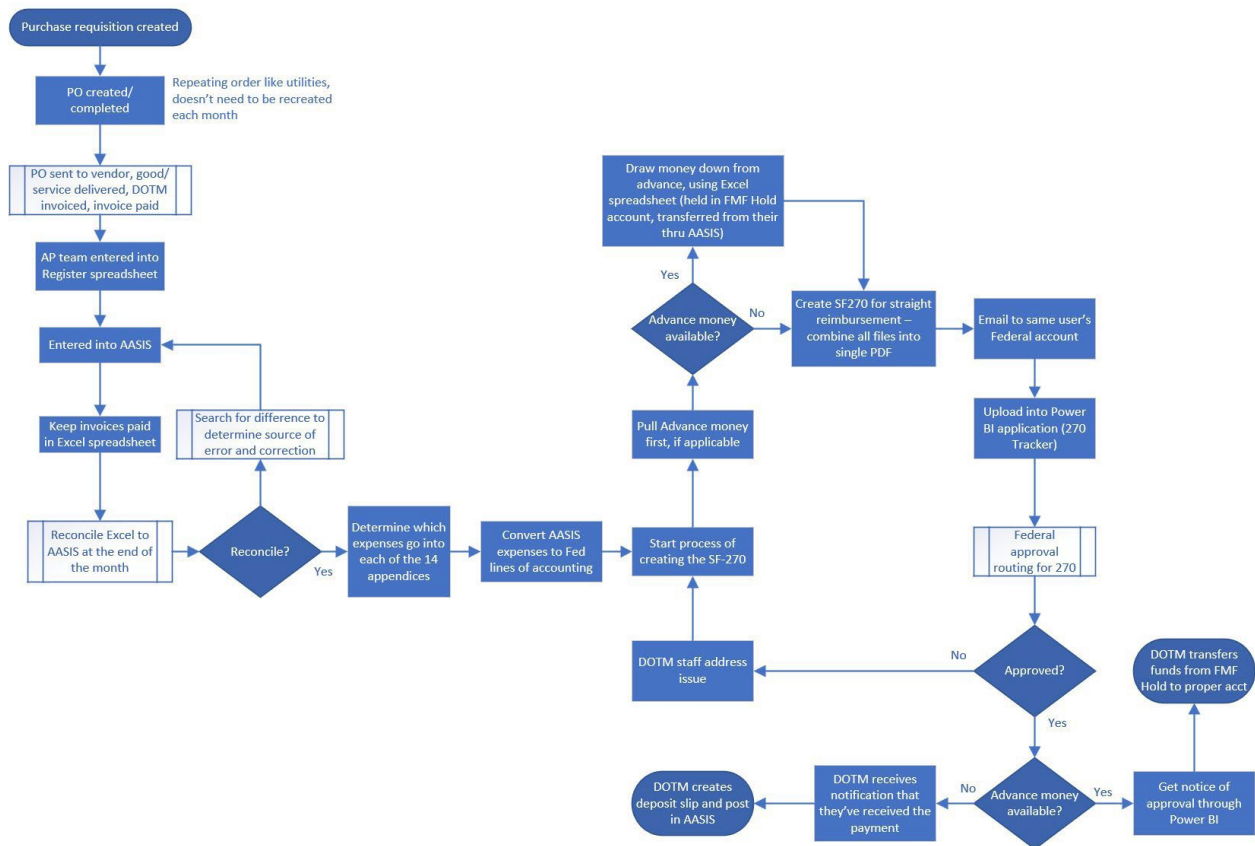
More broadly, the lack of a unified, automated system for federal and state employees to use, or integration between the separate state and federal systems, creates numerous challenges for efficient agency operations, including:

- Lack of integration between federal Department of Defense (DOD) and state systems creates challenges transferring data, often resulting in time-consuming and unsecure email exchanges. Additionally, DOTM users face the cumbersome process of manually transferring files between systems using dual credentials, which staff estimate can take significant time for a single file.
- Because the data to run processes (such as for payroll) are maintained in multiple Excel spreadsheets, multiple people cannot work simultaneously.
- Difficulties with data sharing have resulted in operational practices that are highly manual, which creates inefficiencies and bottlenecks. As an example, workarounds, such as manual crosswalks, have been developed. DOTM converts the federal data into an AASIS-compatible format using a manual crosswalk. The crosswalks serve as the guide for staff to be able to determine which AASIS accounts match the federal appendices. The federal appendices and sub-appendices could

have 300 lines of accounting each, easily surpassing 5,000 total lines. Each purchase must be found on both sides of the crosswalk, requiring a significant expenditure of staff time for each item.

**Figure 2** provides a process map for the “current state” of the cooperative agreement process, which reflects a process that has been designed around a lack of access to AASIS for federal employees and an inability to share data files with employee and reimbursement information. The cooperative agreements cover essentially all interactions between the state and federal governments except for State Active Duty which is under its own processes and agreements. State Active Duty processes are addressed in DOTM-03.

**Figure 2 – Current Cooperative Agreement Process Map**



Source: Developed in work session with DOTM staff held on September 4, 2024.

**Rationale:** The initiative aims to develop solutions that integrate federal DOTM employees into state systems/programs and create a new secure data transfer portal. These efforts are expected to result in greater automation of processes, reduction in manual data entry, streamlining of workflows, and improvements in data transfer between federal and state systems.

To achieve more efficient and effective collaboration between federal and state agencies, DOTM should pursue data sharing solutions and/or system integration which would support process improvement. A platform that enables direct file sharing and integrates with current and future state

systems administered by DFA (i.e., S4HANA, an enterprise resource planning “ERP” software tool planned for implementation as the AASIS replacement), would significantly reduce processing time and improve accuracy by eliminating the need for manual crosswalks.

The benefits of such a system are substantial, including faster turnaround times, fewer errors, enhanced security, and streamlined workflows. To realize this vision, DOTM should conduct a thorough evaluation of available solutions, collaborate closely with federal and state agencies, and implement a pilot program to gather valuable feedback.

As an intermediate step, providing federal employees access to select state systems such as AASIS would facilitate more hands-on management by the federal supervisors supervising state staff. This would reduce manual administrative processes to perform functions such as entering employee evaluations into state systems, which is manual and prone to error.

## Implementation Considerations:

### **Implementing “quick win” to provide system access to federal employees:**

As part of Arkansas Forward, DOTM has engaged Office of Personnel Management (OPM) and DFA and obtained permission to provide AASIS access to DOTM’s federal employees. DOTM has agreed to provide connectivity to buildings previously lacking it and computers for federal employees and is seeking federal financial participation for the ongoing software costs, estimated to be \$400-\$450/person (for Microsoft 365 and AASIS license costs, among other costs). DOTM has not yet received confirmation if DOD will assume these costs. Two federal employees have been provided access, as “pilot” cases before all federal employees receive access.

### **Strategies to address potential risks and enable success of data integration:**

DOTM staff participated in a facilitated session and identified some of the potential barriers for improving data integration (shown as the goal in the blue box), summarized in **Figure 3** (known as an interference diagram). Each of the obstacles are shown in red boxes, with related solutions in green boxes. Some of the primary obstacles include:

- There is a need to obtain a new accounts payable and receivable (AP&R) system that allows cross-domain information transfer and can integrate with AASIS.
- Once federal users have access to AASIS and further data integration is possible, DOTM will need to replace the manual and varied processes in place as workarounds today with standard operating procedures for the new processes performed across all appendices (federal employees).

**Figure 3 – DOTM-01 Interference Diagram**



Source: Developed in work session with DOTM staff held on September 4, 2024.

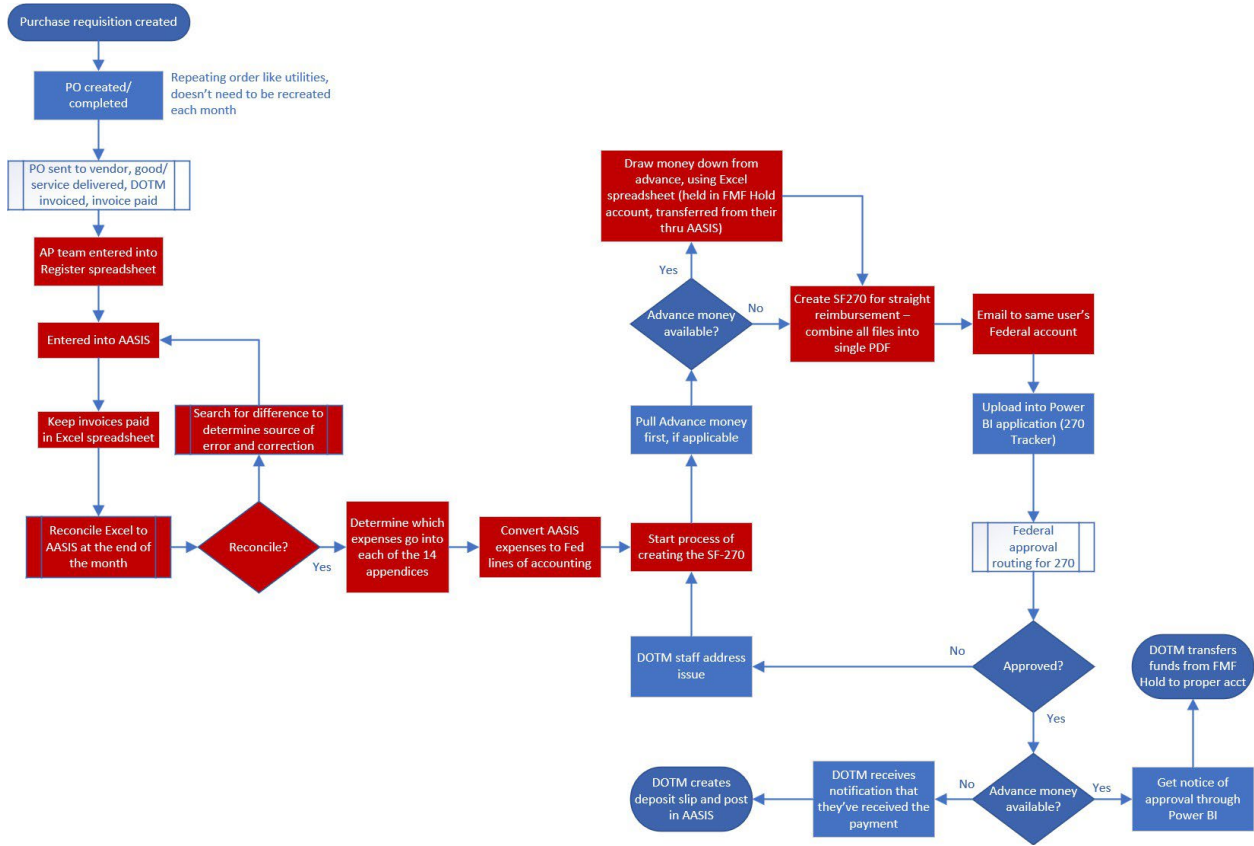
**Recommended Steps for Establishing the Future State:**

- Provide federal government access to AASIS (complete):
  - Provide training: Train federal employees on how to use AASIS effectively and efficiently.
- Install fiber connections to impacted buildings: (in progress)
  - Conduct a network assessment: Assess the current state of the network infrastructure to identify areas where fiber connections are needed.
  - Prioritize locations: Determine the buildings and computers that require fiber connections based on their criticality and data transfer needs.
  - Coordinate with IT providers: Work with IT service providers to plan and execute the installation of fiber connections.
- Evaluate and select an accounts payable and receivable system:
  - In approximately six months, re-evaluate the current state to review the impact of providing federal access. If the solution is fully effective, more action may be unnecessary. If it is not fully meeting the needs of the Department, consider altering access or proceeding with the remaining action steps.

- Define requirements: Clearly articulate the specific needs and functionalities required for an accounts payable and receivable system.
- Research and compare options: Evaluate various commercial and open-source solutions based on their features, cost, and compatibility with DOTM's existing systems.
- Conduct a pilot implementation: Test selected systems in a controlled environment to assess their performance and suitability.
- Develop integration plan:
  - Map current processes: Document the existing accounts payable and receivable processes to identify areas for integration.
  - Plan data migration: Develop a strategy for transferring data from the current systems to the new accounts payable and receivable system.
  - Address compatibility issues: Identify and resolve any compatibility issues between the new system and existing DOTM systems.
- Implement the new system:
  - Provide training: Train employees on how to use the new system effectively.
  - Phased rollout: Implement the system gradually to minimize disruption and allow for adjustments.
  - Monitor performance: Continuously monitor the system's performance and address any issues that arise.
- Optimize the new process:
  - Gather feedback: Collect feedback from users to identify areas for improvement.
  - Make updates and enhancements: Implement updates and enhancements to the system based on user feedback and changing requirements.
  - Expand integration: Explore opportunities to integrate the accounts payable and receivable system with other DOTM systems for further efficiency gains if applicable.

**Figure 4** provides process enhancements, with federal system connectivity and other automation enhancements. Steps that demonstrate improvement over the current process due to automation are added in red.

**Figure 4 – DOTM-1 Future State Map**



Source: Developed in work session with DOTM staff held on September 4, 2024.

**Alignment of Department priorities with staffing and resources:** Staff currently has the resources to complete the quick win portion of the initiative.

DOTM has already piloted the federal access solution and has decided to proceed with broader access. DOTM will need to expand access to additional federal employees after fiber connections have been established to all 14 locations. DOTM is willing and able to pay the cost for these connections if the federal government does not provide funding.

**Process changes, associated with implementing changes in the strategic plans:** Significant process changes for federal employees are possible from the quick win of providing system access for federal employees. It is anticipated they would be able to perform payroll, performance evaluations, and a number of managerial functions as state managers do today and would require training on these systems and process to be successful.

DOTM enhance other processes based on data integration. This initiative offers an opportunity to review existing processes (such as through process mapping) and contemplate efficiencies achievable through automation, which can impact the future state. This initiative mapped the cooperative agreement process but DOTM could use this strategy for other purposes



**Performance metrics to measure success post-implementation:** To effectively measure the success of the initiative, DOTM leadership should implement a comprehensive set of metrics that track various aspects of the initiative's goals. These metrics can help assess the efficiency, accuracy, user satisfaction, cost-effectiveness, and security of the new system or process. By monitoring these metrics, DOTM can identify areas for improvement and ensure that the initiative is delivering the desired outcomes.

#### **Process Efficiency and Timeliness**

- Average turnaround time for data transfers: Measures the speed and efficiency of the new system or process (expected to decrease);
- Reduction in manual steps: Quantifies the decrease in manual tasks and processes (expected to decrease); and,
- Number of backlogs or delays: Indicates the system's ability to handle workload and avoid bottlenecks (expected to decrease).

#### **Cost Savings**

- Reduction in manual labor costs: Quantifies the savings from automating or streamlining processes (expected to decrease);
- Savings from reduced errors and rework: Measures the financial benefits of improved data accuracy and efficiency (savings expected to increase);
- Return on investment (ROI) of the initiative: Calculates the financial benefits of the initiative compared to the costs.

**Identification and estimation of any savings the strategic plan could realize once implemented:** There are significant savings associated with this initiative. In the cooperative agreement process alone there are many redundant, manual processes and steps that could be quickly and substantially streamlined with the introduction of an automated workflow. The federal budget manager takes two weeks per month at near full time dedication requests into the various cooperative agreements and appendices. This would be reduced by 50% with the interaction in this system if not more. The accounting coordinator spends 95% of their time for a 3-week period every month separating payroll into the cooperative agreements and appendices this time would be cut down to one week as well, a reduction of 66%.

**Change Management Plan:** This initiative will require support from other Arkansas departments (TSS and DFA) (already secured), and DOD to be successful. Communication and training for federal employees will be required to support their successful use of state systems. Messaging and modalities recommended for each audience are included in **Figure 5**.

**Figure 5 – ADOM-01 Communication Plan**

Audience	Key Messages	Modalities	Responsible Party
DOD	<ul style="list-style-type: none"> <li>● DOTM seeks greater data integration with its federal partner - ideal is to create a secure data portal.</li> <li>● Lack of integration creates challenges transferring data.</li> <li>● Difficulties with data sharing have resulted in operational practices that are highly manual, which creates inefficiencies and bottlenecks.</li> </ul>	<ul style="list-style-type: none"> <li>● Face-to-face and virtual meetings.</li> </ul>	Jeff Wood, COS Brian Melton, CIO
Federal employees	<ul style="list-style-type: none"> <li>● To enhance your ability to manage your staff and engage with Arkansas state employees, you have been provided access to several systems previously only available to state employees.</li> <li>● These systems include AASIS and EASE [insert description of functionality].</li> <li>● Training will be provided to enable you to use these tools effectively [insert timeline and process for training].</li> <li>● We anticipate additional process improvements will be possible given greater system access and integration of data between the two departments and will update you as needed on these efforts.</li> </ul>	<ul style="list-style-type: none"> <li>● Virtual meeting/town hall.</li> <li>● Email.</li> </ul>	Jeff Wood, COS Brian Melton, CIO

## DOTM-02: Optimize payroll accuracy for the National Guard through digitization

This initiative directs the Arkansas Department of the Military to digitize manual elements of the National Guard (NG) payroll system. This digitization will reduce manual processing errors that currently lead to pay delays, errors, and overpayments.

**Initiative Overview and Current State:** DOTM processes payroll payments for National Guard service members called to active duty. Currently this process is manual. Key payment information is written on a state form and the data entered in Excel by DOTM employees. Approximately 100 individuals, including civilian staff, utilize the payment system. The Excel spreadsheet is used to generate a batch file, which is transmitted to the state's financial system.

The existing manual processes are prone to error, which can result in payment delays, erroneous data entry, and under or overpayments. As an example, in a recent disaster when a tornado struck Arkansas the Governor called 198 service members to active duty. In processing payments for this group, an employee noticed an error and tried to correct it. This effort shifted multiple rows of payment information which resulted in numerous errors and overpayments. The employee corrected the single error, but it resulted in other errors and many service members did not receive their appropriate payment. Errors of this magnitude may not occur often, however, errors during a payment cycle are common. Recently, about twenty service members have experienced some error in their payment; as an example, a small number did not receive their direct deposit and were issued paper checks.

**Rationale:** DOTM is seeking an automated solution to generate these payments. The Department has five manual processes that they wish to automate. These processes include:

- On-boarding of service members onto State Active Duty;
- Automating payroll information such as bank routing number, bank account type, and state and federal withholdings;
- Automating payment;
- Automating reimbursement process with respect to purchases made in support of the mission; and,
- Automating the audit trail.

Having active-duty National Guard service members paid accurately and timely is essential to maintaining morale and readiness. Disruptions in pay and erroneous payments negatively impact the well-being of service members and can create distractions from the tasks at hand and shift focus to concern for their family's economic well-being.

### Implementation Considerations:

There are approximately twelve state National Guard agencies that use an automated solution for payroll. One of the most common solutions is a product called ARRO (Activate, Respond, Recovery, and Operate). ARRO allows emergency response organizations and state national guards to replace manual and paper-based operations related to personnel, pay, and equipment tracking. Florida is

an example of a state currently using this product and DOTM is planning a site visit in Fall 2024 to see a demonstration.

The work plan outlined below provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DOTM staff and review of best practices include:

**Strategies to address potential risks and enable success:**

The success of the initiative will be dependent on identifying risks, mitigating these risks, and ensuing strategies that enable success. The following risks, mitigation, and strategies identified to date are:

- Digital information, especially Personal Identifiable Information (PII), can be subject to security risks and breaches. Assessing and meeting DOD and state data privacy policies, procedures, and regulations, as well as delineating clear guidelines for all users, and regularly conducting privacy and security audits will mitigate this risk.
- Insufficient training and skill gaps could prevent successful implementation of a new payroll system. Engaging users early mitigates this risk, as well as conducting a comprehensive needs assessment to identify skill gaps, delivering targeted training to upskill employees, and provide ongoing support and resources.

**Recommended steps for establishing DOTM-2:**

- Form a payroll modernization committee to define detailed requirements and specifications.
- Engage TSS for support with procurement for payroll system. Issue request for proposal (RFP) outlining specific requirements for digitization, including data migration, security, and compliance needs.
- Appoint a Project Manager.
- Conduct interviews and demonstrations with selected vendors. Negotiate contract terms, including deliverables, timelines, and support agreements.
- Design data migration blueprint and ensure robust security protocols to protect sensitive payroll information during and after the migration process.
- Define specific performance measure metrics.
- Design and conduct a skill gap needs assessment.
- Design use cases for testing and a change management template.
- Ensure implementation of auditing procedures within the new payroll system. Conduct a series of internal audits to verify the accuracy and reliability of payroll data.
- Create or use detailed user manuals, step-by-step guides, and tutorials tailored to the new system or process.
- Develop and implement Communication Plan.
- Develop a customer service plan and establish a help desk.
- Develop a training plan and training module.
- Schedule and conduct comprehensive training sessions for payroll administrators, finance officers, and other relevant personnel.
- If necessary, plan and schedule the full-scale data migration, ensuring minimal disruption to regular payroll operations.
- Conduct user acceptance testing and payment reconciliation.

- Regularly review system performance metrics and user feedback to identify opportunities for optimization.

**Alignment of department priorities with staffing and resources:** DOTM exists to support the needs of the National Guard. Its mission is to maintain and improve the readiness of Arkansas National Guard units by employing fiduciary management of state resources, excellent human resources, and quality administration of the National Guard programs. To ensure its responsibilities and to meet one of the foremost needs of activated National Guard service members, an initiative to better automate its payroll system and to accurately pay those who serve aligns well with the goals of the department.

To ensure success this initiative requires collaboration between the Department of Military Support (DOMS), the department Human Resource staff, staff from Information Management, the US Property and Fiscal Office, and TSS's Office of Personnel Management. Since security is another key priority for the DOTM, a dedicated implementation team will examine the ability of various digital payroll platforms to meet federal and state security requirements.

DOTM will need to seek financial resources to procure, implement, and maintain the software product chosen as its payroll platform.

**Process changes, associated with implementing changes in the strategic plans:** Introduction of automation will transform the existing payroll process and DOTM will need new departmental operating procedures. DOTM should leverage the opportunity of introducing automation to conduct process mapping of the payroll process to improve the process (in contrast to automating the current process only). DOTM will need to train the administrative staff and the service members using the automated payment process. DOTM will need to train service members on completing time sheets, identifying banking information for auto deposits, identifying tax withholding information, and expense reports as applicable.

**Performance metrics to measure success post-implementation:** The expected results of the initiative are to decrease pay delays, prevent over/under payments, and reduce overall payroll processing time.

Recommended performance measures are:

- Payroll accuracy rate (expected to increase);
- Number of employees with payroll disruptions (expected to decrease);
- Payroll processing time (in days) and,
- Payroll timeliness to pay employee (in days).

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on initial estimates, DOTM-02 has the potential positive annual reoccurring financial impact of \$98,000, which includes cost savings/cost avoidance opportunities that could be captured in the future. If the initiative captures this value, the savings could be used to offset financial resources needed to procure, implement, and maintain the software product chosen

as its payroll platform. This initiative could begin implementation in the fall of 2024 and completed by June 2026.

There are some costs required for this initiative, including costs to purchase an automated system. The estimated cost for implementation will range from \$150,000 to \$415,000 and dependent on modules that are included in the product. Logistics, purchasing, travel, and mobile applications are additional modules which are available to be purchased. The ongoing licensing cost could range from \$75,000 to \$125,000. These costs are not currently budgeted nor eligible for a federal match and would need to be requested by DOTM as part of their state appropriation.

A dedicated project manager will be critical for ensuring that staff are supported to meet deliverables in a timely manner and project efforts stay on task.

**Change Management Plan:** Collaboration with state leadership, National Guard service members, Office of Personnel Management, and among DOTM divisions is critical to this initiative. Messaging and modalities recommended for each audience are included in **Figure 6**.

**Figure 6 – ADOM-02 Communication Plan**

Audience	Key Messages	Modalities
National Guard Service Members	<ul style="list-style-type: none"> <li>● Benefits of the new payment system</li> <li>● How to use the system</li> <li>● Performance measures</li> <li>● Feedback from testing and results</li> </ul>	<ul style="list-style-type: none"> <li>● Departmental</li> <li>● Staff meetings</li> <li>● Virtual meetings or roadshow</li> <li>● Memos</li> <li>● Website</li> </ul>
Office of Personal Management	<ul style="list-style-type: none"> <li>● Benefits of new payment system</li> <li>● Payment System options</li> </ul>	<ul style="list-style-type: none"> <li>● Virtual or face-to-face meetings</li> <li>● Emails</li> </ul>
DOTM staff	<ul style="list-style-type: none"> <li>● Benefits of the new payment system</li> <li>● How to preform automated administrative tasks</li> <li>● Importance of privacy and security</li> <li>● Performance measures</li> <li>● Feedback from testing and results</li> <li>● Payment system options</li> </ul>	<ul style="list-style-type: none"> <li>● Virtual or face-to-face meeting</li> <li>● Emails</li> <li>● Memos</li> </ul>
State Leadership	<ul style="list-style-type: none"> <li>● Benefits of the new payment system</li> <li>● Cost and savings</li> <li>● Performance measures</li> <li>● Feedback from testing and results</li> <li>● Payment system options</li> </ul>	<ul style="list-style-type: none"> <li>● Virtual or face-to-face meeting</li> <li>● Emails</li> <li>● Memos</li> </ul>

## DOTM-03: Accelerate and optimize document routing process

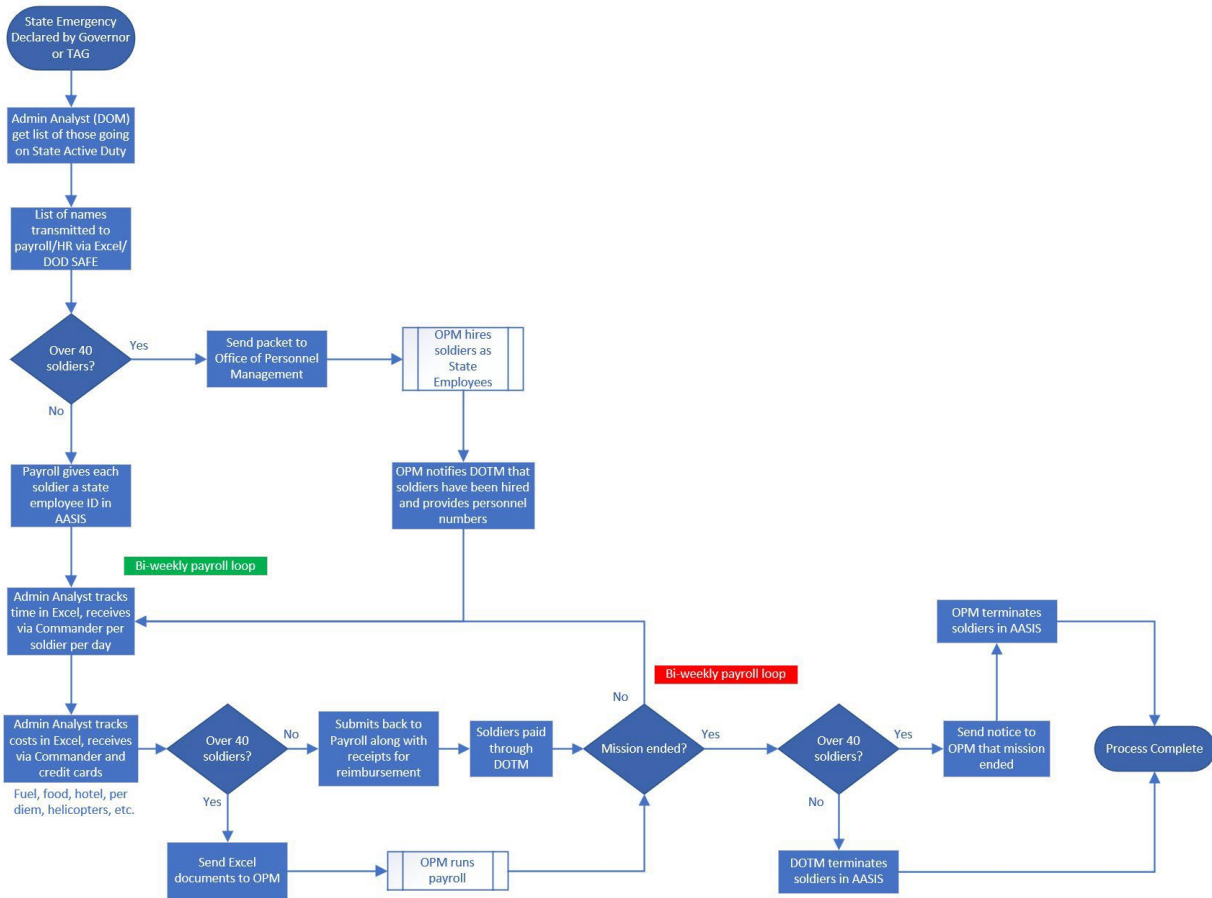
This initiative directs DOTM to modernize the document routing process for all documents currently processed manually (e.g., federal reimbursement, delivery orders, invoices, contracts); increase the routing efficiency, accuracy, and speed by integrating advanced tracking and automation features; and train users on new systems and reduce document processing time and errors.

**Initiative Overview and Current State:** DOTM is currently grappling with a cumbersome document routing process that is hindering efficient operations. The primary issue is the reliance on manual procedures, which leads to slow turnaround times, frequent errors, and a lack of visibility into where a document is at any given point in the manual routing process. Documents are physically transferred between divisions, resulting in delays, misplacements, and security risks. The manual transfer of documents between state and federal accounts using self-email is particularly problematic, as it can take up to 20 minutes per file. To illustrate this inefficiency, one process was identified as an example. DOTM selected to focus on the State Active Duty payroll and expense reimbursement process, through the federal form 270. The “270 process” involves manual handling of paperwork and multiple steps for reimbursement. This process typically takes around two weeks to complete, with significant delays caused by manual processing and need for coordination between departments.

This method of document routing is having a detrimental impact on DOTM’s ability to function efficiently. The slow processing times can impact critical decisions and lead to missed deadlines. Errors in data entry and document handling can result in financial losses, compliance issues, and damage to DOTM’s reputation. Additionally, the lack of visibility into document progress makes it difficult to identify and address bottlenecks, further exacerbating inefficiencies.

**Figure 7** provides a current state of the document routing process used between DOTM and DOD for the State Active Duty reimbursement process.

**Figure 7 – Current State Document Routing Process Map**



Source: Developed in work session with DOTM staff held on September 4, 2024.

**Rationale:** This initiative would implement a new document routing solution. Modernizing the document routing process is crucial for several reasons:

- **Increased Efficiency:** By integrating advanced tracking and automation features, the routing process will become more streamlined, reducing the time it takes for documents to move through the organization and providing visibility into where a document is at any point in the routing process.
- **Improved Accuracy:** Manual processes are prone to errors, such as incorrect data entry or lost documents. Automation can help minimize these errors and ensure the accuracy of information.
- **Enhanced Speed:** A modernized document routing process will enable faster decision-making and reduce processing time for critical documents.
- **Reduced Costs:** Streamlining processes and minimizing errors can lead to significant cost savings.
- **Better Compliance:** Automation can help organizations comply with regulations and standards that require accurate and timely document processing.



## Implementation Considerations:

DOTM should seek a workflow management tool to support modernization of workflows, including supporting electronic document routing. This tool should support task automation, improvements in data accuracy, and facilitate integration with other systems. Benefits DOTM could realize by implementing such a tool include:

- **Increased Efficiency:** Streamlined workflows and reduced manual tasks lead to faster response times and improved productivity.
- **Enhanced Collaboration:** Use of a workflow management tool facilitates better communication and coordination between state and federal agencies.
- **Improved Data Quality:** Automated data entry and validation ensure accurate and reliable information.
- **Cost Savings:** By reducing administrative burdens and eliminating redundant processes, use of a workflow management tool can generate significant cost savings.

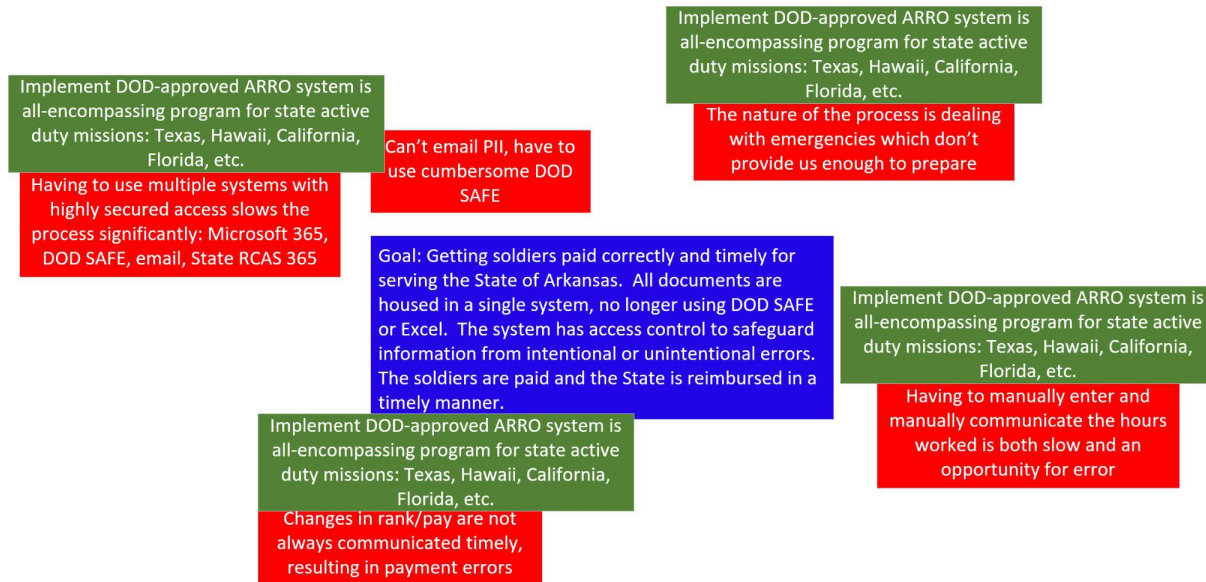
DOTM staff have already made the internal decision to consider a system for deployment in Arkansas and will follow established procurement processes to consider appropriate vendors.

## Strategies to address potential risks and enable success:

DOTM staff participated in a facilitated session and identified some of the potential barriers for improving the document routing process (shown as the goal in the blue box), summarized in **Figure 8** (known as an interference diagram). Each of the obstacles are shown in red boxes, with related solutions in green boxes. Some of the primary obstacles include:

- To overcome the difficulty communicating with personally identifiable information (PII), which is governed by many federal requirements, some possible solutions include implementing a secure messaging system specifically for internal communication, providing training on how to use DOD SAFE effectively for communication, and exploring options for integrating this communication system with existing platforms.
- In some cases, the nature of DOTM's work and the occurrence of emergencies will limit preparation time. Some possible strategies to address this include developing standardized emergency response procedures and templates, providing regular training on emergency response protocols and investing in tools for real-time communication and data sharing during emergencies.

**Figure 8 – DOTM-3 Interference Diagram**



Source: Developed in work session with DOTM staff held on September 4, 2024.

**Recommended Steps for Establishing the Future State:**

- Form a working group to assess top ten documents to be digitized.
- Conduct a comprehensive needs assessment for the new system. Survey relevant divisions to gather data on current document routing times, processes, and pain points.
- Determine internal capabilities and vendor support needed. Assess existing IT infrastructure and support offered by digital public infrastructure. Determine the scope of external vendor support.
- If external software is necessary, issue a RFP outlining specific requirements. Select a vendor.
- Design and test new document routing workflows. Collaborate with key stakeholders to map out the new document routing workflows for each document type.
- Develop or use a comprehensive training program on the new routing process.
- Deliver targeted training sessions to upskill employees.
- Implement the new tracking or automation system in phases. Start with a pilot phase involving a limited number of participants to test the system in a real-world setting.
- Roll out the new system across all departments.
- Monitor and measure performance metrics. Provide ongoing support and optimization based on feedback.

The map below is the future state version of the current document routing process map (shown above in **Figure 7**). The red boxes represent the process steps that will either be highly streamline, completely automated, or completely eliminated by implementing the recommendations detailed above.



- By automating data entry and reducing manual handling, the new system will help to minimize errors and ensure the accuracy of documents. This will reduce the risk of financial losses and compliance issues.
- The new system will provide real-time tracking of document status, allowing DOTM to identify and address bottlenecks proactively. This will improve accountability and enable better decision-making.
- The new system can be designed with comprehensive security measures to protect sensitive information and reduce the risk of data breaches.
- While the upfront effort required to deploy the new document routing system may be high, the long-term benefits in terms of cost savings, efficiency, accuracy, visibility, and security make it a worthwhile investment for DOTM. By modernizing its document routing process, DOTM can improve its operations, enhance its reputation, and better serve its mission.
- Full integration and automation of the document routing system with the payroll process requires the acquisition of a new accounts payable and receivable system that would more fully integrate between the federal and state systems. This includes AASIS in the short-term, and the new S4HANA (AASIS replacement) in a few years.

### Process changes associated with implementing changes in the strategic plans:

As a result of initiative DOTM-03, the department will initially experience minimal process changes. In the early stages, staff will continue to follow existing procedures while gradually adapting to new responsibilities, such as providing input for system development. However, more significant changes are expected to occur upon the deployment of the new system.

Once the system is fully implemented, processes will undergo substantial transformation, primarily through the reduction of steps in workflows due to automation. Streamlined processes will arise from the integration of various systems, allowing for seamless data flow and reducing redundancies. This integration will simplify tasks and enhance overall efficiency, enabling staff to complete their work more quickly and with fewer errors. The end result will be a more agile and responsive department, equipped to meet evolving demands while maximizing productivity and effectiveness.

**Performance metrics to measure success post-implementation:** To effectively measure the success of the initiative, DOTM can ensure that the modernized document routing process is delivering the expected benefits in terms of speed, accuracy, efficiency, and compliance:

- **Average Document Routing Time:** Track the average time it takes for a document to move through the routing process from initiation to completion. Compare this to the current average routing time to measure the increase in speed.
- **Document Routing Error Rate:** Calculate the percentage of documents that contain errors after the routing process is completed. Compare this to the current error rate to measure the increase in accuracy.
- **Number of Documents Processed Monthly:** Monitor the number of documents processed each month to assess the overall volume and efficiency of the routing process.
- **User Satisfaction:** Conduct regular surveys or interviews with users to gather feedback on the ease of use, functionality, and effectiveness of the new system.

- **Cost Savings:** Analyze the cost savings achieved by reducing manual labor, improving efficiency, and minimizing errors.
- **Compliance Adherence:** Track the organization's compliance with relevant regulations and standards related to document routing.
- **System Uptime:** Measure the percentage of time the new system is operational and accessible to users.
- **Training Effectiveness:** Evaluate the effectiveness of the training program by measuring user satisfaction, knowledge retention, and ability to use the new system effectively.
- **Return on Investment (ROI):** Calculate the ROI of the initiative by comparing the total cost of implementation to the benefits achieved, such as increased efficiency, cost savings, and improved compliance.

**Identification and estimation of any savings the strategic plan could realize once implemented:** The potential savings realized through initiative DOTM-03 could be substantial. First, faster decision-making and improved inter-departmental collaboration will reduce the time spent on approval processes and information sharing. By streamlining workflows and automating routine tasks, decisions can be made more swiftly, which translates to less downtime for projects and initiatives. This efficiency not only speeds up service delivery but also minimizes delays that often incur additional costs.

Furthermore, the increase in operational productivity is likely to result in cost avoidance and/or cost savings. As employees can dedicate more time to value-added activities rather than administrative tasks, the overall output of the department will rise without the need for additional staffing. This heightened productivity means that the organization can achieve more with the same resources, effectively maximizing return on investment.

Lastly, the reduction in administrative overhead will contribute to financial savings by lowering operational costs. With fewer manual processes, the need for extensive paperwork, printing, and storage will decrease, resulting in direct cost reductions. Additionally, the elimination of redundancies will allow for a more efficient allocation of resources, ultimately streamlining budgets and enhancing the organization's financial health. Collectively, these savings will not only improve the bottom line but also enable reinvestment into strategic initiatives that further enhance DOTM capabilities.

**Change Management Plan:** Initiative DOTM-03 aims to modernize the document routing process, which could lead to significant changes in the way employees work. Some potential change management challenges DOTM could face may include:

- **Resistance to Change:** Employees may be resistant to the new system due to fear of the unknown, job insecurity, or the disruption of their current routines.
- **Lack of Understanding:** Employees may not fully understand the benefits of the new system or how it will impact their daily tasks.
- **Technical Difficulties:** Employees may encounter technical difficulties with the new system, leading to frustration and decreased productivity.
- **Data Accuracy and Integrity:** Ensuring the accuracy and integrity of data during the transition to the new system can be challenging.

- **Ineffective Training:** Insufficient or poorly designed training programs can hinder employee adoption and effectiveness.
- **Integration Issues:** Integrating the new system with existing systems or processes can be complex and time-consuming.

Some strategies DOTM can use to address these challenges include:

- **Effective Communication:** Clearly communicate the benefits of the new system, address concerns, and provide regular updates throughout the implementation process.
- **Employee Involvement:** Involve employees in the planning and implementation stages to increase buy-in and address concerns.
- **Comprehensive Training:** Provide comprehensive training programs that cover both technical aspects and the benefits of the new system.
- **Pilot Testing:** Conduct a pilot test to identify and address potential issues before full-scale implementation.
- **Data Migration Plan:** Develop a thorough data migration plan to ensure the accuracy and integrity of data during the transition.
- **Change Management Team:** Establish a dedicated change management team to oversee the process and address challenges.
- **Incentives and Rewards:** Recognize and reward employees for their contributions to the successful implementation of the new system.
- **Technical Support:** Provide adequate technical support to assist employees with any issues they may encounter.

The communication tasks and recommended modalities are included in **Figure 10**.

**Figure 10 – ADOM-03 Communication Plan**

Audience	Key Messages	Modalities	Responsible Party
Legislative stakeholders	<ul style="list-style-type: none"> <li>• With the upfront investment to pursue this technology solution, DOTM will be able to significantly modernize operations.</li> <li>• The new system will streamline workflows, eliminate bottlenecks, and reduce processing times. This will enable DOTM to make faster decisions and improve overall productivity.</li> <li>• By automating data entry and reducing manual handling, the new system will help to minimize errors.</li> </ul>	<ul style="list-style-type: none"> <li>• Face-to-face meetings</li> <li>• Development of one pagers and briefing materials</li> </ul>	Jeff Wood, COS
DOTM Staff (state and federal)	<ul style="list-style-type: none"> <li>• DOTM will be implementing a new automated tool to support document routing.</li> </ul>	<ul style="list-style-type: none"> <li>• All staff meetings</li> <li>• All staff emails</li> <li>• Team meetings with impacted staff</li> </ul>	Jeff Wood, COS

Audience	Key Messages	Modalities	Responsible Party
	<ul style="list-style-type: none"> <li>• This will reduce the time it takes to receive approval and improve decision-making.</li> <li>• [INSERT] timeline and details of implementation.</li> <li>• Detailed training and instructions will be provided to staff as part of implementation.</li> </ul>		

### DOTM-04 - Optimize manager roles and team size for better control and efficiency

This initiative is part of the broader Arkansas Forward Agile Organization initiative and includes implementing a tailored and modernized organization to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions.

**Initiative Overview and Current State:** DOTM has a unique organizational structure, which includes federal and state employees, and the organization’s size fluctuates over time based on use of the National Guard. There are limited opportunities for further organization restructuring for several reasons:

- Supervisor positions are federal employees (with federal funding);
- Team size is influenced by federal supervisors and changes are not solely within DOTM’s span of control;
- DOTM has already centralized its shared services functions under the Chief of Staff. Two positions and an administrative position remain outside the Chief of Staff’s reporting structure, but policy reasons provide a need to maintain the current structure.

**Rationale:** As part of Initiative DOTM-4, to create the most agile and efficient organization, DOTM leadership and human resources staff reviewed the organization structure and determined no changes within DOTM’s span of control are needed at this time. However, multiple initiatives identified as part of Arkansas Forward seek to improve how the organization functions, given this organization structure, and improvements to the organization’s effectiveness and efficiency are expected from these efforts.

**Implementation Considerations:** Not applicable.

### DOTM-05: Maximize federal funding opportunities through re-configured state funding

This initiative identifies funding opportunities to increase program and service capacity and free up existing general revenue funding by reassessing and deprioritizing non-critical building projects to reduce capital spending by using alternative solutions such as repurposing or renovating existing buildings instead of constructing new ones.



**Initiative Overview and Current State:** DOTM manages the state's resources and oversees the readiness and administration of the Arkansas National Guard. They operate and maintain several training sites and armories. The National Guard has four major training sites, including:

- Camp Robinson;
- Fort Chaffee;
- Ebbing Air National Guard Base; and,
- Little Rock Air Force Base.

Several armories are located throughout the state. These settings support training, domestic response, equipment staging, communications, supply distributions, and serve as a base for operations. Several of these armories and training sites need repair or new construction to provide the infrastructure to ensure the National Guard's readiness.

The funds to support DOTM's operations, maintenance, personnel, management, equipment, and construction are financed through state appropriations and federal funding from the Department of Defense (DOD). The state's annual appropriation is approximately \$10 million, whereas the federal allocation is \$450 million. State funds are used as matching funds to draw federal funding. DOD matches new construction at 75% (25% state share), and renovations at 50% (50% state share). DOD new construction projects are competitive and historically, usually fund a state's project once every 4-5 years.

DOTM is in need of additional state and federal funds for new construction projects, as well as to repair, refurbish, and renovate some of its buildings. DOTM has already secured funding for some new construction and recognizes the timing of any new large requests may not be feasible. Instead, DOTM seeks funding for multiple small projects to repurpose or renovate existing buildings, which may be more cost-effective than new construction projects.

Another challenge that impacts DOTM's large projects is the lack of fiscal predictability, particularly for those large projects that cross different state fiscal years. Large construction projects take multiple years to complete and can extend across different federal and state fiscal years. Assurances that funding will be available over multiple years is essential to move forward on large new construction projects.

**Rationale:** DOTM has multiple facility needs including new construction and repairs and renovation of existing facilities, including:

- New gym at Camp Robinson (estimated cost of \$7 million);
- New machine gun range (estimated cost of \$7 million);
- New medical center (estimated cost of \$40 million); and,
- Multiple buildings are in need of repair and renovation (i.e., some armories do not have women's rest rooms or shower facilities; several armories are aging, having been built in the 1930s and/or are listed on the National Register of Historic Places - Clarksville Armory in Johnson County); and some facilities have ceased to be sufficient for National Guard use and have been turned over to local government for use).



This initiative seeks to:

- Increase overall funding opportunities by identifying and applying for federal opportunities and improving coordination between state and federal budgets and fiscal years;
- Reassess and prioritize existing projects based on comprehensive analysis of needs, with a goal to reduce capital spend and repurpose existing facilities over new construction where possible.

Improving available funding will support DOTM operations and prepare units for readiness, and provides economic value by maintaining the National Guard's footprint across the state. The National Guard employs local citizens and service members support the local economy. As an example, in 2019, the National Guard relocated to the armory in Harrison after some time in Bentonville. Col. Cary Shillcutt, the 39<sup>th</sup> Brigade Commander, reported that the effort contributed over \$900,000 to the Boone County area based on the location of 70 National Guard members in the community, as well as from impacted individuals in the surrounding area.<sup>1</sup>

### Implementation Considerations:

The approach to ensuring a successful implementation of this initiative is to identify the need, prioritize the solution, and communicate the business case for securing the funding. **Appendix A – DOTM Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process were identified through interviews and work sessions with DOTM staff.

#### **Strategies to address potential risks and enable success:**

The success of the initiative will be dependent on identifying risks, mitigating these risks, and ensuing strategies that enable success. The following risks, mitigation, and strategies identified to date are:

- Conducting an assessment and review of the National Guard facility conditions to identify what needs repair and/or renovation. Evaluate this assessment to determine the project cost and use this information to justify the spending.
- Developing and implementing a communication plan that shows the value of having the best possible facilities that support the National Guard service member readiness to serve today and in the future.
- Staying persistent in the task, adhering to the need, and demonstrating the value to the Guard, local community, and the State will increase the likelihood of successfully securing the funds.
- Coordinating a task force to develop standard operating procedures to monitor and synchronize the timelines of state and federal budget cycles since they pose a risk because they are misaligned timelines between state and federal budgetary deadlines and spanning fiscal years.

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<sup>1</sup> KY3, "National Guard unit moves into armory in Harrison, Ark.," October 19, 2019,

<https://www.ky3.com/content/news/National-Guard-unit-moves-in-to-armory-in-Harrison-Ark-563462271.html>.

- Developing a standardized mechanism to prioritize obtaining general revenue to ensure that critical matching opportunities are met, since there is a risk that insufficient state revenue to obtain federal matching opportunities can result in the state sacrificing federal funds.

**Recommended steps for implementing DOTM-05:**

- Steps to increase overall funding:
  - Assign Project Officer.
  - Establish a stakeholder coordination task force.
  - Develop Standard Operating Procedures (SOPs) for identifying, analyzing, and applying for federal funding opportunities and ensuring timing coordination between state and federal fiscal budgets.
  - Conduct a comprehensive review of current state funding initiatives to identify opportunities for federal funding.
  - Compile and document a list of all potential federal funding opportunities that align with state initiatives and submit applications.
  - Review and update SOPs based on feedback and evolving requirements.
- Steps to reassess and prioritize building projects:
  - Conduct a comprehensive review of facility conditions, unit size, and unit types.
  - Evaluate findings of facility review and develop recommendations for build versus renovate.
  - Act in order of priority for building projects based on recommendations of the working group.

**Alignment of department priorities with staffing and resources:** Developing a comprehensive understanding of DOTM facility needs, prioritizing needs, and pursuing with the most effective plan (renovation vs. new construction) is essential for effective National Guard programs and creation of an environment that supports preparation for readiness. DOTM needs to assign a Project Manager, budgetary, and legal support to oversee and guide the initiative. Additionally, stakeholder coordination is important in assessing and prioritizing needs. Upon completion of analysis of needs and prioritization, DOTM will present needs and the most cost-effective strategy to proceed in addressing needs. This could result in a shift to renovation and free-up general revenue funds, or prioritize new construction and include a request for more general revenue funds to increase federal financial participation.

**Process changes, associated with implementing changes in the strategic plans:** Changes in identifying, analyzing, and applying for federal funds and coordinating state and federal budget cycles and requirements will necessitate the development of Standard Operating Procedures. A review of federal and state funding opportunities may involve different approaches to achieving funding. Alternately, if an analysis of the National Guard facilities conditions determines new construction better serves DOTM, the initiative may evolve.

**Performance metrics to measure success post-implementation:** The expected results of the initiative are to enhance federal matching funds and increase the program and service capacity, as well as to optimize DOTM facilities to meet the National Guard and DOTM needs.

Recommended performance measures are:

- Ratio of federal/state funds; and,
- Rate of acting on readiness center transformation plan findings within 2 years.

Other methods to assess the impact of this initiative include:

- Enhance the quality and reach of cooperative agreements by meeting maximum federal fund matching policies;
- Increase program and service capacity; and,
- Ensure optimized facilities meet the National Guard and DOTM needs.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on initial estimates, DOTM has the potential positive annual reoccurring fiscal impact of \$1.1 million based on anticipated prioritization of facility needs and reduction in capital spending (shift from new construction to renovations).

**Change Management Plan:** Collaboration with state leadership, the federal government, and local leadership is critical to this initiative. Decision makers at the state level need to be convinced that this initiative will result in a better readiness prepared National Guard, support the local and state economy, and generate ongoing maintenance savings. This is accomplished through a comprehensive and informative communication plan. **Figure 10** includes activities and modalities for the communication plan.

**Figure 10 – DOTM-05 Communication Plan**

Audience	Key Messages	Modalities
National Guard Service Members	<ul style="list-style-type: none"> <li>• What repairs are being considered and why</li> <li>• Any operational changes that will occur during construction periods</li> <li>• Timeframes</li> </ul>	<ul style="list-style-type: none"> <li>• Memos</li> <li>• Emails</li> <li>• Staff meetings</li> </ul>
Department of Defense	<ul style="list-style-type: none"> <li>• What repairs need to be done and why</li> <li>• Estimated cost               <ul style="list-style-type: none"> <li>• Requests for federal matching funds (in prescribed format)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Memos</li> <li>• Emails</li> <li>• Required Documentation</li> </ul>
State Leaders	<ul style="list-style-type: none"> <li>• Summary of DOTM facility needs</li> <li>• The value the National Guard brings to local communities</li> <li>• How these projects will improve the readiness of the National Guard</li> <li>• What repairs need to be done and why</li> <li>• Estimated cost</li> <li>• Additional federal funding available and projected freed-up GR or savings that can come from needs</li> </ul>	<ul style="list-style-type: none"> <li>• Memos</li> <li>• Face-to-face meetings</li> <li>• Emails</li> </ul>

# Strategic Management Plan: Arkansas Department of Public Safety

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## Overview

The Arkansas Department of Public Safety (DPS) is the umbrella law enforcement agency that includes 17 previously independent entities which were transferred to DPS in 2019 (Act 910), including but not limited to:

- Department of Arkansas State Police;
- Crimes Against Children Division;
- Law Enforcement Support Office;
- State Crime Laboratory; and,
- Multiple Commissions and Boards.

DPS’ mission is to enhance the safety and security of all Arkansans through ethical, character driven behavior that promotes professionalism, clear communication, and accountability while the state’s premier public safety agency.

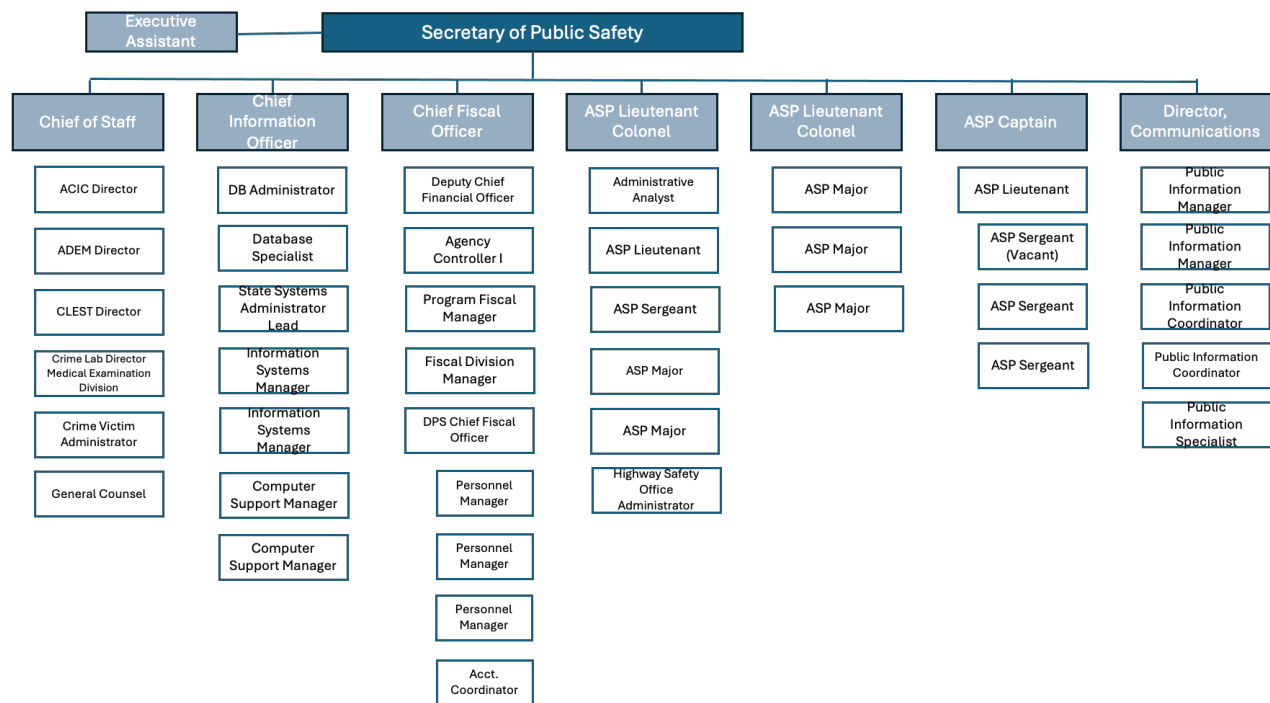
Through the Arkansas Forward project, a 2024 initiative to improve the efficiency and effectiveness of Arkansas’ 15 cabinet-level departments, DPS prioritized implementation of eight initiatives that improve operations and invest in the organization’s talent to help DPS deliver on its mission.

This Strategic Management Plan (“Plan”) memorializes the work completed by DPS during Arkansas Forward, translating the department’s vision into a plan consisting of recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics. A companion project plan (“Work Plan”) provides a more detailed resource to support implementation of the initiatives by DPS’ Arkansas Forward project management team.

## Recommended Organizational Structure

DPS’ current organization chart is shown in **Figure 1**.

**Figure 1 – Current Organizational Structure**



As part of Arkansas Forward, DPS undertook a review of the staffing model used in its shared services and civilian units. This review included identification of opportunities to create a more agile organization, considering spans of control and number of managerial layers, among other factors. DPS’ structure was reviewed to identify opportunities for redesign in three areas:

- Changes that would support the department’s execution of its mission;
- Changes identified through implementation of Arkansas Forward initiatives; and,

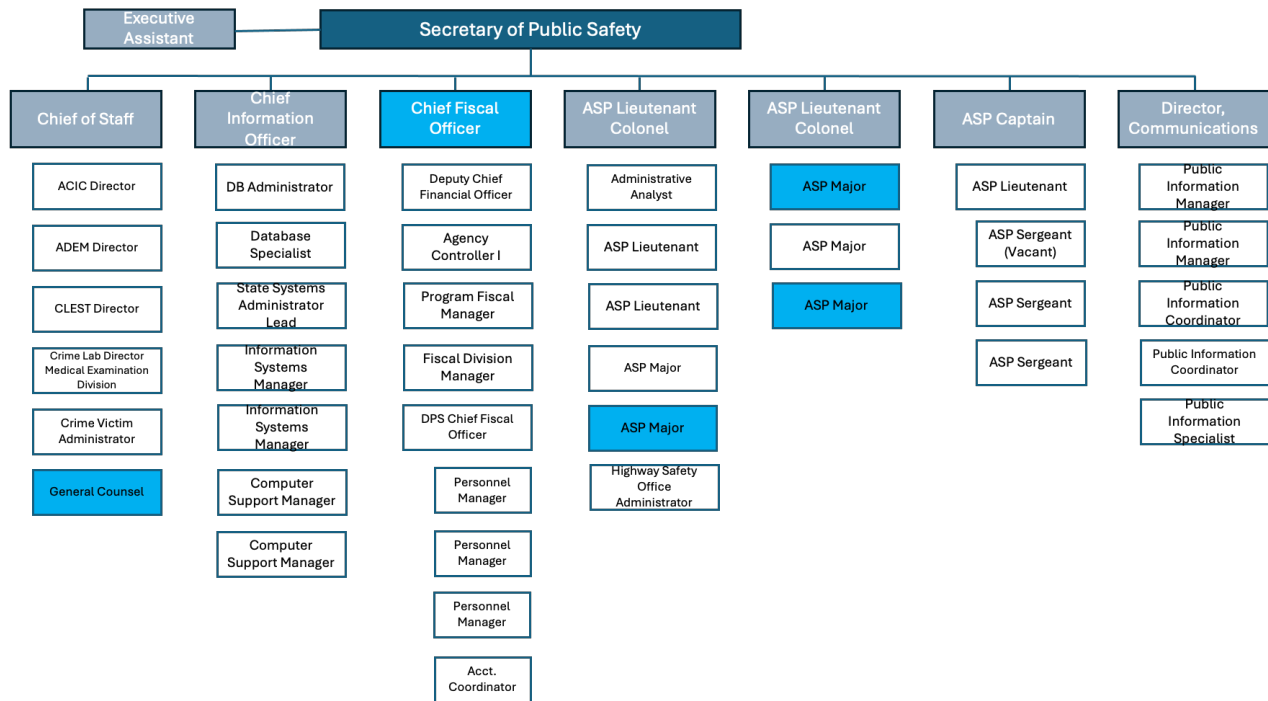
- Changes necessitated by Arkansas' move to deliver certain functions through shared services (i.e., information technology, human resources, procurement).

There was no work carried out on the organization chart for the Department's front-line mission.

**Changes identified through implementation of Arkansas Forward initiatives:** DPS identified opportunities for potential organizational improvements in several key areas involving shared services and civilian staff (shown on the organizational chart in **Figure 2** as blue boxes), including:

- Under the Chief of Staff, General Counsel: There are opportunities to revisit the management chain and potentially flatten organizational layers that could be impacting the speed of decision-making and flow of communication.
- Within the Chief Financial Officer's organization: There are multiple small teams with 1-3 direct reports. These small teams may be able to be consolidated with other teams and opportunities to eliminate extraneous organizational layers may exist, though it will be important during this process to identify any specific statutory or other requirements to maintain checks and balances which could prevent this consolidation (particularly in finance).
- Civilian units with opportunities to review spans of control (note these units are led by officers):
  - Within one Lieutenant Colonel's organization, there are two civilian units flagged for review based on the large span of control. Under one Major with a span of control of 18 (note this was previously two units which were consolidated following a departure), there may be an opportunity to add another leader or a deputy to reduce the span of control. Under another Major, with a span of control of 3, there is a team led by an ASP/CACD Investigator Administrator with 14 direct staff, where employees are located over a large geographical area. It may be beneficial to reduce the number of direct reports to improve the quality of supervision.
  - Within another Lieutenant Colonel's organization, there is a Major-led unit with multiple civilian teams where small team size and additional management layers could be flattened to simplify the organization structure.

**Figure 2 – Current Organizational Structure**



**Changes necessitated by Arkansas’ move to deliver certain functions through shared services:**

At this time, the state recommendation for DPS’ future state organization is to continue the current organization structure, as included in **Figure 1**, while implementing the following:

- Continue to have discussions with senior leadership about the principles of an agile organization to reinforce the expectation that leaders make changes in their organizations as appropriate;
- Encourage each leader corresponding to a blue box on **Figure 2** to perform an in-depth review of their organization to identify appropriate changes; and,
- Direct each leader to review the necessity of positions upon becoming vacant (i.e., with retirement or transitions) and use those opportunities to make the organization more efficient with less abrasion.

**How this Department will meet the vision of an efficient and effective future department**

DPS has taken a comprehensive approach in the identification of its Arkansas Forward initiatives: to identify opportunities to improve standardization and automation of processes, improve use of technology within its state police, contain high costs for laboratory equipment through inter-departmental collaboration, improve the efficiency of its fleet, and invest in staff recruitment/retention and development. DPS has identified the means to achieve this improvement while operating within its existing resources for most of these initiatives. To achieve the efficiencies expected with these initiatives, DPS will need to collaborate with other cabinet-level departments, including the Department of Transformation and Shared Services (TSS) and the Department of

Finance and Administration (DFA). Gaining their support and collaboration will be an important enabling factor in DPS' success.

## Key Initiatives Prioritized for Arkansas Forward Implementation

DPS leadership generated 9 ideas to improve the departmental effectiveness and efficiency, before prioritizing 8 initiatives for immediate implementation as part of Arkansas Forward that focus on improving operational performance.

### DPS-01: Implement an agency-wide shared services electronic, mobile-friendly tracking system to increase efficiency and effectiveness of processes

This initiative seeks to implement a workflow management tool to support routing of work and decision-making at DPS, providing staff with the ability to monitor the status of pending requests. The intent of this initiative is to support administrative processes such as the contracts, grants, and budget processes, where collaboration across teams is required, and to automate steps such as approvals (enabled by electronic signature).

**Initiative Overview and Current State:** Once formed in 2019, DPS implemented a shared services model to deliver certain administrative services efficiently and eliminate redundancy and duplication across divisions. Certain processes such as contracts, grants, and budget processes involve staff from across teams. While centralization has achieved some efficiencies, a challenge experienced by staff is the lack of ability to manage and track the status of work as it moves between multiple teams and for leadership review and approval. This results in confusion, difficulty identifying when work is stalled or delayed, and inability to intervene or prioritize high-priority tasks. This lack of visibility leads to frequent bottlenecks and delays, especially when manual processes are involved. Some staff operational processes are manual and rely on paper documentation, while others have some degrees of digitization, but key processes have not been automated in a single workflow.

As a result, there are bottlenecks in existing processes when signatures or approvals are required, as these tasks are typically handled in a manual manner (whether physical or digital files are involved), creating multiple potential points of failure where decisions can be delayed. These manual interventions often require individuals to take specific actions, causing additional delays as documents and approvals wait in queues. The lack of an integrated, automated system for managing shared services functions means that important tasks can remain unnoticed for extended periods, reducing overall efficiency and making it challenging to ensure that high-priority work is completed on time. This creates an environment where DPS struggles to respond quickly to critical needs and to maintain a consistent, streamlined flow of work.

**Rationale:** This initiative would have DPS implement a technology solution to support routing of work and decision-making across DPS' divisions. DPS anticipates this solution will be the S4HANA system, the replacement for the AASIS system. This new system will provide the necessary



infrastructure for a more efficient Shared Services model, both statewide and within DPS. The Department of Finance and Administration (DFA) has a current workgroup process to ensure that all 15 cabinet-level agencies have the opportunity to provide input on the development of the S4HANA system. Formalization of this collaborative approach will help identify and prioritize the collective needs of the departments. By fostering open communication and collaboration, DFA can create a more effective and user-friendly system that supports efficient financial transactions, personnel actions, and procurement across all agencies. This collective input will ultimately lead to a solution that is adaptable and beneficial for the entire state. If provided this opportunity to participate, DPS will actively participate to ensure that its needs are integrated into the system's design, including key use cases and system requirements.

S4HANA will offer automated workflows and digital processes that can track work as it progresses through the system. This real-time tracking is a critical feature, as it will eliminate many of the bottlenecks and inefficiencies currently experienced. By automating processes and incorporating digital signatures, DPS will reduce manual intervention, ensuring that tasks are handled more quickly and with greater accuracy.

Additional benefits of an automated workflow with automatic tracking and digital signatures include:

- Increased transparency: Staff will have visibility into the status of tasks, allowing for better management of priorities and more effective monitoring of stalled or delayed work.
- Improved efficiency: Automation will significantly reduce the manual labor associated with tracking, approvals, and signatures, speeding up the overall process.
- Enhanced accountability: Automatic tracking allows for clear accountability, as the system records who performed specific actions and when, reducing the likelihood of errors or lost documents
- Streamlined approval process: Digital signatures enable faster approvals without the need for physical handoffs or waiting on individuals, improving the flow of work.
- Reduction in paper usage: Fully digital workflows will reduce reliance on paper, cutting costs and promoting sustainability.
- Compliance and audit readiness: Automatic tracking and digital records make it easier to meet regulatory requirements and conduct audits, as all actions are logged within the system.
- Mobile friendly: Easier for staff to access applications and increases timely response.

Staff anticipates that the new system may meet most of its needs. Once the system design is finalized, DPS leadership will meet to review whether its needs are addressed, to identify any needs that will not be able to be addressed through the new system, and to identify whether any needs are critical and cannot wait for the statewide implementation of S4HANA. They can then collectively decide whether another solution is needed to address those issues.

There are some steps DPS can take now to not only address needs of the department but also prepare a foundation for successful implementation of the S4HANA system:

- Streamline Processes: Reduce the number of approval levels for low profile processes, such as high-volume, low-cost purchases and set standardized thresholds for different categories of purchases. This will minimize bottlenecks and expedite the procurement of essential supplies. This can be repeated in other areas as well.

- Identify processes for automation: Analyze existing processes to identify processes that are repetitive, time-consuming, or prone to errors, which will be prime candidates for automation within the new system.
- Choose the right short term automation tools: Research and select automation tools that are compatible with the future S4HANA system and suitable for DPS' specific needs. Certain tools could be used to automate or semi-automate key constraints.
- Begin staff training and process improvement: As the S4HANA system is being developed, DPS can start training staff on new technologies and processes, as well as considering process improvements (using new technology to improve processes not only automate existing, inefficient processes). This will reduce the learning curve and resistance to change when the system is deployed.

## Implementation Considerations:

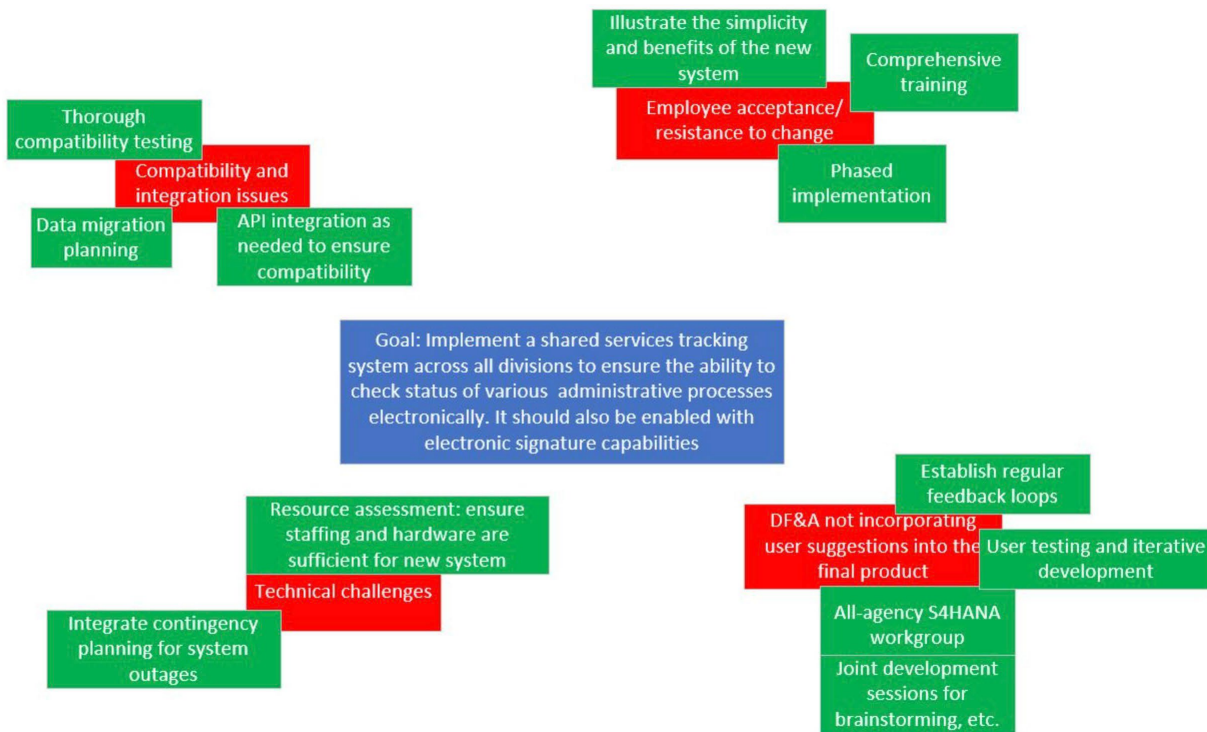
Strategies to address potential risks and enable success:

In a facilitated work session with DPS staff, staff identified some of the challenges in implementing a workflow management solution, as well as solutions to address these challenges (summarized in **Figure 3** below). The goal of implementing an improved workflow management solution is shown in the blue box, with each barrier or challenge in a red box and each related solution in a green box. In summary, some of the key challenges anticipated include:

- Compatibility and integration issues: Integrating the new S4HANA system with existing systems may pose challenges. Ensuring that data and processes flow seamlessly between legacy systems and the new platform is critical to avoid disruptions. Some potential solutions include thorough capability testing, data migration planning, and API integration.
- Employee acceptance/resistance to change: Employees may resist the transition to the new system due to discomfort with change or unfamiliarity with new technology. Ensuring proper training and communication is vital to secure user buy-in and smooth adoption.
- DFA not incorporating user suggestions into the final product: DFA is focused on implementing a statewide solution; there is a risk that input from DPS and other state departments may not be fully considered during the development of the S4HANA system, leading to a final product that does not meet all user needs. Effective communication and collaboration with DFA will be essential to mitigate this issue.
- Security considerations/risks with the automated solution: Consider adding multi-factor authentication and/or encryption to the system requirements.

In the diagram below, the goal of implementing a workflow management solution is shown in blue, and each of the red boxes represents a barrier or anticipated challenge. The green boxes represent solutions to those barriers.

**Figure 3 - DPS-01 Interference Diagram**



Source: Developed in work session with DPS staff held on September 10, 2024.

**Steps for Establishing the Future State:**

- Leadership reviews/approves emerging IT requirements:
  - Ensure IT requirements align with strategic goals.
  - Verify recommendations are comprehensive and feasible.
- Leadership meets with DFA to communicate requirements:
  - Clearly outline IT needs and expectations to DFA.
- Ensure workgroups have been developed with DFA and other departments for feedback and testing:
  - Create cross-functional teams for diverse input.
  - Schedule regular meetings for feedback during development phases.
  - Assess where business process reengineering is appropriate to ensure S4HANA facilitates process improvement and not only digitizing legacy processes.
  - Regular updates from, input to, and coordination with DFA during development
- Set up consistent communication channels for progress reports.
- Address any issues or roadblocks as they arise through collaboration.
- Ensure feedback is being put into action in terms of system development, via regular testing and demonstrations.
  - Organize periodic system testing to verify improvements.
  - Conduct demonstrations to showcase functionality and gather further input.
- Develop and deploy training to staff (most staff impacted)

- Create comprehensive training materials tailored to different user groups.
- Implement training sessions to ensure smooth transition to new systems.
- Establish connectivity between DPS and DFA system (SAP-S4 upgrade S4HANA)
  - Ensure technical compatibility between systems.
  - Test connectivity thoroughly before deployment.
- Ensure different providers in place for C.O.O.P. (Continuity of Operations Plan)
  - Identify and contract multiple service providers for redundancy.
  - Test failover systems to guarantee operational continuity.
- Establish internal workgroup at DPS to review existing workflows and implement improvements based on S4HANA automation. Develop revised “future state” process maps for the key operational areas included in this report and other areas as needed. Develop standard operating procedures for staff.

As DFA moves forward with the implementation of the S4HANA system, critical needs of DPS include that the solution includes workflow tools and electronic signatures. If DFA’s initial plan changes and these functionalities are omitted, it would result in S4HANA not meeting DPS needs, and would result in a lack of support from stakeholders who anticipated these enhancements. In parallel to the action steps above, DPS plans to proactively explore alternative systems that can meet their essential needs if S4HANA plans change. It is important for DPS to conduct a market analysis to identify viable options for workflow tools and electronic signatures as a potential back-up should S4HANA not meet their needs.

**Alignment of department priorities with staffing and resources:** DPS has the necessary staffing resources to accomplish this initiative without requiring additional personnel. In the short term, only a few staff members will need to take on new responsibilities, such as gathering business requirements and participating in the system’s development. The key resource needed for success is the formalization of an all-agency S4HANA workgroup. DFA has informally sought departmental feedback on the project, but it is expected that since S4HANA will replace the backbone of Arkansas Shared Services, it is critical that all state departments, including DPS, have input into the development process. This collaborative effort will ensure that the system is tailored to meet the collective needs of all departments, maximizing the effectiveness and usability of the new platform.

**Process changes associated with implementing changes in the strategic plans:**

As noted above, there are opportunities for short-term process improvement, as well as longer-term improvements enabled by S4HANA’s implementation, both of which could result in process changes.

Once S4HANA is fully developed, existing processes will need to adapt to align with the capabilities of the new system. Early involvement in the system’s development will help ensure that the new workflows are shaped around the needs of the processes rather than forcing processes to conform to the system. As development progresses, DPS will also begin planning for the necessary process changes to ensure a smooth transition when the system is deployed, avoiding delays between system implementation and process adaptation.

**Performance metrics to measure success post-implementation:** To measure the success of the shared services tracking system initiative (DPS-01), it is essential to establish clear and actionable metrics, including:

- Timeliness of decision-making and task completion (expected to reduce).

**Identification and estimation of any savings the strategic plan could realize once implemented:** DPS-01 initiative is anticipated to have a significant positive impact on the department by streamlining processes and improving operational efficiency. By reducing the time spent on manual processes, staff will be able to focus on higher-value tasks, freeing up resources and improving productivity. The implementation of automated workflows through the S4HANA system will eliminate the need for paper-based or manual approvals, resulting in faster processing times and reduced risk of delays or lost documentation.

Increased efficiency in day-to-day operations will lead to better tracking of work progress, allowing management to easily monitor the status of contracts, grants, budgets, and other administrative tasks. This visibility will enhance decision-making by providing real-time data on workflow bottlenecks or stalled items, enabling quicker resolutions. Overall, the improved tracking and streamlined processes will result in a more responsive and effective department, better equipped to prioritize and fast-track high-priority work while maintaining accountability across all functions.

Expected time savings for employees as a result of this initiative include:

**Staff directly involved in shared services (e.g., contract managers, grant administrators, budget analysts):**

- Time savings could range from 20% to 40% due to streamlined processes, automated workflows, and reduced manual data entry.
- Elimination of manual signature/approval processes could save a significant amount of time per transaction, potentially reducing processing time by 10-20%.

**Managers and supervisors:**

- Time savings could range from 10% to 20% due to improved visibility into work progress, automated reporting, and reduced need for manual intervention.
- Real-time tracking and automated notifications could save managers significant time in identifying and resolving bottlenecks, potentially reducing their workload by 5-10%.

**Employees in other departments who interact with shared services:**

- Time savings could range from 5% to 15% due to faster response times, improved communication, and reduced need for follow-up.
- Streamlined processes and automated notifications could reduce the time employees spend on administrative tasks related to shared services, potentially freeing up 2-5% of their overall workload.

These estimations are based on qualitative analysis and may vary depending on the specific context and implementation of the recommendations. To obtain more accurate estimates, it would be beneficial to conduct a detailed time-tracking study before and after implementing the changes.

**Change Management Plan:** When the S4HANA system is implemented, it is anticipated DFA will oversee training and development of staff resources. To the extent DPS is able to modernize some of its key business processes using this tool, DPS will need to manage the change in those processes internally and communicate with impacted staff about the timeline and extent of changes. It is anticipated a communication plan will need to be implemented at that time. Because this implementation is not anticipated until 2026, short-term process improvements will be considered as part of this initiative as well, which may necessitate some staff training and communication tasks.

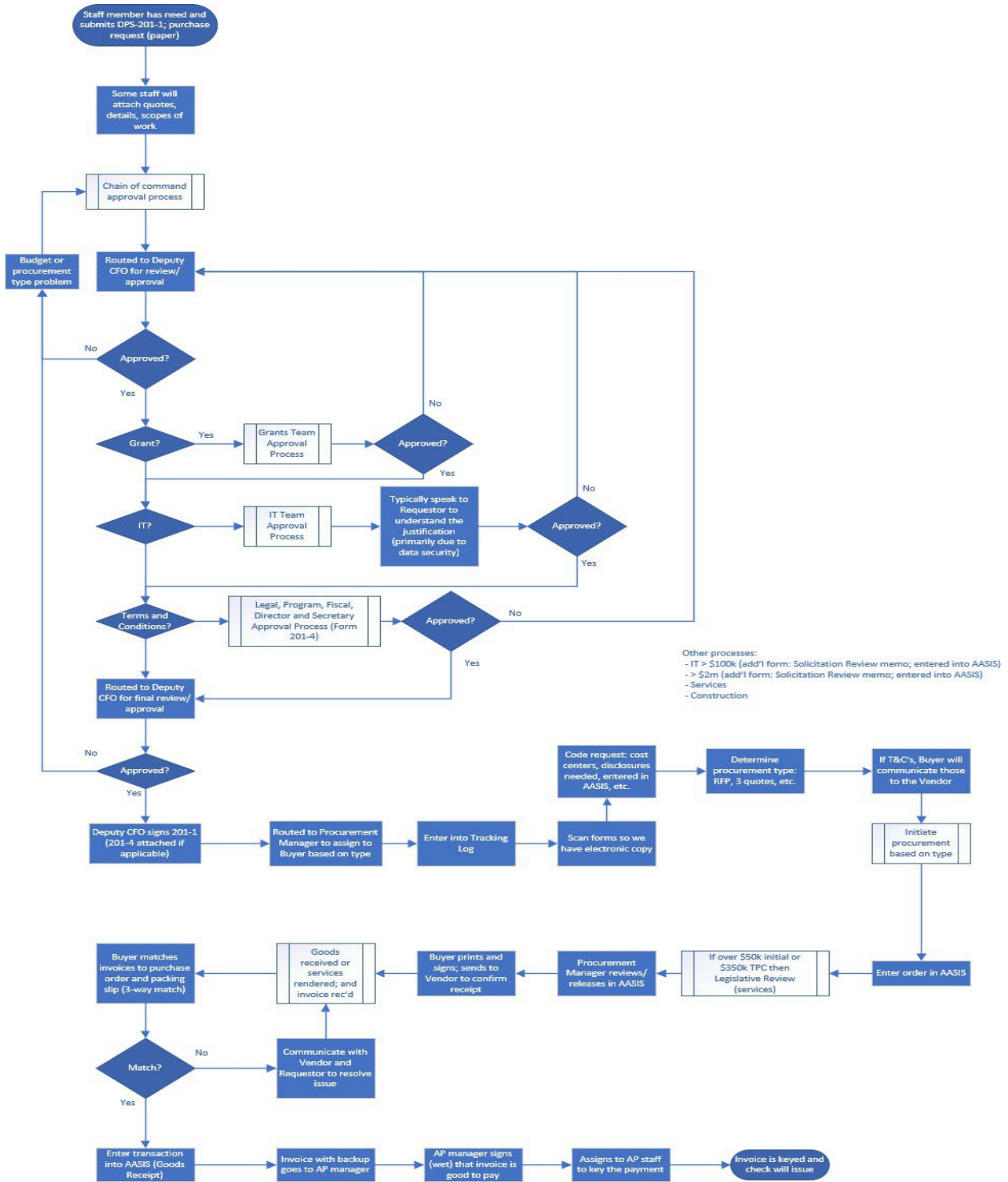
## **DPS-02: Develop shared services standardized processes, to include automated workflows, to increase efficiency and effectiveness**

This initiative directs DPS to develop automated workflows for consistency and timeliness of processes and deliverables. DPS will identify any processes where variance is necessary for effective performance.

**Initiative Overview and Current State:** DPS' current operations are characterized by a lack of standardization, reliance on manual processes and a lack of digitization, and inconsistencies across different divisions. This leads to inefficiencies, errors, delays, and increased costs. For example, manual data entry can introduce errors, affecting the accuracy and reliability of data. Additionally, the manual nature of the processes makes it difficult to track progress, monitor performance, and ensure compliance with regulations. This lack of visibility can hinder decision-making and prevent the identification of opportunities for improvement.

To illustrate challenges within existing operational processes, staff participated in facilitated mapping sessions to identify steps in several common administrative processes. **Figures 4 – 8** illustrate the current processes for: Procurement; Travel approval/reimbursement; Overtime tracking; HR Onboarding; and HR Terminations.

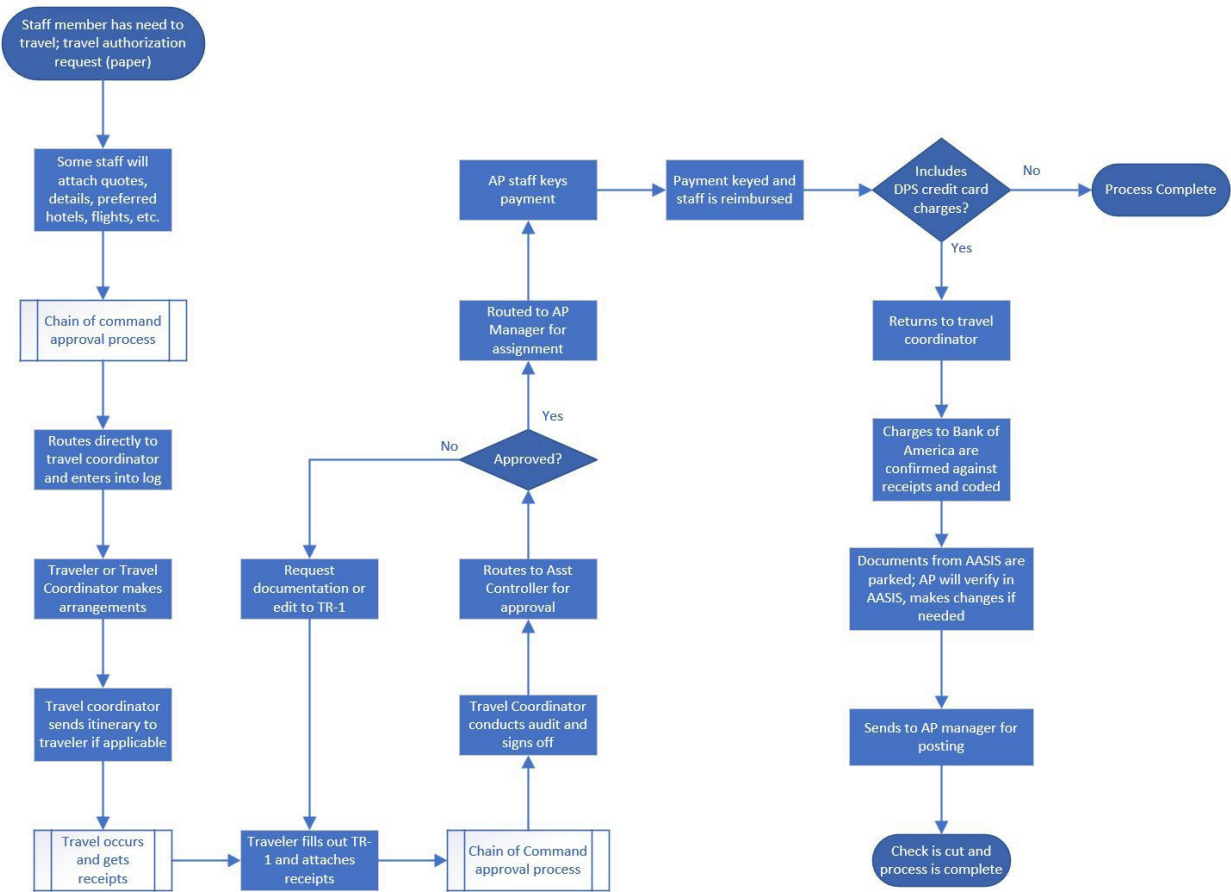
**Figure 4 – Procurement Current State Map**



Source: Developed in work session with DPS staff held on September 10, 2024.



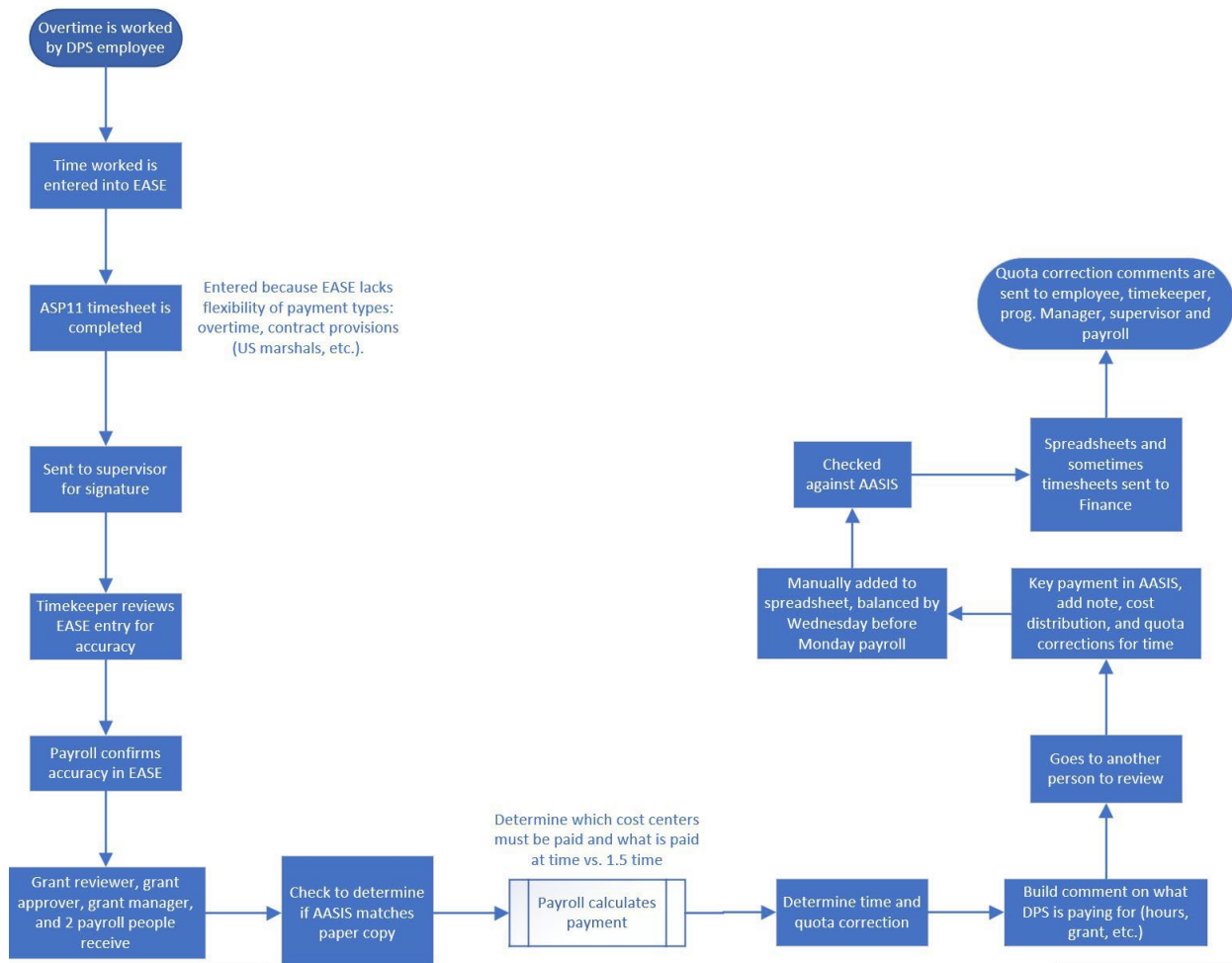
**Figure 5 – Travel Approval/Reimbursement Current State Map**



Source: Developed in work session with DPS staff held on September 10, 2024.

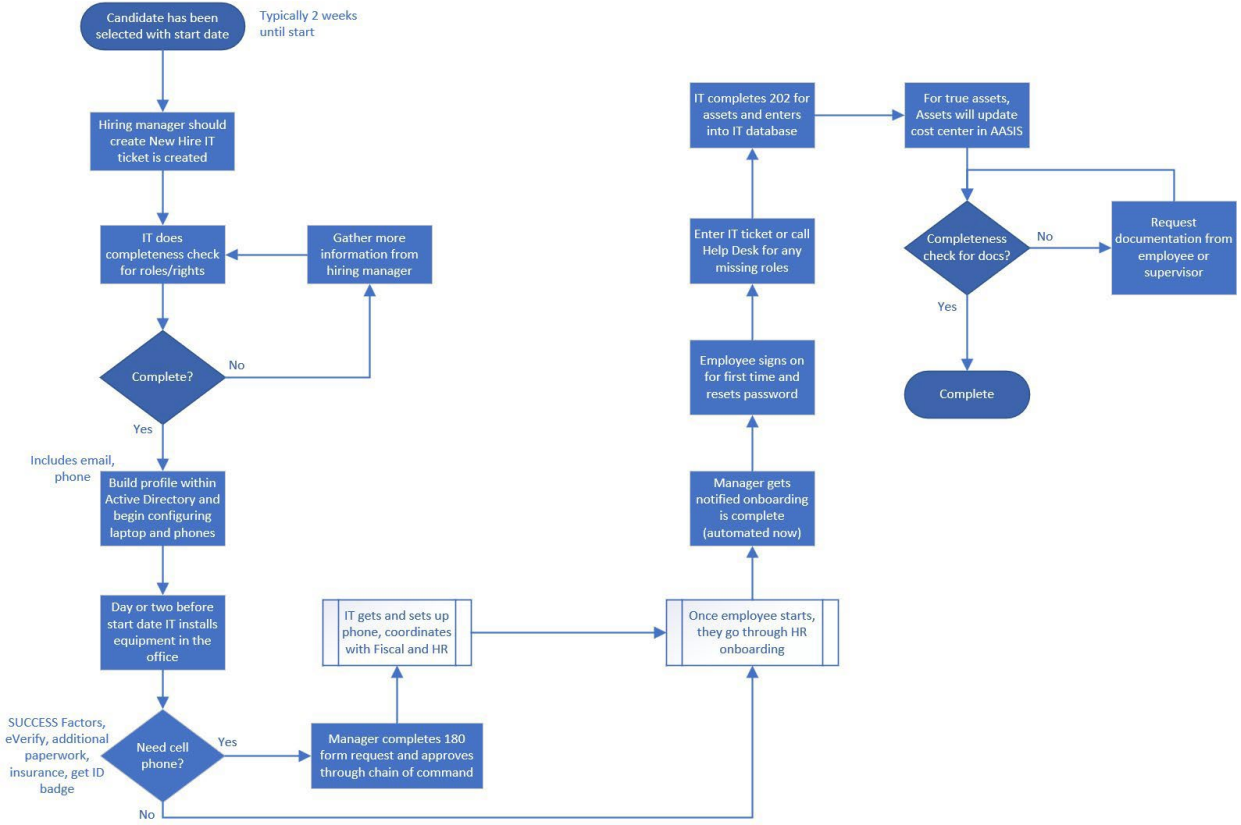


**Figure 6 – Overtime Tracking Current State Map**



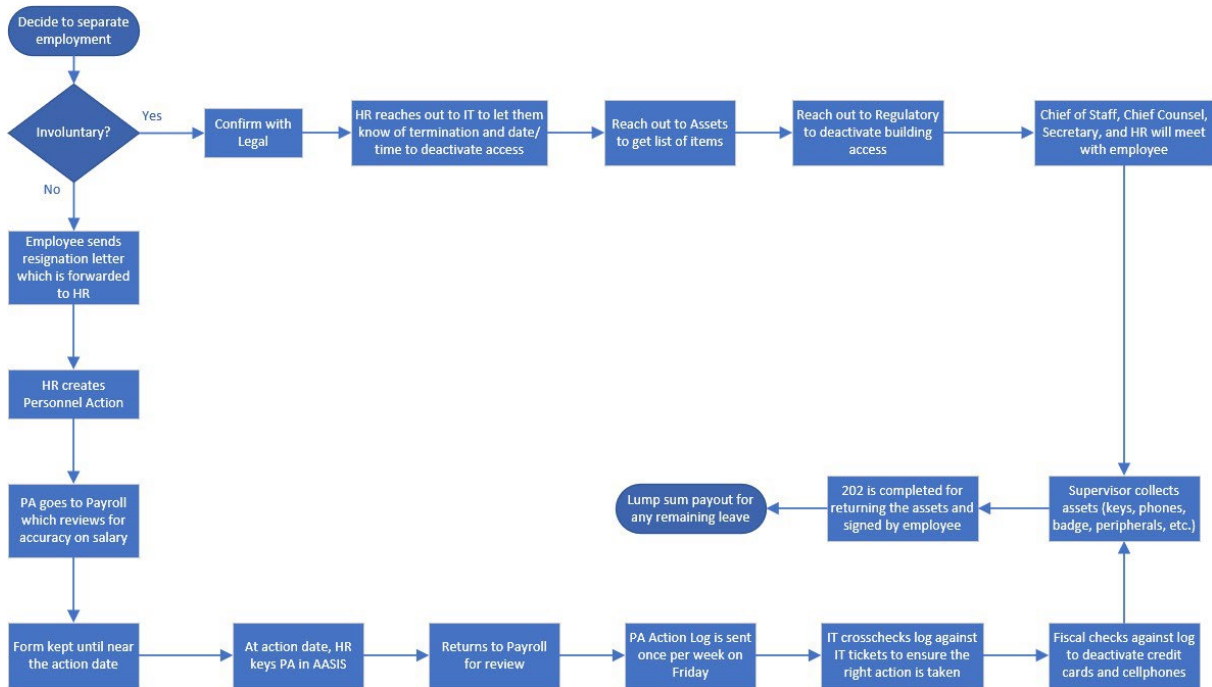
Source: Developed in work session with DPS staff held on September 10, 2024.

**Figure 7 – HR Onboarding Current State Map**



Source: Developed in work session with DPS staff held on September 10, 2024.

**Figure 8 – HR Terminations Current State Map**



Source: Developed in work session with DPS staff held on September 10, 2024.

**Rationale:** The lack of standardized processes and workflows at DPS creates inefficiencies, inconsistencies, and potential errors. Manual tasks, which are prevalent in the existing processes, can be time-consuming, prone to human error, and hinder productivity. The lack of standardization across different divisions further complicates the implementation of a unified, automated solution. These manual processes often lead to delays, bottlenecks, and increased costs due to redundant tasks and manual data entry. Moreover, inconsistent processes can increase the risk of non-compliance with regulations and policies, potentially resulting in fines or penalties. Manual data entry can introduce errors and inconsistencies, affecting the accuracy and reliability of data. Finally, the manual nature of the processes can make it difficult to track the status of requests, monitor performance, and identify areas for improvement.

**Implementation Considerations:** Many state agencies have been confronted with the challenge of modernizing their operations and digitizing manual and paper-based processes. In recent years, the Minnesota Lottery and South Dakota Department of Education are two examples of departments that have transitioned from manual, paper, or digital document processes to automated workflows. Some of the best practices emerging from these examples include:

- **Clear communication and Stakeholder Engagement:** Clearly articulate the advantages of the automated system, such as increased efficiency, reduced errors, and improved compliance. Actively address any concerns or resistance from stakeholders, providing reassurance and addressing potential drawbacks. Engage stakeholders in the design and implementation process to foster support and ownership.

- **Gradual Implementation:** Introduce the automated system gradually, starting with less critical processes to allow stakeholders to adjust to the changes. Maintain both manual and automated systems initially to provide a safety net and facilitate a smoother transition.
- **Comprehensive Training:** Provide comprehensive training that is tailored to the specific needs of different user groups. Offer ongoing support and assistance to help users adapt to the new system and address any issues that may arise.
- **Data Migration and Quality Assurance:** ensure that data is accurately transferred from the old system to the new one, minimizing errors and inconsistencies. Implement data quality checks to maintain the integrity of information throughout the transition.
- **Continuous Improvement:** Regularly monitor the performance of the automated system to identify areas for improvement. Collect feedback from users to understand their experiences and identify opportunities for enhancement. Continuously update and refine the system based on user feedback and evolving needs.
- **Security and Compliance:** Implement strong security measures to protect sensitive data and ensure compliance with relevant regulations. Conduct regular audits to assess the system's security and compliance posture.
- **Leverage Success Stories:** Highlight the successes and benefits achieved by other organizations that have successfully implemented similar automated systems. Use positive examples to build momentum and encourage adoption among stakeholders.

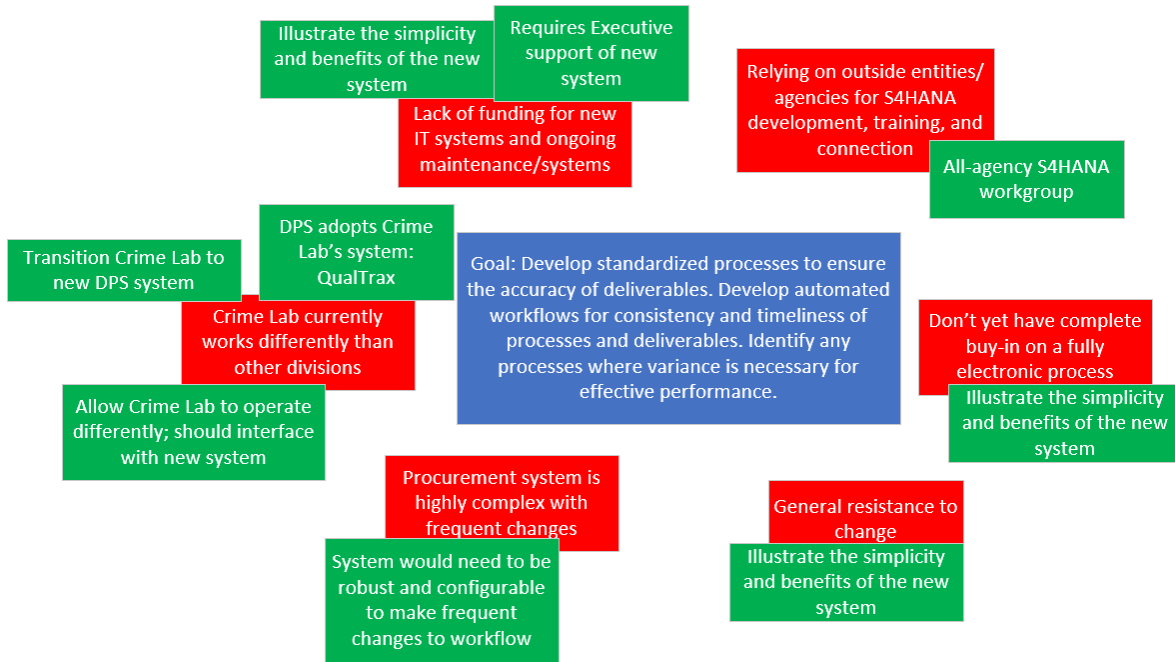
**Strategies to address potential risks and enable success:**

In summary, DPS anticipates key risks that include:

- Lack of funding for new IT systems and ongoing maintenance/systems. Obtain Executive support of new system by illustrating the increased efficiency and benefits of the new system, including potential cost-savings through administrative reductions.
- Developing standard processes for all DPS divisions is challenging, given uniqueness of certain divisions. For example, Crime Lab currently works differently than other divisions. Unlike other divisions, Crime Lab already has a purchasing/procurement system that integrates a more automated workflow and tracking as a result of Crime Lab being its own department prior to 2019 Transformation.
  - Strategy: Option - DPS adopts Crime Lab’s system - QualTrax
  - Strategy: Option - Transition Crime Lab to new DPS system
  - Strategy: Option - Allow Crime Lab to operate differently, should interface with new DPS system

In a facilitated work session with DPS staff, staff identified some of the challenges in implementing standard and automated operational processes, as well as solutions to address these challenges (summarized in **Figure 9** below). The goal of implementing an improved workflow management solution is shown in the blue box, with each barrier or challenge in a red box and each related solution in a green box.

**Figure 9 – DPS-02 Interference Diagram**

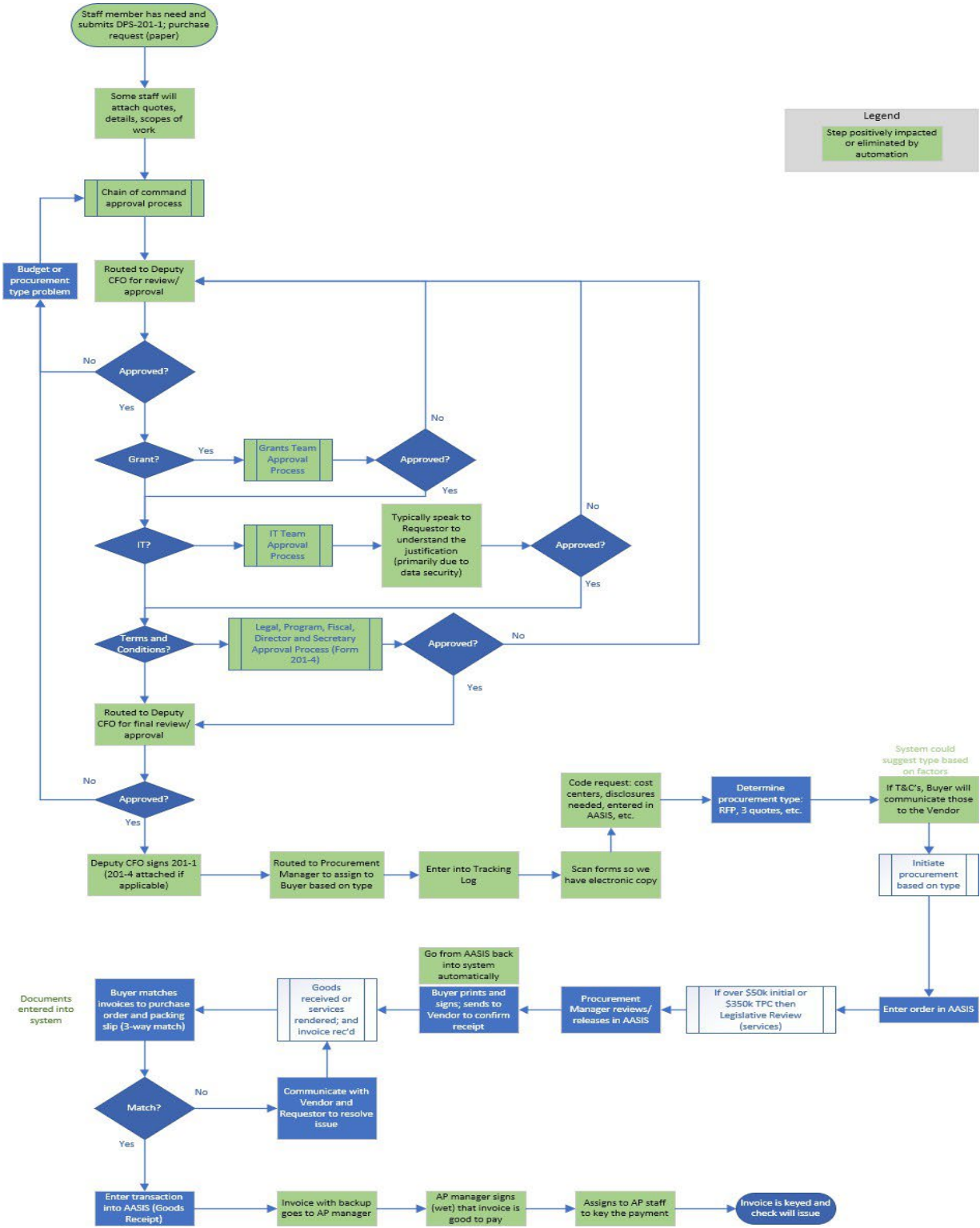


Source: Developed in work session with DPS staff held on September 10, 2024.

**Steps to Implement Standardized Processes (future state):**

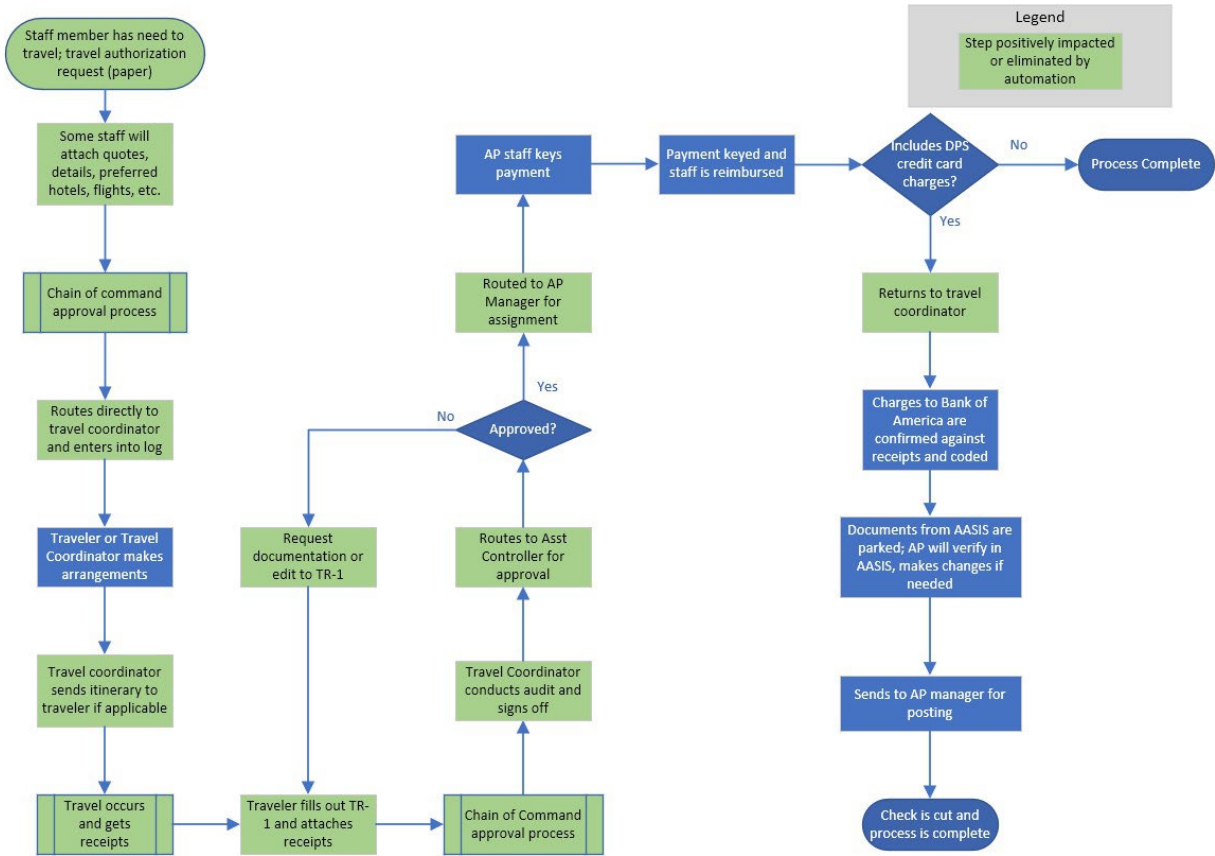
**Figures 10 – 14** illustrate how process improvement could be achieved through standardization and automation.

Figure 10 – Procurement Future State Map



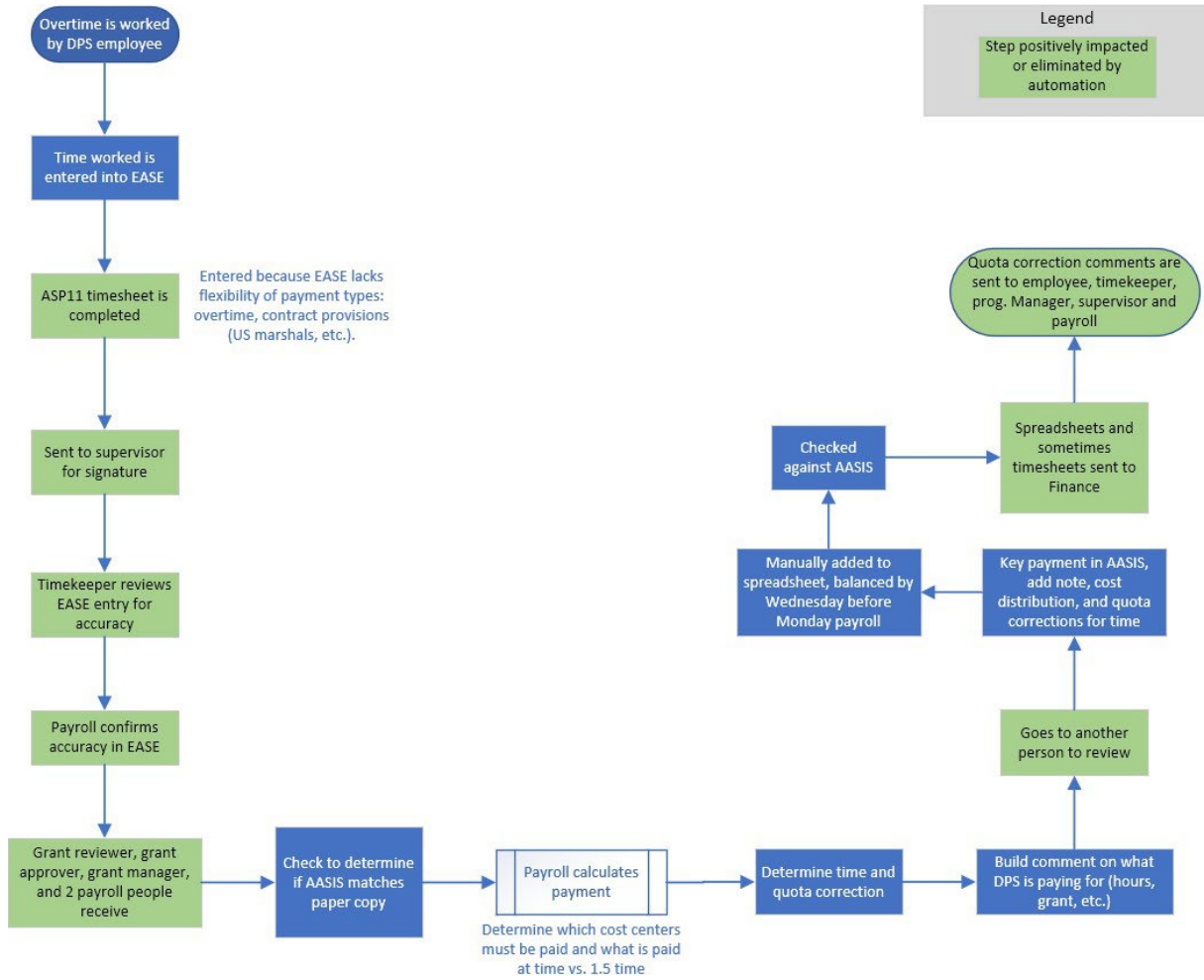
Source: Developed in work session with DPS staff held on September 10, 2024.

**Figure 11 – Travel Approval/Reimbursement Future State Map**



Source: Developed in work session with DPS staff held on September 10, 2024.

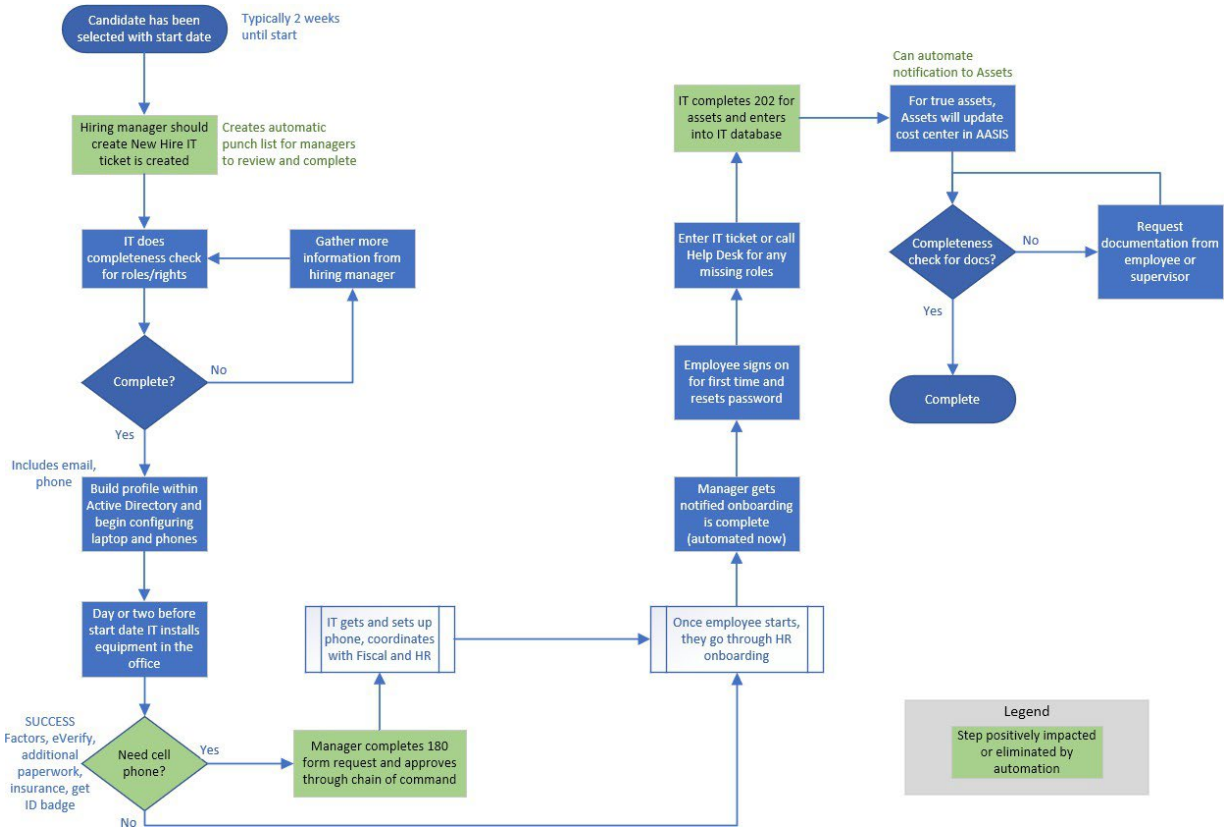
**Figure 12 – Overtime Tracking Future State Map**



Source: Developed in work session with DPS staff held on September 10, 2024.

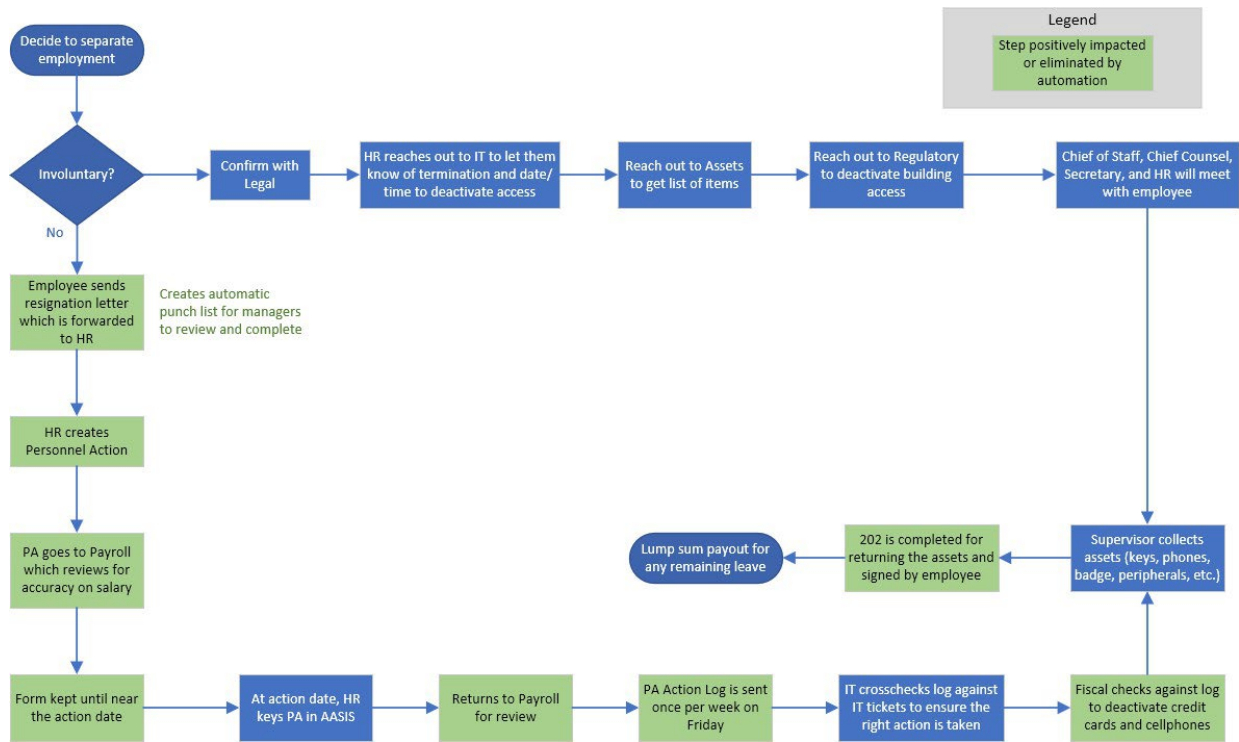


**Figure 13 – HR Onboarding Future State Map**



Source: Developed in work session with DPS staff held on September 10, 2024.

**Figure 14 – HR Termination Future State Map**



Source: Developed in work session with DPS staff held on September 10, 2024.

**To accomplish the standardization through automation of processes, planned action steps include:**

- Meet with Crime Lab to understand their tracking system (complete). The Crime Lab was identified as a unit with a digital and modern workflow, which could provide a model for use across other units.
- Identify the team to review to-be system options and approval of preliminary design (in-progress).
- Leadership reviews/approves design from the team.
- Validate the collected business requirements for the new system, engaging TSS Division of Information Services (DIS) and Office of State Procurement (OSP) as needed.
- Select new system.
- Leadership makes decision on contract vehicle.
- Release RFP for the new system using requirements (possibly with demonstrations)
- Award vendor.
- Implement and train staff on new system (will require detailed project plan).
- Implement communication plan.

**Alignment of Department priorities with staffing and resources:** DPS has sufficient staffing and resources to implement this new system once procured. The change will require additional time by IT staff to deploy the system in coordination with the vendor and additional time

by Shared Services staff to learn how the new system works, as well as training additional staff from the remaining divisions on how to use it. However, despite the initial time investment, it is expected that the time savings from implementing automated processes will outweigh the initial time spent.

### Process changes associated with implementing changes in the strategic plans:

The adoption of the new solution will enable the existing process to be automated. DPS will use the opportunity not only to automate the existing process (which has value) but also to improve the existing process through automation. Many of the bottlenecks in the existing processes relate to communication or manual workarounds to make the existing process work and they result from the delays caused by not having an electronic, automated workflow with transparent status tracking. Over time, DPS will identify additional process changes as staff learn about the potential of the new system and are able to develop process improvements.

### Performance metrics to measure success post-implementation:

- Order/Approval Cycle Time (average time it takes for an order or request to be processed and approved (expected to decrease);
- Percent of workflows tracked automatically (expected to increase);
- Error rate related to individual processes (expected to decrease); and,
- Employee satisfaction (expected to increase).

**Identification and estimation of any savings the strategic plan could realize once implemented:** The improvements are expected to yield benefits for DPS staff through reduced manual work and in improved process efficiency. As shown in **Figures 6-10**, there are entire process steps that can be automated completely or partially (shown in green). As a result, the improvements can be quantified to show the reduction in overall effort required by staff to achieve the same or better results as are achieved today. Most of the processes affected by this initiative will see improvements anywhere from 45% to 75% reduction in effort, with two that will continue to require some manual steps still experiencing between 12.5% - 20% reduction. **Figure 15** demonstrates a methodology to quantify the improved level of effort by counting the impacted/removed process steps and dividing by the total number of steps.

**Figure 15 – DPS-02 Step Reduction Analysis**

Process	Total Steps	Impacted/Removed Steps	Percent Reduction
Procurement	27	18	66.7%
Travel	20	13	65%
Overtime Tracking	17	8	47.1%
Onboarding	15	3	20%
Terminations – Voluntary	12	9	75%
Terminations - Involuntary	8	1	12.5%

Source: Developed in work session with DPS staff held on September 10, 2024.

**Change Management Plan:** This initiative focuses on improving manual work processes and introducing automation, which directly impacts how staff perform their work. As a result, effective change management strategies are crucial for the success of this initiative.

### Key Change Management Challenges:

- Resistance to Change: Some employees will be reluctant to adopt new processes and systems, especially if they involve significant changes to their current workflows.
- Fear of Job Loss: Some employees may fear that automation will lead to job losses, even though that is not the intention of this effort and not anticipated, or changes in their roles.
- Technical Difficulties: Employees may struggle to adapt to new technologies and systems, leading to frustration and resistance.
- Lack of Training: Inadequate training and support can hinder the adoption of new processes and systems.

### Overcoming Change Management Challenges:

- Communication and Engagement: Proactively communicate the benefits of the DPS-02 initiatives and address concerns and questions from employees.
- Employee Involvement: Involve employees in the design and implementation of the new processes and systems to foster a sense of ownership.
- Training and Support: Provide comprehensive training and ongoing support to help employees adapt to the new technologies and processes.
- Phased Implementation: Introduce changes gradually to allow employees to adjust to the new systems and processes at a comfortable pace.
- Change Champions: Identify and empower change staff champions within the organization to promote the benefits of the initiatives and address employee concerns. Change champions act as a bridge between employees and DPS, ensuring that changes are communicated effectively.
- Address Data Privacy Concerns: Implement robust security measures and transparent data privacy policies to address concerns about data security and privacy.
- Celebrate Successes: Recognize employees for their contributions to the successful
  - implementation of the DPS-02 initiatives.

By effectively addressing these change management challenges, this initiative can be successfully implemented, leading to improved efficiency, reduced costs, and enhanced compliance.

## DPS-03: Collaborate with other state agencies to pool purchasing, maintenance, and instrument calibration

This initiative seeks to have the State of Arkansas leverage its purchasing power by increasing the economy of scale by pooling the purchasing, maintenance, and calibration of lab instruments. Presently, three state departments – DPS, the Arkansas Department of Health (ADH), and Arkansas Department of Agriculture (ADA) use similar lab equipment, yet they each purchase, maintain and supply this equipment independently. Consolidating the purchasing of these items is expected to lead to better value for the state.

**Initiative Overview and Current State:** Today, DPS, ADH, and ADA use specialized laboratory equipment for a variety of uses, including processing evidence, protecting public health, and analyzing safety of food products. While these needs are very different, the equipment they use

is substantially similar. Whether it be Gas Chromatography Mass spectrometers (GCMS), Liquid Chromatography Mass spectrometers (LCMS), balances, pipettes or other lab tools, there is not a significant difference between the equipment these departments use daily.

DPS currently operates 20 GCMS instruments at a cost of approximately \$100,000 each and 5 LCMS instruments at a cost of approximately \$300,000 each. ADA operates 1 GCMS and 5 LCMS instruments and their new LCMS this past year was purchased at a cost of \$460,000. ADH currently operates 6 LCMS and 17 GCMS instruments. Their LCMS instruments cost \$450,000 each and they also operate a high-resolution Mass spectrometer at a cost of \$900,000. All three departments use the same manufacturer, Agilent, but ADH also purchases from Thermo, AB Sciex, and Waters.

In addition, each department purchases numerous pipettes, which accurately measure and transfer small volumes of liquid and ensure reproducibility and accuracy in experiments and procedures, and balances to assure appropriate and accurate weight measurements:

- DPS: 178 Pipettes in their drug, toxicology and DNA screening;
- ADA: 200 Pipettes; and,
- ADH: Over 350 Pipettes.

Each department reports different pricing for pipettes, ranging from \$115 to \$1,400 per pipette.

DPS reports that it has numerous balances at a cost of up to \$11,000 per balance and they have purchased 11 this year. ADA has 35 balances, at a cost of \$2,500/balance. ADH has 30 balances and has spent \$18,000 on balances over the last three years.

Beyond the purchasing costs, each department pays for maintenance and calibration services independently, requiring a technician to travel to work on the units, independent of the work of other departments to do the same maintenance and calibration of their similar units. DPS reports it spends over \$300,000 per year on instrument calibration and maintenance. ADA reports it spends about \$20,000 per year on instrument calibration and ADH reports it spent \$100,000 on calibration services over the last three years.

Moreover, there is no coordination among these departments about overall capacity needs. Each department develops its testing capacity based upon what it views as its expected and maximum demand, without considering the overall capacity needs statewide. It is likely that capacity for all three agencies combined exceeds the overall capacity demand across the state.

**Rationale:** The laboratory work performed by DPS, ADH, and ADA is substantially similar in terms of equipment needs. Not taking advantage of pooled purchasing means that the state is likely to be paying more than necessary. This initiative would move to consolidate the purchase of laboratory equipment, maintenance and calibration to leverage an economy of scale to enhance the state's buying power. Leveraging the purchasing power of three agencies would put the state in a position to get better pricing, which would result in cost savings and likely result in more consistency with varying purchasing practices replaced with a uniform strategy. Unifying the calibration and maintenance schedule will mean fewer trips by highly skilled technicians and will help all three laboratories maintain their national accreditations.

This initiative might ultimately move the state toward a shared service model for laboratory services. Such a move could result in greater savings but would first require additional analysis of the business needs of each department, which has not yet been done. More uniformity in equipment would also make it easier for employees to cross train and work in different laboratories.

One additional consideration would be adding the University of Arkansas Medical Center and the Arkansas' Children Hospital, which are out of the current scope of Arkansas Forward, to the pool. Doing so would further strengthen the pool, potentially driving down costs further.

#### Implementation Considerations:

Pooled purchasing for laboratory services is used by the federal government, through the Laboratory Integrated Delivery System (LIDS), which works to use the purchasing power of the Department of Defense (DOD), Veterans Affairs Medical Center (VAMC) and other federal agencies to reduce costs. For this reason, most manufacturers and laboratory service providers will be accustomed to pooled purchasing.

Developing initial alignment among the three departments (and the two hospitals if they are added to the scope of the pool) on a service and calibration schedule is critical, since currently these are all coordinated independently. TSS would need to take the lead in managing this level of effort involving consolidated procurement, purchasing and operational collaboration. The three agencies would need to work with the TSS to develop a Request For Information (RFI) to ascertain the level of interest from the vendor community. Additionally, if any cases go to litigation through the use of this specialized equipment it benefits the state to be using the same service and calibration for purposes of consistency.

Creating a structure to assess if there is enough similarity among the three agencies to consider moving forward with a shared services model for laboratory service is an important component. Evaluating the business needs of the three departments to establish if there are synergies that the state could capture with this model to deliver future savings, better performance and improved matching of capability to overall demand.

#### Strategies to Address Potential Risks and Enable Success:

- There may be concern about using a shared contract or pooling purchasing by the other departments impacted by this initiative. These risks can be addressed if TSS takes the lead in managing this initiative.
- Change could be disruptive to current calibration and certification standards. This risk can be mitigated by ensuring that there is a backup/contingency plan as changes in procurement are being sought to assure systems meet current standards of calibration.
- It may be difficult to calibrate the equipment on the same schedule; there may be an opportunity all the departments to the same schedule over time or to service all equipment at the next date in which one department is scheduled for calibration to sync all of the departments to the same schedule.

### Steps to Implement Changes:

- DPS, ADH, and ADA to establish a work group to begin developing framework for laboratory equipment pooling initiative and develop plan to take to TSS. The plan would include assurances to meet current calibration and certification standards for each department.
- TSS Office of State Procurement to take use cases, expectations, future business needs from DPS, ADH, and ADA to develop the framework for an RFI.
- TSS to develop a funding model to support the contract (e.g., one option would be to appropriate funds to each department and for the departments to transfer the funds upon receipt of charges from TSS).
- TSS to issue RFP for pooled purchasing of laboratory services and to include leveraged service contract rate for any service maintenance and calibration.
- TSS to work with three agencies during the vendor selection process to identify the vendor(s) that presents the best value proposition.
- If there is a vendor selected that is not an existing vendor, DPS, ADH, and ADA would offer training on new technologies for staff.
- TSS to coordinate first consolidated calibration of equipment to ensure all agencies are on a shared schedule.
- TSS to incorporate policies and procedures of all the agencies to keep standardization.

**Alignment of department priorities with staffing and resources:** Finding cost savings through leveraging purchasing power and department collaboration in a shared service model is aligned with the priorities of all departments.

### Process changes associated with implementing changes in the strategic plans:

There are not expected to be major process changes within the laboratories, though if a different vendor is selected for equipment purchases, there will likely need to be training for the staff for the new technology.

At the department level, TSS could likely take over the procurement and purchasing of the equipment, including service, maintenance and calibration and would need to develop use cases, establish time frames, define service level expectations and identify future business needs from the three departments. TSS would issue the RFI and RFP and oversee the procurement process, with significant input from the impacted departments that use this equipment.

### Performance metrics to measure success post-implementation:

The primary objective of this initiative is to achieve cost savings for laboratory services.

- Total cost for laboratory equipment and supplies; and,
- Total maintenance cost for laboratory equipment and supplies (expected to decrease).

**Identification and estimation of any savings the strategic plan could realize once implemented:** A [2019 study from The Hackett Group](#) showed that those businesses operating a “world class procurement” standard save 22% in costs versus their peers, and that pooling purchasing is a strong component of that cost reduction. While it is unlikely that the State



would be able to achieve that level of savings, a 10% reduction in the cost of purchases, maintenance, and calibration has been estimated as achievable from this pooled purchasing.

**Change Management Plan:** DTSS will need to meet with the three departments to develop a clear understanding of the business needs of the laboratories and strategy for the purchase of equipment and plan for maintenance. Obtaining buy-in from the other state departments and hospitals will be important in achieving the expected cost savings. **Figure 16** provides key communication tasks.

**Figure 16 – DPS-03 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
ADH, DPS, and ADA internal staff	<ul style="list-style-type: none"> <li>• Each agency can benefit from cost savings and consistency by moving to a pooled purchasing model</li> <li>• TSS will make sure we receive significant input before we move forward</li> </ul>	<ul style="list-style-type: none"> <li>• Staff emails</li> <li>• One-on-one meetings with key employees</li> </ul>	Office of State Procurement  Secretary of Health Secretary of Public Safety Secretary of Agriculture
Departmental leadership/laboratory leadership	<ul style="list-style-type: none"> <li>• TSS will be taking over the contracting of laboratory purchasing</li> <li>• TSS will be working with state agency laboratory leadership to involve them in developing the framework for consolidating the purchasing</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership meetings</li> </ul>	Office of State Procurement  Secretary of Health Secretary of Public Safety Secretary of Agriculture
Governor’s Office	<ul style="list-style-type: none"> <li>• Department heads of the three agencies to work together collaboratively to ensure success of this initiative</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership meetings</li> </ul>	Office of State Procurement  Secretary of Health Secretary of Public Safety Secretary of Agriculture



## DPS-04: Contract for development of an integrated Computer Aided Dispatch (CAD) system that interfaces with all current DPS law enforcement systems

This initiative directs DPS to contract for the development of an integrated CAD system that allows the DPS state police (state troopers) to access all databases and electronic systems (CAD, E-Crash, E-Cite, ACIC and Atlas) to improve time management and efficiency by:

- Reducing use of multiple disparate systems;
- Creating a solution for system integration and cross-population of data;
- Designing a system that mirrors the operational workflow; and,
- Standardizing implementation of policy requirements through implementation of a workflow.

**Initiative Overview and Current State:** Based on DPS' mission and mandates, state troopers have a critical need to utilize several databases simultaneously to fulfill essential job requirements including:

- **Computer Aided Dispatch (CAD):** Used to receive calls and communication.
- **Mobile officer's virtual environment (MOVE):** This computerized portal is in the police vehicle and allows the officer to enter all information into the system requiring no "hand-written data".
- **E-Cite (electronic citation system):** Used to issue traffic summons and is designed to interface with the court system and is fully integrated into the MOVE portal.
- **E-Crash:** Used to enter accident/crash investigation information.

Both E-Cite, E-Crash and E-forms auto-populate driver information from a barcode and magnetic stripe scan. E-Crash and E-Cite have capabilities to send data directly to the Federal Motor Carrier Safety Administration (FMCSA) to meet mandates on commercial vehicle enforcement and safety standards.

State troopers must log into multiple systems before beginning patrol and work functions (i.e., CAD, E-Crash, E-Cite, ACIC and Atlas). Recent improvements have resulted in use of a single sign-on to streamline this effort for MOVE components (eCite, eCrash) but ATLAS does require MFA. At the end of the shift, a state trooper must also log out of each system to prevent unauthorized access.

Meetings with DPS staff resulted in the identification of multiple opportunities for improvement:

- The current CAD system (Computer Aided Dispatch) is an off-the-shelf system that does not integrate with other systems or databases.
- Currently, not all of the systems interface and cross-populate information from one system to another (within MOVE, the modules do cross-populate but there is not an interface to transfer MOVE data to CAD, or vice versa).
- Some systems require cellular / internet which can create issues for state troopers assigned to rural areas with lack of network availability. Troopers can continue limited operations offline.

- The system(s) require manual data entry and do not have voice activation capabilities (there may be some limitations to use of voice activation within a vehicle due to ambient noise).

Staff prioritized the most important functionality for an improved system:

- One integrated system that allows all systems to interface;
- Improved systems operation time;
- Integration of CAD systems with other systems (i.e., citation and crash management systems) to enable cross-population of data;
- Overall improved CAD system functionality;
- Ability to work offline in no cellular areas; and,
- Voice activated capabilities and GPS tracking, texting and instantaneous alert notifications.

**Rationale:** Contracting for development of a CAD system that interfaces with all necessary law enforcement systems is critical to the effectiveness and efficiency of the state trooper workforce in a field environment, given their mandate to provide essential services, critical emergency response, motor vehicle enforcement, criminal investigation and service calls to the citizens and visitors to the state of Arkansas. Providing state troopers with state-of-the-art technology that allows easy application, efficiency, accuracy, and time-saving capabilities will enhance operational capabilities and provide operational time savings which translates to cost avoidance.

**Implementation Considerations:** There are multiple examples of how state police agencies have enhanced CAD systems, electronic citation, and crash management systems:

- In August 2023 Kentucky state police integrated a “Native Cloud-based” CAD system that provided state of the art technology and capabilities. This system allowed interoperability with other law enforcement agencies and created a cloud base platform to save on operational costs.
- The Alabama state police have utilized E-Forms, E-Crash and E-cite integrated systems that tie into the statewide accident reporting system. The Alabama state police work in conjunction with the University of Alabama to design and implement their systems. Arkansas state police uses the same system as Alabama and has had a partnership with UA Center for Advanced Public Safety since 2010.
- The Georgia State Patrol utilizes EPORT and E-cite which allows the public to access law enforcement reports and citations online for a fee and streamlines the process.
- Several states utilize CAD systems that allow full integration of all law enforcement functions allowing SSO features, GPS tracking, texting and instantaneous alert notifications.

**Steps for establishing new technology (future state):**

- Develop interface to facilitate exchange of data between CAD and other systems.
- Investigate opportunities to use voice activated systems to enhance safety and increase time management (balancing potential benefits with limitations of technology).

### **Strategies to address potential risks and enable success:**

Utilizing an integrated CAD system is a top priority and improving tools available to state troopers could have a positive impact on productivity and morale. The CAD system is designed to start with the initial 911 call which allows dispatch to direct the appropriate information to the responding trooper(s). The information then automatically gets entered in a records management system allowing for significantly enhanced speed and accuracy of emergency responses.

The CAD system captures critical data for each call and cross populates that information with the responding trooper(s) information. Upon completion of the call the trooper can enter information into a data system to write a police report and take any enforcement or investigative action. Interfaced CAD systems allow for cross population of information which saves time, resources and accuracy.

A mobile solution that is particularly relevant to law enforcement and public safety personnel is hands-free operation. The importance of this technology is enhancing safety for the Trooper and enabling time savings but not having to input data manually. CAD systems can have mobile capabilities.

### **To achieve this future state, the following steps are suggested to move the work forward:**

- Assess the current CAD system and its capabilities for future enhancement and more efficiency.
- Research and develop a comprehensive design of merging the E-Crash and E-citation systems and incorporating the newly designed E-Form under one platform that interfaces with a CAD system.
- Develop a training curriculum for end user to fully understand system capabilities and functions.

**Alignment of department priorities with staffing and resources:** DPS state police have an information technology section leader and staff, with assigned SMEs for each DPS division to address needs timely. Based on the strategies recommended by stakeholders and DPS' assessment of its technology feasibility, DPS may require more resources to implement them fully (estimated by the department to be a cost of \$400,000). It is planned that this be accomplished in a solicitation of services request for a proposal and information through an RFI or RFP to determine feasibility, cost, and implementation planning.

### **Process changes associated with implementing changes in the strategic plans:**

Process changes are anticipated due to consolidation of systems. Reconfiguration of systems and platforms will require thorough testing and gradual implementation to optimize operational use. System-wide training will be needed for state troopers.

**Identification and estimation of any savings the strategic plan could realize once implemented:** If implemented, DPS troopers would be able to reduce the time it takes enter information through the use of voice technology and pre-populated data and this will increase efficiency. Savings are realized through reduced duplication of data entry on newly created cross populated systems saving hundreds of hours on crash and criminal investigation time. Using a

methodology of hours and pay rates it can be assumed that enhanced technology will result in both cost avoidance and savings to the department by reducing the number of hours required to complete reports.

**Performance metrics to measure success post-implementation:** The goal of this initiative is to create and design a system that allows a CAD interface system and consolidates databases for safety, security, efficiency, and cost savings:

- State trooper satisfaction (expected to increase); and,
- Percent of state trooper time spent performing administrative functions (expected to decrease).

**Change Management Plan:** Employee adherence to the new systems integration, use and function ability and how to use it are an important part of implementation. Utilization of an easy-to-use system that makes it easier for state troopers to perform and complete their required tasks and missions in a timely fashion will provide safety and security will allow for seamless integration and application. Messaging and modalities planned for each audience are included in **Figure 17**.

**Figure 17 – DPS-04 Communication Plan**

Audience	Key Messages	Modalities	Responsible Parties
State troopers	<ul style="list-style-type: none"> <li>• Benefits of the new system/system changes</li> <li>• Timeline for implementation</li> <li>• How to use the system</li> <li>• How to access training resources</li> </ul>	<ul style="list-style-type: none"> <li>• Departmental</li> <li>• Staff meetings</li> <li>• Virtual meetings or roadshow</li> <li>• Memos</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• CIO</li> <li>• Communication Director</li> </ul>

## DPS-05: Strengthen and Expand the Leadership Academy

This initiative focuses on strengthening and expanding the DPS Leadership Academy. The academy’s goal is to address leadership skills at various levels for all agency divisions. The curriculum’s focus is on leadership skills that can be applied to any manager in any division and is not specific to procedures of any one division.

**Initiative Overview and Current State:** In early 2024, DPS implemented its Leadership Academy, developed for all DPS personnel, including newly hired employees, whether law enforcement or civilian, and statewide local law enforcement officers. Components of the curriculum are embedded in the Arkansas state police Academy (ASP), which trains DPS law enforcement recruits, and the Arkansas Commission on Law Enforcement Standards and Training (CLEST) Academy, which trains statewide local law enforcement officers.

The Leadership Academy’s curriculum was designed by three DPS personnel: the Director of Research and Planning Division, the Director of CLEST, and the Director of the Administrative Services Division. It was significantly influenced by the PhD dissertation of the Director of Research and Planning Division regarding his study of the impact of burnout in the workplace. Significant best

practice research determined the content of the curriculum, including the United States Marine Corps' *11 Principles of Leadership*.<sup>1</sup> Holistic wellness is a common theme in the curriculum, and spousal participation in one of the courses contributes to the wellness theme.

The Leadership Academy offers four levels of training designed for personnel at various points in their careers: new hires, and employees at the three, five, and seven-year service marks. The developers incorporated a strong presence of wellness in each of the courses, at all levels. The academy also offers a course that specifically addresses individual wellness including physical, emotional, relational, spiritual, and financial wellness. Other more traditional leadership topics include:

- Communication;
- Conflict resolution;
- Decision-making;
- Leading across generations; and,
- Organizational change.

The Leadership Academy offers a variety of interchangeable courses structured in 16-hour increments. Customers (internal teams or external law enforcement entities) choose the courses they would like to take and the training team delivers training on the requested courses.

DPS trained upwards of 500 participants in the first eight months of the Leadership Academy's existence. These participants were trained in two separate genres: the ASP recruit academy and statewide local law enforcement entities. The majority of ASP Captains and Lieutenants have attended the Foundations of Leadership core training. To date, the Leadership Academy has not been made available for civilian personnel.

The DPS secretary, Col. Mike Hagar, requires all ASP law enforcement staff who wish to be considered for promotion to complete specific core components of the Leadership Academy, to include *The Principles of Law Enforcement Leadership* and *Effective Decision-making for Law Enforcement Leaders*. Candidates receive study guides to help them prepare for questions that must be answered correctly in written and oral exams to be considered for promotion.

Outcomes data are not yet available for the Academy due to the recency of its implementation. DPS has begun collecting qualitative data from Academy participants, and leadership reports that early feedback has been positive.

DPS contracts with the University of Arkansas at Little Rock (UALR) for data analysis on a variety of topics. The team includes a Professor/Associate Dean and PhD researcher, who collect DPS employee data via surveys and then conduct analysis. Findings are then presented to the Executive Team and the Research and Planning Division Director to inform necessary revisions to the curriculum. DPS has requested that UALR collect and analyze data on the Leadership Academy and surveys are scheduled to be ready for distribution to Leadership Academy participants this Fall.

Resources for the Leadership Academy are limited, as there is no specific budget for this purpose. The three developers/trainers maintain positions with many other duties and responsibilities. They receive no additional pay for this work. A portion of federal grant funding (\$125,000 per year) has been

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<sup>1</sup>U. S. Marine Corps, <https://www.usmcu.edu/Portals/218/Fidelity-%20Leadership%20Principles.pdf>.

allotted to cover travel expenses and training materials. All other costs are absorbed within the existing DPS budget. The Leadership Academy materials are not currently available online. Making materials available online could expand access to the training in a cost-effective manner.

**Rationale:** The DPS Secretary expressed that the expansion of the Leadership Academy is a high priority. While the Leadership Academy has already been implemented, it is in its infancy. The recommendations outlined in this strategic plan are intended to assist DPS in further development of the Leadership Academy by:

- Establishing program goals and desired outcomes (define key performance indicators);
- Reviewing curriculum to make improvements (e.g., reviewing content on employee well-being, including spiritual well-being to ensure neutrality of content);
- Expanding departmental succession planning: The Leadership Academy offers a four-hour succession planning course for senior and executive leaders only. However, DPS has not formalized expectations that succession planning be implemented for every division and team. Using the available course, DPS can establish an internal requirement that every leader take the course and begin planning in their area. Best practices indicate that succession planning is a key step in preparing staff for promotion at all levels, and that supervisors at every level should be discussing succession planning with their staff. A variety of tools are available to assist management in developing succession plans. The Academy to Innovate Human Resources (AIHR) has identified best practices for succession planning, some of which are listed below:<sup>2</sup>
  - Start early and plan continuously;
  - Develop a formal succession plan;
  - Involve senior leadership;
  - Identify key positions and skills;
  - Assess the current talent;
  - Invest in professional development; and,
  - Implement mentoring and coaching programs.
- Connecting the training to staff performance evaluations to provide a mechanism for supervisors to measure whether staff are using skills learned in the academy;
- Conducting a formal program evaluation of outcomes such as through collection of training evaluations and satisfaction surveys and implementing pre- and post-training assessments to measure whether the training is effective in increasing participant’s knowledge in key domains; and,
- Implementing further program improvements based on data.

**Implementation Considerations:** Appendix A - **DPS Work Plan** provides the action steps in the planned sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DPS staff and review of best practices research.

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<sup>2</sup>The Academy to Innovate Human Resources, 11 Succession Planning Best Practices to Follow in 2024, Monique Verduyn, <https://www.aihr.com/blog/succession-planning-best-practices/>

### **Strategies to address potential risks and enable success:**

- Lack of dedicated funding makes expansion or enhancement of the program challenging. The department may seek federal or grant funds to support the program's growth over time.
- Because DPS does not have dedicated staff to operate the academy, expanding it may be challenging given other workload or priorities. Using a "Train the Trainer" model may be a cost-effective way to expand the program.
- Because DPS has not performed a full program evaluation, the department does not have access to data to improve the academy's training curriculum and operations. In addition, the DPS Director of Research and Planning expressed his goal of expanding the Leadership Academy to all Arkansas Departments after full vetting, implementation and funding is accomplished. Strong positive performance data and additional funding will be key in establishing collaboration with other Departments for this purpose.

### **Steps for developing and revising a Leadership Academy (future state):**

The steps to implement this initiative have been informed by these potential risks and proposed solutions:

- Utilize or expand the existing contract with UALR to assist in the change process. A number of the steps below could be completed by these university partners.
- Determine data collection variables that indicate the impact of the training on staff and department culture.
- Create metrics for key performance indicators that inform based on data collected.
- Use data collected to adjust leadership curricula to ensure each curriculum is appropriate for the staff in attendance (i.e., ASP, civilian staff, CLEST staff, external law enforcement customers).
- Expand succession planning courses to reflect additional best practices in talent targeting and career development, including beginning succession planning early in an employee's career and utilizing mentors and coaches to assist in supervisory development.
- Develop and implement a "Train the Trainer" program for the Leadership Academy to ensure the goal of training all DPS staff and the external customers is met. Draw from exceptional DPS leaders as well as statewide local law enforcement leaders with the appropriate skills.
- Research and apply for grant funding for the Leadership Academy.
- Review which courses could be delivered online and digitize the portions of leadership training that can be made available online.
- Prepare a report on the first 500 staff trained for executive leadership review. Include the data collected and the performance indicator results to date. Revise curricula based on findings.
- After full implementation and vetting, explore the feasibility of offering expanded leadership training to other departments.

**Alignment of department priorities with staffing and resources:** This initiative is one of the top priorities for DPS and seeks to provide quality leadership training to internal law enforcement and civilian staff, as well as statewide local law enforcement officers. While the Training Academy is currently in progress, the developers are refining it based on training experiences and

participant feedback. As the Training Academy becomes fully operational and expands, additional resources will be required.

### Process changes associated with implementing changes in the strategic plans:

This initiative is expected to improve and expand leadership academy functions but is not otherwise expected to result in process changes.

**Estimation of any anticipated costs and staffing needs:** DPS will require additional resources to fully implement the Training Academy as it was intended. It is estimated that three additional training staff will be required, as well as funding for travel and equipment, to meet the demand of training all DPS personnel, all law enforcement officers throughout the state, and developing and conducting a Train the Trainer program. The cost is estimated to be \$500,000 per year. DPS plans to increase grant applications and awards requests to offset the cost to DPS. Making training materials available online will also be an additional cost.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to continue development and implementation of a Leadership Academy for a wide variety of stakeholders. One key part of the initiative is to define key performance indicators for the training academy. Some of the key performance measures could include:

- Satisfaction rate of those completing training;
- Retention rate of those completing training (after one year);
- Promotion rate of those completing training;
- Turnover rate of the units where the leader has completed training; and,
- Number/rate of leaders whose pre- and post-course tests demonstrate an increased score (transfer of learning).

**Identification and estimation of any savings the strategic plan could realize once implemented:** Indeterminate long-term savings could be achieved if the Leadership Academy is successful in helping supervisors target qualified leadership candidates and in improving the quality of DPS leaders through training. DPS could see a reduction in unit-level turnover if the leadership cohort of the organization becomes stronger at managing their teams as a result of the training.

**Change Management Plan:** Once DPS defines the goals and expected outcomes for the training, and when the department is ready for a larger expansion, clear communication with staff about the program is needed. Key activities and timing for the communication plan are included in **Appendix A – DPS Work Plan** and summarized in **Figure 18**.



**Figure 8 – DPS-05 Communication Plan**

Audience	Key Messages	Modalities	Owner
DPS Supervisors	<p>All staff are expected to attend 16 hours of the Training Academy. We have implemented training for law enforcement officers and will develop and implement courses for civilian employees in the future.</p> <p>The goal is to develop leadership skills across all levels of employees.</p>	Meetings	Secretary and Director of Research and Planning
ASP Law Enforcement Officers	<p>You are required to attend core foundational courses of the Leadership Academy before promotion. Written and verbal testing will include components of the Leadership Academy courses.</p> <p>The goal is to ensure those seeking promotion have developed leadership skills to prepare them for the additional responsibilities of the new position.</p>	Meetings, policy revision	Secretary Director of Research and Planning, and Supervisors
All DPS Staff	<p>All staff are expected to attend 16 hours of the Training Academy. We have implemented training for law enforcement officers and will develop and implement courses for civilian employees in the future.</p> <p>The goal is to develop leadership skills across all levels of employees.</p>	Meetings, emails	Supervisors

## DPS-06: Focus on talent targeting and career development.

This initiative focuses on DPS' ability to target and attract employees. DPS would like to develop career paths and empower staff to continually learn new skills. DPS would also like to create specific enhancements for specialized positions like the Arkansas Crime Laboratory (Crime Lab) scientists and Information Technology (IT) personnel.

**Initiative Overview and Current State:** Today, DPS struggles with recruitment and retention of employees across divisions. Certain specialized positions are experiencing exceptionally high turnover rates. Leadership believes there are a variety of factors that contribute to this issue, some of which include:

- The Office of Personnel Management (OPM) requires that all departments post most vacant positions, regardless of grade, externally, meaning that if a department has a number of qualified applicants within the department, they still must advertise and interview outside applicants. There are some exceptions to this (for example, departments do not have to post GS-13 or above, IT-08 or above, etc.). Departments may petition OPM for a waiver to allow them to post only internally, but OPM does not allow waivers for management positions. This practice may have some benefits but it is costly in management hours and inefficient for staff involved in the hiring process statewide.
- Typically, salaries are only increased by promotion to a managerial position. As a result, staff who would prefer not to move into management are forced to do so to increase wages, creating an unintended consequence of losing staff qualified for non-management positions who may not have the desire or the skill set to promote to management.
- The Crime Lab employs approximately 118 scientists, with an additional number of scientists who serve in supervisory roles. Scientists are trained in forensic processes and often leave for more lucrative lab positions. As of September 2024, 21 non-supervisory scientists, or 18 percent have left DPS employment this year.
- The Arkansas State Police (ASP) typically operates two recruit schools per fiscal year (July through June). Despite this practice, it has been difficult to recruit and retain law enforcement officers.
  - Currently, ASP has 92 vacant trooper positions. The upcoming recruit school, beginning in October 2024, has capacity for 70 recruits, but only 54 attendees. Notwithstanding the current need, future vacancies, and an approximate 50 percent graduation rate exacerbate the problem.
  - ASP reports that the first year of a trooper's employment costs approximately \$200,000 for training, equipment, and salary. The turnover rate for ASP for FY 2024 (ending June 30, 2024) was 9.18 percent, resulting in an indeterminate negative financial impact for the investment of resources necessary to fill those vacancies.
- ASP leadership also expressed that it is difficult to recruit and retain law enforcement officers, as the starting salary is lower than most other law enforcement agencies. An example is the ASP starting salary is \$54,000 annually, compared to \$67,500 for the Arkansas Capitol Police.

DPS contracts with the University of Arkansas at Little Rock (UALR) for data analysis and on a variety of topics including the newly created Leadership Academy and department culture change. The

Team collects DPS employee data via surveys and then conduct analysis. Findings are then presented to the Executive Team and the Division leaders affected by the feedback. This process informs leadership through employee input and provides opportunities for employees to participate in department decision-making.

DPS has used exit interviews in the past but suspended that process. The Crime Lab currently is the only division that utilizes exit interviews. However, DPS is in the process of implementing a new department-wide online interview that is expected to be implemented within the next few weeks. The department plans to use the data collected to gauge employee satisfaction and to identify issues with supervisors.

**Rationale:** While pay is one factor in recruiting and retaining employees, DPS leadership realizes other strategies could be utilized to improve the employee experience and possibly increase retention. DPS needs to develop strategies for targeting talent and career development. However, because DPS does not have an appropriation to support monetary incentives, DPS must seek other avenues to improve recruitment and retention of employees. Building on the relationship with UALR, DPS may utilize UALR to assist with some of the action steps required to implement this initiative.

**Implementation Considerations:** **Appendix A - DPS Work Plan** provides the action steps in the planned sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DPS staff and review of best practices research include:

Gallup Inc. and Workhuman collaborated to study employee recognition compared to employee performance outcomes across many organizations.<sup>3</sup> They found that various factors influence employee performance, and that employees at all levels were motivated by both extrinsic and intrinsic factors.<sup>4</sup> Extrinsic factors, such as payment for work accomplished, are the motivators employers often consider most in retention policy. While it is true that employees work to live, extrinsic factors are not the sole employee motivators. Intrinsic motivators like recognition and praise communicate value and appreciation to employees making them feel empowered and often leading to increased productivity. The study found that work felt intrinsically engaging when people:<sup>5</sup>

- Liked the work they did;
- Liked the people they worked for and with; and
- Saw the meaning in and the purpose of their efforts.

Gallup, Inc. and Workhuman found recognition supports all three of those criteria by celebrating individual work, bonding teams together, and connecting personal achievement to organizational

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<sup>3</sup> From Praise to Profits: The Business Case for Recognition at Work, Gallup, Inc and Workhuman, 2023, <https://www.workhuman.com/resources/reports-guides/from-praise-to-profits-workhuman-gallup-report/>.

<sup>4</sup> ibid

<sup>5</sup> ibid

success.<sup>6</sup> However, the study found that globally, only one in four employees strongly agreed that they received recognition or praise for doing good work in the previous week.<sup>7</sup>

Succession planning is a key step in preparing staff for promotion. A variety of tools are available to assist management in developing succession plans. The Academy to Innovate Human Resources (AIHR) has identified best practices for succession planning, some of which are listed below:<sup>8</sup>

- Start early and plan continuously;
- Develop a formal succession plan;
- Involve senior leadership;
- Identify key positions and skills;
- Assess the current talent;
- Invest in professional development; and
- Implement mentoring and coaching programs.

### **Strategies to address potential risks and enable success:**

DPS leadership will need to manage the change process with unified support for shifting to an intrinsic rewards approach. Leadership believes that there will be few barriers to success, with the exception of lack of buy-in from some supervisors. However, this will be minimal if Executive Leadership agrees to the planned changes. DPS leadership plans to develop a detailed communication plan to unify stakeholders and achieve successful implementation that outlines the “why” behind the change.

### **Steps for focusing on talent targeting and career development (future state):**

The planned steps to implement this initiative have been informed by these potential risks and proposed solutions:

- Examine and improve the Academy graduation success rate. Implement changes and target a graduation rate of at least 75%.
- Utilize or expand the existing contract with UALR to assist in the change process. A number of the steps below could be completed by these university partners.
- Develop a succession plan template and process. Add succession planning as a component of leadership training.
- Survey specialized position staff like Crime Lab and IT professionals to collect data on the types of intrinsic rewards that motivate them.
- Continue to negotiate with OPM for more flexibility in externally posting select vacancies.
- Continue development and implementation of the online exit interview for departing staff. Use information collected to inform process changes.
- Develop metrics to define successful retention.
- Identify new sources of talent by developing partnerships with additional universities and community organizations and develop strategies to engage with these sources.

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<sup>6</sup> ibid

<sup>7</sup> ibid

<sup>8</sup> Monique Verduyn, Academy to Innovate Human Resources, “11 Succession Planning Best Practices to Follow in 2024,” <https://www.aihr.com/blog/succession-planning-best-practices/>.

- Participate in community job fairs.
- Develop non-financial recruiting incentives to attract new talent, such as flexible work schedules, etc. Adjust policies as necessary.
- Implement a volunteer mentoring program where high performing experienced staff will meet with less experienced staff to answer questions, offer guidance, and provide feedback.
- Create volunteer opportunities for employees to work in teams to develop recommendations for internal process improvements. Examples are:
  - No-cost incentives to improve retention (alternative work schedules, how important messages are communicated, wellness activities, etc.);
  - Processes to improve department/division culture;
  - Research and discussion of literature on leadership skills, or any other appropriate topic; and,
  - Allow high performing experienced staff to assist management with first-line review of work products (proofreading, edit suggesting, etc.) to develop management skills.

While these teams may be useful to inform leadership of new ideas and proposals, the additional benefit is a cost-free study to identify individuals with an interest in and skills for leadership that allows DPS to determine the level of investment to make in its employees.

- Train management in recognition practices that provide intrinsic rewards and facilitate positive staff engagement. Use recognition frequently. Look for small accomplishments or improvements.
- Celebrate an employee of the week for performance, going above and beyond, or helping someone in need. Give them a shout out with a brief description of their accomplishment via email or newsletter. Ensure the winner is not always the same. Look for small accomplishments or improvements to reward.

**Alignment of department priorities with staffing and resources:** This initiative is one of the top priorities for DPS and seeks to develop and implement processes to attract new talent and retain existing employees through positive reinforcement and skills development. Implementation will require support from all levels of leadership.

**Process changes associated with implementing changes in the strategic plans:** Talent targeting process improvements will require new approaches to recruitment, including a variety of incentives for attracting individuals who may not previously have considered employment with DPS and forging additional relationships with external stakeholders, like universities and community groups. Career development may require a paradigm shift in retention strategies from a focus on the barriers to monetary-based incentives to a more creative and intrinsically motivational approach.

**Estimation of any anticipated costs and staffing needs:** DPS expects to be able to implement the recommendations to increase intrinsic motivators and improve talent targeting with no significant additional financial resources.

## Performance metrics to measure success post-implementation:

The expected impacts of this initiative are to focus on talent targeting and career development for DPS employees and to improve recruitment and retention outcomes. Some of the key performance measures include:

- Turnover rate by unit/division - compare rates pre- and post-implementation (expected to decrease);
- Number of internal promotions by division – compare pre- and post-implementation (expected to increase);
- Performance evaluations/ratings (expected to improve); and,
- Employee satisfaction rate (expected to improve).

**Identification and estimation of any savings the strategic plan could realize once implemented:** Indeterminate long-term positive expected impact, but likely substantial savings, could be achieved if the improvements in talent targeting, employee recognition, empowerment, and succession planning lead to an increase in employee retention.

As the example in **Figure 9** shows, DPS could significantly increase the number of graduates by improving recruitment and employee practices (which impacts the number of individuals beginning each academy) and improving the graduation rate (which impacts the number of individuals completing each academy). In time, this could result in a cost savings as the number of cadets trained would decrease if State Troopers are retained.

Today, there are two academies per year and for the purpose of this estimate, it is assumed that future academy sizes are the same as the first academy size in fiscal year 2025 (54), scheduled for Fall 2024. Since the beginning of FY 2025 Academy 1 is imminent, this estimate assumes the department will not have made changes to recruitment and retention practices. For the FY 2025 Academy 2 (Spring 2026), this estimate assumes the graduation rate would increase from 50 percent to 65 percent through implementation of process improvements. This would result in an additional 8 cadets graduating compared to a scenario where no action is taken. This analysis assumes that for the two classes in FY 2026, DPS will be able to improve recruitment practices, enabling a 10% increase in the number of cadets beginning the class and that the graduation rate will continue to increase with each class, until it reaches the goal of 75 percent graduation.

As previously stated, the cost of training, equipping, and salary of the first year of a state trooper's career costs approximately \$200,000. Assuming that training and equipment specific to the individual (uniforms, name tags, and excluding general equipment costs (vehicles and in-car technology) equals 35 percent of the total cost, it is estimated that for each trooper retained would create a savings of \$70,000. However, savings would not be realized immediately, but over time as the need for academies would decrease.

**Figure 9 – Potential Impact on State Police Graduation Rates**

	2025 Classes				2026			
	Class 1		Class 2		Class 1		Class 2	
	Start	Graduate	Start	Graduate	Start	Graduate	Start	Graduate
Current Scenario	54	27	54	27	54	27	54	27
Assumes Implementation of Recommendations	54	27	54	35.1	59	41	59	44
Additional graduates		0		8.1		14		17

**Change Management Plan:** This initiative may include the establishment of uniform processes. Clear communication with staff about the purpose of the changes will accompany any information on the new process changes. Key activities and timing for the communication plan are included in **Appendix A – DPS Work Plan** and summarized in **Figure 19**.

**Figure 19 – DPS-06 Communication Plan**

Audience	Key Messages	Modalities	Owner
DPS Leadership Team	We are developing new processes for recruiting and retaining staff. Some of these are non-traditional and will require a shift in focus from monetary based motivations. This effort is expected to improve effectiveness and efficiency.	Meetings	Secretary and Human Resources Administrator
DPS Supervisors	We are developing new processes for recruiting and retaining staff. Some of these are non-traditional and will require a shift in focus from monetary based motivations. This effort is expected to improve effectiveness and efficiency.	Meetings	DPS Leadership Human Resources Administrator
All DPS Staff	You are valued and your work is appreciated.	Daily interactions between staff and supervisors	Supervisors

**DPS-07: Understand current obstacles to decommissioning state police vehicles**

This initiative directs DPS state police to enhance and improve the fleet procedures for removing surplus state police and equipment attached to the state police vehicles that are no longer usable. The initiative includes establishing time frames for vehicle/equipment disposal that meet state requirements and benefit the agency and the state by improving time management and efficiency. This initiative aims to:

- Streamline processing times in coordination with the State Surplus Program (M&R) for the disposal of state police vehicles;
- Deploy new vehicle fleet vehicles consistent with state rules on vehicles;
- Implement a strategy to govern removal, sale, and destruction of obsolete fleet equipment (sirens, light bars and radios) for more efficiency and cost savings;
- Maximize value from the state’s purchasing agreements for fleet equipment; and,
- Standardize implementation of fleet policy and procedures with TSS, DFA, and Arkansas state police through implementation of a workflow with timelines.

**Initiative Overview and Current State:** Currently the state police fleet is operated under the supervision of one state police command officer. Vehicles are procured, owned, managed, and maintained by DPS. The Arkansas state police have over 1,200 vehicles in their fleet, which represents 30% of the State of Arkansas’ entire fleet. State police vehicles are unique and require specialized capabilities in design and functionality including radio systems, light bars, siren systems, security cages, and the mobile officer’s virtual environment (“MOVE” - the computer systems that state troopers use to do their work). These vehicles are used daily for long periods of time both in the idling mode and patrol mode, causing wear and tear on the vehicle engine. Vehicles acquire high mileage and require continuous maintenance due to constant use. Additionally, an aging fleet is expensive to maintain. Equipment attached to these vehicles require constant service or replacement. State police need a more time efficient system to replace and outfit new state police fleet vehicles and equipment to fulfill mission goals. These goals include:

- State police fleet management system of transitioning expired fleet in a timely manner.
- Efficient deployment of a new state police fleet.
- Fleet telematics upgrading to enhance life expectancy of vehicles through proper maintenance and service.
- Design and review systems of disposal of obsolete fleet equipment.
- Review state bidding procedures of specialized state police equipment for vehicles.
- Establish protocols and adjust manpower on removing obsolete equipment from vehicles for disposal in a timely manner.

Today, TSS operates the Arkansas State Surplus function (M&R). TSS is responsible for disposing of or selling surplus property, including state police vehicles. TSS can typically receive up to 15 vehicles at a time (given parking lot size limitations). This can cause delays for state police to deploy new vehicles to the field. Because there is a cap on how many vehicles they can have in their fleet at a given time, any delay of transferring surplus vehicles to M&R restricts the deployment of new vehicles.

One factor impacting the duration of the surplus process is the removal of specialized equipment in state police vehicles. TSS does not have the capacity to remove the equipment prior to resale of the vehicle (i.e., lights, cages, and computer/radio equipment) and typically DPS has removed this equipment prior to sending the vehicles to M&R. The process to remove equipment is extremely time consuming because it includes radio equipment, wiring, cages, safety equipment built into the vehicle and removal of technical light bars and sirens in each car. This equipment can either be reused in existing vehicles or sold in the M&R “Cop Shop”. If re-used, there is an administrative requirement directing DPS to obtain permission from TSS prior to re-use (Rule 1, 19-11-242). There



are no clear criteria or use of cost-benefit analysis to govern whether equipment is re-used or sold. The transfer process also requires paperwork transfer of all equipment information to M&R and a scheduled pick up of the equipment to be transferred to a different location for destruction or sale.

In addition to re-using equipment made available through the decommissioning process, DPS also has an option to purchase new specialized law enforcement equipment and supplies. Recently, the State of Arkansas entered into a contract to enable departments to access such supplies at a discount. Under the TIPS Emergency Responder Supplies, Equipment, and Services contract, departments can purchase many types of equipment, with examples including Breathing Systems; Cleaning Equipment and Supplies; Communications Equipment; Emergency Medical Equipment and Supplies, Emergency Warning Lights, Lightbars and Sirens; Fire Hoses, Nozzles, Appliances, Adapters and Accessories; Fire Suppression Equipment and Supplies; Firefighting and Rescue Equipment, Tools and Supplies; Generators and Emergency Lighting; Miscellaneous Loose Emergency Supplies; Personal Protective Equipment; Public Safety Equipment and Supplies.

Meetings with DPS staff resulted in the identification of multiple opportunities for improvement:

- DPS state police recommend streamlining the vehicle surplus system and removing restrictions on how many vehicles can be set up for surplus with M&R in a certain period to avoid cap issues.
- Resource personnel to remove equipment from surplus state police vehicle systems.
- Increase familiarity with TIPS contract and process for purchasing new equipment at a discount through training.
- Upgrade telematics and maintenance systems to allow for more efficient use of vehicles and better longevity of the fleet.

Staff prioritized the most important functionality for an improved system:

- Design a more efficient process to surplus vehicles;
- Reduce time to remove and dispose of fleet equipment in surplus vehicles;
- Create a specialized bidding process for unique law enforcement fleet and fleet equipment;
- Improve telematics and maintenance for vehicles;
- Improve efficient deployment of new state police vehicles; and,
- Collaborate with M&R on fleet operations and work with TSS on fleet management.

**Rationale:** DPS has a goal to improve the efficiency and effectiveness of fleet management in alignment with statewide TSS fleet management and procurement policies and procedures. The state police workforce works in a field environment, given their mandate to provide essential services, critical emergency response, motor vehicle enforcement, criminal investigation and service calls to the citizens and visitors of the state of Arkansas. Providing state troopers with vehicles that are properly maintained, have proper law enforcement functioning equipment and meet and exceed safety standards is paramount to the proper fulfillment of core job functions and responsibilities. Due to the nature of the heavy use of these vehicles for law enforcement purposes (e.g., police pursuits, driven in inclement weather, high mileage, idling and extreme wear and tear) it is critical that proper fleet management be prioritized.

## Implementation Considerations:

A review of other state police agency fleet management revealed there are multiple examples of best practices can help DPS improve fleet management:

**Consistently maintain clear and effective policies:** Document clear, easy-to-follow policies for all aspects of DPS fleet use and management. Clearly written and easy-to-follow policies can streamline a significant portion of fleet management's communication and enforcement work. **Measure, record, and monitor usage statistics:** Collecting data helps optimize fleet utilization and make informed vehicle and parts purchasing decisions. While specific metrics will vary based on agency needs, there are several universal data points that every fleet manager can track:

- **Fuel usage**—Gather data on fueling dates, locations, fuel type, quantity, and associated costs.
- **Driver performance**—Document all accident-related information, including dates, times, locations, and accident nature. Record the involved personnel and any insurance claim details.
- **Maintenance**—Keep track of both scheduled and unscheduled repairs. Document details such as the work required, maintenance dates, parts used, their costs, and labor expenses.
- **Purchasing** —Maintain records of contract and warranty details for each purchased vehicle.
- **Focus on preventative maintenance** -- Don't wait until fleet vehicles need significant repairs. Create a preventative maintenance schedule for all vehicles. Fleet-wide preventative maintenance is more cost-effective in the long run.
- **Police vehicle maintenance good practices** - Optimize fleet size. Maintaining too many police patrol vehicles strains finances while having too few can hinder operational efficiency. Maintain enough capacity to accommodate law enforcement emergencies and unexpected vehicle downtime.

### Strategies to address potential risks and enable success:

DPS leadership will need to use effective change management to improve the process for managing and disposing of vehicles and equipment. DPS needs to work and comply with TSS on the statewide fleet management operations. Under the current system state police remove parts from vehicles that they are preparing to send to surplus. This can be coordinated with M&R to alleviate issues of time delays for the transfer of vehicles. DPS leadership will develop a detailed plan to work with stakeholders and achieve successful improvement in the implementation of fleet operations. DPS plans to improve the process and require consistent adherence to improved policies. It is imperative that state police work with TSS and DFA to maintain consistency with statewide policy and procedures with Fleet management.

### Steps for establishing a redistribution process for agency fleet (future state):

- Align with Arkansas statewide fleet management plan with the state police fleet operations.
- Establish a recurring working group between DPS, DFA, and TSS to address fleet needs and surplus.
- Develop a comprehensive strategy to maintain the DPS fleet, driven by data-informed criteria on when to decommission vehicles, when to re-use versus sell parts.

- Establish criteria and policy in collaboration with TSS on removing parts and equipment from fleet vehicles that are scheduled to be decommissioned. This process will guide staff in determining whether removing parts and equipment to be re-purposed in another vehicle is financially beneficial and worth the investment of time to remove the parts.
- Review opportunities for purchasing police equipment through a new statewide TIPS Emergency Responder Supplies, Equipment, and Services contract and engage OSP for assistance in meeting DPS's ongoing equipment needs.
- Create a process with M&R to streamline removal of excess state police vehicles in a timely manner consistent with administrative rules. Establish process mapping to alleviate time delays. This could include addressing staffing to expedite removal of state police surplus equipment from vehicles.
- Utilize best practices to enhance longevity of fleet and monitor proper maintenance and service.

**Alignment of department priorities with staffing and resources:** DPS state police has a fleet manager who is a commissioned officer with a staff of nine. Based on the strategies recommended by stakeholders and DPS assessment of its fleet management systems, DPS may require more resources to improve the fleet management process. As an example, there is a limited number of inmates assigned to remove excess equipment from fleet vehicles causing delays in the decommissioning process.

**Process changes associated with implementing changes in the strategic plans:** Process changes are anticipated due to this initiative. DPS will need to work with TSS on fleet management and procurement policies and procedures to effectuate change. State police are different from other state agencies in needs and services due to the nature of the use of their fleet. TSS will need to adapt planning to assist state troopers in managing their unique requirements to ensure the DPS fleet meets and exceeds safety standards and need for heavy use of police vehicles and equipment.

**Identification and estimation of any savings the strategic plan could realize once implemented:** If implemented, DPS state police could realize savings in multiple areas:

- Cost of maintaining an aging fleet is almost triple that of newer fleet based on year of vehicle
- Cost of fuel and maintenance is realized through statewide purchasing plan (with TSS)
- Procurement cost of specialized police vehicle equipment will decrease with the statewide contract
- Processes in place to streamline disposal of vehicles and equipment will bring savings

**Performance metrics to measure success post-implementation:**

The goal of this initiative is to implement a strategic framework that replaces decommissioned vehicles efficiently, while ensuring an efficient and cost-effective approach to decommissioning police vehicles and law enforcement equipment. Performance measures that can be used to measure the success of this initiative include:

- Time to dispose of decommissioned state police vehicles and equipment (expected to decrease);
- The percent of DPS fleet that is unusable (expected to decrease); and,
- Cost of purchasing new vehicles and equipment using the statewide contract (expected to decrease).

**Change Management Plan:** DPS state police will need to implement a series of efforts to improve the agency’s disposal of surplus vehicles and the law enforcement equipment attached to the vehicles. New practices and processes will enable state police to effectively manage fleet numbers consistent with state mandates and continue to equip vehicles to ensure troopers in the field have the safest vehicles and equipment to perform their duties. Implementation of fleet management strategies to track fuel usage, mileage, preventative maintenance, driver usage and vehicle warranties is important to the success of agency goals and budgeting. Overall consistent enforcement of designated fleet management policies and procedures is imperative. Additionally, working with TSS, DFA, and other stakeholders to streamline processing times will allow for a more effective and efficient fleet management system and operation.

This initiative does not require a separate communication plan.

## **DPS-08: Enhance operational efficiency of the abuse and neglect hotline**

This initiative seeks to consider whether the operational efficiency and effectiveness of the State’s Abuse and Neglect Hotline can be improved by providing resources to hotline operators for instances when a report does not reach the statutory standard of abuse or neglect, but the family involved may require some assistance. Without such assistance, it is likely that some of these calls will be repeated and the situation could deteriorate into validated cases of abuse and neglect, requiring significant intervention by the Department of Public Safety (DPS) or the Department of Human Services (DHS). In addition, the initiative includes a study on the organizational structure and design of state child abuse hotline functions.

The interventions identified for consideration in this initiative include training and improved tools provided to Hotline operators including through the Structured Decision Making (SDM) assessment. Additionally, offering training, in collaboration with DHS, to mandatory reporters could give them the knowledge of available programs and provide them with tools to refer families to assistance in appropriate situations rather than making a report, reducing the number of calls made to the hotline.

**Initiative Overview and Current State:** Arkansas statute requires certain individuals including doctors, teachers, clergy, and school counselors to report suspected abuse and neglect to the state’s Abuse and Neglect Hotline and designates these individuals as “mandatory reporters.” The Crimes Against Children Division’s Abuse and Neglect Hotline is located within DPS; many other states locate this hotline within the child welfare agency. Presently, the Hotline receives approximately 5,300 calls per month from mandatory reporters, according to the Q2 2024 DPS data. Operators receiving these calls use an SDM assessment tool to determine how to route the call. The disposition of the total number of yearly calls breakdown as follows:

- 48.5% of calls fail to meet the statutory standard of abuse and neglect and are “screened out,” meaning no other action is taken;

- 9.6% of calls are referred to DPS Crimes Against Children Division (CACD); and,
- 41.9% of calls are referred to the state’s child welfare agency (DHS) for action.

Presently, there is no mechanism in place or standard criteria developed, either in the SDM tool or in the training for operators, to provide referrals to community services for families in need in those cases where the reported evidence does not meet the definition of potential abuse or neglect. This gap allows the potential deterioration of conditions that may ultimately lead to a future founded case of abuse or neglect. The hotline today does not have a focus on prevention, which is a priority for the Governor and the state’s child welfare system generally.

Additionally, there is no regular training made available to mandatory reporters relative to the availability of community services, either offered through DHS or the ADH, Maternal Health program. There are numerous free and low-cost non-profit, community, county, and state social service programs that could provide support on underlying family needs such as food insecurity, housing, employment programs, and mental health and substance abuse services. These programs may have the potential to reduce some of the stressors and address some of the risk factors that may contribute to abuse and neglect. However, many mandatory reporters are unaware of the community resources available to help some of these families. Agencies may be able to collaborate to develop an appropriate training curriculum that could be used to help mandatory reporters routinely identify programs available in their area, as well as make them aware of the availability of various electronic referral systems that could be helpful in finding resources. Training for mandatory reporters may be able to reduce the number of unfounded reports and, more importantly, connect families in need with necessary services to ensure that children and families get resources to meet their needs and prevent future instances of abuse or neglect.

This initiative is therefore to consider whether 1) additional protocols can be added to the Hotline for cases that do not meet current thresholds for intervention, 2) additional training can be provided in support of these new protocols to Hotline operators, mandatory reporters, and others. As part of this consideration, DPS will need to review this in detail and seek inputs from a range of professionals to determine the answers and appropriate next steps.

**Rationale:** The CACD Hotline serves as the intake for mandatory reporters to report potential abuse and neglect at the criminal (DPS) and civil (DHS) levels. Nearly half of these reports are dismissed as not meeting the statutory definition of abuse or neglect. This result indicates there is no legal basis for taking action or opening a case but does not mean that a child (and family) is not at risk or in need of some other services.

Some of these dismissed calls may ultimately result in founded cases of abuse and neglect. Although Arkansas DPS does not currently track this data, Casey Family Programs has reported that many of these screen-out calls involve families that will be reported again to the hotline within 18 to 24 months. For example, in examining its hotline data, San Diego County found that it screened out about half of hotline calls, but about half of those families involved in the screened-out calls were reported again within 18 to 24 months.<sup>9</sup> It is possible that many Arkansas calls that are screened out

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<sup>9</sup> Casey Family Programs Strategy Brief, “Transforming Child Welfare Systems, How does San Diego’s child protection agency partner with 2-1-1 to better serve families and children?” September 2020, ([20.07-QFF-TS-San-Diego-211.pdf](https://www.casey.org/wp-content/uploads/2020/07/20.07-QFF-TS-San-Diego-211.pdf) (casey.org)).

will result in future investigations and open cases, which will represent risks to a child as well as costly interventions for both the criminal justice and human services systems.

The existing CACD Hotline process is focused on engaging appropriate agencies once abuse or neglect occurs and is not focused on prevention. The point of this initiative is to determine whether a focus on prevention can appropriately be added, with required training, and whether giving mandatory reporters and hotline operators the tools and training to direct families to community resources may help reduce future reports of abuse and neglect, and potentially improve the well-being of families.

If approved after consideration, this effort would entail training hotline operators and offering training to mandatory reporters on the services available in the community and how to direct families to these resources. For the mandatory reporters, this would likely require trauma-informed training. Additionally, proceeding in this direction would include upgrading the existing SDM tool to support hotline operators in sharing information with mandatory reporters about other available programs when calls do not meet criteria for abuse or neglect. Hotline operators would ideally have the ability to provide guidance that is geographically targeted and identified by need (e.g., housing, food, clothing, substance abuse disorder prevention services, etc.). Operators would need training and resources, including from other state guidance, DHS or the ADH about how to locate applicable services and the process for making referrals.

If this initiative results in approved changes, DPS will consider tracking unfounded cases to determine how frequently those reports ultimately lead to confirmed cases in the future. This will help to inform future decision making about strategies to make the entire system prevention-focused and help to calculate the overall positive impact of this initiative.

## Implementation Considerations should this initiative result in approved changes:

### ***Training for mandatory reporters***

DPS would need to determine the best path forward for offering training for mandated reporters. This could involve coordinating with DHS and building a customized online training or working with one of the existing social needs referral platforms that offer this training and customizing available training to the use case of the hotline operator providing information to the mandatory reporter. The needs of mandatory reporters are unique and training will need to address how to share resources in a sensitive manner that increases the likelihood the family utilizes those services. DPS would need to determine the extent and contents of required training based on professional advice.

### ***Training for operators***

The level of training necessary may vary, depending on the degree of changes made to the SDM tool. The decision logic on when to provide referral information for community services would be built into the tool to support staff through the determination. For example, if the report does not reach the level of abuse or neglect, the SDM tool may be designed to direct the hotline operator to provide information about applicable resources to the mandatory reporter (ideally geo-targeted to the reporter's location). The hotline operator could provide information for the most relevant resources to the mandatory reporter and offer guidance on how to share this information with the family.

In an alternative scenario, if DPS determines not to move forward with changes to the SDM tool, a more manual process could be implemented. This would result in the need to train hotline operators to find applicable resources. This could involve directing the family to Arkansas 211 or to a social needs referral platform such as [www.findhelp.org](http://www.findhelp.org) or developing a more customized listing of resources grouped by category of need. Hotline operators would still have to coach mandatory reporters through sharing this information with families in a culturally sensitive and trauma-informed manner, which would also require training.

DPS would need to determine the extent and contents of required training based on professional advice.

### ***Enhancing the Structured Decision Making Tool***

As noted above, one solution would be to modify the decision logic in the existing SDM tool to guide the hotline operator in sharing relevant information with the mandatory reporter to assist the family involved. One challenge is that someone – potentially DHS or Arkansas 211 – would have to curate the list of services used by the hotline operators. As organizations change names, location, or contact information, someone would need to be tasked with periodic review and update to the list to ensure that mandatory reporters have accurate information to share with families. There are third-party entities that track these changes with whom the state could contract.

Even if an upgrade did not include geo-targeting or the ability to sort by category of service, offering statewide resources such as 211 could be a step forward and begin to shift the focus to prevention.

DPS would need to determine the required functionality of the tool based on professional advice.

### ***Other State Case Studies:***

#### **Nebraska and New Hampshire**

In 2023, Nebraska engaged in a statewide effort to transform its child welfare services, which included focusing on community-based prevention in their Re-Imagine Child Well-Being initiative.<sup>10</sup> One of the focus areas of this initiative was recommending changes to the child abuse and neglect hotline.

In Nebraska, the Department of Health and Human Services, Division of Children and Family Services (CFS) screens out on average over 20,000 calls a year. A Legislative Work Group Assessment recommended designing an additional screening tool prioritizing calls with criteria that could include, but not limited to factors such as:<sup>11</sup>

- A primary caregiver under the age of twenty-six (26) years old;
- A child in the household under the age of three (3);
- A primary caregiver who is the legal guardian of minor(s) in the residence; and,
- A pregnant female.

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<sup>10</sup> Nebraska DHHS, “Reimagine Well-being,” [Reimagine Well-being](#).

<sup>11</sup> Legislative Work Group Report, “LB 1173 Child Welfare Practice Model,” [LB 1173 Child Welfare Practice Model \(ne.gov\)](#).



Regionally based community organizations would then provide the outreach and navigation services to these families in order to offer education on available resources in their geographic region. The navigator would connect the family by providing information or meeting directly with the family to assist with navigating the referral to specific resources in the community.

The Legislative Work Group also reviewed similar models used in other states. For example, New Hampshire launched a model in July 2023 where a community navigator receives a warm handoff from the child welfare agency hotline operator and the navigator provides prompt outreach to the families and offers resources to supportive services in their community. The process begins with the navigator receiving the report from the state and making prompt contact with the family. Once contact with the family is made, the navigator works on establishing rapport with the family and an understanding about specific supports the family may benefit from. The navigator offers appropriate community resources/referrals or other supportive services to the family based on their self-reported need. Additionally, in this model, the vendor provides information to educate callers reporting from their professional role, including but not limited to: local resources available to families; how the resource operates and how a family can connect with the services; what the family can expect when working with the community support service; skills and techniques of how to approach families to offer support; techniques on how to engage with a family to get them to better connect with a service; and information on the success of a warm handoff approach.

The Legislative Work Group recommended inclusion of this model in the Nebraska Child Welfare Practice Model. The new Nebraska Child Welfare Practice Model now contains the following language: “We will use alternative pathways, when appropriate, that are available to support families to gain access to tools, resources, and services that can help them navigate life during challenging times and reduce the number of unnecessary calls to the child welfare system hotline.”<sup>12</sup>

### **San Diego County**

San Diego County operates a child abuse and neglect hotline much like DPS. Although screened-out calls there did not warrant child welfare investigations, the families involved clearly had unmet needs. As a result, San Diego created a partnership with 2-1-1 to address those needs, shifting its hotline into a helpline, and training mandated reporters to be “mandated supporters.”<sup>13</sup>

San Diego County found that about half of the screened out calls involved families that were reported again to the County Child Welfare Services (CWS) within the next two years, usually for child neglect. However, CWS was not structured to offer prevention services to families with unsubstantiated reports. The County’s Child and Family Strengthening Advisory Board and CWS leadership began to explore a partnership with 2-1-1 San Diego, which already had information about more than 6,000 different types of services, including housing and utilities, health care, mental health, jobs and financial aid, food and meals, childcare, senior care, transportation, and criminal justice.<sup>14</sup>

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<sup>12</sup> Legislative Work Group Report, “LB 1173 Child Welfare Practice Model,” [LB 1173 Child Welfare Practice Model \(ne.gov\)](#).

<sup>13</sup> Casey Family Programs Strategy Brief, “Transforming Child Welfare Systems, How does San Diego’s child protection agency partner with 2-1-1 to better serve families and children?” Updated September 2020, [20.07-QFF-TS-San-Diego-211.pdf \(casey.org\)](#)

<sup>14</sup> Casey Family Programs Strategy Brief, 2020.



CWS and 2-1-1 offered new training for operators and then developed a Review, Assess, and Direct (RAD) multidisciplinary team to review hotline reports for general neglect that meet the CWS criteria for a five- or 10-day in-person response. Team members include hotline supervisors, emergency response supervisors, social workers, public health nurses, and community partners. After reviewing the reports, the RAD team determines whether to maintain the response, initiate a quicker response, refer the report to 2-1-1, or evaluate out the report. RAD teams use a Structured Decision-Making hotline screening tool that includes information about a family’s strengths and risks in making their decisions. San Diego 2-1-1 trained navigation specialists to work specifically with families referred by CWS or RAD teams. Navigation specialists are assigned to a specific team at 2-1-1 San Diego called 2-1-1 Connect. Once a week, the RAD teams send a list of families eligible for 2-1-1 services to the 2-1-1 Connect staff. There are two opportunities for families to connect with 2-1-1 services: the hotline can refer families directly to 2-1-1, or RAD teams can refer families reported for child neglect or with risks for neglect but with reports that have been evaluated out.<sup>15</sup> For families that do not reach out, 2-1-1 San Diego follows up the CWS letter with a branded flyer to the family with detailed information about the services they can receive by being enrolled in 2-1-1 CONNECT.<sup>16</sup>

Additionally, San Diego County is now looking to train mandated reporters and others to call 2-1-1 instead of the hotline for cases that do not require immediate intervention (general neglect). CWS leadership hopes that training mandated reporters — including teachers, medical professionals, and law enforcement personnel — to call 2-1-1 as a prevention tool will result in helping families access needed resources and reduce calls to the hotline.<sup>17</sup>

### **Strategies to Address Potential Risks and Enable Success:**

This initiative is to consider whether 1) additional protocols can be added to the Hotline for cases that do not meet current thresholds for intervention, 2) additional training can be provided in support of these new protocols to Hotline operators, mandatory reporters, and others. As part of this consideration, DPS will need to seek inputs from a range of professionals to determine the answers and appropriate next steps.

One potential risk to be reviewed as part of this consideration would be that implementing a greater focus on prevention services could require resources without there being enough staff or time to devote to this additional prevention focus within the abuse and neglect hotline. Resource and referral technology, including referral to Arkansas 2-1-1 or free available social service platforms, like [www.findhelp.com](http://www.findhelp.com), could be a way of mitigating future costs by lessening the burden of manual having to identify resources.

Additionally, DHS and ADH programs and available community services may change frequently and may be outdated or no longer available. To mitigate this issue, DPS would plan to make sure that there is updated program and service availability for training and a mechanism to offer any updated changes to programs and services available in real time.

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<sup>15</sup> Casey Family Programs Strategy Brief, 2020.

<sup>16</sup> Casey Family Programs Strategy Brief, 2020.

<sup>17</sup> Casey Family Programs Strategy Brief, 2020.

### **Steps to Implement Changes to Abuse and Neglect Hotline Process if DPS Determines to Proceed with Changes following Consideration During this Initiative:**

- Complete a study on the organizational structure and design of state child abuse hotline functions.
- Conduct assessment of call center SDM safety assessment tool/identify areas within the current call center process, especially related to screen out calls, that could allow for more effective prevention focus.
- Design future state process to include technology services and integration into current state process to allow call center staff to provide appropriate social service referrals information to mandated reporters or families in need.
- Review call center data to determine types of and percent of calls that are screened out and in what location of state to determine areas to focus either through future mandated reporter outreach/training or call center social service referral technology improvements and upgrades.
- Identify call center training needs that can be upgraded that identify DHS and DOH prevention programs and services and how families can access same in any Arkansas county.
- Identify and develop plan for mandatory caller training to include collaboration with DHS.
- Consult with District Attorneys prior to implementing new reporter training.
- Issue any RFP for new technology services that connect families in need to services or allow call center staff to connect within their systems to appropriate referral information. Alternatively, develop partnership with Arkansas 211.
- Go live with process improvement changes related to more front-end prevention focus – work with DHS and DOH to include staff and leadership and roll out changes to community.
- Track and monitor for future outcomes.

**Alignment of department priorities with staffing and resources:** This initiative is directly aligned with the Governor’s priority of placing the focus on prevention. If this initiative determines that changes are advisable, they may help reduce the incidences of future child abuse and neglect. There would be a cost for training for mandatory reporters and hotline operators, as well as a cost to update the SDM.

**Process changes associated with implementing changes in the strategic plans:** Depending on any DPS determination to upgrade the SDM tool, DPS will either need to provide training to hotline operators to continue the process even if there is no identified statutory abuse and neglect and either read from the screen to the mandatory reporter or look through other materials to offer assistance to families. DPS would also add this to new hire orientation. All this would need to be done on the basis of professional advice.

In addition, there would need to be changes to mandatory reporter training to add the sharing of community resources to the family of the reported child.

**Performance metrics to measure success post-implementation if determined by this initiative:**

- Percent of Screened-In Calls with Prior Screened-Out Finding (expected to decrease);
- Percent of Screened-Out Calls (expected to decrease);
- Total calls to the Hotline (expected to decrease); and,
- Confirmed cases of abuse and neglect (expected to decrease).

Note that the first metric is not captured today.

**Identification and estimation of any savings that could be realized if the initiative results in a determination to change the approach:** While the intended primary benefit would be better support of children and families and reduced risk, there may also be a savings impact. If the initiative results in prevention of issues such that there is a 10% reduction in future cases requiring intervention, that would reflect an approximate savings to the State of Arkansas of over \$2 million dollars annually. This would include the time and resource cost for investigations assigned as well as for the resulting services for founded cases. During the work on this initiative, these assumptions should all be tested on the basis of professional advice.

In its most recent quarterly report, DPS CACD received 15,861 reports of potential abuse and neglect, of which 49% were screened out at the time of the call.

**Change Management Plan:** It is too early at this stage to outline a change management plan because the initiative has not yet determined, on the basis of professional advice, whether to proceed with changes. Part of the initiative will be to develop the change management plan for any agreed changes.

# Strategic Management Plan: Arkansas Department of Energy & Environment

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## Overview

The Arkansas Department of Energy & Environment (E&E) advances responsible management of energy resources and protection of Arkansas’ environment, through the work of two primary divisions:

- **Division of Energy & Mineral Resources**, which promotes sustainable, orderly, and environmentally sound development of energy and mineral resources. This division houses the Arkansas Energy Office, the Office of Mining, the Office of the State Geologist, Emergency Management, the Liquefied Petroleum Gas Board, and the Oil & Gas Commission.
- **Division of Environmental Quality**, which advances the quality of Arkansas’ environment and economy through the protection of air, land, and water resources.

Administratively attached to E&E, the Pollution Control and Ecology Commission (PC&EC). The Commission includes seven members, three representing state agencies and four appointed by the Governor.

Through the Arkansas Forward project, a 2024 initiative to improve the efficiency and effectiveness of Arkansas’ 15 cabinet-level departments, E&E prioritized implementation of seven initiatives

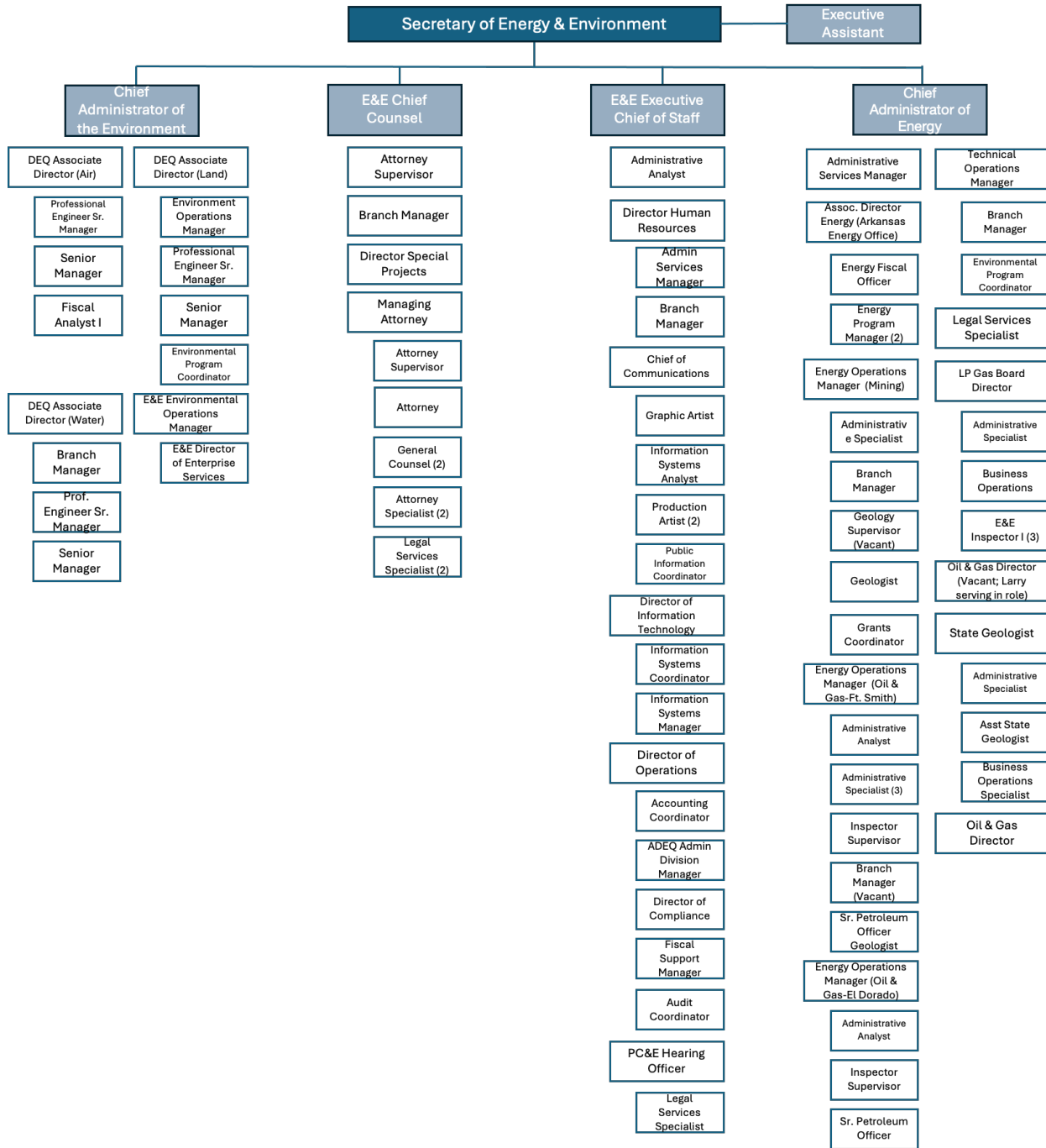
including five focused on improving its processes to improve staff and stakeholder experience and two that invest in the staff and organization at E&E to help the organization deliver on its mission.

This Strategic Management Plan (“Plan”) memorializes the work completed by E&E during Arkansas Forward, translating the department’s vision into a plan consisting of recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics. A companion project plan (“Work Plan”) provides a more detailed resource to support implementation of the initiatives by E&E’s Arkansas Forward project management team.

## Recommended Organizational Structure

E&E’s current organization chart is shown in **Figure 1**.

**Figure 1 – Current Organizational Structure**



Note: Three organization layers are shown for each division under the Secretary of Energy & Environment (chart is not inclusive of all staff).

As part of Arkansas Forward, E&E’s structure was reviewed to identify opportunities for redesign in three areas:

- Changes that would support the department’s execution of its mission;

- Changes identified through implementation of Arkansas Forward initiatives; and,
- Changes necessitated by Arkansas’ centralization of certain shared services functions (i.e., information technology, human resources, procurement).

As part of Arkansas Forward, E&E undertook a review of each division’s organization to identify opportunities to create a more agile organization, considering span of control, number of managerial layers, opportunities for internal shared services consolidation, and repurposing of existing positions, among other factors. E&E evaluated:

- **Changes that would support the department’s execution of its mission:** No additional changes were identified.
- **Changes identified through implementation of Arkansas Forward initiatives:** No additional changes were identified.
- **Changes necessitated by Arkansas’ centralization of certain shared services functions:** Based on direction from the Steering Committee, Transformation and Shared Services (TSS) will assume responsibility for the Payroll and Help Desk functions statewide, as the first Human Resources and Information Technology functions to transfer to TSS in a statewide shared services model. Additional decisions on sequencing of further functions have not yet been determined.

After evaluating the current organizational structure, E&E determined to continue operations with the current structure shown in **Figure 1**.

## How this Department will meet the vision of an efficient and effective future department

E&E desires to eliminate mostly paper-based, manual processes. The timing is ideal for E&E to improve effectiveness and efficiency. A primary example is greater automation through the implementation of the SEEK system for DEQ programs. E&E selected a vendor who has assisted eight other states with the successful transition to automating processes including digital signatures, automated workflow that provides alerts and allows users to view status, input and validation controls that force users to enter accurate and complete information, and improved data analytics through better quality reporting. Internal staff and E&E customers will benefit greatly from this automation as SEEK will make processes more efficient and effective. E&E is using a phased implementation approach to implement this solution to remain within appropriations and existing resources. In addition, E&E has an opportunity to invest in its staff through reskilling and upskilling, which will support achievement of improved efficiency and effectiveness.

# Key Initiatives Prioritized for Arkansas Forward Implementation

E&E leadership generated nearly ten ideas to improve departmental effectiveness and efficiency, before prioritizing seven initiatives for immediate implementation as part of Arkansas Forward. These initiatives collectively focus on improving the organization.

## E&E-01: Optimize manager roles and team size for better control and efficiency

This initiative is part of the broader Arkansas Forward Agile Organization initiative and includes implementing a tailored and modernized organization to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions.

**Initiative Overview and Current State:** Through this initiative, the project team facilitated discussion with each division leader to identify opportunities to create a more agile organization. Multiple factors were considered including span of control, managerial layers, opportunity for further shared services consolidation. In this review, a small number of opportunities were identified where span of control for a given leader was small, and there was an opportunity to remove or flatten a layer of the organization to improve communication flow and decision-making. When reviewing these instances, the anticipated organizational gain achieved did not outweigh the risk of making the organizational chart change.

**Rationale:** As part of Initiative EE-01, to create the most agile and efficient organization, E&E leadership and human resources staff reviewed the organization structure and determined no changes are needed at this time.

**Implementation Considerations:** Not applicable.

## E&E-03: Identify and Prioritize SEEK Improvements

This initiative directs the Arkansas Department of Energy & Environment (E&E) to identify and prioritize the top two to three potential obstacles to SEEK (data management system) efficacy and implement mitigation strategies to minimize the impact.

**Initiative Overview and Current State:** SEEK is the new data management system for E&E – Division of Environment Quality (DEQ) and supports the following DEQ programs:

- Asbestos
- Construction stormwater
- Industrial stormwater



- Regulated storage tanks

The primary functionality offered by SEEK includes online bill payments, guided document submissions, and dashboards that organize reports and applications. SEEK has implemented two new automated features recently including paperless annual invoicing and instant online electronic signature approval.

The SEEK software is being developed using a phased approach by a vendor (Windsor Solutions). SEEK implementation includes the following phases:

- **Phase 1** has been implemented and the anecdotal response from users has been very positive. There are four Phase 1 permit types currently implemented in SEEK. These permit types were chosen for their high volume and includes: Construction Storm Water General Permit (CGP) for the Office of Water Quality, Regulated Storage Tanks (RST) for the Office of Land Resources, and Asbestos for the Office of Air Quality. External users are able to submit initial permit applications and DEQ staff are able to complete their review and issue permits within SEEK. Additionally, the Office of Water Quality has independently added the permit application process for Industrial Storm Water General Permit (IGP) to SEEK.
- **Phase 2** focused on eliminating duplicative and paper-based data entry will significantly shorten the amount of time needed to develop inspection reports. DEQ is currently building / testing models for each type of inspection for the initial permitting regimes.
- **Phase 3** spans the October 2024 through June 2025 timeframe and includes DEQ - wide general permit applications as well as DEQ-wide nSPECT (the inspection module) build and implementation.
- **Phase 4** is planned for July 2025 through March 2026 and includes DEQ-wide Individual permit applications.
- **Phase 5**, planned for April 2026 through December 2026, will allow for the clean-up of any outstanding items from the prior phases and wrapping up the project to be substantially complete.

E&E is pleased with the work completed to-date. Windsor Solutions has successfully implemented this software in several other states, including Alabama, South Carolina, Oklahoma, Michigan, Hawaii, and Wyoming. E&E staff can contact their counterparts in other states to ask questions and gather information. There has yet to be a formal user group established with the different states, but that may be something they do in the future so that there is a regular forum for meeting and sharing information with other states.

**Rationale:** E&E intends to modernize DEQ processes using software tools that will ultimately reduce staff workload as well as provide efficiencies to users who will be able to use online tools to replace the current laborious paper-based processes. Windsor Solutions, the SEEK vendor, has assisted eight other states in successfully implementing online capabilities to serve constituents in their respective states. Building on their successful track record, Windsor Solutions was selected to provide SEEK software for Arkansas. E&E has a good working relationship with this vendor and feels that they benefit from their experience with successful implementations in other states. The SEEK project was already underway prior to Arkansas Forward, but this initiative was identified to assist the project team by identifying and addressing obstacles to SEEK implementation.

### Implementation Considerations:

#### Steps to expedite SEEK implementation:

- Conduct a thorough current-state analysis of SEEK's functionality. Inventory what E&E agency functions could be improved through using SEEK. Prioritize and map out the SEEK implementation plan to roll out functions over time. (Complete).
- Develop a plan to address the top two to three prioritized obstacles, including specific processes and timelines for implementation. (Complete).
- Assign owners to each process and ensure they have the necessary resources to carry out their responsibilities.
- Monitor progress regularly and adjust the plan as needed to ensure timely and effective implementation.
- Communicate updates and progress to all relevant stakeholders, including department leadership and SEEK users.

**Performance metrics to measure success post-implementation:** The success of this initiative will be measured by the implementation and phased roll-out of SEEK system's full functionality. E&E could consider the following performance measures:

- Percentage of days the SEEK rollout is on track to reach target milestones;
- Number of high-priority SEEK functionalities that are implemented; and,
- Percentage improvement in E&E performance metrics once SEEK is fully deployed (e.g., significant reduction in number of days to issue a permit, develop an inspection report, etc.)

In addition to performance measures, E&E could consider measuring intangible goals (e.g., improving internal and external stakeholder satisfaction). E&E could potentially measure improved satisfaction through:

- Post-deployment survey of external user satisfaction;
- Post-deployment survey of internal users on satisfaction with the improved SEEK capabilities; and
- Citizen focus groups to gather information on user likes/dislikes and use of this information to improve the SEAK system.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Over time, the implementation of SEEK functionality will allow users to complete manual tasks online and significantly improve the efficiency of operations. While there is no perfect way to quantify the savings that should result from these improvements, E&E could consider a user satisfaction survey once SEEK has been fully implemented. Already E&E has received anecdotal feedback from users that they are pleased with the initial phase implementation of paperless invoicing and electronic signatures. E&E could consider deploying an online survey that could capture customer satisfaction with the additional functionality as it is rolled out.

**Change Management Plan:** E&E should consider some messaging to customers discussing the longer turnaround times and letting them know that online improvements will be coming soon. E&E could use the communication plan in **Figure 2** to socialize SEEK messaging to internal and external stakeholders.

**Figure 2 – E&E-03 Communication Plan**

Audience	Key Messages	Modalities	Owner
Internal E&E staff	In the process	<ul style="list-style-type: none"> <li>• Intranet/email messages to staff</li> <li>• Townhall meetings</li> </ul>	E&E Leadership
External E&E stakeholders	SEEK project updates that describe current capabilities and touts upcoming implementations	<ul style="list-style-type: none"> <li>• Banner message on the E&amp;E website</li> <li>• Social media</li> </ul>	E&E Communications to develop content for Leadership approval

## E&E-04: Reskill and upskill E&E employees

This initiative seeks to expand E&E cross-training to 1) support business continuity for critical tasks and reduce instances of delay or work stoppages when staff are out of office or at capacity and 2) provide motivated employees with opportunities to build their skill set and advance in their careers at E&E.

**Initiative Overview and Current State:** The Department has two major divisions: Division of Energy and Mineral Resources and DEQ. In performing these functions, the department employs a variety of specialized professional positions such as scientists, engineers, geologists, and epidemiologists. Additional professionals include inspectors (e.g., air and water quality) and compliance analysts that focus on enforcement.

Some of the workforce challenges E&E experiences today include:

- Turnover, including high turnover with some of the inspector positions. Causes include higher pay rates offered by private organizations or employees going to a different area within Arkansas state government. In 2023, the turnover rate was 18.9%, though this is lower for 2024 year-to-date (8.7% across the entire department).
- Hiring qualified replacements can be a challenge due to availability and/or pay rate.
- The current pay scale does not compensate for education or experience or as a reward/promotion mechanism with a job family.
- Turmoil (movement within the organization) occurs periodically within certain functions, such as the inspector roles. In 2023, the turmoil rate was 2.3%; Year-to-date 2024, the rate of turmoil is low (0.3%), but when this occurs, it can be a challenge for the impacted managers.
- Competing priorities across divisions can be a challenge.
- Business continuity challenges can arise when employees leave. This becomes worse when the job is very specialized.

E&E leadership has identified an opportunity to identify professional support and administrative staff who can be cross trained for mission critical and essential business functions to maintain business continuity. Some potential options include:

- Specialized positions: Specialists can be low in number or harder to replace, putting strain on existing resources when they leave, potentially causing business continuity issues. Specialists are generally very busy with their work that tends to be technical in nature. It is difficult to fill these roles and cover these responsibilities when a specialist leaves.
- Inspector positions: If one type of inspector is cross-trained to do the investigation and sampling of another type of inspector, and the cross-trained inspector was already in the inspection vicinity, it would increase efficiency to conduct the work while the inspector is nearby. This will improve response time and reduce the overall amount of inspection time as

well as reducing travel expense. The type of inspections across groups will dictate the feasibility of this recommendation.

- Staff who support specialists: There are ways to expand the training of staff who support specialists, to maximize their available time. For example: supporting staff could be trained to identify and remediate problems not needing the inspector's expertise, supporting staff could assist with permitting, and they could be trained to identify suspicious activity and collect documentation.
- Augment Small Teams: Functional areas with few resources could be good candidates for additional staff support such as more support for hazardous waste and enforcement analyst teams.

**Rationale:** Cross-training has been used effectively by many government organizations. This initiative recommends that E&E pursue cross-training opportunities for the multiple potential benefits it can provide. Training and development of staff can help employees learn or strengthen skills, and increase confidence, motivation and productivity. Training and mentoring help create a better understanding of work expectations and an appreciation of the value of the employee's contributions. Cross-training best practice adoption can provide quality and service level improvements. Cross-training can provide efficiency improvement if done correctly, but also makes the job more interesting, makes the employee feel more valued, and enables employee learning and career development. By encouraging a learning / cross-training culture, E&E ensures that employees take a more active role in their work and help to spread knowledge and best practices throughout their organization. These factors can support a more engaged and satisfied workforce, which can improve retention and create a more effective organization overall.

### Implementation Considerations:

There are a number of Cross-training Best Practices for E&E's consideration, including:

#### 1. Job rotation programs

- Description: Employees rotate through different roles or departments to gain a broad understanding of the organization.
- Benefits: Increases employee engagement and develops a well-rounded skill set.

#### 2. Mentorship programs

- Description: Pairing employees with mentors from different departments or roles to provide guidance and knowledge.
- Benefits: Facilitates knowledge transfer and provides personalized learning experiences.

### 3. Shadowing programs

- Description: Employees follow and observe colleagues in different roles to learn about their responsibilities and daily tasks.
- Benefits: Provides practical, hands-on experience and insights into other roles.

### 4. Online learning platforms

- Description: Using e-learning platforms that offer a variety of courses and modules across different functions and skill areas.
- Benefits: Flexible, scalable, and can be tailored to individual needs.

### 5. Cross Functional Teams

- Description: Forming teams with members from different departments to work on specific projects or initiatives.
- Benefits: Encourages collaboration and knowledge sharing across different areas of the organization.

### 6. Workshops and training sessions

- Description: Regularly scheduled workshops or training sessions focusing on skills and knowledge applicable to multiple roles.
- Benefits: Provides structured learning and can be tailored to current organizational needs.

### 7. Internal talent pools

- Description: Identifying and developing internal talent for various roles within the organization.
- Benefits: Encourages career development and helps in filling roles with skilled internal candidates.

Implementing a combination of these approaches can create a comprehensive cross-training program that meets the diverse needs of E&E's workforce.

#### **Considerations for Successful Implementation:**

Based on E&E interviews, focus group and best practice research, there are several considerations for a successful implementation:

- Cross-training Capability / Capacity: It is expected E&E will have the internal capability and capacity to conduct the cross-training. The areas and type of staff identified will determine the additional training required. However, the program will require participation by leadership, management and staff to develop the program, understand the program and operate the program, so consideration for this extra level of work is needed.
- Recognition and Rewards: It is important to recognize and reward staff that are cross-trained. It will also be critical for E&E to obtain input from staff, and support from leadership, to develop an effective recognition program.

- Program Guide Development: For the areas selected for cross-training, E&E should develop an agency program guide that describes the duties of the different divisions and job types involved in supporting each functional area. The guide should be used as part of agency cross-training curriculum.
- Levels of Cross-training: Cross-training has the potential to improve employee development and enhance productivity in an organization. Each functional area will need to evaluate which jobs are feasible and beneficial for cross-training, and which ones are not. Cross-training should focus on developing higher level understanding and basic task knowledge of other jobs to enable the cross-trained staff to conduct some of the basic duties of other staff jobs. The level of training and knowledge will need to be determined by each functional area, but the objective is to help cross-trained staff manage some of the workload for other areas to improve efficiency.
- Who to Cross Train: It is critical for leadership to identify groups and types of positions that are good cross-training candidates. Leadership should begin with defining the criteria to use to select groups/roles for cross-training and have division leaders use the criteria to identify the candidates. Cross-training provides potential benefit to various groups, but due to inherent differences in the groups and positions, not all groups/positions are good candidates for this program.

Overall strategies for successful implementation of this initiative include:

- Ensure proper communication and messaging is delivered to all appropriate stakeholders and staff to ensure relevant groups and employees are aware, involved and committed to the cross-training program.
- Assign dedicated staff to collaborate among groups and oversee the development and effectiveness of the program.
- Conduct regular feedback sessions to understand and address any concerns, offer incentives for participation, and ensure cross-training is aligned with employee career aspirations.
- Development of the cross-training program will require additional time and effort from existing management and staff. Management should monitor normal operational workloads to help ensure quality levels are met and existing operations are not negatively affected by new program work efforts.

Based on these best practices and implementation considerations, the recommended action steps for implementation of this initiative include:

- Partner with division leaders to identify E&E staff who perform mission-critical work. Determine whether their workload is seasonal with high/low periods.
- For each staff who are identified as performing mission critical work, E&E should select and designate a back-up for that person. The back-up should be thoroughly cross-trained and able to take over to maintain business continuity if the person leaves/is unable to execute job responsibilities
- Inform identified staff that they have been selected for the cross-training program. Frame the program as an opportunity for staff to receive extra support during their busy periods.

- Design a rewards / recognition / performance system to encourage staff to cross-train (e.g., a badge on their profile, breakfast with the Secretary or a personalized email from the Secretary, other incentives). Add cross-training to the employee job description and include it in year-end evaluation.
- Design a standard cross-training guide that can apply across roles, agnostic of the nature of work. (Please note: As mentioned earlier in this document, there will likely be a need to customize the guides for different functional areas and job types.)
- Partner with division leaders to identify employees who might be interested in cross-training for another role. Good candidates include high performing employees who are interested in cross-skilling in another area. Candidates could also be recruited from the Leadership Enhancement and Engagement Program (LEEP), an E&E leadership development program. Reference the retired “colleague on assignment” program for inspiration.
- Inform / invite identified employees to the cross-training program and ask for their formal commitment.
- Match employees who opt-in to the program with cross-training opportunities.
- Hold training sessions for employees and their cross-training trainees to review the guide and discuss their respective roles and responsibilities, how often they should be interacting, target outcomes, etc.

Project team formation and project execution perspective (high level example):

- Verify / identify internal group leadership and operational leads to lead and participate in the program.
- Engage the internal project management organization for support and assign a project manager. (Execute day-to-day project related activities following internal project management / change management organization policies and procedures.)
- Determine stakeholders to be included for support, approval, reporting and communication purposes, and identify necessary key project participants.
- Work with the project manager, management, staff participants, and select stakeholders to:
  - review initial project documentation (charter, strategic management plan, meeting notes, etc.) and revisit current environment and target environment expectations;
  - identify the right groups and types of positions that can be cross-trained and upskilled;
  - gather feedback from employees and managers to identify areas for improvement and ensure the program will meet these needs;
  - and determine the overall high-level approach / plan including high level requirements, milestones, tasks, risks, issues, schedule, participants and responsibilities, communications plan, status reporting structure.
- Project manager conducts the official kick-off meeting with the broader audience including stakeholders and project participants to review the project scope, objectives, current environment, target environment, benefits, challenges, initial project plan, etc.
- Project manager starts weekly core team status meetings, bi-weekly / monthly leadership status reporting / meetings, and working group sessions to develop and execute a detailed project plan by division and functional area.



**Alignment of department priorities with staffing and resources:** Staff will need to participate and take on extra work to support this effort, so staff availability / workload analysis will be needed to plan and execute this initiative accordingly. Providing consideration for staff peak workload times and other high priority work will require a balanced effort to avoid extremes in overtime, employee dissatisfaction, and negative affects to other high priority work not part of this initiative.

**Estimation of department priorities with staffing and resources:** E&E leadership anticipates that existing human resources staff would coordinate this new program. Human resources must consider that functional areas may have unique staffing challenges that may necessitate a tailoring the implementation approach to meet the unique needs of the different divisions/groups.

**Process changes associated with implementing changes in the strategic plans:** E&E will need to adjust staff training and development processes to accommodate the new program. New cross-training curriculum will need to be developed. Also, recruiting / hiring areas may need to update their marketing, communication and messaging processes. Recognition of staff for cross-training and performance improvement accomplishments may require updates / changes to present staff recognition processes.

The cross-training program will need to address any process and procedure changes related to job level / description changes as well as potential cross-training related incentive compensation (including benefits, bonuses, or salary).

**Performance metrics to measure success post-implementation:** Proposed metrics to assess the impact of this initiative include:

- Employee satisfaction rate (expected to increase);
- Employee retention rates (expected to increase); and,
- Number of “work stoppage” delays in critical areas (expected to decrease).

Overall impacts of this initiative are expected to be increased satisfaction and retention of employees, reduced “work stoppage” delays, and peak workload periods being managed more efficiently by cross-trained staff.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not expected to result in direct cost savings and cost avoidance opportunities in this fiscal year, but such benefits could be realized in the future including reduced costs related to overtime; reduced costs related to staff turnover; and reduced costs due to operational productivity enhancement through training, retention, and quality improvements. If deemed feasible, a reward or incentive compensation to cross-trained staff would involve some additional cost requiring cost / benefit analysis to determine the best method.

**Change Management Plan:** Once E&E defines the jobs that are included in the cross-training program, the communications team should consider the general stakeholders, groups and functional areas impacted by the cross-training program for their communication approach. Messaging will be important as division leaders identify staff that could be cross-trained. Ensure proper communication and messaging is delivered to all appropriate stakeholders and staff to ensure all relevant groups and employees are aware, involved and committed to the cross-training program. The message should likely be different for employees who have applicable jobs versus employees whose jobs do not qualify for cross-training at this time. Clear communication with leadership and staff about the purpose for the changes should accompany any information on the new process changes. Recommended messaging and modalities are included for each audience in the table below.

Key activities and timing for the communication plan will be included in **Attachment A – E&E Work Plan** and are summarized in **Figure 3** below.

**Figure 3 - E&E-04 Communication Plan**

Audience	Key Messages	Modalities	Owner
Staff impacted by changes	<ul style="list-style-type: none"> <li>• E&amp;E is adding new cross - training benefits for select job types as part of Arkansas Forward. We are investing in our organization as a strategy to better manage our operations, help us better serve our citizens and increase opportunities for employee personal satisfaction and growth.</li> <li>• Detailed description of changes, including specific changes for every area impacted by the new program.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• Face-to-Face team meetings with leadership</li> <li>• Email</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Department head or impacted division leads</li> <li>• Communication Director</li> <li>• Internal Communications resource</li> </ul>
Other staff Other groups	<ul style="list-style-type: none"> <li>• High level summary of changes including why only some positions are included.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall</li> <li>• Face-to-face meetings with leadership</li> <li>• All staff email</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Department head or impacted division leads</li> <li>• Communication Director</li> <li>• Internal Communications resource</li> </ul>

## E&E-05: Redesign internal processes around reviewing and tracking grant allocation

This initiative seeks to redesign internal processes around reviewing and tracking grant allocation in E&E, with the goal of reducing time employees spend on unnecessary review and information requests.

**Initiative Overview and Current State:** E&E's grant management operations have faced significant challenges. From late April until June 2024, the organization was unable to draw federal funds, and by the end of July, the three staff members who had the necessary expertise left the team. Prior to their departure, there was no standardized method for logging new grants or establishing a coherent structure to track and oversee grants. Multiple grant tracking workbooks were in use, but they were incomplete and inconsistent with one another. As a result, there are discrepancies between incurred expenses and grant filings. For example, some of the tracking logs have "end dates" that passed six months ago, yet extensions were never logged. Additionally, there were instances where personnel expenses were not obligated to grants, but upon review, it was discovered that costs had already been expended.

The reliance on spreadsheets and manual processes has hindered efficiency, highlighting the need for improved automation in grant management. Fiscal personnel understand their roles, but they do not fully understand the fiscal requirements for grant management. A Request for Proposal (RFP) is currently being issued to enhance the technology framework for managing grants, programs, and financial matters for certain programs. While a manual process is in place, an improved process, supported by an automated tool that facilitates tighter controls is essential to ensure accountability and accurately track incurred versus projected spending. An improved tool would facilitate improved communication and management of subgrantees, as well as enforcing process consistency. Although communication during the payment process is improving, it remains a weak link, resulting in slow invoice processing. Overall, the organization requires a comprehensive overhaul of its grant management process to ensure efficiency and compliance moving forward.

**Rationale:** The initiative to modernize the grants management system is designed to transform the way the department manages its grant processes, ultimately leading to improved efficiency and effectiveness. The plan begins with replacing the current system with an automated tool that incorporates automated workflows and digital signatures, significantly streamlining the grant application and approval process. Once the grant has been approved, the automated tool will enable E&E to accurately track, monitor, and report on grant expenditures and provide needed documentation/support in the event of an audit. Standardizing grant management processes, supported by the use of an automated tool, will bring consistency and efficiency to the entire grant management lifecycle from beginning to end.

Identifying best practices and automated tools used by other agencies, will help E&E improve their own grant management process. Automating key aspects of grant reporting will reduce manual workloads, allowing staff to focus on strategic tasks while increasing the accuracy of reporting.

Furthermore, providing key personnel with view/read-only access to critical data will improve transparency and collaboration among teams.

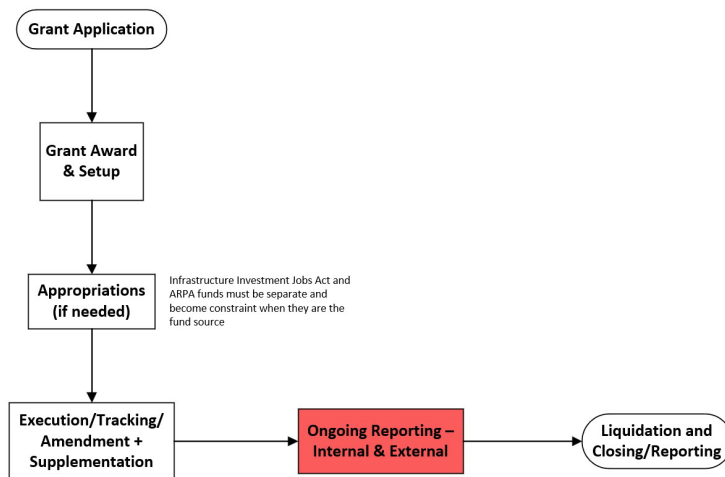
To increase fairness in funding distribution, the initiative will also aim to optimize the current indirect cost calculation. Lastly, adding a reconciliation process between Time & Effort data and payroll data will ensure that both records are accurate and consistent, minimizing discrepancies and enhancing overall accountability.

Overall, this initiative will modernize and streamline grant management, ultimately resulting in improved accuracy, efficiency, and resource allocation within the department, enabling it to more effectively achieve its objectives and serve its stakeholders.

During the work session, the team constructed a strategic compass diagram (shown in **Figure 4**) as part of the work on this initiative. This diagram has multiple purposes including to help E&E establish focus on the goals of the grants process, to identify the major milestone steps in the process, and to identify bottlenecks. Finally, the team identified what “good” looks like and identifying the barriers to achieving “good.”

**Figure 4 – E&E-05 Strategic Compass Diagram**

**E&E 5 – Grant Allocation Strategic Compass**  
**Goal:** The goal of the grant management process is to ensure the accurate and timely submission of grant applications and reports, minimizing errors and discrepancies. This process will enhance clarity by providing clear guidelines and standardized templates for all grant-related documents. It will ensure internal communications by fostering collaboration and regular updates among team members to streamline the entire grant lifecycle.

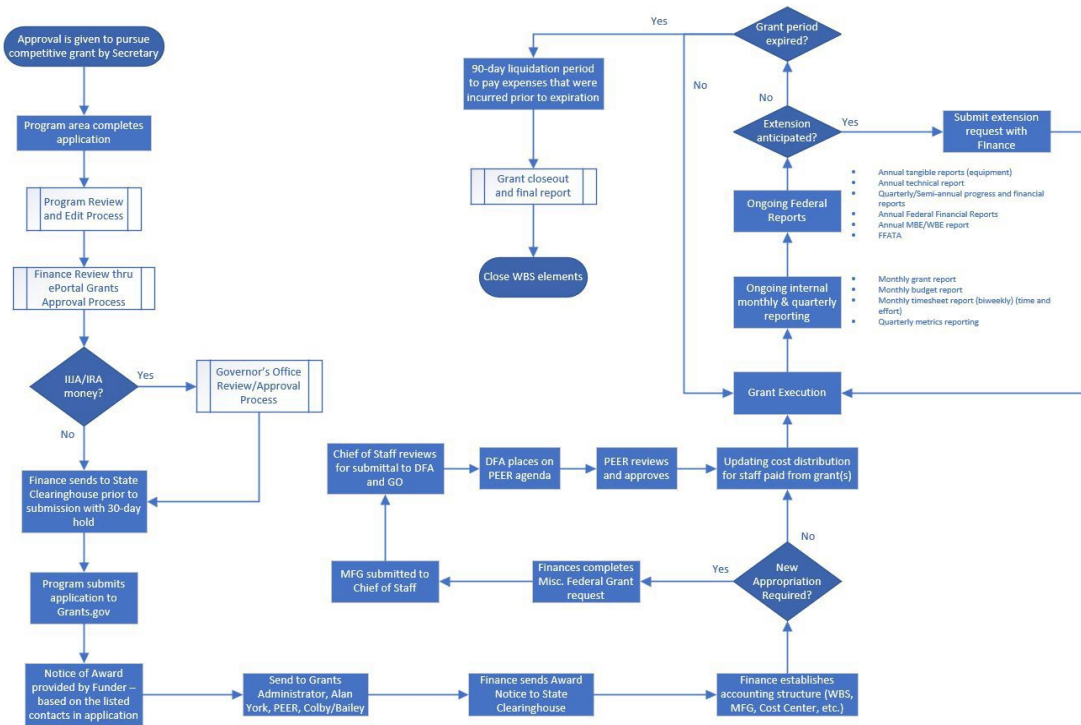


**WGLL Inside Constraint:** Reporting, both internally and externally, is timely and accurate. Relevant information is communicated succinctly. Reporting frequency is consistent and predictable. The differentiation between grants and funding is clear, data is up to date and readily available. The differing reporting responsibilities between the media offices and Finances is clear.

Source: Developed in work session with E&E staff held on August 29, 2024.

**Figure 5** provides a process map that illustrates the current grant management process. The map shows the responsibilities of different parties. The process changes slightly, as does the timing, based on the type of grant and the federal requirements for reporting. The map is an accurate representation of how work flows through the grants management system.

**Figure 5 – E&E-05 Grant Allocation Current State Map**



Source: Developed in work session with E&E staff held on August 29, 2024.

## Implementation Considerations:

### Strategies to address potential risks and enable success:

E&E must carefully consider legal compliance for funding requirements when redesigning the grants process. E&E should provide legal support and active participation to ensure that the redesigned processes comply with all relevant laws and regulations. A second potential risk is that the redesigned process would result in data inaccuracy issues. E&E should implement rigorous data validation processes to ensure migrated data is the most up-to-date available, and the automated tool should apply consistent data validations and balancing.

In preparing to implement this initiative, E&E identified potential challenges/barriers to improve the grant management process in a facilitated work session, the results of which are shown in the diagram presented in **Figure 6**. In this diagram, the goal to improve the grant process is summarized in the blue box; the potential challenges the team may experience are shown in red boxes, and the related solutions are shown in green.



7. **Process Evaluation** (Not Started)  
Regularly monitor and evaluate the performance of the redesigned process.
8. **Dashboard Implementation** (Not Started)  
Assess the potential to leverage dashboard tools to visualize grant allocation data.
9. **Continuous Improvement** (Not Started)  
Establish mechanisms to continuously gather feedback and regularly review and update the process.

## Alignment of Department priorities with staffing and resources

The Finance department is currently grappling with resource challenges stemming from the recent loss of three key staff members. While new hires have been brought on board to fill these vacancies, the department is still working to recover lost ground and regain its previous level of efficiency. The new Chief Financial Officer (CFO) is fully aware of these challenges and is dedicated to ensuring that her team not only recovers but also surpasses its previous performance. Grant management, a primary funding source for many programs and media within the department, has been identified as a high priority area for leadership. Overcoming these staffing shortages and integrating new staff while maintaining a focus on grant management will be crucial for the department's success in supporting the initiative's goals.

## Process changes, associated with implementing changes in the strategic plans:

Some of these process changes may not alter the fundamental steps involved in grant management but rather may significantly impact how those steps are executed. By embracing digital tools, standardizing procedures, and benchmarking against best practices, the agency can enhance efficiency, reduce errors, and improve overall grant management outcomes. Additionally, training around key steps may simply mean a given step is executed correctly the first time a higher percentage of the time, while cross-training will mean that resiliency is added to the process.

**Modernization of the grants management system** is a significant step towards streamlining the process. By leveraging automated workflow and digital signatures, the system can reduce manual tasks, minimize errors, and expedite the approval process.

**Formalizing and vetting the grant management process** ensures consistency and adherence to best practices. This involves creating clear guidelines and procedures for each step of the process, from application submission to award disbursement and grant fund expenditure reporting.

**Benchmarking against other agencies** provides valuable insights into industry standards and best practices. By comparing the agency's processes to those of others, areas for improvement can be identified and addressed.

**Automating key aspects of grant reporting** reduces the administrative burden and improves accuracy. By automating data collection and analysis and grant fund expenditure tracking, staff can focus on more strategic tasks and ensure that reports are timely and reliable.

**Providing key staff with view/read-only access to needed data** enhances transparency and collaboration. By granting access to relevant information, staff can make informed decisions and work together more effectively.



**Reexamining the current indirect cost calculation** ensures that costs are allocated fairly and accurately. By reviewing the calculation and making necessary adjustments, the agency can optimize its resource allocation and improve cost management.

**Adding reconciliation between Time & Effort data and payroll data** improves accuracy and consistency. By reconciling these two data sets, the agency can identify and correct errors, ensuring that payroll is processed accurately.

## Performance metrics to measure success post-implementation:

The proposed performance metrics for the initiative aim to evaluate its effectiveness in modernizing and streamlining the grants management process. These metrics will provide quantifiable measures of success, enabling the department to track improvements and identify areas for further enhancement. Key performance metrics include:

1. **Decrease in Total Time Spent Communicating, Reviewing, and Pulling Data for Grant Allocations and Available Funding:** This metric will measure the reduction in hours dedicated to communication and administrative tasks related to grant management. A decrease will indicate improved efficiency due to streamlined processes and automated workflows.
2. **Improved Decision Making and Speed of Grant Funding Allocation Driven by Clearer, Real-Time Funding Data:** This will assess how quickly and effectively the department can make funding decisions based on real-time access to funding data. Improved speed and quality of decision-making will reflect the positive impact of enhanced transparency and automated reporting.
3. **Improved Ability to Tie Grant Allocations Back to Sources of Funding (i.e., Fiscal and Budgetary Appropriations):** This metric will evaluate the department's effectiveness in linking grant allocations to their respective funding sources. Enhanced clarity in this area will support accountability and better financial planning.
4. **Reduction in Manual Workload Associated with Grant Reporting:** By automating reporting functions, the department can measure the decrease in time staff spend on manual reporting tasks, and result in more accurate reporting.
5. **Increased User Satisfaction with the Grants Management System:** Surveys can be conducted to gauge user satisfaction with the new digital platform, measuring factors such as usability, accessibility, and overall experience in managing grants.
6. **Accuracy of Grant Reporting:** This metric will assess the frequency of errors in grant reports before and after implementation. A decrease in errors will indicate improved accuracy due to automated processes.
7. **Timeliness of Grant Funding Allocation:** Tracking the time taken from grant application submission to funding allocation will assess improvements in speed and efficiency within the process.



8. Engagement and Training Participation Rates for Key Staff: Monitoring the number of staff members trained on the new system and their engagement levels will provide insights into the initiative's adoption and user readiness.

By implementing these performance metrics, the department will be able to evaluate the success of the initiative, ensuring it meets its objectives of enhancing efficiency, transparency, and accountability in grant management.

## Identification and estimation of any savings the strategic plan could realize once implemented:

There is potential for savings from the implementation of a grants management system to help manage grants and coordinate between program areas and Finance. In one program area, it was estimated that a week would be shaved from each of the six steps in the Funding Approval Request process.

Implementing an improved grant management data repository will enable efficient retrieval of grant information and significantly reduce the amount of time staff currently spend searching for information. While each information request requires only a couple of hours of staff time to respond, having all data in one repository and having immediate digital access to that information would reduce that effort to only a few moments. Using staff's assumption of two hours for the typical response to a current information request and assuming 15 minutes for the average request in the future, this would be a reduction of over 12% of time spent on a routine and common task. While it may not seem that this is a significant amount by itself, it should be noted that this is a small but critical task that frequently pull staff away from other work reducing their effectiveness. The savings here is not only in terms of reduced time on the task itself, but also what that means in terms of staff distraction from more core duties. By modernizing the grants management process and implementing automated workflows, the Senior Operations Manager stands to save approximately 30-40% of their total time. This reduction will enable them to focus on higher-level tasks that require strategic thinking and decision-making, rather than being mired in basic communication and tracking activities.

In addition, the frontline staff, consisting of four members, could experience a remarkable time savings of up to 60% each. By freeing up this valuable time, the staff can redirect their efforts from rote tasks, such as managing automatable grant agreements and subgrantee paperwork compliance, towards more complex and impactful activities that leverage their expertise.

Overall, the initiative not only enhances efficiency but also optimizes the utilization of human resources within the department, allowing staff to engage in more meaningful work that contributes to the agency's broader goals and objectives.

## Change Management Plan:

The initiative to modernize the grants management system introduces several change management challenges that need to be addressed for successful implementation. One significant challenge will be resistance to change, as staff members may be reluctant to shift from familiar processes to a new digital platform. To overcome this, it will be crucial to engage stakeholders early by involving staff in

the development process and clearly communicating how the new system will make their work more efficient and less time-consuming. Offering comprehensive training will also help staff gain confidence in the new system, minimizing resistance.

Another challenge is the need for process alignment. Standardizing grant management procedures could face pushback if existing processes are entrenched or if employees feel uncertain about how their roles will change. The process mapped during the work session should be refined to ensure it meets what staff desires for the future state and then vetted through executive leadership. This will ensure the process not only meets the needs of the entire agency but will be enforceable as well. Standardized training and clear documentation of new procedures will help to ensure consistency. Additionally, ongoing support such as workshops and help desks can assist employees in adapting to the standardized workflows.

Lack of technological readiness could also pose a barrier. Many employees may not be accustomed to automated workflows, digital signatures, or accessing real-time data, leading to potential delays in adoption. Training using both in-person courses and computer-based videos will be critical to success.

In summary, addressing these challenges through clear communication, stakeholder engagement, proper training, technological investment, and transparent resource allocation will help ensure that the initiative successfully improves the efficiency and effectiveness of the department's grants management processes.

## E&E-06: Improve E&E data transparency

This initiative in conjunction with the SEEK program rollout, directs E&E DEQ to make public data available with insightful visualizations and insights in one place to improve customer service and increase knowledge of department programs.

### Initiative Overview and Current State:

E&E DEQ intends to make public data more readily available online to increase customer service. E&E is currently phasing in the SEEK system which will allow for digitization of E&E's processes and improved data organization within a new SEEK data management tools.

E&E DEMR currently employs a RBDMS (Risk Based Data Management System), [a suite of integrated software products](#) that assists state agencies in the regulating, oversight and management of oil, gas and Underground Injection Control (UIC) facilities and activities. It was developed by the [Ground Water Protection Council \(GWPC\)](#) and members states, in partnership with the U.S. Department of Energy. RDBMS applications allow state regulatory agencies to efficiently manage data related to permit applications and environmental inspections. The RBDMS software enables E&E DEMR to populate Arkansas maps on their website with robust geographical information system (GIS) layers. Users can search maps and drill down on location-specific sites to obtain existing information on permits, inspection reports, and enforcement actions.

Making information readily available online would improve customer service and result in improved operational efficiencies for E&E staff.

Furthermore, E&E DEQ currently tracks division performance metrics (e.g., time to issue a permit, number of inspection reports per person per month, etc.) manually. The SEEK implementation will enable E&E DEQ to streamline this process by providing automated metric collection and dashboard display of those metrics. These dashboards will provide managers with a more efficient way to monitor performance, identify trends, and respond promptly should they identify a trend.

**Rationale:** The current phased implementation of the SEEK system allows for digitization of E&E's processes and organization of data into a modern database. This enables E&E to offer self-service GIS mapping tools on their website. Creation of these self-service tools will reduce or eliminate citizen data requests and free E&E staff from the need to respond to those requests.

The implementation of the SEEK software will also enable E&E to automate tracking of performance metrics and enable E&E to develop internal performance metrics dashboards. These dashboards will allow managers to identify and remediate performance trends and improve services through early identification.

## Implementation Considerations:

### **Recommended steps for improving internal and external data transparency (future state):**

- Form a project team with IT and programmatic leadership to support the project's implementation. (Complete)
- The project team should conduct a comprehensive analysis to identify the key DEQ programs and the data sources associated with each program. (This step has been completed).
- The project team should investigate whether the Windsor Solutions document management module (which is part of the SEEK contract) is a viable option for managing documents and building out the GIS online platform. The team should also investigate "piggy-backing" on the DEMR online portal as leverageable infrastructure for the GIS build out. (This step is in progress).
- The project team should work with the Vendor to organize and migrate existing data (e.g., permits, inspection reports, enforcement actions, etc.). The project team should perform user acceptance testing (UAT) to ensure accuracy. (This step is in progress).
- Once the team has completed sufficient UAT, go-live with the new features on the E&E website. (This step is in progress).
- The project team, working with a Vendor, should design and develop a user-friendly interface or dashboard that provides easy access to the internal performance metrics, allowing users to easily identify and monitor trends. (This step is in progress).
- The project team should engage with stakeholders, including department staff, external users, and other relevant parties, to gather feedback and incorporate their requirements and suggestions into the dashboards. (This step is in progress).
- The project team should meet with each division to evaluate how their dashboard is working and identify opportunities for improvement such as: 1) missing metrics that may need to be incorporated; 2) measures that can be removed due to low utility; and 3) discussion about evolution of measures to include more efficiency and outcome measures.

- E&E should regularly monitor and evaluate the use of the dashboards, gather user feedback, and make necessary adjustments and improvements to enhance effectiveness.

**Strategies to address potential risks and enable success:**

- There is a risk that the data feeding into the external and internal data tools would be incomplete or inaccurate. E&E intends to closely oversee and test SEEK to ensure data feeding into the system is as complete and accurate as possible.
- There is a risk that there would be a lack of stakeholder buy-in and support for the performance metric dashboards as the dashboards will make performance more visible. E&E intends to involve stakeholders from the beginning and communicate the benefits/objectives and obtain their input to address concerns.

**Alignment of department priorities with staffing and resources**

E&E may support this initiative within the funding currently allocated for all software projects including the SEEK contract and use existing E&E staff resources to form the project team. Currently, E&E intends to reassign technical and program staff away from their day-to-day operations to participate in team activities.

E&E has recently identified one source of potential funding. The Energy Office has received grant funding to develop and implement a public facing portal for their customers to meet the need to have data more easily accessible online. Windsor Solutions is building this portal and it is possible that, once built, the portal platform could be leveraged for other data needs. E&E could build the database for the portal and leverage it for additional uses. The thought is to start with the Energy Office data, but once the infrastructure is built, extend the platform’s use to other data types like permits and inspection reports. E&E leadership is in the early stages of exploring this possibility.

**Process changes associated with implementing changes in the strategic plans:**

Publishing data that is easily accessible through a GIS interface will allow E&E to better serve the public and be more responsive to citizen need for data.

The development and implementation of internal performance metric dashboards will require a process change from how these metrics are currently captured and monitored. Some ways to support this change include identifying internal E&E resources to work on this project and reducing their operational responsibilities to allow them time to work on this project. Once the dashboards are implemented, the project team could hold lunch and learns to allow peers to share best practices in how they are using the dashboards to identify and address problems in their business units; and provide tip sheets on how to interpret and effectively utilize the dashboards to identify trends and remediate issues.

**Performance metrics to measure success post-implementation:** The success of this initiative will be measured by the implementation and phased roll-out of external GIS data and metrics of the data’s use by citizens and department staff. Performance indicators could include data utilization metrics (e.g., number of unique weekly views). In addition to performance measures, E&E could consider measuring more intangible goals (e.g., improving internal and external

stakeholder satisfaction). E&E could potentially measure improved satisfaction through:

- Post-deployment survey of external user satisfaction.
- Post-deployment survey of internal users to measure satisfaction with the performance metric dashboard.
- Citizen focus groups to gather information on user likes/dislikes and use of this information to improve the website.
- Staff focus groups to gather information on the performance metric dashboards and use of this information to improve the dashboards.

**Identification and estimation of any savings the strategic plan could realize once implemented:** Based on E&E’s analysis, leadership expects E&E-6 to have a fiscally neutral impact as the project will leverage existing funding allocation for SEEK and potentially the Energy Office’s public facing portal. In the short term, project staff are sacrificing operational duties to devote time to this project. Once the project is deployed, staff will be able to resume full operational duties. Although difficult to quantify, E&E expects operational savings from the websites ability to provide increased citizen self-service and E&E staff not having to respond to FOIA requests.

**Change Management Plan:** E&E could use the communication plan in **Figure 9** to communicate changes to stakeholders.

**Figure 7 – E&E-06 Communication Plan**

Audience	Key Messages	Modalities	Owner(s)
External stakeholders	<ul style="list-style-type: none"> <li>• E&amp;E has developed an exciting new GIS user interface. Citizens can use this interface</li> </ul>	<ul style="list-style-type: none"> <li>• Press release</li> </ul>	<ul style="list-style-type: none"> <li>• Alan York</li> </ul>

Audience	Key Messages	Modalities	Owner(s)
	to drill down on applications, permits, inspection reports, etc. by location to obtain data they need.	<ul style="list-style-type: none"> <li>Website banner message</li> <li>Emails distributed via existing stakeholder lists</li> </ul>	
Internal stakeholders	<ul style="list-style-type: none"> <li>E&amp;E is developing internal dashboards to help the department before more data driven.</li> <li>These tools are meant to help managers have access to real-time information about their staff's performance.</li> <li>Explain the categories of metrics available, how the metrics were chosen, and how E&amp;E developed the dashboards.</li> <li>Ask for their support in monitoring the impact of the dashboards and identifying areas for improvement in future iterations.</li> </ul>	<ul style="list-style-type: none"> <li>Staff meetings.</li> <li>All staff emails.</li> </ul>	<ul style="list-style-type: none"> <li>Alan York</li> </ul>

### E&E-07: Develop and institute more concise enforcement templates

The focus of this initiative is to create and implement streamlined templates for DEQ enforcement paperwork to reduce the time spent writing notices.

**Initiative Overview and Current State:** E&E plays a crucial role in safeguarding the state's environment and natural resources. By issuing permits, DEQ ensures that entities operate in an environmentally responsible manner, focusing on protection and restoration. To enforce these standards, DEQ conducts inspections to verify compliance with the permit terms and identify any violations to the permit permissions. When necessary, E&E DEQ takes action to address issues, which may include implementing restorative measures and/or imposing penalties to ensure accountability and environmental preservation.

EE-07 aims to create and implement templates for DEQ enforcement to reduce time spent writing notices. DEQ has encountered ongoing challenges regarding the standardization of inspection and enforcement templates. One of the key difficulties is reaching a consensus across the various branches on what content these standardized templates should require. This lack of agreement is preventing the adoption of a standardized template and much of DEQ's documentation continues to rely on manual, narrative documentation. While some enforcement documents are sent electronically, a significant portion remain in hard copy, contributing to inefficiencies in the process.

The SEEK system, a hub-and-spoke environmental data management platform, is in the process of being implemented. This system is designed to centralize data while building compliance and enforcement workflows that cater to the needs of both field inspectors and enforcement personnel. The SEEK system is able to develop templates that enforce structured data entry and reduce narrative free-form text. The template's structured data entry prevents users from entering inaccurate or incomplete data and greatly increases the ease of reporting, as the underlying data is easy to aggregate and report on.

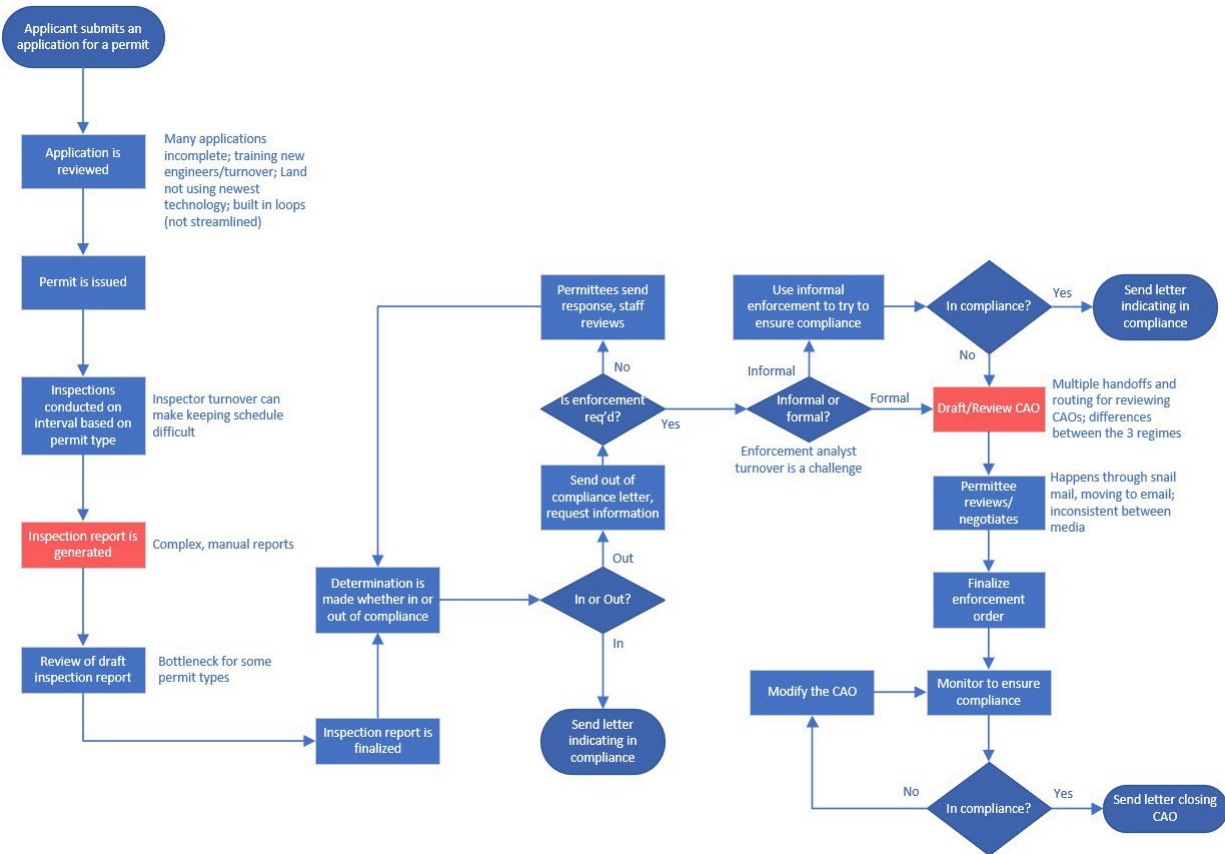
**Rationale:** EE-07 centers on streamlining and standardizing templates across multiple DEQ branches—Air, Water, and Land—by transitioning from a largely manual, paper-based system to a more efficient, electronic one. The current process is hindered by the challenges of managing both internal and external signatures, where physical documents are mailed to external facilities (e.g., Air sending forms to facilities for signatures), returned, and then require internal signatures. This back-and-forth leads to delays, inefficiencies, and makes it harder to track actions and statuses. DEQ plans to shift the entire process to the SEEK platform (see EE-12) which would allow digital signatures and automate workflows.

This initiative aims to standardize enforcement templates across the three branches by using SEEK's capability to "mash" templates together through coding, ensuring consistency and efficiency. Each branch has selected a permitting category (i.e., "regime") to serve as a proof of concept for this new combined template and new electronic workflows. Water is focusing on construction storm water permitting, Land on regulated storage tanks, and Air Quality on asbestos remediation permitting. By focusing on these specific areas, DEQ plans to maximize the initial impact of the initiative and use the lessons learned to expand further. By implementing templates, DEQ can move away from narrative-heavy forms to more structured data such as "yes/no" checkboxes. This will improve data collection consistency across divisions and improve DEQ ability to consistently capture and analyze data.

The current state process map is shown below in **Figure 8**.



**Figure 8 – E&E-07 Current State Process Map**



Source: Developed in work session with E&E staff held on August 27, 2024.

## Implementation Considerations:

### Strategies to address potential risks and enable success:

DEQ faces a daunting task to standardize templates across divisions. This labor-intensive task requires subject matter experts from the different divisions to come together and agree on a structured data approach to collecting data and agree to discontinue their current method of collecting data in narrative form. The risk is both the amount of time needed and that staff might not see the value in standardizing templates. DEQ could mitigate this risk through an iterative approach (finish and deploy one template) and integrate template design into existing development workflows to limit additional time spent on new changes. There are also challenges to making the template applicable for enforcement actions across different departments, including both permits, and violations. DEQ should establish clear communication channels and involve key stakeholders from the initiative outset to ensure the template design captures all necessary enforcement action types and includes all required information.

In preparing to implement this initiative, DEQ identified potential challenges/barriers to improving templates in a facilitated work session, the results of which are shown in the diagram presented in **Figure 9**. In this diagram, the goal to improve templates is summarized in the blue box; the potential



challenges the team may experience are shown in red boxes, and the related solutions are shown in green.

**Figure 9 – E&E 07 Interference Diagram**



Source: Developed in work session with E&E staff held on August 27, 2024.

### Recommended Steps for Establishing the Future State:

A team has been formed with subject matter experts from each division to begin developing and vetting the templates. DEQ has identified the following steps that need to be executed to implement the future state:

1. Review and analyze the current enforcement paperwork to identify common elements and areas for streamlining. (Completed)
2. Engage with key stakeholders and subject matter experts to gather their input and insights on the enforcement paperwork requirements and potential areas for improvement. (Completed)
3. Work closely with the SEEK team to understand the capabilities and limitations of the underlying technology and ensure that the templates can be easily integrated into the SEEK system. (Completed)

4. Based on the analysis and input from stakeholders, begin developing draft templates for the enforcement paperwork. (In Progress)
5. Select a small group of users to pilot test the draft templates and gather feedback on their usability, effectiveness, and any areas for improvement. (In Progress)
6. Incorporate the feedback received from the pilot test and make necessary adjustments and refinements to the templates to enhance their usability and effectiveness. (Not Started)
7. Create training materials and user guides to help staff understand how to use the new templates effectively and efficiently. (Not Started)
8. Implement the finalized templates across the relevant departments or teams, providing training and support to ensure a smooth transition. (Not Started)
9. Continuously monitor the usage and effectiveness of the templates, gather feedback from users, and evaluate the impact on reducing the time spent writing notices. Make necessary adjustments and improvements based on the feedback received. (Not Started)

**Alignment of Department priorities with staffing and resources:** The Department already has the necessary resources to successfully implement EE-07, and the initiative is, in fact, well underway. The SEEK system has been deployed, the work to standardize templates is underway, and branches are moving toward adopting electronic workflows. This groundwork ensures that the department is well-positioned to achieve the goals of the initiative.

#### **Process changes associated with implementing changes in the strategic plans:**

Below are the major recommendations for process improvement from the work sessions:

- **Utilize SEEK templates to standardize and simplify reports:** This involves using standardized templates within the SEEK system to streamline and simplify the structure of reports, ensuring consistency across all submissions.
- **Send communication through SEEK in and out:** Shifting from traditional paper or email communication to using the SEEK platform for all internal and external communications. This ensures that all correspondence related to reports is tracked and managed in a centralized system.
- **Training on how to write and review reports:** Conducting training sessions for staff on how to properly write and review reports, ensuring everyone understands the standardized format, as well as how to use SEEK for these tasks.
- **"In Compliance" reports don't route through supervisor:** A process change allowing reports deemed to be "In Compliance" to bypass supervisor review, expediting the process and reducing unnecessary steps for routine reports.

It is important to note that while not all recommendations involve a change in the substance of how tasks are performed, they may address other related factors, such as the mode of communication (electronic rather than written), the training of staff, and simplifying approval workflows. These adjustments aim to enhance efficiency without fundamentally altering the core activities.

**Performance metrics to measure success post-implementation:** The goal is to streamline and standardize enforcement processes by leveraging the SEEK platform, reducing inefficiencies, and improving communication and workflows. To evaluate the success of this initiative, the following performance metrics can be established:

- Average days from initial inspection to delivery of informal and formal enforcement actions (expected to reduce);
- Percent of enforcement actions processed electronically (expected to increase);
- Number of reports requiring revisions due to missing/inaccurate information (expected to decrease); and,
- Number of staff trained in using SEEK and report writing best practices (expected to increase).

**Identification and estimation of any savings the strategic plan could realize once implemented:**

Using structured templates that force the user to enter accurate and complete data will significantly reduce the number of incomplete/inaccurate documents that DEQ staff must review. Presenting DEQ reviewers with complete information will eliminate the need for staff to go “back and forth” to obtain additional information. Structured data, as opposed to narrative free-form data, improves DEQ’s ability to aggregate, analyze, and report on enforcement data.

**Change Management Plan:** Below are five potential challenges along with corresponding mitigation steps.

#### **Training Gaps**

**Challenge:** Employees may lack the necessary skills to effectively use the SEEK system and adapt to new reporting templates, leading to errors and inefficiencies.

**Solution:** Develop a comprehensive training program that includes hands-on workshops, instructional materials, and ongoing support. This should cater to different learning styles and provide opportunities for staff to ask questions and practice using the new system in a safe environment. Consider appointing change champions within each branch to assist their peers.

#### **Resource Allocation**

**Challenge:** Existing staff may struggle to balance their current responsibilities with the additional tasks related to the initiative, leading to burnout and decreased productivity.

**Solution:** Executive leadership should ensure that adequate resources are allocated to support the initiative without overburdening staff. This may involve temporarily redistributing workloads, prioritizing tasks, or even hiring additional personnel to assist with the implementation.

## E&E-12: Improve Department of Environmental Quality (DEQ) permitting process and review

This initiative seeks to improve DEQ permitting process and review to streamline and expedite issuing defensible and protective permits by:

- Implementing a tiered review communication channel for permits to ensure all necessary positions (e.g., geologists, engineers) are aware of applications in process and to reduce application processing time
- Apply lean process mapping to streamline each permitting process to map and quantify time for each step, aiming to reduce permit cycle time
- Encourage and facilitate permit applications to be submitted through a public-facing smart form in SEEK, and require permits received through alternative channels to be uploaded to the SEEK for processing, with the aim of increasing the percentage of digitally processed permits
- Offer additional technical permit application support for local applicants applying for permits, targeting an in successful local permit applications

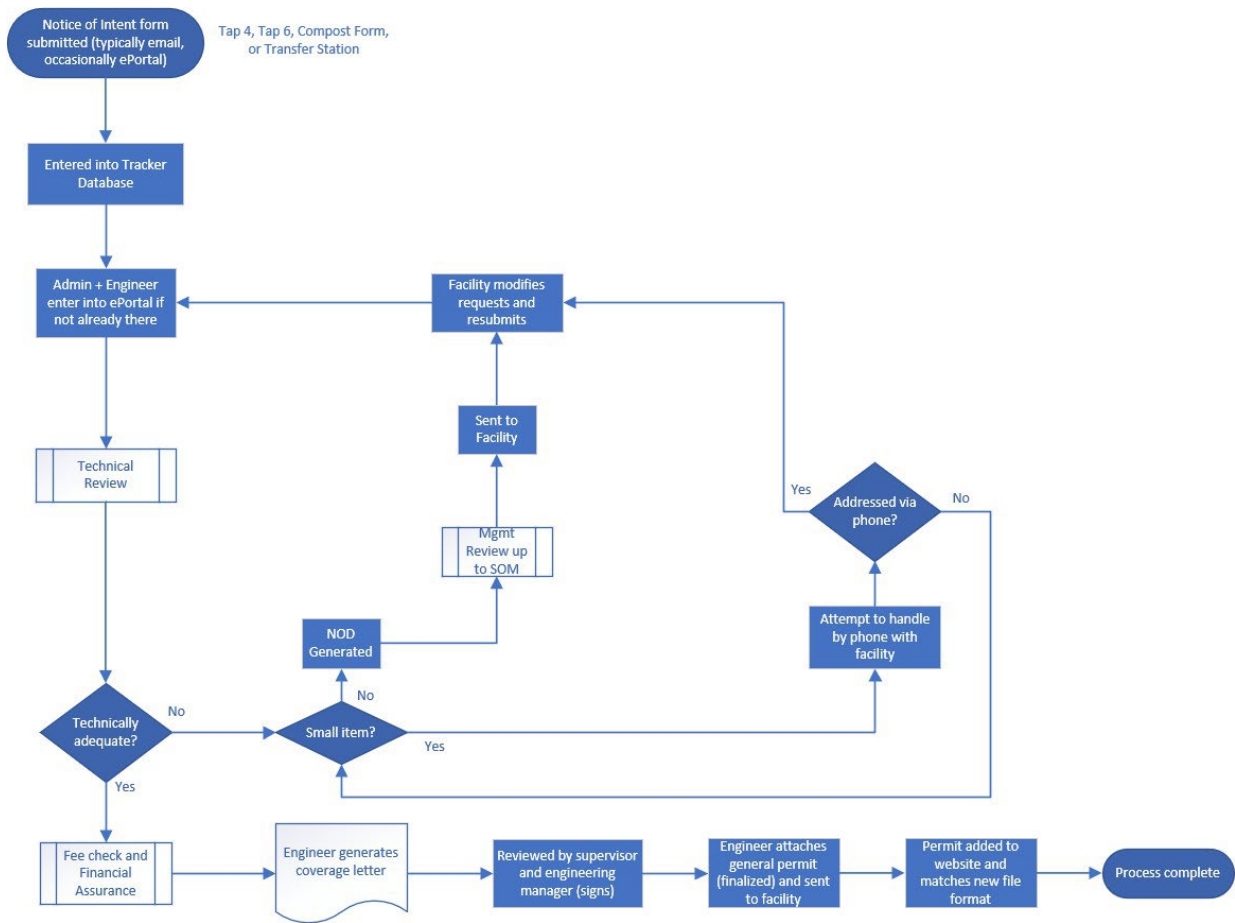
**Initiative Overview and Current State:** E&E's permitting processes face multiple challenges:

- **Highly Manual Processes:** Although there has been some digitization, especially in the Water and Air Branches with the transition to SEEK (the next generation ePortal), the Office of Land Resources remains largely manual. The Land permits and documentation has yet to fully use the ePortal continuing the inefficiency of the paper-based process.
- **Physical Submissions:** Facilities and applicants predominantly rely on paper-based methods using mail for submitting materials, which is a slow, inefficient process.
- **Cumbersome Review Processes:** The review process is slowed down by the number of approvers and the slow, paper-based hand-offs between reviewers. The process consumes considerable time and energy from department staff across all levels of the organization.
- **Unclear Communication:** Communication between the department and stakeholders is often worded unclearly, leading to confusion.
- **Complex Requirements:** Facilities often struggle to understand the complex requirements of the permitting process. The requirement complexity confuses facilities further slowing progress and leading to errors or incomplete submissions.
- **Lack of Motivation for Timely Action:** Facilities show little motivation to respond to requirements promptly unless they directly benefit from the requirement. For example, facilities tend to delay submitting renewals, but when awaiting construction permits, they demand a quick turnaround.

- **Low Administrative Completeness Review Standards:** The department’s administrative review process is sometimes lenient, allowing incomplete or inaccurate submissions to enter the system. This slows throughout, as staff must invest extra time and effort to establish a “full kit” of necessary information before proceeding.

The team constructed a strategic compass diagram as part of the work on this initiative. The Strategic Compass shows the permitting process at a high level. This diagram has multiple purposes. The first is to help participants establish the overall process goal to focus the team on the purpose of permitting is as a way to begin the work. it identifies each of the major milestone steps in the process and identifies primary bottleneck, as each process has a bottleneck. Finally, the team identifies what “good” looks like so that the solution can then be focused on improving the bottlenecks, thus improving the system.

**Figure 10 – E&E-12 Solid Waste General Permit Current State Map**



Source: Developed in work session with E&E staff held on September 11, 2024.



A critical component of the initiative is for DEQ to implement training programs for facilities to help them effectively transition to the SEEK system. This would not only help ensure facility compliance with the new submission protocols, but also improve the quality of submissions. The department could incentivize facilities to participate in the training by offering priority review for those facilities where staff successfully complete the required training.

### **Strategies to address potential risks and enable success:**

The team identified the following items as potential risks and obstacles to the success of the initiative during the work sessions. Each bullet is a potential obstacle that the team identified, and each sub bullet is a potential solution or mitigation of that obstacle. To facilitate the full exchange of ideas the team was instructed to disregard concerns of cost, feasibility, approval, etc. If Department leadership decides to pursue any of the ideas, they should test the feasibility before proceeding. The barriers and mitigations include:

- Prioritization in general is unclear vis-a-vis who sets it; political concerns; facilities directly contacting leadership also slows process
  - Copy Air's weekly report and use it for manager to prioritize work
  - Prioritized based on age unless Director/AD instructs otherwise
- Nonpayment of fees slows down the permitting process; mailed checks sometimes arrive after subsequent late fees or without ID information causing delays due to research needed
  - Bar facility from any action until payment is made
  - Stop newspaper public notice requirement
  - Require/standardize digital payments
- Consistent turnover meaning we don't have adequate number of trained staff, hurting bandwidth of new and experienced staff
  - Include career steps and upwards mobility
  - Address pay scale
- Workload demand is inconsistent with the head count in the agency
  - Cross-training
- Extra levels of review (public notice) can introduce errors into the permitting process
  - RACI analysis to determine who needs to simply be informed
  - Once templates are approved, public notices reviews should be restricted to non-template content
  - Templates should be reviewed periodically (3 years) not with each throughput
- Public notices may have errors such as grammatical, typos, dates, titles, etc.
  - Once templates are approved, public notices reviews should be restricted to non-template content
  - Templates should be reviewed periodically (3 years) not with each throughput
- Facilities don't read the permit or rules causing compliance issues and delays in reviewing the application
  - Permit Cover Sheet with Renewal dates, operator info, contact person, etc. to help highlight commonly overlooked info
  - Establish training for facilities in writing and submitting materials and prioritize those applications/reviews – possibly working w/ AEF



- Facilities aren't motivated to respond unless it's a construction project (they receive something)
  - Candid conversations with consultants about the root cause of some issues
- Facilities often slow in responding, delaying the process until it's an emergency for them – trying to prioritize it then
  - Need some way to enforce the rules “stick” - figure out how to return an application?
  - Begin prompting Facilities at certain time thresholds
  - Candid conversations with consultants about the root cause of some issues
  - Prioritize full-kit, compliant reviews
- The applications can sometimes get stuck during routing of NOD letters and approval
  - Set thresholds for who need to review
  - Verify positions that need to review
  - RACI analysis to determine who needs to simply be informed
  - Reorganize in some other manner to streamline review
- There is no standardization for submittals from facilities
  - Encourage a level/standard of citation in the document
  - Set the system to require full-kit
  - Establish training for facilities in writing and submitting materials and prioritize those applications/reviews – possibly working w/ AEF
  - Require ePortal for all facilities
- Engineers and geologists have a huge quantity of throughput to review
  - Include career steps and upwards mobility
  - Address pay scale
  - Verify need for review
  - Identify other staff that could provide those reviews
  - Opening more positions

In preparing to implement this initiative, E&E identified potential challenges/barriers to improving templates in a facilitated work session, the results of which are shown in the diagram presented in **Figure 12**. In this diagram, the goal to improve templates is summarized in the blue box; the potential challenges the team may experience are shown in red boxes, and the related solutions are shown in green.

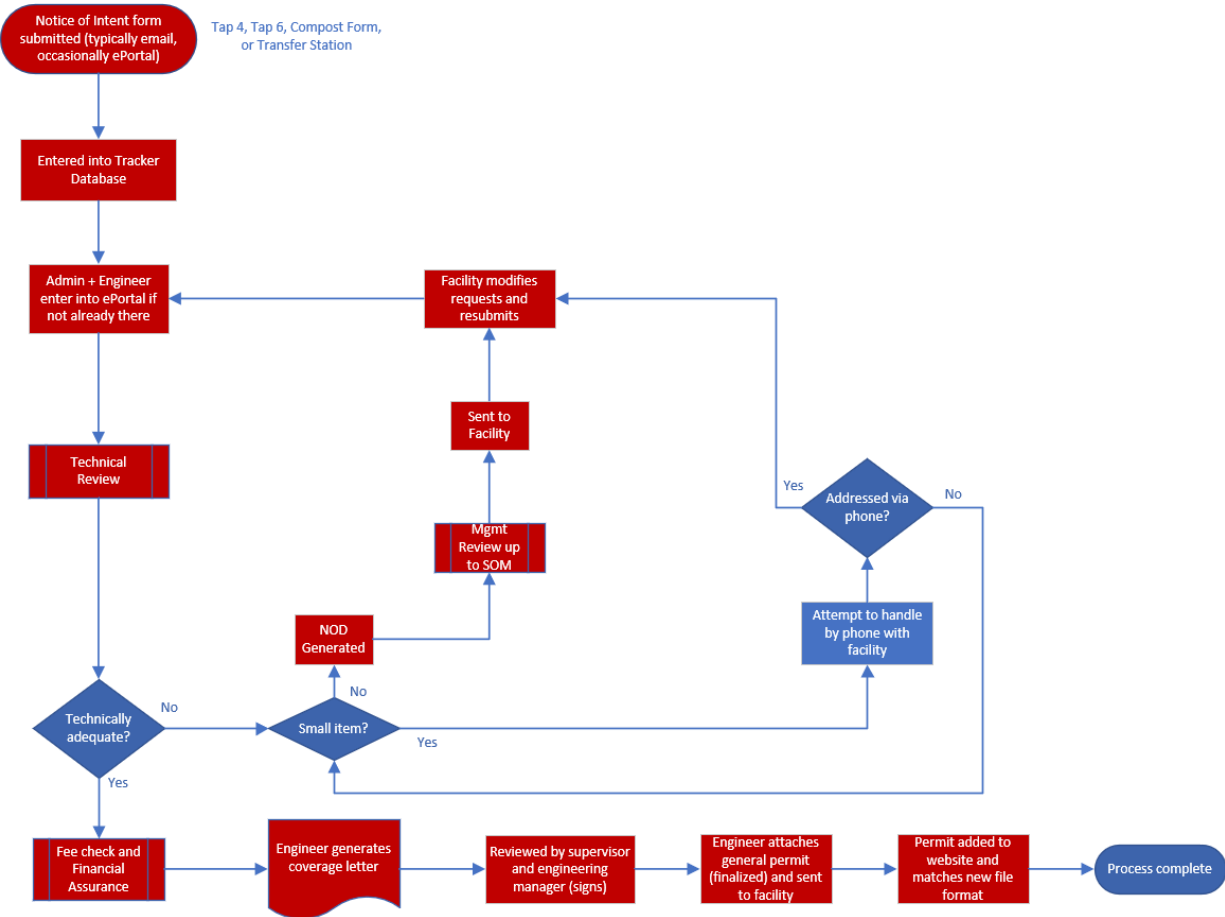


### **Recommended Steps for Establishing the Future State:**

- Conduct a thorough assessment of the current state of permit processing performance, broken down by media and permit type
- Starting with the permit types with the longest permitting timelines, apply lean process mapping to detail and measure the time taken for each step in the permitting process.
- Implement a streamlined review process for relevant permit types, ensuring essential personnel (e.g., geologists, engineers) are aware of and can access permits currently being processed.
- Organize an inter-media learning session to share and document best practices from highly digital permit types with other media and permit types.
- Develop and apply proven strategies for encouraging digital permit applications from better forming to underperforming permit types.
- Meet with Associate Directors to identify which permits depend heavily on local (i.e., non-expert, non-consultant) applications and explore opportunities to provide additional support.
- Implement support strategies for the identified permits, starting with those that have proven effective in other media or permit types.
- Track progress of SEEK permit applications and processing times. Adjust as needed.

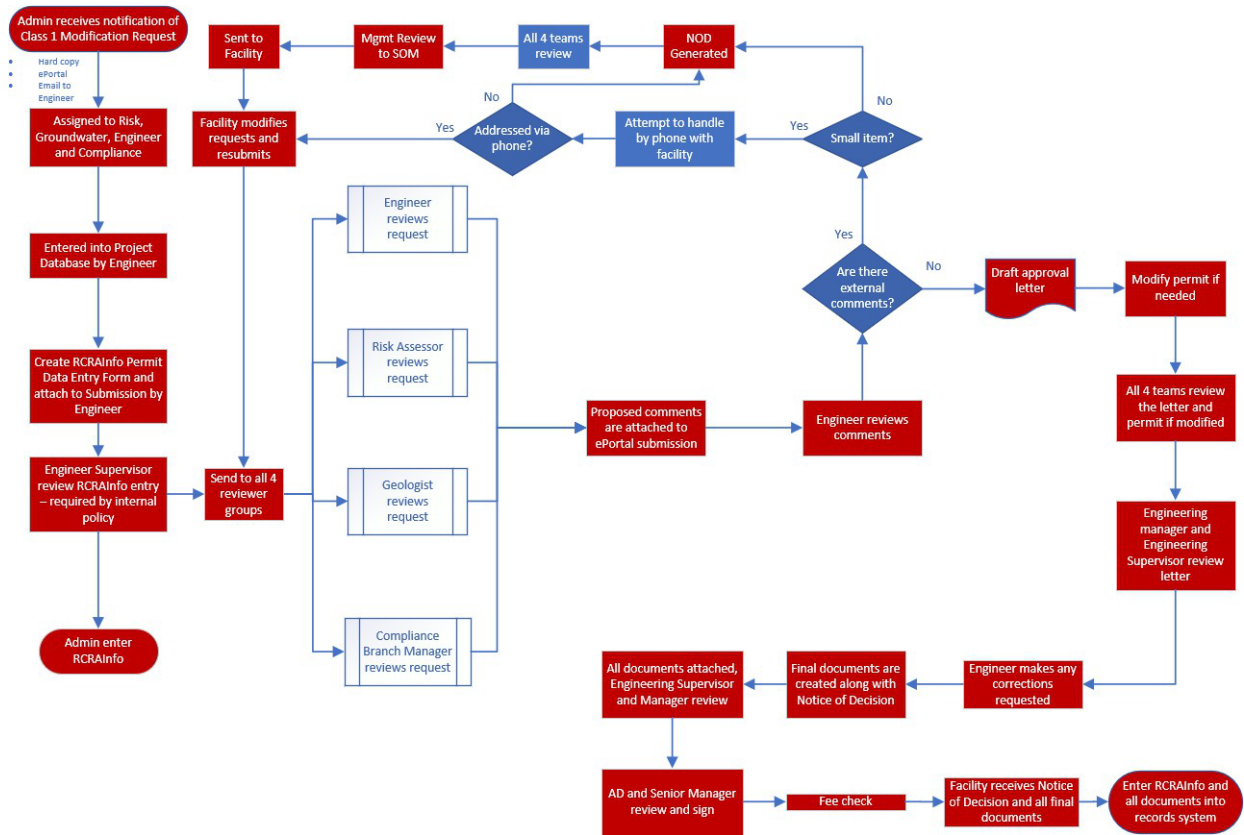
**Figure 13** below shows the future state process for solid waste general permits and **Figure 14** shows the future state process for hazardous waste class 1 permit.

Figure 13 – E&E-12 Solid Waste General Permit Future State Map



Source: Developed in work session with E&E staff held on September 25, 2024.

**Figure 14– E&E-12 Hazardous Waste Class 1 Modification Future State Map**



Source: Developed in work session with E&E staff held on September 25, 2024.

**Alignment of Department priorities with staffing and resources:** This initiative outlines the very systems that will enhance the department’s ability to fulfill its mission efficiently and transparently.

Like many organizations, the department faces resource constraints, particularly in staffing. However, through effective coordination across teams and media, the existing resources should be sufficient to gradually acquire, deploy, and integrate the SEEK system for all media over time. This collaborative approach ensures that even with limited staff, the department can move toward full implementation.

Furthermore, the department already possesses the resources needed to conduct the RACI analysis and make the necessary changes. By clearly defining roles and responsibilities through this analysis, the department can optimize how staff are deployed across different areas, ensuring the routing of approvals is “right-sized” so that staff who don’t need to be approvers are not unnecessarily involved. The careful orchestration of resources—similar to project management and process flow initiatives in other improvement efforts – will be key to the successes of this system-wide change.

Process changes, associated with implementing changes in the strategic plans: The process changes associated with Initiative E&E-12 primarily involve how each step of the permitting process

is carried out, rather than altering the steps themselves. For instance, while letters are still generated at particular points in the process, these will now be automatically generated. This automation will dramatically reduce the time staff spend creating letters—by almost 100%—while also minimizing the opportunity for errors, ensuring higher accuracy and consistency in communication.

The initiative also includes a training program for facilities, which will focus on reducing the number of technically inadequate applications submitted. By improving the quality of submissions, the cycle time for reviewing and processing applications will be significantly reduced. This will allow the department to process permits faster and more efficiently.

The structuring of the media and review processes within the department has undergone notable changes, particularly in terms of leadership. By aligning the expertise of scientists with the efficiency of regulatory practices, DEQ can ensure that the environmental resources are adequately protected while also maintaining a timely and effective permitting process. This careful examination will allow the department to refine its structure in a way that maximizes both environmental safeguarding and operational efficiency.

The most significant recommendation is the full adoption of ePermitting, specifically the SEEK system already in use by the Air and Water media. This transition will ensure that the permitting steps are followed, and the automation will ensure the consistency of the workflow.

## Performance metrics to measure success post-implementation:

The following metrics have been identified as critical measures of success for this initiative:

- Permit processing time (average cycle time per permit) (expected to decrease);
- Number of Notice of Deficiency (NOD) letters issued (expected to decrease);
- Percentage of permit applications submitted electronically (expected to increase);
- Staff time spent on manual tasks (e.g., generating letters, reviews) (expected to decrease);
- Number of technically adequate first-time submissions from facilities (expected to increase);
- Stakeholder satisfaction (internal and external) with the permitting process (expected to increase); and,
- Internal compliance with approved templates and submission standards (expected to increase).

## Identification and estimation of any savings the strategic plan could realize once implemented:

The potential savings with this initiative are significant. Looking only at the two permits described above, the work session was able to assess the time spent today on each task and the potential time spent in the future. For time spent today, staff assessed the optimistic time for each step which reflects the amount of time it would take to do the task if everything were present and complete and no other priorities were concerned. Staff also accepts the average or typical time it takes for each step in the process given typical workload and the typical condition of the work when it reaches each step, and finally the pessimistic time frame or the maximum amount of time it would take at each step but without the step being “broken.” This gives each step a range of time that an

employee could reasonably take. By comparing this with the amount of time the same task would take in the future we can calculate an estimated savings, particularly for those steps that will be eliminated or fully automated.

The tables below show the potential value the department stands to realize from implementing SEEK. For each process there are three assessments. The first is the main process assuming that there are no deficiencies or technical inadequacy in the permit application, which is reflected by “Main.” “NTA-S” reflects that the permit was not technically adequate but it was only a small issue. “NTA-L” shows that it was not a technically adequate permit upon first review and it was a larger issue. Since there are countless permutations of these three paths that an application could take, only the simplest were used for this analysis.

**Figure 15 – E&E-12 Time Savings Calculation**

Solid Waste General Permit					
Sum - Days	Optimistic	Average	Pessimistic	Future	Avg --> Future
Main	5.625	31.375	89.5	25.625	-18%
NTA-S	35.75	153.375	280	15.125	-90%
NTA-L	39.375	163.625	296.125	19.125	-88%

Hazardous Waste - Class 1 Modification Permit					
Sum - Days	Optimistic	Average	Pessimistic	Future	Avg --> Future
Main	9.75	42.375	126.125	12.125	-71%
NTA-S	39.875	164.375	406.125	27.25	-83%
NTA-L	43.375	174.5	422.125	31.125	-82%

Source: Developed in work session with E&E staff held on September 25, 2024.

By far the smallest improvement is 18% estimated for the primary process for solid waste general permits. This is because much of that process is manual (e.g., reviews) but even with the manual processes, it still shows a significant improvement. The remainder of the steps all show moving to an automated process generates a 70% improvement. E&E can further improve this time savings by introducing a RACI analysis and training facilities.

**Change Management Plan:** As E&E transitions to a fully digital ePermitting system under E&E-12, several change management challenges are likely to arise. Successfully addressing these challenges will be critical to ensuring the initiative’s smooth implementation and long-term success. Below is a list of potential obstacles, along with recommendations for overcoming them. These solutions are designed to ease the transition, support staff and stakeholders, and help ensure the department realizes the full benefits of the new processes and technology.

**1. Resistance to Process Automation**

- **Challenge:** Staff accustomed to manual processes may resist the full adoption of the SEEK ePermitting system, fearing loss of control or increased complexity.
- **Recommendation:** Implement clear communication that highlights the benefits of automation, such as reduced workload, fewer errors, and faster processing times. Offer hands-on training sessions and allow time for staff to adjust to the new system. Encourage feedback and make staff part of the transition process to increase buy-in.

## 2. Limited Technical Skills among Staff or Facilities

- **Challenge:** Some employees or facility stakeholders may struggle with adopting new digital tools due to a lack of technical proficiency.
- **Recommendation:** Provide extensive training for both internal staff and external facility users, including step-by-step guides and video tutorials. Ensure ongoing technical support is available during and after the transition to the new system. Consider implementing a phased rollout to allow users to gradually familiarize themselves with SEEK.

## 3. Fear of Increased Accountability

- **Challenge:** The introduction of a RACI analysis may cause anxiety among staff, particularly those uncomfortable with increased visibility and responsibility for specific tasks.
- **Recommendation:** Emphasize that RACI is meant to improve efficiency by clearly defining roles, not to overburden staff. Highlight how it will streamline workflows and reduce unnecessary review steps. Regularly reinforce the message that accountability leads to more effective teamwork and improved outcomes.

## 4. Inadequate Facility Compliance with New Submission Standards

- **Challenge:** Facilities may fail to comply with the mandatory use of electronic submissions and approved templates, causing delays and confusion.
- **Recommendation:** Create clear, easy-to-understand guidelines for facility submissions and offer incentives, such as faster review times for facilities that comply with training and submission requirements. Penalties or longer processing times could be applied for non-compliance, but this should be a last resort.

## 5. Difficulty in Transitioning from Physical to Digital Communication

- **Challenge:** Shifting from physical submissions and mail-based communication to fully digital communication may be difficult for some stakeholders and internal staff.
- **Recommendation:** Offer parallel processes during the initial stages of the transition, where both digital and physical submissions are accepted. Gradually phase out physical methods, while consistently communicating deadlines and expectations for going fully digital. Ensure seamless communication through automated notifications and provide guidance on email communication best practices.



**6. Concerns about the Quality and Fairness of Review Standards**

- **Challenge:** Staff may fear that changes to review levels through the RACI analysis could reduce the quality of permit reviews or lead to an unfair distribution of workload.
- **Recommendation:** Involve key stakeholders in the development of the RACI framework to ensure reviews are appropriately assigned and workloads remain balanced. Communicate clearly that quality and fairness will not be compromised, and that reviews will still happen at critical points, just with greater efficiency.

**7. Communication Gaps Between Stakeholders During the Transition**

- **Challenge:** During the rollout of the SEEK system and new processes, communication breakdowns between internal staff, facilities, and external stakeholders could occur
- **Recommendation:** Establish clear communication channels from the outset, including regular updates and check-ins with all stakeholders. Create a FAQ and help desk specifically for questions related to the new system. Provide timelines, expectations, and reminders to ensure everyone is informed throughout the transition.

By proactively addressing these potential challenges through training, communication, and gradual implementation, the department can ensure a smoother transition to the new ePermitting process under Initiative E&E-12.

Figure 16 below provides suggested messaging for the EE-12 changes.

**Figure 16 – E&E-12 Communication Plan**

Audience	Key Messages	Modalities	Responsible Party
Internal stakeholders	Create an FAQ and help desk specifically for questions related to the new system. Provide timelines, expectations, and reminders to ensure everyone is informed throughout the transition. Hold town hall meetings and lunch and learns to introduce staff to the new process/system.	<ul style="list-style-type: none"> <li>• Staff meetings</li> <li>• Town Hall meetings</li> <li>• All staff emails</li> <li>• Lunch and Learns</li> </ul>	Alan York
Facility staff	Clear, easy-to-understand guidelines for facility submissions. Facility staff are encouraged to take the SEEK training that will help them improve their	<ul style="list-style-type: none"> <li>• Website banner message</li> <li>• Emails to facilities</li> </ul>	Alan York

Audience	Key Messages	Modalities	Responsible Party
	<p>compliance and reduce time spent.            Message that E&amp;E offers incentives, such as faster review times for facilities that comply with training and submission requirements.</p>		

# Strategic Management Plan: Arkansas Department of Parks, Heritage and Tourism

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## Overview

The mission of the Arkansas Department of Parks, Heritage, and Tourism (PHT) is to protect and promote the state’s natural, cultural and historical assets, contributing to a thriving economy and high quality of life. The Parks Division promotes the state as a tourist destination, overseeing and managing the State’s 52 state parks, situated on 55,000 acres and maintaining parks within 49 counties. The Heritage Division promotes and preserves the state’s natural and cultural history and heritage, managing four historic museums and four cultural preservation agencies the Natural Heritage Commission, Historic Preservation Program, Arts Council, and State Archives. The Tourism Division advances the Arkansas economy through the promotion of travel to the state, managing 13 Welcome Centers, as well as the Department’s digital marketing strategy including operation of websites and social media platforms. Collectively, PHT’s values include a commitment of service, excellence, stewardship, accountability, teamwork, respect, and adaptability.

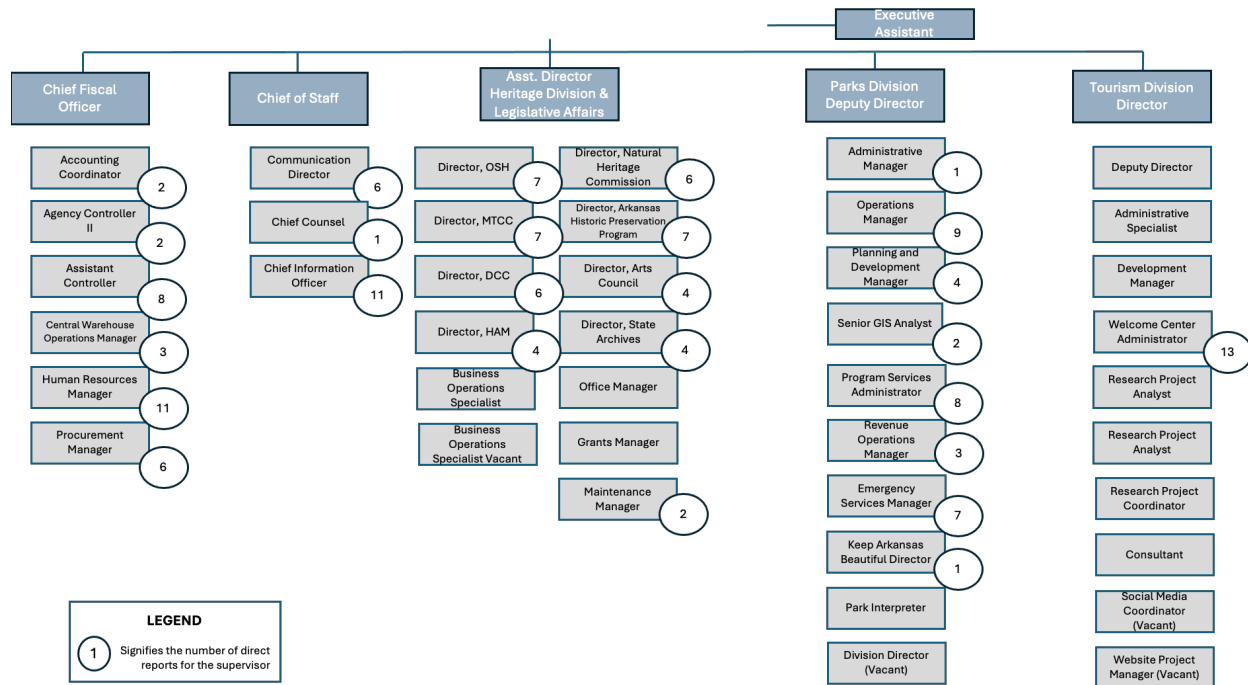
Through the Arkansas Forward project, a 2024 initiative to improve the efficiency and effectiveness of Arkansas’ 15 cabinet-level departments, PHT prioritized implementation of seven initiatives that improve the organization’s efficiency and operations and improving constituent experience in engaging with the sites and services managed by PHT.

This Strategic Management Plan (“Plan”) memorializes the work completed by PHT during Arkansas Forward, translating the department’s vision into a plan consisting of recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics. A companion project plan (“Work Plan”) provides a more detailed resource to support implementation of the initiatives by PHT’s Arkansas Forward project management team.

## Recommended Organizational Structure

PHT’s current organization chart is shown in **Figure 1**.

**Figure 1 – Current Organizational Structure**



Since consolidation in 2019, the Department’s primary focus has been to integrate its three programmatic divisions into one cohesive department. Because the divisions previously existed as independent departments, they continue to operate autonomously. PHT has implemented a shared services model where possible to improve efficiency under the Chief Fiscal Officer and Chief of Staff (for information technology, human resources, finance, communication, and legal as examples).

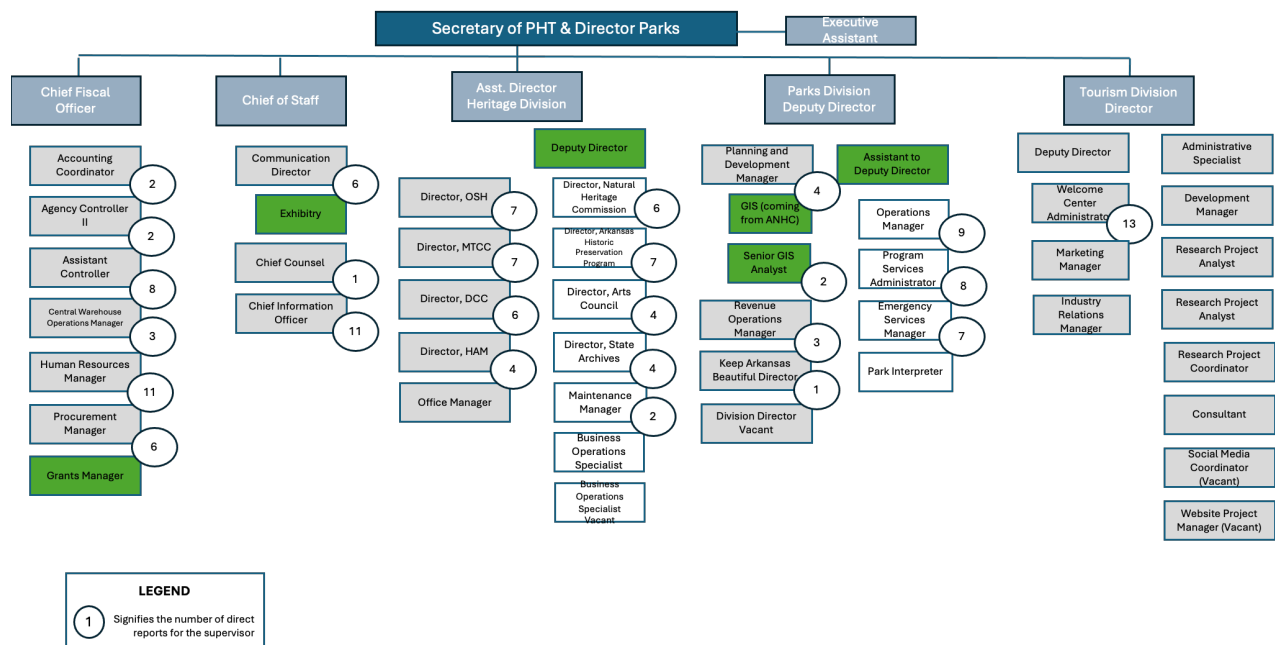
The recommendation for PHT’s future state organization is summarized in **Figure 2** (with the green boxes signifying changes from the current structure). As part of Arkansas Forward, PHT conducted a comprehensive review of each division to identify organizational improvements in span of control,

the number of organizational layers, and opportunities for shared services consolidation, among others. Through this process, the following recommendations were identified:

- Address span of control within three programmatic divisions through use of deputy director roles. The Department has previously received approval for these positions.
- Continue work of shared services consolidation by consolidation of similar functional units. Some examples of opportunities include exhibitry, Geographic Information Systems (GIS) mapping, and grants management.

These recommendations will be discussed in greater detail in PHT-02.

**Figure 2 – Recommended Organizational Structure**



## How this Department will meet the vision of an efficient and effective future department

PHT's formation in 2019 brought together three distinct divisions with unique missions, purposes, and organizational cultures. Since 2019, the Department has implemented a shared services operating model to achieve efficiencies and worked to improve collaboration across the divisions. Arkansas Forward continues this work out of recognition that more can be accomplished, beginning the changes to the organizational structure to bring similar functions together. Several initiatives share that common thread of improving the effectiveness and efficiency of the department by collaborating across divisions, including:

- PHT-07 to centralize grant administration and data,
- PHT-09 to standardize financial practices,
- PHT-14 to collaborate in collection of customer service data, and
- PHT-15 relating to reducing use of duplicative applications.

To become the most effective and efficient organization possible, PHT's leadership will need to complete the vision of departmental integration established in 2019 and manage the cultural change that accompanies the organizational changes and new business practices included in these recommendations.

## Key Initiatives Prioritized for Arkansas Forward Implementation

PHT leadership generated 19 ideas to improve departmental effectiveness and efficiency, before prioritizing seven initiatives for immediate implementation as part of Arkansas Forward that focus on improving operations and creating better experiences for the public.

### PHT-02: Optimize manager roles and team size for better control and efficiency

This initiative is part of the broader Arkansas Forward Agile Organization initiative and includes implementing a tailored and modernized organization to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions.

**Initiative Overview and Current State:** The Department includes three programmatic divisions (Parks, Heritage, and Tourism) and since 2019, PHT has sought to consolidate the independent divisions into one cohesive Department. As shown above in **Figure 1**, the bulk of the organization's staff are housed within these three divisions. The unique areas of focus and culture of each division, as well as the organization's structure have continued to perpetuate a siloed approach to operations. Creation of shared services functions under the Chief of Staff and Chief Fiscal Officer have achieved some efficiencies, but PHT desired to take a more comprehensive review to identify additional ways to improve collaboration and efficiency through its organization design.

**Rationale:** Through a review of each division's organization chart, including consideration of span of control and organizational layers, which impact communication flow, quality of supervision, and efficiency, additional recommendations for improvement were identified (summarized in **Figure 2** above):

- The Division leaders have large spans of control. Some have already implemented and some are in process of implementing deputy director positions to address span of control. Clear roles and responsibilities will have to be established to minimize staff confusion and prevent redundancy.
- The divisional structure has resulted in some inefficiencies, whereas teams of staff are performing similar functions and not collaborating. Some examples include:
  - **Exhibitry:** In the past, the Heritage Division has staffed each museum with a small team, including one staff member who prepares educational programs and exhibits. The Parks Division also has a small team to support exhibits at state parks. The work performed by these staff is similar, but the siloed organization structure prevents their collaboration, sharing of best practices, and achieving efficiencies. These

resources can be combined into a one team under the Communication Director (reporting to the Chief of Staff). Location of the team within the Chief of Staff's organization will ensure all divisions receive an appropriate level of support and resources.

- **Geographic Information System (GIS) Mapping:** There are staff who perform GIS mapping located within the Parks Division and within the Heritage Division's Arkansas Natural Heritage Commission. These staff have a specialized skillset and use common tools. Consolidating these resources within the Parks Division's Planning and Development Team will allow them to be cross-trained, collaborate to support all PHT GIS needs, and share GIS tools under a Master Services Agreement (MSA) that supports more favorable pricing.
- **Grants Management:** PHT needs to create a centralized grant function within the Office of the Chief Fiscal Officer (PHT-07). Maintaining divisional staff supporting grants in their existing divisions would enable them to continue performing other duties for the same divisions. The central team will have programmatic authority over grants management and the divisional staff will report to the team with a dotted line reporting structure.

## Implementation Considerations:

**Appendix A – PHT Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with PHT staff.

### **Strategies to address potential risks and enable success:**

There could be some staff abrasion related to the re-organization. Division leadership may fear they will receive less support from the designated function if it is centralized. The impacted staff may have concerns about changes to their role and chain of command. Staff joining the new functional teams may not want to combine their function with other divisional staff. A clear communication plan is needed to make sure leadership and staff understand the purpose behind the reorganization. In addition, training and teambuilding resources can be made available to the new teams to support their formation.

### **Recommended steps for establishing new organization structure (future state):**

- Identify changes required by division (in process).
- Review legal implications of proposed changes (in process).
- Obtain leadership approval for changes (in process).
- Develop a Communication Plan – Time should be spent by division leaders and Communication resources to ensure leaders understand “why” behind moves and can support change. PHT leadership can model the “change story” work they performed during the Arkansas Forward visioning session to create an updated “change story” related to the additional changes being made. Additional tools such as scripts, frequently asked questions, and fact sheets should be developed to support leaders in having discussions with their teams about the anticipated changes.
  - Coordinate the announcements to support staff. It is a best practice for staff to receive news of a transfer or major team change from their direct supervisor. If staff are moving

teams, they should also receive contact from their new supervisor. After all individuals impacted directly by major team changes or moves are notified, a team meeting should occur. As these conversations move to deeper layers of the organization, it becomes important for leaders to be ambassadors of the message. The leadership team should understand what is happening and why so they can facilitate these discussions.

- Determine the physical location of new staff.
- Complete changes within personnel systems.

**Alignment of department priorities with staffing and resources:** The proposed organization chart for PHT is provided above in **Figure 2**. Realignment of PHT in these areas will help the department further achieve its mission and implement Arkansas Forward.

**Process changes associated with implementing changes in the strategic plans:** Process changes are expected with some of the organization redesign, with examples including:

Each of the teams (exhibitory, GIS mapping, and grants) will need to review standard team protocols and potentially revise them (to take into account best practices used across divisions), as well as train staff to these policies. The teams can review existing or create new maps of step-by-step sequence of key tasks for each key process as a method to understand who is responsible for each step, identify where there is divergence in practice, and highlight specific changes that are needed in the “future state.” The department may consider an outside facilitator to help the team build best practices and find efficiencies in the new shared processes as opposed to replicating the existing process.

**Performance metrics to measure success post-implementation:** The intent of this initiative is to improve the organization’s structure to support agility, decision making, and improved flow of communication. There are diagnostic metrics that can be used to monitor the impact of this initiative across the organization on an ongoing basis including:

- Span of control (size);
- Number of organizational layers.

In addition to these measures, surveys could be utilized for impacted staff during the transition to identify and address any issues or concerns. Improvement in employee satisfaction scores of management support/clarity of roles (could be enabled by survey).

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not expected to result in short-term cost savings; additional costs to implement are estimated to be \$10,000 (for team building and training investments). Long-term, should the consolidations of staffing reduce overall staffing needs, some savings could be captured by PHT.

**Change Management Plan:** **Figure 3** summarizes high level communication tasks, that are also included in **Appendix A – PHT Work Plan**.



**Figure 3 – PHT-02 Communication Plan**

Audience	Key Messages	Modalities	Owner
Staff impacted by changes	<ul style="list-style-type: none"> <li>• PHT is making some changes in our organization structure as part of Arkansas Forward.</li> <li>• PHT is investing in our team as a strategy to help us better serve the state and fulfill our mission.</li> <li>• Detailed description of changes, including specific changes for every team impacted by the reorganization. Everyone continues to have a place on the team.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• Face-to-Face team meetings with leadership, future manager, and former manager.</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary</li> <li>• Chief of Staff</li> <li>• Impacted Division Leaders</li> </ul>
Other PHT staff	<ul style="list-style-type: none"> <li>• These changes are to strengthen our team, support collaboration, and enable more efficient decision-making.</li> <li>• High level summary of changes.</li> <li>• Address efficiency measures.</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall.</li> <li>• All staff email.</li> </ul>	<ul style="list-style-type: none"> <li>• Communication Director</li> </ul>

## PHT-04: Consider public private partnerships with Arkansan businesses to improve guest experience

This initiative seeks to enhance Arkansan experience through public private partnerships (PPP) between Parks, Heritage and Tourism offerings and Arkansas businesses. Revenue opportunities will be sought by leveraging new and existing partners to expand services and resources at Heritage and Parks locations. Actionable strategies will be developed to establish and manage PPP opportunities and deploy a pilot program for future expansion. PHT aims to implement this initiative in alignment with the statewide strategy of optimizing the Arkansan citizen experience through the utilization of revenue opportunities.

**Initiative Overview and Current State:** Today, State Parks in Arkansas provide various outdoor recreational opportunities to hike, fish, camp and boat. Each state park is noted to be a significant part of the fabric of Arkansas. State parks have impacted and enhanced the quality of life for Arkansans locally and have served visitors from around the world. Being one of the state’s largest economic drivers for the state, the Arkansas State Park system has added more than \$1 billion each year to the state’s economy and welcomed over eight million guests into state parks and museums. In 2023, the state celebrated 100 years of Outdoor Recreation and launched the Natural State Initiative (NSI) which strives to further establish Arkansas as a leader in the outdoor economy and a destination for outdoor enthusiasts around the world to ensure the NSI reaches its full potential through increasing park revenue.

With this initiative, Arkansas aims to be a true leader in the outdoor recreation industry by investing in the outdoor workforce to improve amenities at state parks by partnering with local businesses to offer quality food and beverage, including alcohol sales, at higher-visitation state parks. They will explore new service vendor opportunities and add new experiences at parks to enhance visitor

appeal. New tax incentives and opportunity zones will be examined to attract outdoor entrepreneurs and businesses to the state. Below is a list of planned projects for the four NSI Opportunity Zone Parks based on PHT's estimates:

**Petit Jean State Park**

- Boathouse Dock Replacement (\$150,000)
- Renovation of Campground C&D (\$4 million)
- New Campground (\$4 million)
- Playground Replacement (\$1 million)
- Various Paving (\$500,000)

**Pinnacle Mountain State Park**

- Trail Improvements Park-Wide (\$1m)
- Repaving of West Summit Day-Use Parking Lot (\$350,000)

**Queen Wilhelmina State Park**

- WTP Renovation (\$300,000)
- Campground Improvements, (\$2.5 million)
- Day-Use Improvements (\$350,000)
- Day-Use Playground Replacement (\$200,000)
- Equipment Shed (\$175,000)
- Various Paving (\$500,000)

**Delta Heritage Trail State Park**

- Phase IX: Snow Lake to Mozart (\$10.5m)
- Phase X: Benzal Bridge (\$18.6m)
- Phase XI: White River to Arkansas River (\$6.5m)

PHT will continue to explore and secure additional funding opportunities to enhance service delivery for state park visitors. For example, the bullets below identify the current state and areas of opportunity for four state parks:

**Pinnacle Mountain State Park:**

- No lodging
- No full-scale restaurant
- One current concessionaire – Loblolly Ice Cream at the new Visitor Center
- Three properties are up for lease – the old visitor center, the Butterfield House, and the horse barn

**Petit Jean State Park:**

- Lodging
- Restaurant
- Cabins

- Tent campsites
- Yurts

**Delta Heritage Trail State Park:**

- No lodging
- No full-scale restaurant
- Four properties up for lease

**Queen Wilhelmina State Park:**

- Lodging
- Full scale restaurant
- Tent campsites

PHT is seeking to identify new service opportunities with specialized businesses to create additional experiences that complement each state park site to increase guest visits. In addition, technological resources will need to be considered to better support administrative oversight, partner accountability and data tracking to identify return on investment for projects, outcomes and partnerships.

**Rationale:** The Parks Division has 670 FTEs and an operational budget of \$56.9 million. Arkansas State Parks aim to enhance the quality of life for visitors through exceptional outdoor experiences, connections to Arkansas heritage and sound resource management. PHT’s goal is for visitors to experience excellent hospitality and to form a personal connection to the parks.

PHT is seeking to shift their service delivery offerings through PPP partnerships to improve the state park experience for visitors. As state parks cannot offer extensive services beyond their immediate resources, there is an interest in expanding service potential through PPP. As specialty businesses already exist, consideration is being given for partnership opportunities that will complement and enhance state park structures like food and beverage contracts, kayak/boating rental, E-bikes, EV Charging, and guided hiking excursions. In addition, State Opportunity Zones are being considered as they offer several investments like tax benefits, tourism development incentives and state conformity to federal incentives to attract businesses and spur economic development in economically distressed areas.

**Implementation Considerations:** There is interest for PHT to collaborate with Arkansas businesses and offer new service delivery arrays for state park visitors. Arkansas may consider the following factors in assessing Public-Private Partnerships:<sup>1</sup>

- Prioritization of partnership agreements where business vendors will provide services within state park units with minimal involvement and oversight by department staff.
- Contemplation of co-management opportunities where business vendors operate a portion of a park unit while sharing operational, financial roles, and accountability for the park unit with the individual state parks (if allowed and appropriate).

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<sup>1</sup> Parks California: "Creating Impact: A Study of NonProfit Partnership in California State Parks," <https://parksocalifornia.org/wp-content/uploads/2023/02/NonprofitPartnershipStudy.pdf>

- Prospects for business vendors to secure partnerships beyond local state park contracts if their business bandwidth can support serving multiple park locations or statewide operations.
- Utilization of non-profit charitable organizations dedicated to enhancing education and interpretive programs to offer and fund critical staff positions, exhibits, visitor center development, outdoor recreational programs, special events and other potential projects new to the state.
- Assurance that vendor partnerships include alignment of business practices that best support and further the NSI.
- High quality outdoor recreation experiences through vendor products, services or funding that offsets operational and maintenance costs of visitor services.
- Validations that businesses selected for the PPP are safe and support the PHT brand position.
- Need to promote the new opportunities clearly on the website to promote public awareness and visit planning.

Other states have demonstrated creativity to execute public private partnerships within state parks and service delivery industries. They share guidance and lessons learned from their experience such as:

- **Ohio:** Focused on the funding pressures and funding declines from state government fiscal challenges, they shed light on the importance of re-evaluating traditional practices to fund and operate state parks. They note that embracing a PPP allows for state parks to raise revenue through non-traditional opportunities.<sup>2</sup>
- **California:** California’s Partnership Division’s mission is to support park operations and empower, inspire and strengthen public and private partners to create, promote, sustain, and expand visitor services to its diverse population of visitors. They state system of partnerships engages high performing private, public and volunteer services to provide recreation benefits to visitors while protecting and preserving natural and cultural resources aligned with the Department’s mission. Their website<sup>3</sup> offers insight into the purpose of their Concessions Program that partners with private and public-sector entities for assistance to provide quality services, programs and facilities that enhance convenience, enjoyment, education, and recreational experiences for State Park Visitors. It also includes an overview as to how non-profit organizations can enhance the Department’s services to park visitors with policies and guidelines. There is an invitation for individuals, organizations, corporations, partners and volunteers to contribute to funding park services and units. The operation and co-management of parks section provides access to annual reports<sup>4</sup> for concessions and nonprofit operations.<sup>5</sup>

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<sup>2</sup> Reason and Buckeye Institute, “Parks 2.0: Operating State Parks Through Public-Private Partnerships”, 2013, [ps419parks-buckeye-txt \(buckeyeinstitute.org\)](#)

<sup>3</sup> California State Parks, “Partnerships”, 2024, [PARTNERSHIPS \(ca.gov\)](#)

<sup>4</sup> California State Parks, “Concessions Annual Reports”, 2024, [Annual Reports \(ca.gov\)](#)

<sup>5</sup> Parks California.

### **Strategies to address potential risks and enable success:**

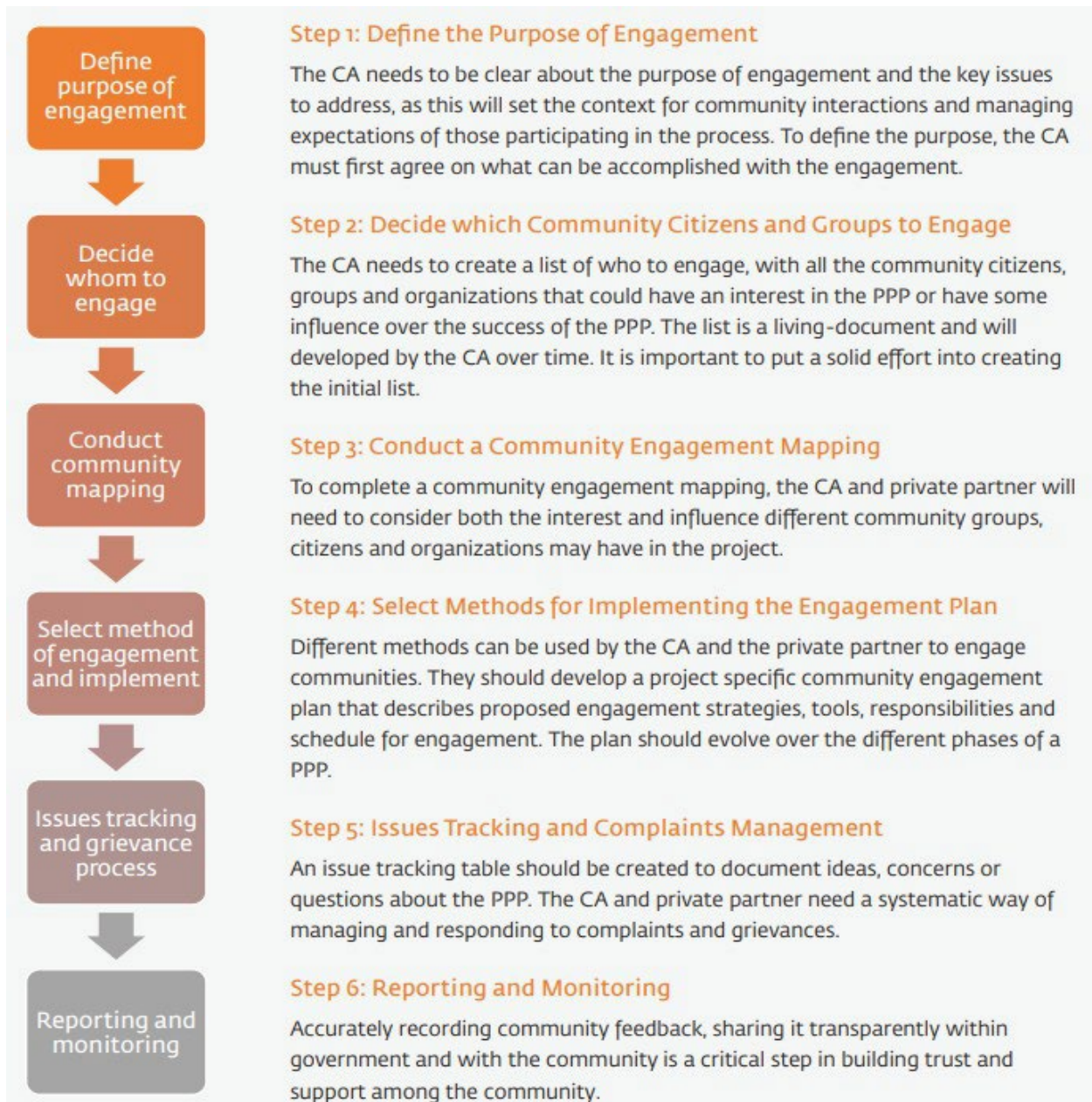
In some instances, when PPP are utilized for service delivery industries, misalignment of business priorities can surface between partners. To mitigate misalignment and conflicting priorities, transparency must occur on the onset of the partnership. Frameworks defining clear and realistic guidelines, roles, responsibilities, accountability oversight and partnership benefits should be mutually developed and agreed upon before program execution. Utilizing periodic checkpoints is recommended to promote active dialogue from both parties. PHT should incorporate frequent evaluation of the partnership to ensure the partnership is delivering expected program outcomes or if improvements need to be made to change course.

Understanding the level of interest and demand from the community is essential to identifying and evaluating new PPP opportunities. Community engagement can help provide PHT insight to foresee and resolve potential obstacles before key project decisions are made. Engaging community stakeholders will also help minimize misconceptions that may surface from external parties not involved in the PPP process. Proactive efforts to create a standardized communication strategy to explain the value of the PPP partnership to the community, partners, stakeholders, and the state is critical. World Bank Organization<sup>6</sup> provides guidance for incorporating widely accepted principles to maximize the benefits of community engagement during the PPP process. **Figure 4** provides considerations for Contracting Authorities (CA).

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<sup>6</sup> International Finance Corporation, "A Guide to Community Engagement for Public-Private Partnerships. Draft for Discussion," 2019, [A Guide to Community Engagement for Public-Private Partnerships - Draft Discussion June 2019.pdf \(worldbank.org\)](#)

**Figure 4 – Contracting Authority Considerations in Forming PPP**



Reprinted from Source: International Finance Corporation, “A Guide to Community Engagement for Public-Private Partnerships. Draft for Discussion,” 2019, [A Guide to Community Engagement for Public-Private Partnerships - Draft Discussion June 2019.pdf \(worldbank.org\)](https://www.worldbank.org/public-private-partnerships-draft-discussion-june-2019.pdf).

Successful change management is needed to support the success of any PPP. Parks have previously been operated exclusively by the State of Arkansas and there could be internal resistance or concern from staff that their job is at risk. It will be critical for PHT to create support from staff early in the process. PHT could do this by engaging staff to share their feedback and incorporating their suggestions that align with project goals, acknowledging that state park staff are the ones who interact with state park visitors daily. Transparency must be communicated as to how the new



processes will increase state park visitation by enhancing the volume of services being delivered to attract more visitors. Providing standardized messaging for staff to adopt when they speak or are asked about the change and clarifying expectations on how the current workforce can support the new partnerships are essential to promote cohesiveness. All communication messaging (verbal, formal, visual, mass, and written) should align with communication plan.

**Steps for establishing PPP in Arkansas state parks (future state):**

- The Office of Outdoor Recreation (OOR) will work with State Parks on the concessionaire opportunities and ensure alignment on objectives for PHT and NSI. State Parks will identify the properties available and will pull in the OOR to help find and engage with concessionaires. The current team within State Parks will oversee the agreements in collaboration with OOR.
- Identifying PPPs: Cross reference PHT offerings and available service delivery options with local Arkansas businesses to determine potential partnership possibilities that would increase visitor interest and drive growth in state park experiences.
- Gathering community support: Engage with key stakeholders from both public and private sectors to gather input, build support and drive action for local, regional and statewide partnerships.
- Establishing guidelines: Develop a transparent framework and standardized guidelines for establishing, managing and supporting PPP. This process will include role definitions, responsibility and accountability expectations and benefit insights for the partnerships secured. PHT may want to implement an Issue Tracker to identify issues and track through to resolution.
- Creating a proof of concept: Create and implement a pilot program to test selected partnerships in focused locales and business industries.
- Evaluating the value of a pilot initiative: As the pilot is implemented, it is critical for PHT to clearly define, understand and ensure that all efforts stay within project scope to achieve success. PHT will need to evaluate progress and analyze outcomes. Identify, dashboards like who and what is being measured? Milestones like what achievements are being sought and within what time frame? and Finish line documentation detailing the progress through project completion.
- Refining partnerships to expand opportunities: Partnership frameworks will be evaluated and refined based on pilot outcomes for program expansion statewide. Circle back to the planning process – Did the project achieve all goals defined? Evaluate performance measures – Do the outcomes demonstrate the project end status? What about the lessons learned – Document lessons learned throughout this process and apply going forward.
- Enhancing the PPP experience to sustain long term program success: Promote the expansion launch of PPP partnerships across Parks and Heritage divisions. Identify and provide the administrative support and resources needed for long term sustainability of partnerships secured.

**Alignment of department priorities with staffing and resources:** This initiative aligns with the State’s goal to further position Arkansas as a leader in the outdoor economy by investing in

the outdoor workforce and adding new experiences to enhance state parks. Finding effective, excellent private partners that can augment the services delivered by the state

### Process changes associated with implementing changes in the strategic plans:

This initiative will require consistent communication to engage all parties and ensure everyone is operating under the same expectations for success. As each state park and heritage center owns their own property, they each have their own operations flow and understanding of their individual business and offerings. It is not common practice for state parks to communicate changes and offer updates consistently as they facilitate their own communication channels independently. Each entity may execute their own information individually without engagement of the PHT office. While leadership meetings occur bi-weekly between PHT and the state parks, there is no requirement to include communication updates within these forums. PHT should initiate a new process to ensure proactive scheduling of gatherings or inclusion of an agenda item in standing meetings for leadership to review updates, encourage active dialogue, and identify changes, as applicable.

**Performance metrics to measure success post-implementation:** This initiative is expected to increase service delivery offerings and experiences at state parks through PPP.

Performance measures to be tracked:

- Number of sharing agreements executed for PPPs (expected to increase);
- Revenue changes resulting from PPP shared agreements (expected to increase);
- State Park visitation (expected to increase); and,
- Service utilization for PPP service delivery offerings (expected to increase).

Expected outcomes:

- Increased complementary revenue in parks where PPP are established
- Increased utilization of park buildings and land resources (e.g. use of empty buildings)
- Total amount from offset loss in operations (e.g. utilities, upkeep of empty buildings)
- Improved visitor experience

### Identification and estimation of any savings the strategic plan could realize once implemented:

The overall positive fiscal impact of this initiative could reach an estimated \$140,000/year in revenue generation. This initiative is not expected to result in significant state fiscal impact (cost) to implement. Contracting and oversight can be accomplished with existing resources. All costs will be taken on by the new partner organizations. As a result of the PPP, it is anticipated that new offerings may drive additional visitors to parks, which could contribute positively to the local economies.

**Change Management Plan:** Standardized communication and promotion across PHT, state parks and heritage centers will be critical to increase awareness of offerings and obtain staff buy-in within the impacted departments. Key activities and timing for communication plan are included in **Appendix A – PHT Work Plan** and summarized below in **Figure 5**.



**Figure 5 – PHT-04 Communication Plan**

Audience	Key Messages	Modalities	Owner
Office of Outdoor Recreation, PHT Parks Division and PHT Heritage Division	<ul style="list-style-type: none"> <li>● Revenue opportunities will be sought by leveraging new and existing partners to expand services and resources at Heritage and Parks locations</li> <li>● Invite engagement from teams to offer recommendations for expanded services and business vendor opportunities</li> <li>● Encourage vendor opportunities that have business bandwidth to support serving multiple park locations or statewide operations.</li> <li>● PPP partnerships must be high quality outdoor recreation experiences and should offset operational and maintenance costs of parks.</li> <li>● Partnerships must also align with business practices that best support and further NSI.</li> </ul>	<ul style="list-style-type: none"> <li>● Division meetings</li> </ul>	Katherine Andrews
<ul style="list-style-type: none"> <li>● Local and Legislative Officials</li> <li>● Public and Private Partner(s) Potentials</li> </ul>	<ul style="list-style-type: none"> <li>● Arkansas will aim to be a true leader in the outdoor recreation industry by investing in the outdoor workforce to elevate state parks to the next level.</li> <li>● We will explore new service vendor opportunities and add new experiences at parks to enhance visitor appeal for increased visitation.</li> <li>● New tax incentives and opportunity zones will be examined to attract outdoor entrepreneurs and businesses to the state.</li> <li>● We invite interested businesses who are in the service delivery industry to explore PPP opportunities with us if they provide high quality outdoor recreation experiences that are safe and support the PHT brand position.</li> </ul>	<ul style="list-style-type: none"> <li>● Website update</li> <li>● Release of one pager PPP opportunity with benefits and cost efficiency</li> <li>● Press release</li> <li>● Local radio</li> <li>● Social Media</li> <li>● State Park marketing sources</li> </ul>	Katherine Andrews and Team: Office of Legislative & Intergovernmental Affairs

Audience	Key Messages	Modalities	Owner
	<ul style="list-style-type: none"> <li>We will implement a PPP recreational pilot to test selected partnerships in focused locales and business industries and will seek to expand the launch of partnerships across Parks and Heritage divisions.</li> </ul>		
<ul style="list-style-type: none"> <li>Key Stakeholders</li> <li>Community Partners</li> </ul>	<ul style="list-style-type: none"> <li>Engage key stakeholders and community partners from both public and private sectors to gather input, build support and drive action for local, regional and statewide partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>Town Hall meetings</li> <li>Community Presentations</li> <li>Website</li> <li>Social media</li> </ul>	Katherine Andrews and Office of Outdoor Recreation, PHT Parks Division and PHT Heritage Division

### PHT-07: Centralize grant data across all divisions and standardize grant management practices

This initiative creates a centralized repository of grants distributed from the Tourism, Parks, and Heritage divisions to 1) better serve Arkansans by providing a 'single source of truth' (e.g., application instructions, criteria for funding) for PHT grants and 2) reduce administrative burden of tracking grant compliance (e.g., automated requests for supporting documents, automated flag of out of compliance grantees).

**Initiative Overview and Current State:** Distribution of grant funding is a core function performed across divisions at PHT to support local arts activities and events, cultural restoration heritage sites, and creation and maintenance of parks and trails/recreation, among other activities. PHT manages grants in a decentralized manner, with staff located within each division. Grant management current state includes:

- Historically there has not been a centralized approach to grant awards and monitoring. Divisions capture different metrics and have used different methods to oversee their grant programs. There is no formalized method to share best practices across divisions and ensure consistency in grant administration.
- There is no central repository of grant applications by disposition (awarded/not awarded), though the department is now moving toward implementation of one solution (the Foundant Grant Lifecycle Manager) and supporting departments in migrating their historical data into that system. In the past, grant awards have been tracked within each division using different systems.

The lack of a centralized approach to grants management has resulted in administrative challenges for PHT and missed opportunities for potential grantees including:

- The Department cannot easily track total grant funding distributed, demographic characteristics of grantees (by type of organization and location), and outcomes achieved.

This creates administrative burden for staff in researching and responding to frequent inquiries about past grant investments.

- The Department is missing an opportunity to demonstrate the impact of the State’s grants, including reporting on the impact of its funding and partnerships (such as in annual reports or impact statements).
- The Department is missing an opportunity to share more information about the grants process on its website, such as the process and timeline for application for the various funding sources available and a searchable list of past recipients, which could support organizations in determining whether to apply for state grants.

**Rationale:** PHT-07 directs PHT to centralize grants data and grant management. The Department seeks to transfer an existing position and have that person oversee the grant management process. Locating the position in a shared services function within the organization will ensure service to each division. Because division staff working on grants may have other duties, they will remain in their divisions but report to the centralized team with a dotted line reporting structure.

The central team will oversee adoption of departmental policies and procedures and a standard process for grants management. The central team will:

- Coordinate and monitor the department-wide implementation of grants, contracts, and/or loan programs by overseeing funding procedures and developing goals and objectives;
- Facilitate process improvement among departmental grants staff;
- Develop policies and procedures for grant application, award, monitoring, and compliance activities performed by division-based grant staff;
- Identify and disseminate best practices in grant administration and monitoring;
- Monitor departmental grants implementation to ensure compliance with institution policies, laws, and regulations;
- Prepare summary reporting on departmental grants awarded, including financial reports, negotiates funding sources, monitors disbursements and invoices involving granting and contracting agencies, and allocates resources for programs; and,
- Collaborate with the tourism department to add resources to the website to support potential grant applicants.

### Implementation Considerations:

**Appendix A – PHT Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with PHT staff.

### **Strategies to address potential risks and enable success:**

This initiative creates a centralized grant function, while preserving the direct reporting relationship of the division grants staff to their respective divisions. Although some education may be needed to obtain support from division leaders, the anticipated friction from centralizing grants is low.

The central grants team will need to closely collaborate with the division grants staff for this initiative to be successful. Although the division staff reporting relationship will not be direct (dotted line), providing teambuilding resources will support the collaboration with the central grants team.

Additionally, PHT has acquired a grants management software, Foundant. This software tool allows PHT to securely manage grant funding activities and streamline the entire grantmaking process in an easy-to-use, cloud-based grants management software. Foundant supports grant application creation and processing, compliance monitoring, reporting and analytics, as well as budgeting and fund tracking.

#### **Recommended steps for establishing new organization structure (future state):**

- Revise job description for grants coordinator (complete).
- Complete transfer of position to CFO organization, educating division leadership and grants staff on new structure, reporting, and duties.
- Establish policy/standard operating procedure for PHT grant monitoring using the Foundant grant management software.
- Develop/request vendor assistance in training all division grants staff on Foundant use.
- IT and division grants staff migrate existing grants data into Foundant.
- Develop standard reporting using Foundant.
- Conduct training of division staff as needed to support implementation of this procedure.
- Engage the Tourism department for updates to website to share information on grants calendar and process, as well as searchable database of recipients.
- Create annual report/impact statement for PHT grants.

**Alignment of department priorities with staffing and resources:** PHT distributes significant state funds to local entities. This initiative aims to improve the grants management process through centralizing the function and implementing grants management software that will improve all aspects of grant management including tracking and reporting on grant funding. This initiative can be implemented by shifting existing staff into a centralized, shared services role.

#### **Process changes associated with implementing changes in the strategic plans:**

This initiative is expected to result in process changes in how PHT divisions manage the grant application, award, and oversight processes. It is expected the organizational structure will support sharing of divisional best practices and inform establishment of a consistent department-wide process. This could result in improvements to grant applicants through uniform and streamlined processes (e.g., use of common forms, improved reporting).

#### **Performance metrics to measure success post-implementation:**

The goal of implementing one repository for the department's grant information means that PHT can now easily report on a variety of outcomes related to its administration and oversight of grants including:

- Number of applications by year, type, and location (expected to increase);
- Average duration of grant process (expected to decrease);

- Number of grants awarded, by year, type, and location; and,
- Number of grants achieving intended outcome, by type.

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not expected to have a fiscal impact but is an enabling factor in improving the efficiency of PHT’s grants programs.

**Change Management Plan:** Figure 6 summarizes high level communication tasks, that are also included in **Appendix A – PHT Work Plan**.

**Figure 6 – PHT-07 Communication Plan**

Audience	Key Messages	Modalities	Owner
PHT Division Leaders	<ul style="list-style-type: none"> <li>• PHT seeks to bring rigor to our grant oversight process.</li> <li>• A new central approach to grant management will be implemented, led by a grants coordinator to be located within the office of the CFO.</li> <li>• Existing division grants staff will remain within your divisions and continue to report to their existing supervisors.</li> <li>• Over the coming months, we will be implementing improved processes for grants oversight with the input of your staff.</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	Secretary Chief Fiscal Officer
Impacted Grants Staff	<ul style="list-style-type: none"> <li>• PHT seeks to bring rigor to our grant oversight process.</li> <li>• A new central approach to grant management will be implemented, led by a grants coordinator to be located within the office of the CFO.</li> <li>• New grant management software (Foundant), will reduce laborious manual tracking and improve compliance and reporting.</li> <li>• Existing division grants staff will remain within your divisions and continue to report to your existing supervisor.</li> <li>• However, you will now have the added resource of the central grants position and an extended team of colleagues working on grants across PHT.</li> <li>• Over the coming months, we will be implementing</li> </ul>	<ul style="list-style-type: none"> <li>• Team meetings</li> </ul>	Chief Fiscal Officer Division Leaders

Audience	Key Messages	Modalities	Owner
	improvements how we manage grants, building resources for potential grantees, and migrating existing grants data into the Foundant database. <ul style="list-style-type: none"> <li>Your involvement in these efforts will be crucial.</li> </ul>		
Public/Grant Applicants	<ul style="list-style-type: none"> <li>PHT has created resources to support potential grant applicants.</li> <li>Our website includes new tools such as a calendar of key dates and an overview of the grants application process, as well as a searchable director of past grantees.</li> </ul>	<ul style="list-style-type: none"> <li>Website</li> <li>Social Media</li> </ul>	Communication Team

**PHT-09: Ensure consistent administration practices across divisions**

This initiative is focused on adopting consistent processes across accounting, fixed assets, and procurement across divisions to reduce processing time and improve budget management.

**Initiative Overview and Current State:**

Within PHT, the Chief Fiscal Officer (CFO) has responsibility for financial operations as a service that is shared across divisions. While each division maintains its own financial group, PHT coordinates to ensure that procurement, budgeting, and purchasing processes are aligned. Teamwork is critical, with division directors collaborating closely with CFO. For purchasing requests, the purchasing group operates under shared services, which reports to the CFO, while accounts payable (AP) teams handle the processing of confirmed bill payments.

Overall, existing financial processes are established and reasonably streamlined now. However, there are variances in the execution of financial practices across divisions due to lack of consistent coordination and the impact of staff turnover. In situations where there is uncertainty about procedures, staff members typically turn to the central office for guidance. Operational processes vary by division.

There is a consensus that changes to PHT’s financial processes be necessary in the future, especially as the department prepares for the implementation of the new S4HANA system (in process of implementation to replace AASIS). S4HANA will offer automated workflows and digital processes that can track work as it progresses through the system. As such, this initiative's focus is primarily on standardizing financial practices among the three divisions.

Statewide policies regarding procurement remain consistent across all divisions with specific procedural codes: Parks operates under code 0900, while Heritage adheres to code 0865. However, a significant challenge arises from insufficient staffing at the Central Office, which is responsible for finalizing all financial transactions. Any approval for expenditures exceeding \$5,000 must come from the central office before moving forward, often resulting in delays.

**Rationale:** PHT-09 aims to standardize financial processes across its three divisions to enhance efficiency, improve budget management, and facilitate better coordination. Currently, disparities in financial practices and the challenges posed by staff turnover create inconsistencies that can hinder effective operations. By adopting consistent procedures, the department seeks to minimize administrative rework and streamline financial administration, ultimately preparing for the upcoming transition to the new S4HANA system. This initiative is essential to align the financial practices of the Parks, Heritage, and Tourism divisions.

The expected benefits of the initiative include:

- **Improved Efficiency:** Standardizing processes will reduce time spent on administrative tasks and rework, leading to more efficient operations.
- **Enhanced Coordination:** A unified approach will facilitate better communication and collaboration among the three divisions, reducing confusion and enhancing teamwork.
- **Better Training and Onboarding:** With consistent practices, new staff can be trained more effectively, ensuring they are well-versed in the established procedures.
- **Preparation for S4HANA Transition:** By standardizing practices now, PHT will be better positioned to implement the upcoming S4HANA system seamlessly.
- **Increased Compliance:** Adopting standardized processes ensures adherence to statewide procurement policies and financial regulations, mitigating risks associated with non-compliance.

## Implementation Considerations:

### **Strategies to address potential risks and enable success:**

In a work session with PHT staff to plan for implementation of more standardized financial processes (see **Figure 7**), barriers to the adoption of consistent processes were identified and are included in **Figure 7's** red boxes and the related solutions are identified in green boxes. In summary, some of the primary challenges and strategies to address them include:

- **Reluctance to change due to legacy practices:** Change management will be needed to ensure staff in all divisions, including those that operated independently as former departments, adopt consistent departmental practices. Providing clear examples of how standardization will streamline operations, reduce administrative workload, and improve overall efficiency and demonstrating quick wins or initial successes from pilot programs could help overcome resistance.
- **Continued turnover of staff could delay implementation of consistent financial practices and create knowledge gaps.** With staff departing and new employees needing to be trained, the process standardization may face interruptions, and maintaining consistency could be difficult. Developing financial policies and procedures and training materials to support staff onboarding can reduce this risk. A training library with detailed resources, guides, and recorded sessions could ensure that new employees are brought up to speed quickly and effectively.

**Figure 7 – PHT 09 Interference Diagram**



Source: Developed in work session with PHT staff held on September 4, 2024.

**Steps for Establishing the Future State:**

- Analyze current processes: Review existing financial administration practices, identify gaps, and gather requirements from all divisions. Onboard deputy director overseeing business and operations.
- Create a unified framework: Develop a standardized process framework for accounting, fixed assets, and procurement. Train deputy director on framework.
- Engage stakeholders: Hold workshops and meetings to align stakeholders and secure their commitment to the new processes. Ensure 8 department directors within Heritage are committed to enforcing change.
- Develop training sessions: Create and deliver training programs for employees on the new standardized procedures.
- Implement software tools: Upgrade or implement necessary software tools to support the standardized processes.
- Run pilot programs: Conduct pilot programs in select divisions, gather feedback, and make necessary adjustments before full rollout.
- Roll out standardized processes: Implement the standardized processes across all divisions while ensuring compliance.
- Define and adopt performance measures to assess impact.
- Monitor performance: Continuously track process performance, gather feedback, and make improvements as necessary.



**Alignment of Department priorities with staffing and resources:** This initiative requires minimal additional resources, as it focuses primarily on standardizing processes that already exist across PHT divisions. The processes themselves are in place, so the primary effort will involve aligning and coordinating them rather than creating new systems from scratch.

One key resource not directly attributed to this initiative, but still critical, is the new Deputy Director position. The Deputy Director will play a pivotal role in ensuring compliance with the standardized processes and aligning divisional practices. However, this role is being managed outside the scope of the initiative and is therefore not listed or discussed as a dedicated resource here.

Another critical element of success is executive support. Leadership support will be crucial to reinforce the need for standardization and ensure that staff across all divisions adhere to the unified processes. With strong backing from leadership, the initiative will have the authority necessary to maintain consistency and accountability in financial practices.

In summary, the resource requirements are minimal, focusing more on alignment and compliance, with executive backing playing a key role in ensuring staff follow standardized procedures and practices.

#### **Process changes associated with implementing changes in the strategic plans:**

The core change brought by this initiative is the standardization of financial processes across all PHT divisions. Currently, Parks and Tourism are already aligned in their practices, but Heritage operates differently. As a result of this initiative and greater standardization of processes, less variation from the expected processes will occur, which may impact the Heritage division more than the others.

While some stakeholders believe that the procedures themselves are already largely aligned, there is recognition that practices differ across divisions. These variations will need to be identified, understood, and standardized to ensure that all divisions follow consistent financial practices. By doing so, the department will reduce inconsistencies and streamline processes, making operations more efficient and easier to manage across all divisions.

In summary, the initiative will result in a cohesive financial process across PHT, addressing differences in practices while maintaining aligned procedures. This effort will enable the department to operate more smoothly and reduce rework caused by current inconsistencies.

**Performance metrics to measure success post-implementation:** These metrics will provide a clear view of how well the standardization effort is working and its impact on efficiency, speed, and compliance within the department.

- Time spent on administrative rework such as errors or incomplete documentation (expected to decrease);
- Financial process completion time for tasks such as procurement/purchasing approvals and budget reconciliations (expected to decrease); and,
- Compliance with standardized procedures (expected to increase).

**Identification and estimation of any savings the strategic plan could realize once implemented:** The standardization of financial processes across PHT is expected to yield several important savings, both tangible and intangible that include:

- **Improved Budget Management (Planned vs. Actual):** By aligning financial processes across all divisions, the department will be better able to track and compare planned budgets against actual expenditures. This will help reduce overspending, avoid budget discrepancies, and allow for more accurate forecasting. Ultimately, this will lead to better financial planning and a more efficient allocation of resources.
- **Increased Accountability and Transparency:** Standardized processes will enhance transparency by ensuring all divisions follow the same financial procedures. This consistency will make it easier to identify errors or inefficiencies, hold staff accountable for financial decisions, and reduce the risk of mismanagement. The increased transparency will also streamline audits and compliance reviews, which can result in reduced costs for corrective actions or fines.

**Change Management Plan:** In addition to the change management practices discussed above, communication with impacted staff will be an important part of this initiative’s success. Key communication tasks are included in **Attachment A – PHT Workplan** and included below in **Figure 8**.

**Figure 8 – PHT-09 Communication Plan**

Audience	Key Messages	Modalities	Owner
PHT financial staff	<ul style="list-style-type: none"> <li>• These changes are to strengthen our team through enacting financial processes that are consistent across divisions.</li> <li>• High level summary of changes.</li> </ul>	Emails to staff  Lunch and learns	CFO

## PHT-14: Use data to improve guest experience

This initiative seeks to use customer experience data to inform PHT’s marketing and communication strategies to drive more in- and out-of-state visitors to its parks and heritage sites.

**Initiative Overview and Current State:** The Tourism Division is the promotional arm for the department. They receive appropriations for advertising and marketing and oversee communication channels including the website and social media. The Tourism Division strives to expand the economic impact of travel and tourism in Arkansas including from out of state and intra-state travel.

The Division of Tourism (through an external agency partner and internal team) utilizes multiple digital channels to promote PHT offerings, including:

- **Websites:** Arkansas.com (which received over 7.27 million page views from October 2023 - October 2024) and ArkansasStateParks.com.
- **Social Media:** X, Instagram, YouTube, Facebook, and Pinterest social media accounts. There used to be separate pages for all welcome center locations and many parks. PHT is streamlining social media pages.

In addition to these digital offerings, the Tourism division manages 13 Arkansas Welcome Centers at strategic points of entry to the state and employs more than sixty staff members statewide.

To inform its marketing efforts, the Division of Tourism uses multiple strategies:

- Research: The Division spends approximately \$500,000 on research including visitor profile data to inform development of messaging.
- Google Analytics: The Division uses Google Analytics to review website traffic and assess the impact of its digital ads and search engine optimization.
- Adara: The Division tracks the effectiveness of its digital ads using this tool (e.g., did a website visitor take an action such as booking a flight or hotel as a result of the visit to the website).

The Division has currently begun a large project to revamp PHT's website, given the importance of this channel in reaching potential visitors. The Team recently contracted with a vendor (CJRW) and launched the project in August 2024, with "Go Live" for the new site expected in late Summer 2025. The project includes Arkansas.com and ArkansasStateParks.com as two primary domains. The project will rebuild the site from the ground up and expand functionality to make it a tool for trip planning (itinerary tools, connecting to hotels and park experiences), as well as removing out of date content.

While PHT has invested in driving visitors to PHT offerings, there needs to be better understanding of the customer experience after visiting a park or heritage site. Access to this information could help PHT's divisions make program improvements to improve the guest experience and could also inform Tourism's approach to marketing PHT offerings. Some of these gaps in understanding include:

- Visitor satisfaction data from park and heritage sites is not captured electronically, with insights not able to be used to inform Tourism's strategies. There are paper surveys at the various parks, but no formal mechanism to collect, analyze and report on this data.
- PHT does not have a formal program to review, respond to, and address negative online reviews on platforms such as Google, TripAdvisor, and other tourism sites which are impactful for customers. These platforms are significant sources of information for potential visitors. Many customers will search for a destination (park or museum) online before deciding to visit.

Google is currently the fastest-growing review platform, and therefore reviews on Google have become more critical than ever. Reviews are a powerful tool to convince visitors to spend time at an Arkansas park or museum. Three main reasons PHT may benefit from increasing the number of reviews on Google include:<sup>7</sup>

- Reviews improve ranking on Google search, increasing likelihood that someone views PHT's information.
- Reviews (positive and negative) are an important feedback loop for optimizing the customer experience and provide a real-time view of customer experience.

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<sup>7</sup> "Google Reviews are Becoming More Reliable and More Important. Whether You Like It or Not," April 2024, [mobal.io/blog-posts/google-reviews-are-becoming-more-reliable-and-more-important-whether-you-like-it-or-not](https://mobal.io/blog-posts/google-reviews-are-becoming-more-reliable-and-more-important-whether-you-like-it-or-not)

- Reviews help to build trust and credibility. Positive reviews can lead to a potential visitor visiting the PHT web page, search for more reviews, contact the business, or visit the actual location. Significantly, 76% of reviewers trust online reviews as recommendations from family and friends, which certainly positively influences decisions.<sup>8</sup>

Anecdotally, a search for the Old State House Museum in Little Rock yielded a result of 678 reviews, with most being 5 stars and the average of all reviews 4.6.

Another source of reviews is Tripadvisor. To demonstrate the value of online reviews, a recent study revealed the highest-rated state parks in the United States based on online reviews. Travel experts at Niagara Falls Tours & Tickets conducted the study, which used Tripadvisor data to determine the average rating visitors gave to each state park. The team only factored in state parks with more than 50 online reviews.<sup>9</sup> As seen in **Figure 9**, Moro Bay State Park in Arkansas was among the top ten highly rated state parks.

**Figure 9 – Top 10 Highest Rated State Parks on Tripadvisor**

Rank	State	Park	City/Region	Average Rating	Percentage of reviews that are 5 stars
1	California	Humboldt Redwoods State Park	Weott	4.884	90.30%
2	Alaska	Kachemak Bay State Park	Homer	4.882	89.70%
3	Oregon	Shore Acres State Park	Coos Bay	4.862	87.60%
4	Oregon	Smith Rock State Park	Redmond	4.855	87.00%
5	Virginia	Grayson Highlands State Park	Mouth of Wilson	4.853	88.20%
6	Hawaii	Waimea Canyon State Park	Waimea	4.844	86.60%
7	California	Jedediah Smith Redwoods State Park	Crescent City	4.839	86.20%
8	Arkansas	Moro Bay State Park	Jersey	4.838	87.70%
9	Oregon	Samuel H. Boardman State Scenic Corridor	Brookings	4.833	84.10%
9	Michigan	Ludington State Park	Ludington	4.833	86.20%
10	West Virginia	Beartown State Park	Marlinton	4.832	85.70%

PHT could conduct a more complete analysis to capture and monitor the current Google and Tripadvisor rating of Arkansas parks and heritage sites and to review the qualitative feedback provided for improvement ideas.

**Rationale:** This initiative seeks to build on the data and guest communication channels PHT has today, by more formally gathering customer experience data and addressing negative online customer feedback. The Tourism division will support Parks and Heritage in implementing online surveys to collect more customer experience data and conducting analysis of collected information. In addition, the Communication Team will analyze online feedback obtained through Google, Tripadvisor, and other platforms. Collectively, the Tourism division will support the synthesis of this information into a dashboard for leadership and ensure input of this customer experience data is available to leaders for use in identifying program improvements.

<sup>8</sup> “Google Reviews are Becoming More Reliable and More Important. Whether You Like It or Not,” April 2024.

<sup>9</sup> Jacqueline Tripp, Study reveals most highly-rated state parks in United States,” September 13, 2024, <https://www.ketk.com/news/study-reveals-most-highly-rated-state-parks-in-united-states/>.

## Implementation Considerations:

### Strategies to address potential risks and enable success:

The Division of Tourism is the promotion arm for the department and has tools to analyze customer experience (such as deploying online surveys) but lacks access to the customers who visit parks and heritage sites. The Parks and Heritage divisions manage the locations where guests visit but do not have the resources or tools to capture or analyze feedback today on a large scale. Collaboration between the divisions is essential to the success of this initiative.

### Recommended steps for using customer feedback to drive improvements (future state):

Division of Tourism will work with PHT division leadership to:

- Create a strategy to implement digital surveys and more customer-centric testing at parks and heritage sites, leveraging the tools available to the Tourism division.
- Collect relevant data from feedback surveys, online reviews and travel/tourism sites, visitation records, and website analytics and identify insights to improve customer experience and marketing strategy.
- Conduct qualitative, quantitative, and analytical research (including tracking Google and TripAdvisor reviews) to continuously optimize omnichannel customer experiences.
- Create ongoing dashboards and summary reports to provide leadership with visibility to customer experience data.

**Alignment of department priorities with staffing and resources:** This initiative aligns with the State's goal to further position Arkansas as a leader in the outdoor economy. Deploying effective marketing strategies and analyzing new survey and existing online feedback through various platforms will increase opportunities for improvement.

### Process changes associated with implementing changes in the strategic plans:

This initiative will enable collection of more data from users of PHT's parks and heritage sites. This feedback could result in changes in how PHT manages these assets.

### Performance metrics to measure success post-implementation:

This initiative will provide consumers with up-to-date information on PHT offerings. Marketing enhancements are expected to increase customer satisfaction due to improved awareness and access to PHT resources. The customer experience should improve overall.

Performance Measures to be tracked:

- The number and methods of communication channels utilized for marketing. (expected to increase)
- Volume of reach through each communication channel used. (expected to increase)
- State Park visitation. (expected to increase)
- Service utilization volumes per state park and PHT offerings accessed. (expected to increase)
- Revenue changes resulting from the increase in visitation post marketing campaign. (expected to increase)
- Number of "stars" for Google and Trip Advisor reviews (expected to increase or remain constant)

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not expected to result in cost savings, but it is an enabling initiative to improve overall digital marketing, which could increase the number of in- and out-of-state visitors to the park. Existing staffing and resources will be utilized.

**Change Management Plan:** PHT already utilizes a variety of digital channels to promote its offerings. The opportunities identified in this initiative are narrow: to focus on obtaining additional feedback from users of the parks and heritage sites, and to monitor and address online feedback about PHT offerings through sites like Google and Tripadvisor. These are focused projects and it is not anticipated they will require significant change management or necessitate a communication plan.

### **PHT-15: Establish customer service training**

This initiative seeks to disseminate hospitality best practices for PHT guest-facing employees, and upskilling experience focused roles (e.g., park interpreters, museum educators) to improve the guest experience.

By establishing department-wide customer experience best practices, performance standards and training all the guest-facing PHT employees on these expectations, it will reinforce the organization's culture change into a more customer-focused organization and encourage high quality customer service outcomes. This initiative is intended to be a "quick win" with action steps scheduled for completion within weeks and total time to be deployed over a period of approximately six months.

**Initiative Overview and Current State:** Last year, the state parks in Arkansas received 9 million visitors. Tourism to state parks and heritage sites represent a significant driver of economic activity. PHT leadership report their staff employed in the museums and parks around the state generally offer good customer service and complaints are minimal. The parks and museums employ similar types of guest-facing positions that offer key touch points during their visits. Parks and museums have front-desk, lodge, or visitor center employees that interact with guests during the initial stage of the guest experience. Museums employ education directors and parks employ park interpreters that offer tours and education experiences. The parks also employ park rangers that are responsible for law enforcement.

Leadership has established the goal of elevating the guest experience to make Arkansas a destination. Leadership believes, while customer service and overall experience is strong, elevating the customer experience is a major priority for PHT. Although complaints were minimal, leadership admits the lack of data collection and survey tools makes it difficult to quantify the real guest experience. Additionally, PHT employees are not offered or expected to complete any formal customer service training.

Access to PHT data on customer experience and satisfaction at the parks and museums is limited to anecdotal stories and limited feedback from overnight guests that stay in the state parks. The state parks do not charge an entrance fee to any of their parks and there is no requirement to "check in," and this could present a challenge to implementing customer feedback. Customer feedback and survey data is a rich source of potential process improvement and lack of this data can make it challenging for leaders to identify issues and correct them. Customer service is "everyone's job" but it is not measured or reinforced through staff training, among other methods.

**Rationale:** PHT-15 seeks to reinforce PHT’s culture of customer service and experience by establishing customer service expectations and hospitality best practices for the organization and training staff on these expectations. Investment in customer service skills for staff can have a positive impact not only on the customers served but also result in improved job performance, and ultimately more visitors to the parks and heritage sites.

State and federal agencies have sought to model customer experience initiatives on similar initiatives in the private sector by establishing performance standards. In a recent study conducted by Qualtrics, residents of Alaska, South Dakota, Florida, Maryland and New Hampshire made up the top five states with the highest overall customer satisfaction of government services delivered by their state. Missouri, Mississippi, Hawaii, Connecticut, and Illinois round out the bottom five states. Arkansas was ranked 29<sup>th</sup> of 51 states (see **Figure 10**). Qualtrics asked nearly 20,000 people who have recently used at least one of nine state and federal government services about their experience, creating a new benchmark for customer experience across a range of state and federal services.<sup>10</sup> The data for the report comes from a study of state and federal government customers that have used at least one of several services from December 2023 through January 2024. Qualtrics Government conducted this research by sampling 14,605 state customers and 4,985 federal customers. Respondents represent all 50 states and the District of Columbia, with minimum sample size thresholds to ensure state-by-state comparisons. Analysis included weighting at the regional level to ensure adequate representation of demographic groups.<sup>11</sup>

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<sup>10</sup> Qualtrics, These Governments Offer the Best Customer Service, May 23, 2024, [Qualtrics.com.news/these-state-governments-offer-the-best-customer-service/](https://www.qualtrics.com/news/these-state-governments-offer-the-best-customer-service/)

<sup>11</sup> Qualtrics, These Governments Offer the Best Customer Service, May 23, 2024, [Qualtrics.com.news/these-state-governments-offer-the-best-customer-service/](https://www.qualtrics.com/news/these-state-governments-offer-the-best-customer-service/)

**Figure 10 – State and Federal Government Customer Service Rankings 2024**

STATE	SATISFACTION	RANK	STATE	SATISFACTION	RANK
Alaska	72%	1	Pennsylvania	59%	27
South Dakota	72%	2	Kansas	59%	28
Florida	70%	3	Arkansas	59%	29
Maryland	67%	4	Utah	58%	30
New Hampshire	66%	5	Wisconsin	58%	31
North Dakota	65%	6	Maine	58%	32
Montana	65%	7	Wyoming	58%	33
Delaware	65%	8	Oklahoma	57%	34
District of Columbia	64%	9	Nebraska	57%	35
Indiana	64%	10	Ohio	57%	36
Minnesota	64%	11	New Mexico	57%	37
Washington	64%	12	Texas	56%	38
Arizona	63%	13	Rhode Island	56%	39
Virginia	63%	14	North Carolina	56%	40
Colorado	63%	15	West Virginia	55%	41
South Carolina	63%	16	Kentucky	55%	42
Oregon	63%	17	Vermont	55%	43
Nevada	63%	18	Michigan	55%	44
California	62%	19	Idaho	54%	45
Alabama	60%	20	Louisiana	54%	46
Iowa	60%	21	Missouri	54%	47
Georgia	60%	22	Mississippi	54%	48
New Jersey	59%	23	Hawaii	53%	49
Tennessee	59%	24	Connecticut	51%	50
Massachusetts	59%	25	Illinois	49%	51
New York	59%	26			

Source: Reprinted from Qualtrics

Across the country, federal government services like Medicare, the USPS, and Social Security had the highest overall satisfaction ratings while state government delivered services like the Division of Motor Vehicles, Supplemental Nutrition Assistance Program and state tax services scored the lowest. Although the benchmark services did not include the type of services offered by PHT, the results set the boundaries for state-to-state comparison.

The study suggested that the “top-performing government agencies utilize customer insights to pinpoint crucial customer needs, wants, and desires, and invest in cross-channel improvements that not only meet but exceed their expectations...The state services that are leading the way have undertaken the *important work of listening to their customers through a variety of structured and unstructured channels* to identify the most effective ways to make government easier to work with, the holy grail for customer satisfaction.”<sup>12</sup>

Another finding from the study showed satisfaction did not vary between in-person and online service experiences, but a strong bias existed when someone had to interact with both an online and in-person experience. The longer a person interacted to resolve an issue and had to go back and forth between online and in-person, decreased their satisfaction scores.

<sup>12</sup> Qualtrics, These Governments Offer the Best Customer Service, May 23, 2024, [Qualtrics.com.news/these-state-governments-offer-the-best-customer-service/](https://qualtrics.com/news/these-state-governments-offer-the-best-customer-service/)



## Implementation Considerations:

**Appendix A – PHT Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with PHT staff and review of other organizations and state best practices include:

1. The State of Rhode Island requires all employees who interact with internal or external customers to *complete their Customer Service Academy*. The required sequence of study includes<sup>13</sup>:
  - Amica customer service model
  - Meeting the challenge of a difficult customer
  - Managing customer expectations
  - Building customer satisfaction
  - Valuing differences
2. The Tennessee Department of Children’s Services implemented a GREAT Service (Greet, Relate, Exceed, Affirm, Thank) curriculum for employees developed by the State Department of Human Services, Strategic Learning Solutions division.
3. To improve the customer experience South Carolina Parks and Recreation implemented annual customer service awards for their staff in a variety of categories. South Carolina offers gift cards for rental of cabins, campsites, picnic shelters, meeting facilities, and purchasing retail at state parks to promote their state parks. South Carolina also adopted the Malcolm Baldrige quality criteria as a management system (Baldrige has a strong customer service requirement) and implemented a dashboard of performance metrics tracking the outcomes of agency priorities.

### **Strategies to address potential risks and enable success:**

This initiative offers an opportunity to build a culture of customer service at PHT. However, this requires follow-through to make customer service skills part of the culture and values and ongoing change management. If conducted as a one-time training exercise, staff will not adopt and exhibit these behaviors permanently. However, if display of these skills and adoption of these values truly becomes part of how PHT does business, the department will realize the greatest value.

In addition to training, PHT should take advantage of online reviews, which are widely used across the hospitality industry. See discussion in PHT-14 regarding use of Google, Tripadvisor, and other online tools to obtain real-time feedback about customer experience and customer service opportunities.

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<sup>13</sup> [hr.ri.gov/learning/academies/documents/](http://hr.ri.gov/learning/academies/documents/)

### **Recommended steps to implement customer-centered training (future state):**

- Develop comprehensive training materials and guidelines based on identified best practices. If training is not developed internally, training can be purchased to reinforce these values. There are many “off the shelf” customer service tools and curricula that may be purchased. PHT could adopt a “Train the Trainer” model to contain costs.
- Form a customer service workgroup, with representation from all business areas and levels of the organization, to include Transformation and Shared Services (TSS). TSS offers an in-person Communications and Customer Service training that could be reviewed for applicability to hospitality best practices. If it does not apply, PHT could work with TSS to customize it to their needs or develop its own curriculum.
- Conduct training sessions (e.g., hospitality 101) for all guest-facing employees to ensure understanding and implementation of best practices.
- Upskill experience-focused roles (e.g., state park interpreters, museum program assistants, superintendents) through specialized workshops and training programs.
- Implement a mentorship program where experienced employees can guide and support newer staff in applying best practices.
- Monitor and evaluate the impact of training on guest experience through feedback surveys (e.g., visitor surveys, customer sentiment analysis across online reviews) and performance metrics.
- Continuously update training materials and practices based on feedback and evolving industry standards.
- Create a comprehensive strategy to reinforce these new customer service values:
  - Create ongoing email / staff intranet content about the values and skills
  - Create messages from PHT leadership reinforcing the values
  - Create a staff recognition program for excellent customer service
- Establish department and division goals for customer service performance.
- Create mechanisms to collect real-time feedback at state parks and heritage sites (iPad kiosks, QR codes that take user to an online survey, and outbound surveys via phone or text if customer data can be collected) (see PHT-14 about customer service opportunities).
- Create a scorecard to use in sharing relevant metrics with staff. This could be a monthly or quarterly scorecard.

Customer service training programs are courses or certifications that equip employees with the skills, knowledge, and techniques to enhance customer satisfaction. The skills learned from these training programs help employees find solutions, answer questions, and communicate better with clients. There are many examples of curricula for public and private entities that seek to improve soft skills and customer service training. There is a plethora of vendors who have developed products at various price points (e.g., Alliance Training and Consulting, ICMA, Human Resources Institute, etc.).<sup>14</sup>

**Alignment of department priorities with staffing and resources:** Customer experience is among the department’s highest priorities and a focus of not only Arkansas Forward, but other initiatives as well. While the department views customer service as everyone’s job, this initiative seeks to operationalize this goal.

**Process changes, associated with implementing changes in the strategic plans:** This initiative directly is not expected to change processes, but depending on how leaders seek to integrate these values and behaviors into their work, future process improvement could occur.

**Estimation of any anticipated costs and staffing needs:** A range of costs could be incurred depending on how PHT seeks to deploy this training and collect customer feedback. Development of training to communicate desired customer service behaviors to the staff can be done within existing resources, a curriculum could be purchased, training seminars could be facilitated by a leader, or PHT could partner with TSS to use an already developed curriculum.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to improve customer service across customer-facing functions at PHT. Metrics that could be used to measure this success include:

- Percentage of guest-facing staff completing customer service training (goal is 100%);
- Annual same-guest visits to lodge, cabins, and food and beverage experiences (expected to increase);
- Number of visits to museums (expected to increase);
- Number of visits to state parks (expected to increase);
- Customer experience / satisfaction rate (survey results) (expected to increase);
- Net Promoter Score – This asks the question would you recommend PHT museums or state parks to your friends and family? The question could be incorporated into the survey post-transaction with PHT and captured in a variety of methods (as a verbal question at the end of a call, a text or email-based survey, or on kiosks in the lodges or visitor centers) (expected to increase).

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<sup>14</sup> Alliance, “Meeting Customer Service Challenges in the Public Sector,” <https://alliancetac.com/customer-service-training/onsite-course/meeting-customer-service-challenges-in-the-public-sector-course-outline>  
Human Resources Institute, “Customer Services Skills for Government Employees,” [https://www.federaltraining.com/courses/professional\\_development/Customer\\_Service\\_Skills\\_training.aspx](https://www.federaltraining.com/courses/professional_development/Customer_Service_Skills_training.aspx)  
ICMA, “Outstanding Local Government Customer Service,” [https://shop.learninglab.icma.org/products/9973492-flg\\_olgcs](https://shop.learninglab.icma.org/products/9973492-flg_olgcs).

**Identification and estimation of any savings the strategic plan could realize once implemented:** This initiative is not anticipated to result in direct cost savings. PHT could incur a nominal cost to purchase or develop training, but these costs could be reduced if PHT uses a “Train the Trainer” approach or the existing TSS Communications and Customer Service training. Increased visits to the museums and state parks could increase revenue for the state.

**Change Management Plan:** Once PHT defines its customer service objectives and goals, and trains the team accordingly, additional reinforcement will be necessary to achieve the intended outcomes. There are many low or no-cost methods PHT can use to integrate its customer service goals into its culture and operations, such as:

- Creating a dashboard to measure performance related to the values and using this dashboard in management meetings on a persistent and ongoing basis with staff
- Recognizing teams or individual staff members who exhibit extraordinary customer service

While no single action can achieve a culture change, taken together, these examples illustrate how organizations can make their values “come alive” and remain relevant for the staff.

Key communication tasks are included in **Attachment A – PHT Work Plan** and summarized in **Figure 11**.

**Figure 11 – PHT-15 Communication Plan**

Audience(s)	Key Messages	Modalities	Owner(s)
All Staff	<ul style="list-style-type: none"> <li>• PHT is adopting new hospitality best practices and customer service values</li> <li>• Improving customer experience is our goal</li> <li>• Customer service is everyone’s responsibility</li> <li>• These values were identified by a team of staff</li> <li>• We are going to provide tools and training to reinforce these values and skills</li> </ul>	<ul style="list-style-type: none"> <li>• All staff emails</li> <li>• Town halls</li> <li>• Intranet</li> <li>• Face-to-face meetings</li> </ul>	

## PHT-19: Coordinate identification and retirement of non-business critical/duplicative applications across all divisions of PHT

This initiative directs the Department of Parks, Heritage, and Tourism (PHT) to coordinate identification and retirement of non-business critical or duplicative applications across all departments. This initiative can be accomplished in a phased approach, including to conduct:

- Initial assessment to gather application data and walk through assessment criteria (e.g., business criticality);
- Identify and finalize candidate applications;
- Sunset plan and timeline for each application; and,
- Track value capture with the Department of Transformation and Shared Services (TSS) (e.g., reduction or reinvestment of contract hours).

**Initiative Overview and Current State:** Today PHT maintains over 20 software applications, with an annual budget of over \$170,000 (the amount has varied based on the maintenance and new development required in a given year), summarized in **Figure 12**.

**Figure 12 – Current PHT Software Applications 2024**

Software	Use Case	Vendor	Cost Budget (Rounded)	Allocation	Licenses Seats	MSA Candidate
Aloha	Food and Beverage Mgmt. System	F&B Management	\$19,485	100% Parks	6 Sites	Yes
Box.com	Agency Commissioner File Sharing	Box.com	\$3,000	44% Shared Services, 44% State Parks, 12% Tourism	9	Yes
Dameware Remote Support and Remote Everywhere	MIS Remote Mgmt.	Dameware	\$5,000	100% Shared Services	7	No
ArcGIS	GIS Mapping Software	ESRI	\$15,500	33% State Parks, 67% Heritage	20	Yes
AutoCAD	Design/CAD	TD Synnex	\$15,736	100% Parks	6	Yes
Carbonite	Data Backups	SHI	\$39,800	100% Shared Services	1000	Yes
Adobe Creative Cloud	PDF Application, Design Studio	SHI	\$58,515	22% Shared Services, 54% Heritage, 24% State Parks	146	Yes

Software	Use Case	Vendor	Cost Budget (Rounded)	Allocation	Licenses Seats	MSA Candidate
Sphera	HR - Training Registration	SHI	\$2,500	100% Shared Services	1	Yes
PastPerfect		PastPerfect	\$8,500	36% State Parks, 64% Heritage	19 Sites	Yes
PDQ	MIS - Imaging Software	SHI	\$3,000	100% Shared Services	1	No
Tableau	Keep Arkansas Beautiful - Data Analytics	Carasoft	\$840	100% Keep AR Beautiful	Based on website views	Yes
iSOMS	Law Enforcement - Incident Management System	SHI	\$73,130	100% State Parks	1	Yes
Foundant	Grant Management	Foundant		50% Parks 50% Heritage	2	Yes
Barcloud	Asset Manager	SHI		100% Shared Services	3	Yes
Alchemer	Survey Software	SHI	\$4,054	100% Tourism	2	Yes
Laserfiche	Digital Forms	SHI	\$13,048	100% Shared Services	3	Yes
Mapline	Mapping Software	Mapline	\$9,554	100% Heritage	5	Yes
Monday.com	Agency Workflow/Project Mgmt. Application	SHI	\$14,516	60% Tourism, 40% Communications	25	Yes
Domain Hosting	Agency Web Domain Registrar	Network Solutions	\$1,4412	100% State Parks		Yes
Verizon Mobile	Agency Phones	Verizon	\$111,000	17% Heritage, 11% Tourism, 17% Shared Services, 55% State Parks		Yes
AT&T Mobile	Agency Phones	AT&T	\$20,280	40% State Parks, 60% Heritage		Yes

Since the 2019 consolidation, PHT's IT leadership has focused on several priorities:

- Migrating many of its applications from on premises to cloud-based;
- Identifying opportunities to consolidate division use of software rather than have divisions using different solutions for similar purposes. Examples include: Foundant for managing grant funds, ARC GIS for geographic information system (GIS) software; and,
- Consolidating and managing software as a service (SAS) subscription so that PHT is paying only for users that are active. PHT wants to take advantage of favorable pricing by using a Master Services Agreement (MSA) model that aggregates users across the divisions and consolidates pricing under an MSA instead of contracting with each division independently.

PHT IT leadership is actively conducting an agency-wide inventory of all software assets and planning for consolidation under MSAs. IT Leadership is working to put a process in place to actively manage all software assets. To achieve this goal, IT leadership intends to review and select an asset management software. This software will enable PHT to inventory, track, and manage all software licenses and agreements. This asset management software will have a built-in workflow to alert staff to the upcoming expiration of software licenses so that they can proactively renegotiate contracts and potentially improve pricing. The software will also enable IT management to keep a close watch on all per seat charges to ensure that each paid for seat is actively needed by an employee and to leverage seat allocations across divisions.

**Rationale:** PHT-19 directs PHT to develop a strategy for the actively inventorying and managing software applications across the PHT divisions. This includes:

- Moving applications from on premises to cloud based to increase efficiency and save cost.
- Inventorying software assets and maximizing MSA agreements for favorable pricing.
- Developing an asset management process that tracks per seat license fees to ensure each fee is warranted and tracks expiration dates to maximize favorable pricing.

## Implementation Considerations:

**Appendix A – PHT Work Plan** provides the action steps in the recommended sequence for implementation of this initiative. Considerations for the implementation process identified through interviews with PHT staff include:

### **Strategies to address potential risks and enable success:**

Integration challenges include merging contracts and optimizing per seat licensing fees. When pursuing merging divisions under one MSA agreement, IT management must take into account paid through dates. For example, if a division has recently paid for a license through a 12-month period, PHT would want to wait until the end of the 12-month period before folding that division into the MSA. IT management should investigate and develop a catalog of all current contracts, expiration dates, number of users, and paid through dates to optimize the use of MSA and SAS agreements. Careful stewardship of current inventory will enable IT management to make the best use of state funds.

### **Recommended steps for replacing and retiring PHT legacy systems (future state):**

- Collaborate with the Division of Information Systems (DIS) to inventory all IT applications currently in use across the department. (Complete)

- Assess feasibility and cost benefit of moving software from on-premises to cloud-based support. Move applications to cloud-based.
- Where appropriate, consolidate contracts under an MSA to obtain favorable pricing
- Conduct a cost-benefit analysis of replacing identified applications with chosen alternatives, including potential savings and the impact of change on current operations.
- Present streamlined applications plan to Secretary Lewis for feedback and approval.
- Negotiate any contracts with software vendors for the new solutions, ensuring favorable terms and compliance with state procurement guidelines.
- Research and implement an asset management software solution that enables IT staff to closely monitor per seat usage and track license expiration dates to ensure favorable pricing.
- Plan and execute the transition from the old applications to the new, including data migration, system configuration, and integration with existing IT infrastructure.
- Develop and implement a training program for all affected staff to ensure smooth adaptation to new applications - establish change management.
- Conduct a comprehensive review session with the DIS team to assess the implementation success and gather feedback on the process and outcomes – make any necessary adjustments based on feedback.

**Alignment of department priorities with staffing and resources:** The IT audit team is evaluating the current application landscape and usage patterns. They are recommending the procurement of a software asset management software that would provide staff with workflow and the ability to track and monitor all software assets. Automated alerts when license/contract dates are expiring, will help IT managers proactively seek the best pricing when renewing contracts.

**Process changes associated with implementing changes in the strategic plans:** IT management wants to develop a software asset management process that allows active monitoring of all assets. They should take advantage of process mapping sessions to map the process prior and use the process map when procuring the software asset management tool to ensure the tool is aligned with the desired PHT process.

**Performance metrics to measure success post-implementation:**

- Annual IT spending (expected to decrease by optimizing software licenses and maintenance costs);
- Contracts consolidated (expected to increase number of MSAs and decrease number of individual contracts/licenses);
- Number of per seat fees (expected to decrease as seats are allocated across divisions and seats are closely monitored to ensure active use); and,
- Number of applications running on premises (expected to decrease as applications move to cloud).

**Identification and estimation of any savings the strategic plan could realize once implemented:** As PHT consolidates and closely manages their IT assets, the department should see a decrease in overall IT spending. There is a cost associated with the purchase of a software asset management tool, but the increased efficiency in tracking fees and driving better pricing through MSAs will produce a savings that can off-set that cost.



**Change Management Plan:** PHT has an opportunity to promote this initiative as a “win” for the department to consolidate IT applications across divisions and generate savings for the department. **Figure 13** summarizes some of the key activities for the communication plan; more detail is included in **Appendix A – PHT Work Plan**.

**Figure 13 – PHT-19 Communication Plan**

Audience	Key Messages	Modalities	Owner
All Staff	<ul style="list-style-type: none"> <li>● PHT is embarking on a project to modernize its applications, with the goal to improve efficiencies for staff and the public.</li> <li>● This investment will help PHT better fulfill its mission and truly integrate all our divisions under one agency.</li> <li>● Each per seat user will be evaluated and you can do your part by informing your manager if you are assigned a software application that you don't need or use.</li> </ul>	Staff emails	Communication Team

# Strategic Management Plan: Arkansas Department of Corrections

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## Overview

The Arkansas Department of Corrections (DOC) is committed to public safety and providing evidence-based rehabilitative initiatives for offenders. The department includes multiple shared services and two major programmatic divisions: the Division of Correction and the Division of Community Correction. Other entities within the DOC are:

- Arkansas Sentencing Commission
- Post-Prison Transfer Board
- Arkansas Correctional School District
- Sex Offender Assessment Committee
- Arkansas State Council for the Interstate Commission for Adult Offender Supervision

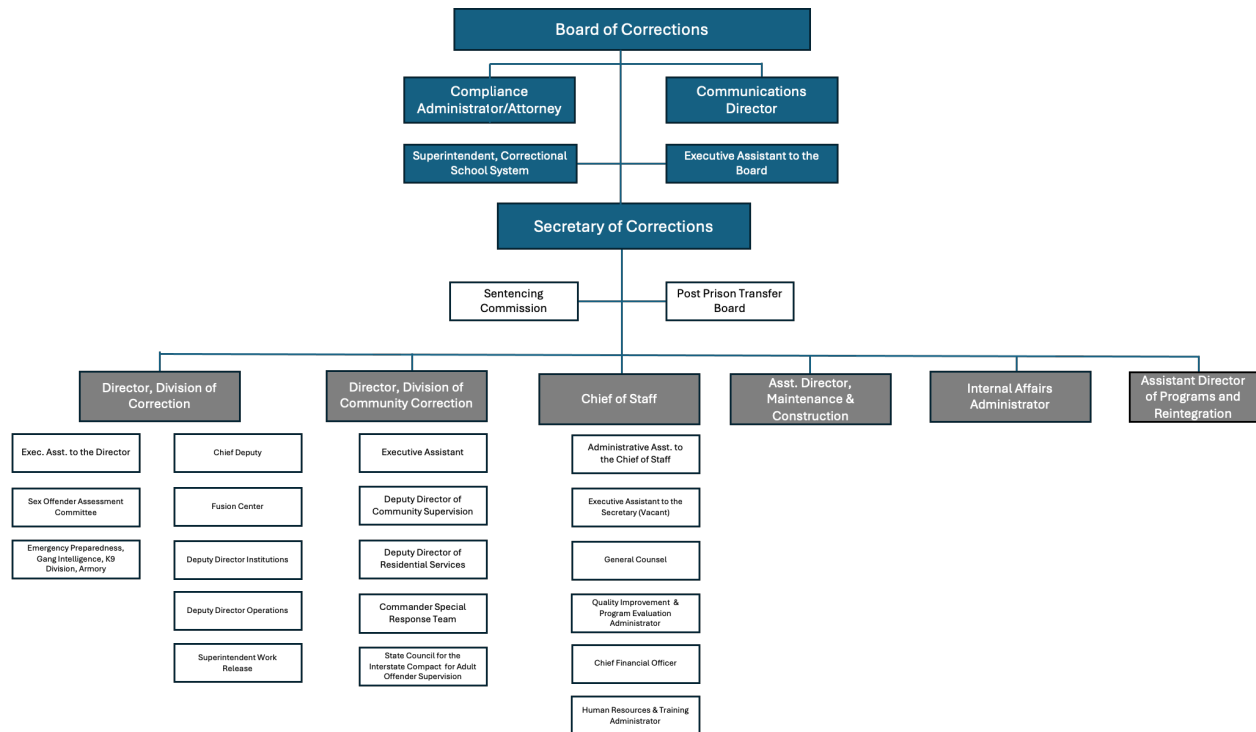
Through the Arkansas Forward project, a 2024 initiative to improve the efficiency and effectiveness of Arkansas' 15 cabinet-level departments, DOC prioritized implementation of seven initiatives that improve efficiency, while supporting staff and leadership with additional resources to be successful (training, technology, and better access to data to drive decision-making).

This Strategic Management Plan (“Plan”) memorializes the work completed by DOC during Arkansas Forward, translating the department’s vision into a plan consisting of recommended organizational structure, key initiatives prioritized for immediate implementation, and related performance metrics. A companion project plan (“Work Plan”) provides a more detailed resource to support implementation of the initiatives by DOC’s Arkansas Forward project management team.

## Recommended Organizational Structure

DOC’s current organization chart is shown in **Figure 1**.

**Figure 1 – Current Organizational Structure\***



\*Current as of October 2024

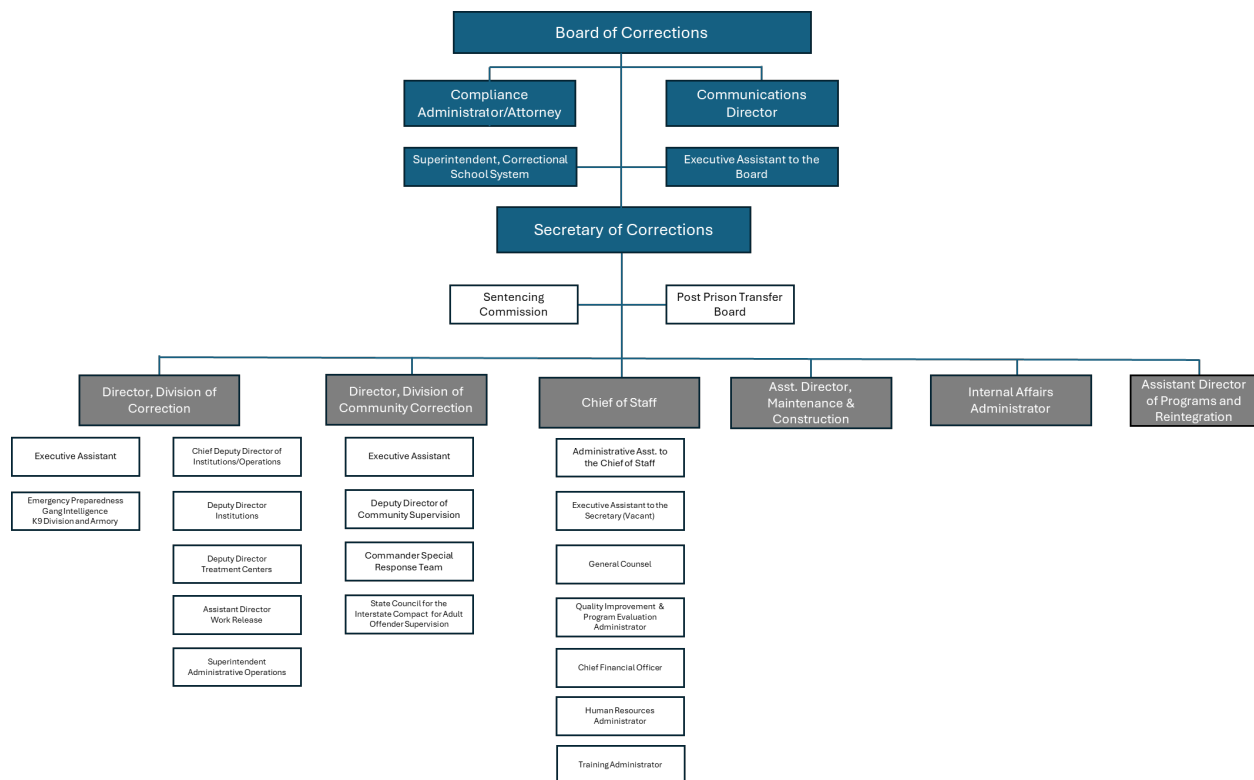
Since consolidation in 2019, the Department’s primary focus has been to integrate its divisions into one cohesive department. Because the divisions previously existed as independent departments, they continue to operate autonomously. DOC has implemented a shared services model where possible to improve efficiency (for information technology, human resources, finance, and maintenance as examples), though these efforts have been impacted by DOC’s appropriations structure (separate appropriations for the legacy departments). For example, while maintenance staff are centralized, the budgets for maintenance at the Arkansas Division of Correction (ADC) and Arkansas Community Correction (ACC) are separate. ADC has an unspent maintenance budget, whereas ACC has greater maintenance needs than its resources will address. The department’s ability to prioritize global maintenance needs is impacted by the budget structure. There are also opportunities to reduce duplication through consolidation of shared resources. One example is consolidating training academies described in initiative DOC-04.

DOC continues to take steps to address the “siloed” operation of its divisions. For example, a new Assistant Director of Programming and Reintegration position was created to bridge the gap between the ADC and the ACC on reintegration issues for offenders.

For Arkansas Forward, DOC is focusing on investing in its staff through improved training and giving leaders tools to be successful including leadership training (DOC-04), technology (DOC-05), and data (DOC-08), as opposed to organizational chart changes.

At this time, the plan for DOC’s future state organization is to continue with the current organizational structure, as included in **Figure 1**, while working to identify additional efficiencies and moving forward with the initiatives described above to improve the performance of its organization. For example, one change as reflected in **Figure 2** is to split the role of Human Resources and Training Administrator into two positions to support the Arkansas Forward initiatives focused on staff development.

**Figure 2 – Future Organizational Structure\***



\*As of November 2024

## How this Department will meet the vision of an efficient and effective future department

DOC has taken a comprehensive approach in the identification of its Arkansas Forward initiatives: to identify opportunities to improve processes and invest in the development of its staff. DOC has identified means to achieve improvement while operating within its existing resources for most of these initiatives. Technology investments are one area that may require additional funding to support

system enhancements and to improve data quality. Other initiatives could require funding for additional staff resources and one statutory revision as it relates to data collection.

## Key Initiatives Prioritized for Arkansas Forward Implementation

DOC leadership generated 7 ideas to improve departmental effectiveness and efficiency as part of Arkansas Forward, focusing on improving operations and investing in staff.

### DOC-01: Improve the purchasing process at DOC

DOC will enhance its purchasing process by increasing efficiency and improving transparency and status tracking. The initiative focuses on helping DOC to streamline the process, ensuring that purchases reach approvers more quickly with less effort by staff, and approvers can make the right decisions more quickly. This will ensure DOC gets the goods and services it needs faster and with less effort by staff and leadership. In addition, training and professional development resources may be identified for DOC purchasing and procurement staff to enable them to improve the quality of DOC's purchasing and procurement processes and identify additional process improvements beyond what is included in this report.

**Initiative Overview and Current State:** According to DOC data, over 10,000 purchase orders are processed in a typical year, 134 contracts are executed, and over 46,000 deliveries are made. Given this volume, inefficiencies within the purchasing and procurement processes can create considerable delays and staff frustration.

DOC's purchasing processes are complex and have become onerous and inefficient, partly due to DOC's adherence to purchasing requirements, but also because of actions DOC has taken. Staff requesting purchases lack basic templates and standard justifications for commonly purchased items. There is no clear guidance or use of re-order thresholds for commonly purchased items. For instance, when an administrative supply is needed, the request must navigate through several layers of approval within the division of origin and then to the Budget Administrator. These inefficiencies can be found in all divisions.

Escalation to leadership can add time to the overall approval process because they may be farther removed from the day-to-day operations and need to conduct additional research about the necessity of a purchase before providing approval. Typically, purchases are recurring and a rationale must be provided for the purchase with each request.

Additionally, the current process lacks transparency and a clear status tracking tool so even once approvals are obtained, only the procurement and accounting departments have visibility into their status and the requestor may not realize approvals have been provided. DOC lacks a tool to use to track procurement and purchasing requests through the approval process. While there are statewide technology solutions that may support status tracking in the future (such as the S4HANA replacement for AASIS, led by the Department of Finance and Administration), much remains

unknown about the functionality of these systems and how they will integrate with other departmental tools.

**Rationale:** DOC is currently facing challenges within its purchasing processes, which also hinder operational processes. DOC-01 directs the department to implement process improvements to enhance efficiency and to provide training for staff involved in purchasing and procurement to elevate expertise and support identification of further operational improvements. A high-level plan has been developed that focuses on streamlining workflows, enhancing transparency, and providing comprehensive training for staff. By implementing these strategic changes, DOC aims to create a more efficient and responsive procurement system that better meets the needs of its operations and staff.

**Streamline the requisition process:** To address the complexities and delays in the current procurement process, DOC will implement a more streamlined requisition workflow. Introducing standard work into the process will greatly reduce the amount of time and effort required for purchases. Beginning with the items staff purchase most commonly (e.g., office supplies) is the ideal way to start. Staff can then work with that team to develop a pre-approved set of justification language for each of those items. If staff uses the pre-set language when making the purchasing request, less effort will be required of them, approvers can review more quickly to issue approval or denial, and questions back and forth will be substantially reduced.

**Enhance visibility and tracking:** The introduction of an automated system for requisition tracking will provide status visibility throughout the procurement process. By implementing tools such as Smart Sheet (a statewide capability led by the Department of Transformation and Shared Services) or integrating with existing systems like S4HANA, the department can ensure that all stakeholders have access to real-time information about the status of their requests. This transparency will reduce confusion and miscommunication, allowing for better collaboration between the procurement team and operational staff.

**Provide comprehensive training and reinforce compliance:** To support the new streamlined processes, DOC will establish comprehensive training programs for all staff involved in purchasing and procurement. This training will focus on the new procedures, the importance of providing sufficient justifications for requests, and the utilization of new tracking systems. Leaders in the department's procurement process will receive additional professional development and training to support additional process improvements. Additionally, DOC will reinforce the importance of adherence to established processes through ongoing communication and support.

By implementing these changes, the DOC can create a more efficient, transparent, and responsive purchasing and procurement process that better serves the needs of its staff and operations. These solutions not only address the current challenges but also lay the groundwork for a sustainable and effective procurement strategy going forward.

To identify challenges with the current process and identify a strategy to improve it, the DOC team created several tools, including:

- **SIPOC (Suppliers, Inputs, Processes, Outputs, and Customers) diagram (see Figure 3):** A SIPOC is a visual tool used to map the boundaries of a process. It helps identify all the key

elements involved, including suppliers, inputs, the process itself, outputs, and customers. This clarity is beneficial for understanding the process flow, identifying potential bottlenecks, and improving overall efficiency and effectiveness.

- **Strategic Compass:** A Strategic Compass is a tool that helps to identify the high-level process steps and goal for the impacted process (see **Figure 4**).
- **Process Map:** A detailed process map was developed to document the key process steps in the current process, to be a foundation for process improvement (see **Figures 5 and 6**).

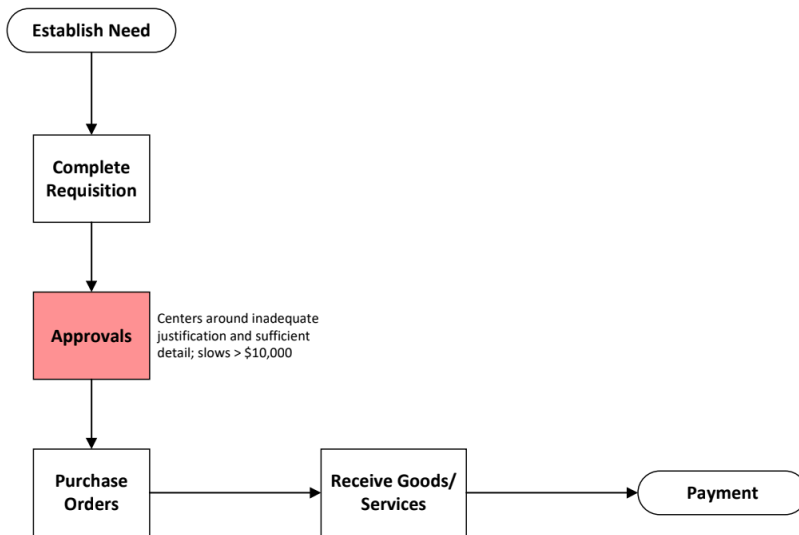
**Figure 3 – SIPOC Analysis**

Suppliers	Inputs	Processes	Outputs	Customers
<ul style="list-style-type: none"> <li>• Administration</li> <li>• Leadership</li> <li>• Business Manager</li> <li>• Cost Centers</li> <li>• End Users</li> </ul>	<ul style="list-style-type: none"> <li>• Requisition or Purchase Request</li> <li>• Specifications/Details</li> <li>• Approval(s)</li> <li>• Funding for purchase</li> <li>• Adequate justification</li> </ul>	<ul style="list-style-type: none"> <li>• Establish Need</li> <li>• Complete Requisition</li> <li>• Approvals</li> <li>• Purchase Order</li> <li>• Receive Goods/Services</li> <li>• Payment</li> </ul>	<ul style="list-style-type: none"> <li>• Services</li> <li>• Supplies</li> <li>• Agreement/Purchase Order</li> </ul>	<ul style="list-style-type: none"> <li>• Unit/Department/Division</li> <li>• Business Manager or Admin</li> </ul>

Source: Developed in work session with DOC staff held on August 28, 2024.

**Figure 4 – Procurement Strategic Compass Diagram**

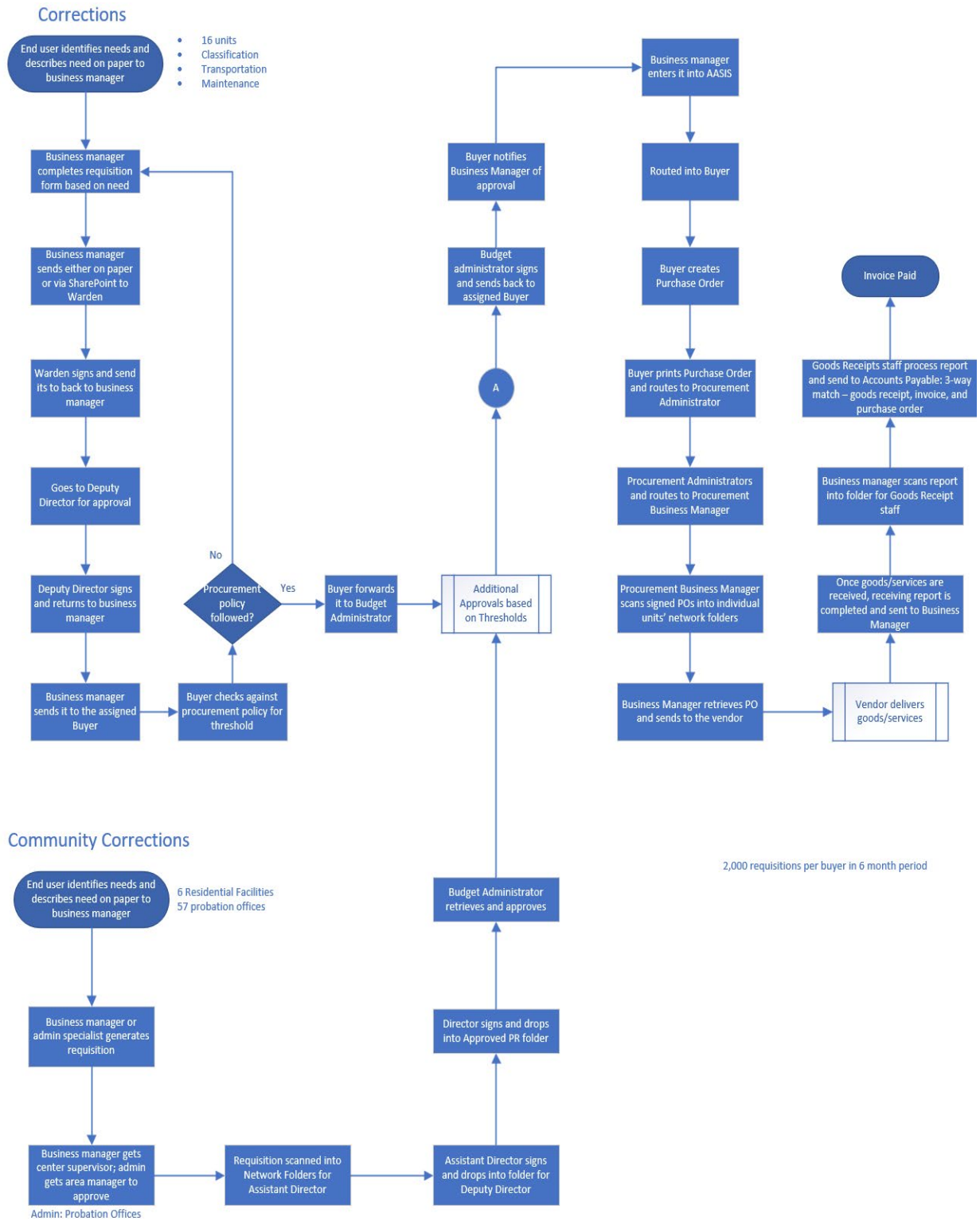
DOC-1 Strategic Compass



**What Good Looks Like Inside Constraint:** Approvals can be tracked “self-serve”, notifications of key milestones are sent automatically to stakeholders. The requisition has sufficient detail and justification so that leadership can make an informed decision without having to ask follow-up questions.

Source: Developed in work session with DOC staff held on August 28, 2024.

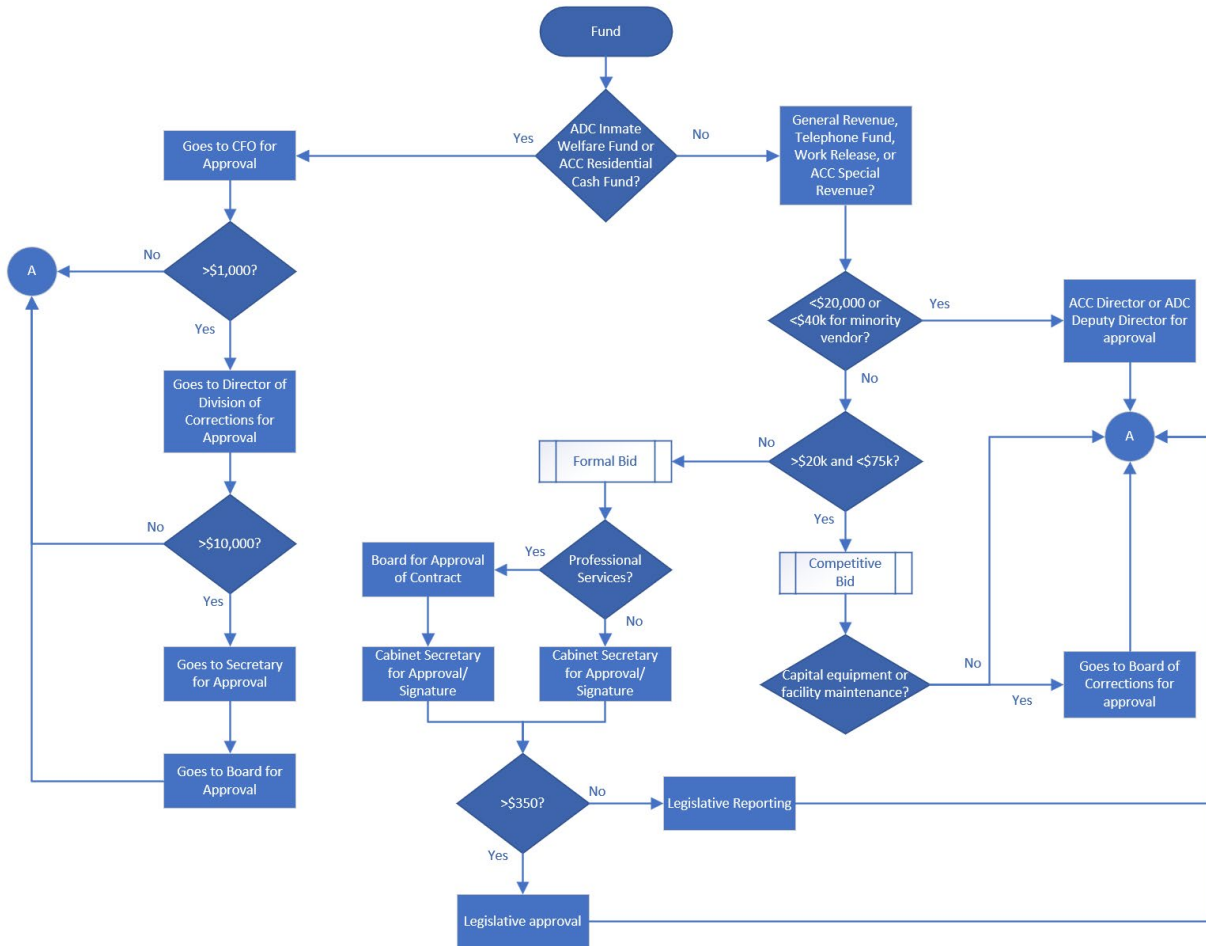
**Figure 5 – Current State Map – Purchasing/Procurement Process**



Source: Developed in work session with DOC staff held on August 28, 2024. While this map reflects the two largest divisions, the procurement processes for the smaller divisions are also in need of streamlining.



**Figure 6 – Current State Map - Approval Thresholds**



Source: Developed in work session with DOC staff held on August 28, 2024. While these maps capture processes for the Department’s two largest divisions, they also reflect processes used by smaller divisions.

**Implementation Considerations:**

- In a facilitated work session with DOC staff, staff identified some of the barriers to implementing an improved purchasing process, as well as solutions to address these challenges (summarized in **Figure 7** below). The goal of implementing an improved purchasing process is shown in the blue box, with each barrier or challenge in a red box and each related solution in a green box.
- Another factor that contributes to some of the inefficiency in purchasing is that the departments for the Divisions of Correction and Community Corrections are separate, requiring the divisions to conduct purchasing separately. Department leadership has indicated combining budgets of these divisions could allow for bulk order of many items and improve efficiency by reducing the number of deliveries and risk of delays.

**Figure 7 – DOC-01 Interference Diagram**



Source: Developed in work session with DOC staff held on August 28, 2024.

Overall, DOC identified two significant risks:

- Confusion and staff errors related to the new process. The success of the DOC-01 initiative relies heavily on staff understanding and effectively using the new processes and tools. A solution is to implement a comprehensive training program tailored to different staff roles within the procurement process. This program may include hands-on training, resources such as manuals or quick reference guides, and ongoing support through mentorship or a help desk. Providing training sessions that accommodate different learning styles (e.g., in-person, online, or blended formats) can enhance engagement and retention of new information.
- Relaxing too many budgetary controls in the interest of process improvement. The intent of this initiative is not to change the controls in place, but to establish guidance for staff to ensure they understand the process.

**Planned steps for improving purchasing (future state):**

- Define “To Be” process and desired workflow for standardization, including identifying KPIs and desired design (in progress).
  - Create templates and standard work orders commonly purchased items.
  - Review and update the approval process to streamline and eliminate manual steps before software changes (in progress).

- Focus on an early use case by streamlining division purchasing from Arkansas Correctional Industries (ACI) as well as ACI purchasing. Create standardized reorder thresholds for common supplies.
- Identify other tracking systems used in Arkansas state government, such as Qualtrack, S4HANA (developed by DFA) or Smart Sheet (TSS is negotiating an enterprise agreement).
- Work with TSS to purchase a tracking system, making use of enterprise contract if available.
- Implement IT automation to reduce process steps and errors through current design.
- Develop training resources for staff on new process and execute staff communication plan.
- Identify additional professional development and training resources for DOC purchasing and procurement leaders.

**Alignment of Department priorities with staffing and resources:** DOC estimates the initiative can be executed within existing resources. Certain aspects of the initiative, such as the utilization of a TSS-led Smart Sheet contract, may require a nominal cost to implement.

**Process changes associated with implementing changes in the strategic plans:**

In enhancing the procurement process within DOC, it is crucial to distinguish between solutions that directly impact process steps and those that improve execution quality. Solutions like creating templates, streamlining purchasing from ACI, and implementing an automated system will optimize workflows and enhance efficiency. Conversely, solutions such as additional training and emphasizing adherence to established processes focus on improving the quality of execution. By combining direct interventions with supportive measures, DOC can create a more effective and reliable procurement system.

**Solutions that will directly impact process steps:**

- Create templates and standard work for commonly purchased items.
- Streamline purchasing from ACI.
- Have standardized reorder thresholds.
- Implement a tracking tool for requests. Options include Smart Sheet (or similar product, TSS is leading an enterprise contract) and S4HANA, which is being developed by DFA.
- Ensure automated system allows user visibility into the state’s accounting system.
- Create a central repository for DOC information aside from AASIS (e.g., dashboards for expenditures, warehouse, and food budget).

**Solutions that will influence process steps:**

- Additional training.
- Reiterate the importance of following processes through communication (e.g., emails, posters, etc.).

**Performance metrics to measure success post-implementation:**

- Time to process purchasing requests (from submission to approval, from approval to delivery) (expected to decrease);
- Error rate in purchasing requests (expected to decrease);

- Percent of purchasing requests tracked in automated system (goal is 100%); and,
- Training completion rate for affected staff (goal is 100%).

**Identification and estimation of any savings the strategic plan could realize once implemented:** With 10,000 purchase orders completed each year, this initiative is expected to have a positive operational impact at DOC and result in cost avoidance due to operational efficiencies from reduced time spent preparing, reviewing, and approving purchasing requests due to established guidance and compliance with policy. Assuming a time savings of 15 minutes per purchase order on the part of staff who submit the orders, and 15 minutes of time savings for reviewers (assuming 2 levels of review), this would generate an operational savings of 5,000 hours. This would be spread across multiple staff within the organization and could be time to be reallocated for other duties.

**Reduction in processing time:** By streamlining the requisition process and reducing approval levels for lower-cost items, the DOC can significantly decrease the time spent on each procurement request. This efficiency not only speeds up the acquisition of necessary supplies but also allows staff to allocate their time to more critical tasks, ultimately leading to enhanced productivity across divisions. The time saved can translate into labor cost savings over time.

**Lower error rates:** Implementing standardized templates and work processes will reduce the likelihood of errors in requisitions. Fewer errors mean fewer returned requests and rework, which can be both time-consuming and costly. By minimizing the number of corrections needed, the DOC can save on administrative costs associated with processing and resubmitting requisitions, as well as the potential costs incurred from purchasing incorrect items.

**Improved visibility and accountability:** An automated tracking system will enhance visibility in the procurement process, reducing the likelihood of lost requisitions and untracked spending. By ensuring that all requests are monitored in real-time, DOC can make more informed financial decisions. This improved accountability can also help in identifying cost-saving opportunities, such as bulk purchasing or renegotiating contracts based on actual usage data.

**Better resource allocation:** With comprehensive training and improved processes, staff will be better equipped to understand and comply with procurement policies, reducing the risk of miscommunication and misunderstandings.

**Change Management Plan:** This initiative is focused on improving the efficiency of the purchasing process to support timely fulfillment of needs. This is an opportunity for DOC leadership to communicate that it has heard from staff about the challenges with the existing process and the department is investing in solutions to reduce staff frustration. It is not anticipated this initiative will encounter significant staff resistance, but communication is needed to ensure staff understand new policies and resources available. Messaging and modalities that could be used for each audience are included in **Figure 8**.

**Figure 8 – DOC-01 Communication Plan**

Audience	Key Messages	Modalities	Responsible Party
DOC Staff	<ul style="list-style-type: none"> <li>● Benefits of the new system/system changes</li> <li>● Timeline for implementation</li> <li>● How to use the system</li> <li>● How to access training resources</li> </ul>	<ul style="list-style-type: none"> <li>● Departmental</li> <li>● Staff meetings</li> <li>● Virtual meetings or roadshow</li> <li>● Memos</li> <li>● Website</li> </ul>	Chad Brown

## DOC-02: Enhance payment efficiency by streamlining online portal transactions and money order processes

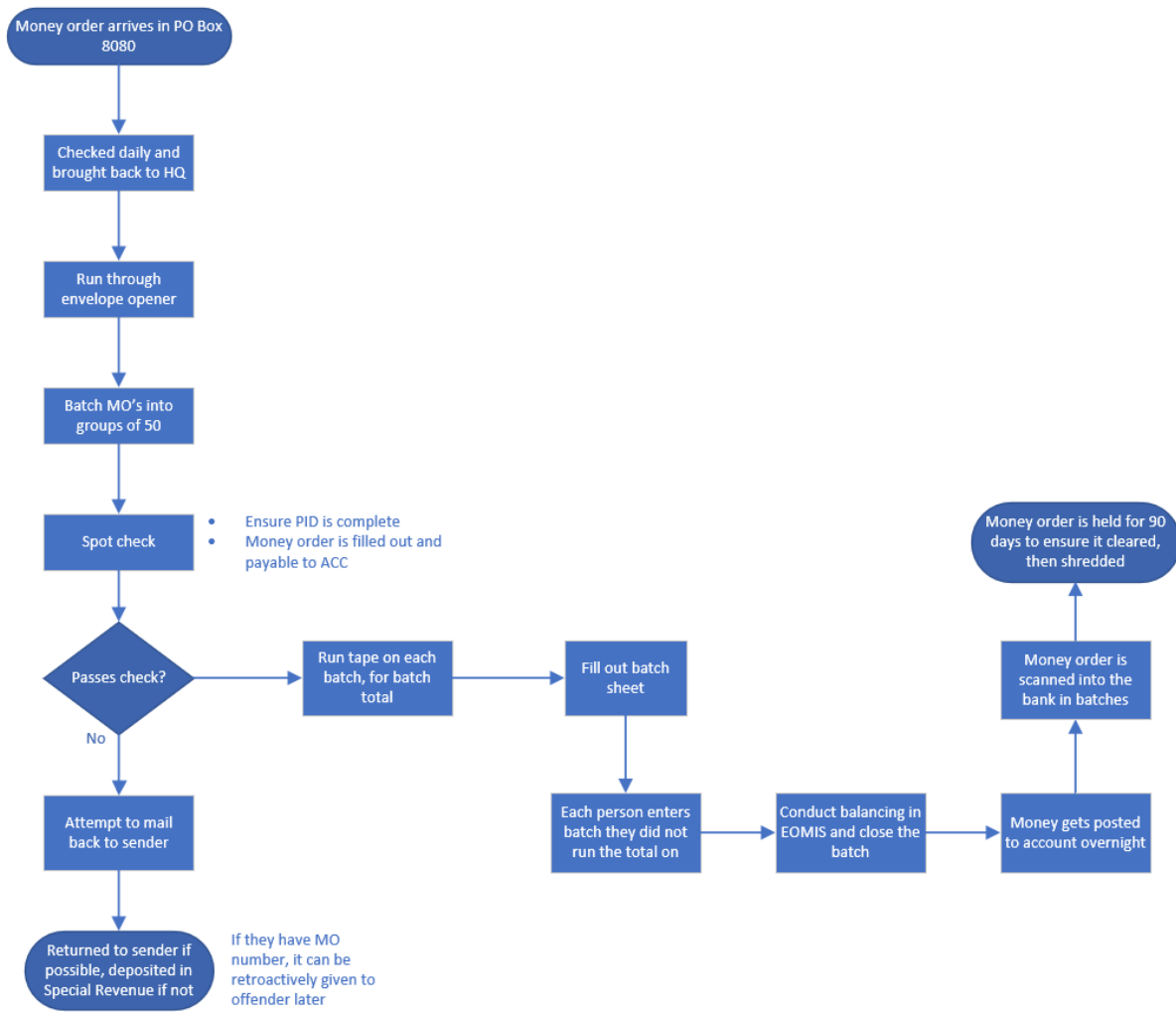
DOC will enhance the efficiency of payments by streamlining the processes for online portal transactions and money orders for restitution and commissary accounts. This initiative aims to reduce processing times, minimize errors, and provide a more seamless experience for all users.

**Initiative Overview and Current State:** DOC is currently facing inefficiencies in the handling of payments for restitution and commissary accounts. Most payments are processed through money orders, a method that requires extensive manual processing, resulting in high operational costs and frequent delays. This manual approach not only consumes valuable staff time but also creates room for human error, further complicating the payment process. The current system lacks the technological infrastructure needed to manage payments smoothly, leading to frequent issues that slow down processing times and diminish the overall efficiency of DOC’s financial operations.

A major issue complicating the current system is the confusion among offenders about where various types of payments should be directed. This often leads to payments being incorrectly sent to DOC, such as court costs that should go to the courts. The misdirection of payments creates additional burdens on the staff, who must manually redirect funds or issue refunds, further extending processing times. This ongoing confusion is exacerbated by the lack of a streamlined system to guide offenders in properly handling their financial obligations.

Despite the inefficiencies in the current payment process (summarized in **Figure 9**), DOC has an existing opportunity to streamline operations through its current relationships with Keefe Group and Tyler Technologies, vendors already managing financial services for correctional facilities in Arkansas. In other states, Keefe Group also offers the capability to accept money orders and converts them into electronic payments, however, this will take changes to eOMIS. DOC intends to accept only payment through online methods and plans to implement this process by January 1, 2025, which will significantly reduce the need for manual processing, alleviating the burden on staff and cutting down processing times. Prior to this date, and as part of this implementation, DOC has begun the process of informing the population that paper money orders will no longer be accepted. Importantly, this service could be integrated without incurring any additional costs for the Department. This method will help DOC transition to a more efficient, automated process while maintaining fiscal responsibility.

**Figure 9 – Current Payment Process**



Source: Developed in work session with DOC staff held on August 28, 2024.

**Rationale:** DOC aims to streamline its operations and reduce the burden on staff. Using conversion of money orders into electronic payments would allow DOC to minimize manual intervention, eliminate processing errors, and expedite the payment flow. Additionally, collaborating with TSS and DFA to create a centralized payment hub through the S4HANA system and amending existing third-party contracts to use the payment hub further supports the Department’s goal of modernizing its financial infrastructure.

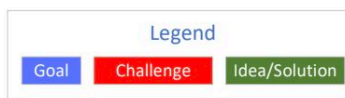
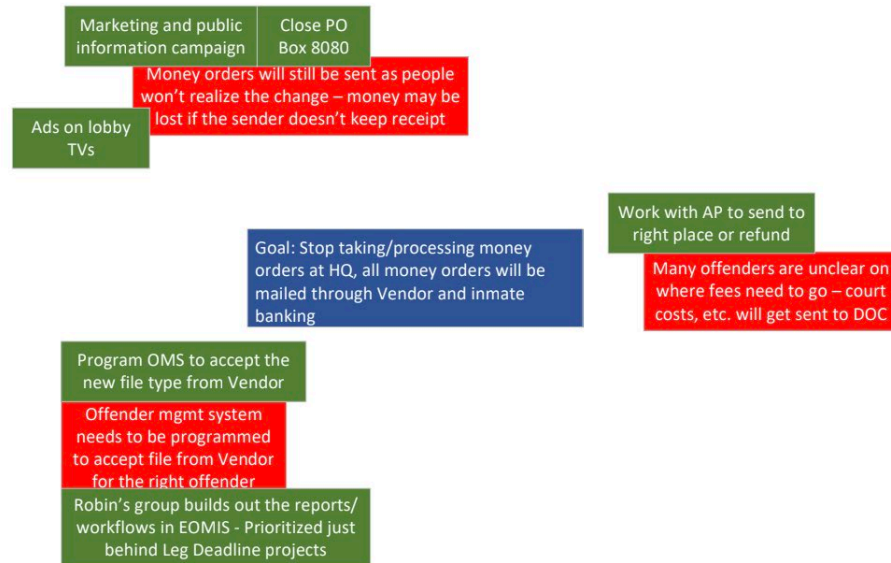
By enabling offenders to pay restitution and fees electronically and using systems like S4HANA from DFA, DOC could potentially eliminate the need for up to six staff positions over time as they become vacant, providing significant cost savings. Moreover, automating these processes would reduce errors and misdirected payments, freeing staff to focus on higher-priority tasks. Implementing a seamless, centralized payment system would provide clear direction to offenders about where to send payments, improving their ability to send payments to the correct location as well as improving their ability to make timely payments.

## Implementation Considerations:

### Strategies to address potential risks and enable success:

In a facilitated work session with DOC staff, staff identified some of the barriers to implementing improved payment processes, as well as solutions to address these challenges (summarized in **Figure 10** below). The goal of implementing an improved payment process is shown in the blue box, with each barrier or challenge in a red box and each related solution in a green box.

**Figure 10 – Payment Processes Interference Diagram**



Source: Developed in work session with DOC staff held on August 28, 2024.

During this session, staff identified the two most significant risks:

- The primary risk in implementing this initiative is that users continue to send money orders erroneously. A communication plan must be developed to educate users about the change. Additionally, the Post Office Box currently used to accept money orders can be closed so that incorrectly submitted payments get refused and returned.
- DOC's offender management system needs to be able to accept the files from the vendor. DOC plans to confirm this capability.

### Planned steps for establishing the future state:

- Identify money order solution (complete).



- Confirm that DOC’s offender management system is able to accept files from the vendor.
- Identify a project manager and develop project plan.
- Work with TSS and the existing vendor to develop a contract amendment or Memorandum of Understanding (MOU) to include money orders.
- Prior to roll-out, develop and implement a stakeholder communication plan to ensure all parties know when the new system will go-live and what actions to take.
- Work with vendor to execute project plan and implement the solution.

**Alignment of Department priorities with staffing and resources:** This initiative enables the Department to realize significant operational efficiencies while reallocating resources.

**Process changes associated with implementing changes in the strategic plans:** The new plan seeks to eliminate the existing internal payment process by outsourcing the money order operations to a vendor. Prioritize reducing staff through attrition and departmental transfer, where appropriate.

**Performance metrics to measure success post-implementation:**

- Payment processing time (reduction expected);
- Error rate in payment processing (reduction expected);
- Percentage of payments processed electronically (expected to increase);
- Number of payments in need of redirection (expected to decrease); and,
- Utilization rate of new payment methods.

**Identification and estimation of any savings the strategic plan could realize once implemented:** The estimated annual savings for this initiative is approximately \$250,000 in recurring savings, \$2,000 in recurring envelope costs, and \$1,200 in Post Office Box rental costs.

By outsourcing the money order processing to a vendor, DOC can eliminate the manual labor currently required for processing payments. This shift would enable the Department to repurpose or eliminate up to six staff positions, leading to reductions in salary and administrative costs. Additionally, automating the process through a vendor would reduce the likelihood of errors, misdirected payments, and processing delays, further lowering operational costs associated with error correction.

Furthermore, the transition to electronic processing would reduce the reliance on physical resources, such as paper and mailing costs, associated with handling money orders internally. This creates a cost-effective, streamlined payment system that would yield long-term financial benefits while improving the efficiency and accuracy of payment management.

**Change Management Plan:** A communication strategy is important for the success of implementation. Messaging and modalities that could be used for each audience are included in **Figure 11**.



**Figure 11 – DOC-02 Communication Plan**

Audience	Key Messages	Modalities	Responsible Party
Offenders and Families	<ul style="list-style-type: none"> <li>● Announcement of new payment process and timeline for implementation. This includes a telephone number if offenders/families have questions. Announcement messages will be in both English and Spanish.</li> <li>● Clearly written instructions for how to use the system including a telephone number to call if there are issues.</li> <li>● Clearly written Frequently Asked Questions (FAQ)</li> </ul>	<ul style="list-style-type: none"> <li>● Website</li> <li>● Lobby TVs at correctional facilities</li> <li>● Social Media platforms</li> </ul>	Chad Brown

### DOC-03: Leverage training services across DOC divisions

This initiative focuses on the DOC’s ability to best leverage training services for its divisions, with focus on reducing the administrative costs of training for ADC and ACC by eliminating duplication and sharing resources.

**Initiative Overview and Current State:** Today, training is managed by individual DOC divisions, resulting in the existence of multiple training academies, including one for ADC corrections officers and one for ACC corrections officers. There is a separate training program for Community Corrections division Probation and Parole Officers, however they are not included in this review, as they have distinct requirements and are required to be certified as law enforcement officers by the Arkansas Commission on Law Enforcement.

The existence of separate training units at ADC and ACC pre-dates the 2019 formation of DOC, which combined multiple agencies into divisions under the DOC umbrella. Because these divisions were once distinct departments, each built independent training programs to meet their needs. The result is that each division is spending resources on staff and training curricula with duplication of effort. The divisions continue to conduct training in different cities: ADC training is conducted primarily in England and ACC training is primarily conducted in Little Rock, creating barriers to combining the two academies. In addition, training surveys and staff training records are located separately in each division.

The Human Resources and Training Administrator is housed in the DOC Secretary’s office, but trainers are considered DOC Shared Services employees. Training is structured with eleven training positions, two supervisors and two administrators, one of each for ADC and ACC. Several positions

are currently vacant as the result of budget management and turnover. Low wages make it difficult to fill training positions as many unit or residential positions draw higher pay. Trainers are paid based on the origin of the position pre-transformation. For example, if a training position was previously housed in ADC, the salary is paid from the ADC budget; likewise, for ACC. DOC has no authority to transfer funds across budgets in the current appropriations structure. Additionally, there are unit training officers embedded in DOC facilities that do not currently report to the to the Human Resources and Training Administrator.

ADC newly hired security staff are required to complete the 240-hour Basic Correctional Officer Training (BCOT) before starting a security position at a prison unit. Certain Non-Security employees (Unit Training Supervisors, Construction/Maintenance Supervisors, Food Production, Recreational Supervisors and Farm Supervisors) also attend BCOT training.

ACC newly hired security staff are required to complete a 140-hour basic training before starting a position at a community corrections residential facility. . There is a significant overlap in the training topics required by ADC and ACC.

**Rationale:** ADC and ACC each have their own identity and culture, which has led to continued operation of each division independently in silos. As a result, there are missed opportunities to leverage resources, including through creation of a more efficient and effective combined training team. This initiative is an important priority of the DOC Secretary and seeks to continue the integration into a united DOC by consolidating the separate training units and forming one shared services training academy that meets the similar training needs of ADC and ACC. In addition, the central unit will implement process improvements such as consistently capturing training feedback through post-training surveys, which is not captured consistently across divisions today. A centralized training academy could leverage the training locations of both departments to minimize staff travel costs.

Another opportunity would be to leverage learning management system (LMS) licenses between the two divisions. ADC primarily uses extract data from eOMIS®, a corrections software program to collect training data. ACC primarily uses Relias, which houses training data and provides remote learning opportunities. RELIAS requires the purchase of licenses. DOC currently owns 4,400 RELIAS licenses at an annual cost of \$176,000, or \$40 per license. ADC has 2,692 user licenses and ACC has 1,349 user licenses. However, ACC uses RELIAS for remote training more than ADC, despite ADC having greater access to RELIAS licenses. An analysis of the assignment of RELIAS licenses across divisions would be beneficial to inform future license purchasing decisions; reallocation of existing licenses may be more cost effective for the department.

## Implementation Considerations:

**Appendix A - DOC Work Plan** provides the action steps in the planned sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DOC staff and review of best practices research include:

The National Institute of Corrections Learning and Performance Initiative provides resources and technical assistance to those who provide training in a correctional setting.<sup>1</sup> Its goal is to assist corrections agencies in building staff training and development capacity and offers a variety of resources for trainers and curriculum developers. Resources available include:

- Training Management - A guide to the resources available to corrections trainers.
- Instructional Design - A guide to instructional models and resources for designing corrections-related training.
- Training Delivery - A guide to effectively facilitating and presenting training and resources for conducting corrections-related training.

**Strategies to address potential risks and enable success:**

In a work session with DOC staff, challenges in implementing a standard and streamlined training program were identified (shown in **Figure 12** in red). Staff brainstormed solutions for each of these barriers (in green).

**Figure 12 – Training Interference Diagram**



Source: Developed in work session with DOC staff held on September 5, 2024.

<sup>1</sup>National Institute of Corrections, Learning and Performance Initiative, <https://nicic.gov/resources/resources-topics-and-roles/topics/learning-and-performance>

DOC leadership will need to manage the change to ensure staff understand and are supportive of the consolidation. There may be some reluctance to combine these functions and some of the cultural differences will impact how a shared training unit operates (e.g., ADC has not embraced virtual training while ACC has maximized use of virtual training). There will also be differences in concepts and terminology that will have to be addressed in any shared courses. DOC leadership plans to develop a detailed communication plan to unify stakeholders and achieve successful implementation that outlines the “why” behind the change.

**Planned steps for implementing one combined training academy (future state):**

The planned steps to implement this initiative have been informed by these potential risks and proposed solutions:

- Explore best practices in culture change and self-assessment of performance. Develop a detailed plan to unify stakeholders and to achieve successful implementation of the combined training academies. This step is in-process.
- Develop one training team, consolidating resources to serve ADC and ACC.
- Inventory available classes/curriculum to create a common core training for both divisions. Additional training specific to each division may be trained separately from the academy.
- Implement the newly developed curriculum as a pilot presenting it to newly hired staff.
- Determine one platform for housing training data across divisions.
- Develop a uniform staff survey to provide feedback on what revisions should be made to the curriculum. Revise as data is collected to ensure the survey is providing useful information for measuring training effectiveness.
- Develop a refresher course for ADC and ACC to avoid expending resources when staff move from one division to the other. Do not train staff repeatedly in the same courses.
- Determine the courses that are best delivered electronically and those that require in-person learning. Standardize this across divisions.
- Develop a central uniform process or location to notify staff of available training classes/courses.
- Determine the feasibility and cost-effectiveness of consolidating physical training locations. Create training environments where both divisions feel comfortable. For training outside Little Rock and England, consider using ADC and ACC facilities interchangeably.
- Develop tools to measure transfer of knowledge post-training and on-the-job.
- DOC leadership plans to invest in and create incentives to retain training staff.

**Alignment of department priorities with staffing and resources:** This initiative is one of the top priorities of DOC and continues the work of integrating DOC’s divisions into one, unified department. Training represents a shared services area where further integration of DOC’s team is possible and would be beneficial in terms of reducing duplication and administrative costs.

**Process changes, associated with implementing changes in the strategic plans:** Once combined, the new training unit will need to review policies and procedures to determine new, unified operating processes. This should result in the sharing of best practices across the training teams and could result in process changes.

**Estimation of any anticipated costs and staffing needs:** DOC plans to implement the combined training academy with no additional financial resources unless DOC determines that the purchase of additional RELIAS licenses is necessary. If so, the cost would be \$40 per license annually. DOC plans to proactively monitor staff access to the RELIAS software to ensure the employee needs/is using it and to terminate the license when an employee leaves. If DOC chooses to contract with a professional organizational culture change provider there would be a one-time indeterminate cost.

**Performance metrics to measure success post-implementation:** The expected impacts of this initiative are to consolidate training programs for ADC and ACC to improve efficiencies and reduce administrative cost. Some of the key performance measures include:

- Number of Training Unit full-time staff (expected to decrease as divisions are combined);
- Number of staff trained by central team; (expected to increase) and,
- Satisfaction with training (measured by post-training survey feedback).

**Identification and estimation of any savings the strategic plan could realize once implemented:** It seems likely that there could be savings from combining the two academies as savings would be generated from sharing of trainers, facilities, curricula, and licenses for learning management systems. Indeterminate long-term savings could be achieved if the improvements in training lead to an increase in employee retention.

**Change Management Plan:** This initiative may include establishment of uniform processes. Clear communication with staff about the purpose for the changes will accompany any information on the new process changes. Key activities and timing for the communication plan are included in **Appendix A – DOC Work Plan** and summarized in **Figure 13**.

**Figure 13 – DOC-03 Communication Plan**

Audience	Key Messages	Modalities	Owner
ADC and ACC Directors/Supervisors	The two academies will be merged and revised accordingly. This effort will improve effectiveness and efficiency in training. Both divisions will be customers of this shared services team.	Meetings	Training Director, DOC Secretary, Chief of Staff
Training Staff	The two academies will be merged and revised accordingly. Your role will be to support both ADC and ACC as your customers.	Meetings	Training Director, DOC Secretary, Chief of Staff
All DOC Staff	Addressing culture differences between the two divisions.	Meetings, potential for contracting with a professional culture change provider.	DOC Secretary and Chief of Staff

## DOC-04: Revise leadership training program

This initiative focuses on DOC's need to review and revise the current leadership training within the Training Unit to address management inconsistencies within and across all divisions. The training will address leadership skills at various supervisory levels.

**Initiative Overview and Current State:** The Human Resources and Training Administrator, housed in the DOC Secretary's office, is responsible for Human Resources responsibilities and the management of the department's training program, including the leadership training. Leadership training is centralized while the ADC and ACC training academies are decentralized. The training function includes eleven training positions, two supervisors and two administrators. Several positions are currently vacant as the result of budget management and turnover.

Currently, all management-level employees participate in leadership training, as a requirement of the assignment to supervisory positions. Leadership training is available to all DOC divisions. Leadership training consists of four levels. Prerequisites for each level include placement in a position within the targeted rank or grade that is a supervisory position and completion of the previous training level. DOC has not conducted Level IV training for several years, as other training classes have been prioritized.

- **Leadership Development I** - targets Security staff (Sergeants and Food Preparation Managers) and first line supervisory non-Security staff. Must be completed within six months of job assignment;
- **Leadership Development II** - targets Security staff (Lieutenants) and Non-Security second line supervisors. Must be completed within one year of job assignment;
- **Leadership Development III Advanced Management Training** - targets Security staff (Captains and Majors) and higher level non-Security staff; and,
- **Leadership Development IV Executive Training** - conducted quarterly as a refresher course for the highest level of leadership.
- The *Supervisors Annual Refresher* course is a four-hour annual refresher course for supervisory staff that have completed at least the Department's Leadership Level 1 training. Participants discuss current trends and topics and revisit previously delivered lessons. The course is driven by the belief that the repeated delivery of information promotes retention of knowledge.

Leadership training addresses many topics at various levels. While new topics are trained at each level, reinforcement of skills learned in previous training is also provided. The leadership training materials are not currently available online; all courses are delivered in-person in either Little Rock or England, with occasional exceptions for remote attendance.

The leadership training is a combination of courses developed at various intervals over time. Portions of the training are 15 years old. Courses have been modified periodically with no organized approach. The content of some of the courses is outdated and likely uses an ineffective approach for the current workforce. For example, two courses, "Staff Discipline" and "Administering Discipline" may not appeal to younger employees.



An unintended consequence of the 2019 transformation of DOC, which combined multiple agencies into divisions under an umbrella DOC, was the inability to merge individual agencies with different purposes and cultures into one singular entity and culture. DOC continues its efforts to bring the differing cultures of individual divisions into one cohesive department with common values and goals.

**Rationale:** The existing leadership training needs a significant revision and refresh to incorporate more current leadership strategies and additional best practices. Steps to improve the leadership training include:

- Implement departmental succession planning;
- Identify core leadership competencies DOC wants to include in its leadership training;
- Review existing training curricula to determine where there are gaps in aligning with the core competencies;
- Review existing training curricula to determine where content is out of date and needs replacement;
- Revise curricula to align with competencies and include current best practices strategies;
- Review modalities used in training to determine if online learning or other methods such as mentoring can be used to improve training delivery;
- Implement pre- and post-training assessments to capture outcomes of training; and,
- Track outcomes for recipients of leadership training to determine return on investment for the project.

**Implementation Considerations:** Best practices indicate that succession planning is a key step in preparing staff for promotion at all levels, and that supervisors at every level should be discussing succession planning with their staff. A variety of tools are available to assist management in developing succession plans.

The Academy to Innovate Human Resources (AIHR) has identified best practices for succession planning, some of which are listed below:

- Start early and plan continuously;
- Develop a formal succession plan;
- Involve senior leadership;
- Identify key positions and skills;
- Assess the current talent;
- Invest in professional development; and,
- Implement mentoring and coaching programs.

DOC may benefit from consulting with other Arkansas departments who conduct leadership training. Two departments with leadership programs highlighted by the Arkansas Forward Project may be good sources for information sharing to inform the reshaping of the DOC leadership training.

The Department of Finance and Administration (DFA) operates the DFA-U, which is a department-wide leadership program designed to identify employees within the department that demonstrate the characteristics and desire to be future leaders within DFA. DFA-U “aligns with the department’s

mission by assessing leadership gaps, identifying potential leaders, and preparing these individuals to meet the department’s growing leadership needs.” DFA-U is also considered an important deviation from the “silos” that traditionally defined DFA.

The Arkansas Department of Public Safety (DPS) recently implemented a Leadership Academy that it seeks to make available to other departments (DPS-05). The Leadership Academy offers a variety of interchangeable courses structured in 16-hour increments. Customers (internal teams or external law enforcement entities) choose the courses they would like to take and the training team delivers training on the requested courses. The DPS Leadership Academy offers four levels of training designed for personnel at various points in their careers: new hires, and employees at the three, five, and seven-year service marks. The developers incorporated a strong presence of wellness in each of the courses, at all levels. The academy also offers a course that specifically addresses individual wellness including physical, emotional, relational, spiritual, and financial wellness. Other more traditional leadership topics include:

- Communication;
- Conflict resolution;
- Decision-making;
- Leading across generations; and,
- Organizational change.

Other states have successfully offered state-wide, multi-stage leadership training to help identify, develop, and retain public sector employees. **Figure 14** outlines a best practice from the Texas Health and Human Services Commission (HHSC), which has developed a leadership program consisting of four modules, two programs and two “academies” to serve four departments. Through this leadership program HHSC has reached the 53,000 employees of HHSC. The program has existed for 12 years, with a retention rate of ~70% for all employees who have completed the program and an advancement rate of ~50%. HHSC program staff indicate that the rewards of their program are that the programs are highly visible, help further growth, and participants are able to network with agency employees with whom they would otherwise never work. Graduates receive certificates as well as training hours.



**Figure 14 – Best Practice: Texas Health and Human Services Commission**

Program	Program Features
<p><b>Extraordinary Contributors Program (ECP)</b></p>	<ul style="list-style-type: none"> <li>• Meant for high performing individuals, not managers or supervisors, that want to grow within their own skill set and within agency.</li> <li>• Four months in duration and it is 100% virtual.</li> <li>• Program consists of four sessions and then a graduation ceremony. The sessions are 1.5-2 days.</li> <li>• The purpose of ECP is for the employees to “Own Their Influence.” They are taught that leadership is influence and they leave with understanding that they take ownership of that principle.</li> <li>• Participants are paired up with a “Transitional Mentor” – a front-line manager that has made the transition to manager in the last two years. The Transitional Mentor is supposed to connect with the mentee on at least 4 sessions outside the program sessions.</li> <li>• Participants are asked to do projects and come up with recommendations, for example: how do you make meetings meaningful?</li> <li>• This program offers an opportunity to serve as coach; participants get a book called “Active Coaching” and receive a ½ day or full day of coaching.</li> <li>• The program puts participants in groups of six, which helps develop an bond with five peers.</li> </ul>
<p><b>Aspiring Leaders Program (ALP)</b></p>	<ul style="list-style-type: none"> <li>• Participants are high performing individuals who want to move into management or supervision.</li> <li>• Program assesses whether employees are equipped to make the shift mentally and emotionally to leadership roles: are employees individual contributions to a team or someone who can lead a team?</li> <li>• Focus on the different mental and emotional skill set needed to supervise people.</li> <li>• Objective for program is clarity – do they really want to supervise people?</li> <li>• The program is 4 months in duration; with 1.5 day sessions occurring approximately every 3 weeks.</li> <li>• The program offers a hybrid option of in-person or Zoom participation.</li> </ul>
<p><b>Rising Leaders Academy (RLA)</b></p>	<ul style="list-style-type: none"> <li>• The academy is for those new to the management and the leadership ladder.</li> <li>• Attendees are taught from the book “The Five Dysfunctions of the Team” by Patrick Lencioni.</li> <li>• This academy includes in-depth leadership learning.</li> <li>• A 360 Self-Assessment is required for each participant.</li> </ul>
<p><b>Executive Leadership Academy</b></p>	<ul style="list-style-type: none"> <li>• The Executive Leadership academy is for senior leaders, senior managers and directors, to help prepare for executive leadership.</li> <li>• Unlike other leadership programs, for this academy, the head of the agency must approve a candidate’s attendance.</li> <li>• A 360 Self-Assessment is required and candidates must also complete a leadership development plan.</li> <li>• Attendees are assigned a mentor.</li> </ul>

Source: Interview with Texas Health and Human Services Commission official.

For the ECP and ALP programs, participants complete an application, which a manager has to approve. Applications are based on first come first served. Program cohorts are limited to 36 participants for these programs. For the Academies, seats are selected by the executives in the agency. Academies meet for a total of six months. For all the programs, there is homework and prework, and for ELA, participants must come back to give a 15-minute presentation after they have completed the program.

HHSC reviews their leadership program every two years. Evaluations by participants are based on three principles: was the content relevant, reliable and applicable. Program staff at HHSC stressed that important factors of the program's success are: 1. That they do not spend time on agency information and do not have directors or bureau heads come in to give talks; 2. They do not use a traditional classroom; 3. They do not use the words "training" or "curriculum" or "info dump" – the curricula for their programs instead aim to be "fluid and organic" and focused on applicable tools that are relevant to the current workforce. The topics evolve between years. For graduates of their programs, there is an Alumni Association, which enables graduates to continue their leadership development. Alumni have access to an alumni listserv and there is also a newsletter that is sent out to graduates.

**Appendix A - DOC Work Plan** provides the action steps in the planned sequence for implementation of this initiative. Considerations for the implementation process identified through interviews and work sessions with DOC staff and review of best practices research.

**Strategies to address potential risks and enable success:**

The leadership training will likely require additional funding as DOC does not have sufficient resources to devote to the project. The estimated cost for an in-house curriculum developer ranges from a starting salary of \$46,123- \$67,740.<sup>2</sup> This investment would support ongoing development of training resources. Alternately, DOC could purchase a curriculum or contract with a curriculum developer. The Training Administrator has other duties which prohibit him from committing the time necessary to develop a modernized, effective set of courses. If additional funding is not available for this purpose, DOC could reorganize existing resources to prioritize leadership training development.

**Planned steps for revising leadership training (future state):**

The planned steps to implement this initiative have been informed by these potential risks and proposed solutions:

- Contract with or hire a professional curriculum developer with experience in leadership training development for corrections agencies. Alternatively, DOC could assign a team lead within the Training Unit to research best practices useful in modernizing the leadership training.
- Collaborate with other departments to gain knowledge of their effective leadership training strategies and topics. Borrow from curricula that have been effective for other departments.
- Rework course titles, descriptions, and content to reflect leadership strategies that empower and support positive employee performance.

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<sup>2</sup> Zippia, "Curriculum Developer Salary," <https://www.zippia.com/salaries/curriculum-developer/>.

- Ensure leadership training is focused on leadership skills that any employee in any division or position may use to become an effective leader.
- Incorporate succession planning courses into all levels of leadership training. Utilize best practices research in talent targeting and career development in designing the curriculum, including beginning succession planning early in an employee's career and utilizing mentors and coaches to assist in supervisory development.
- Develop dynamic annual refresher courses for supervisors. Do not require supervisors to repeatedly attend courses with little new or different content.
- Update and modernize current curriculum to train staff on the most current Arkansas state policies and procedures as well as any legislative updates.
- Determine data collection variables that indicate the impact of the training on staff and department culture.
- Create metrics for key performance indicators that inform based on data collected.
- Develop and implement a formal Train the Trainers program for leadership training. Choose from existing leaders that are skilled in leadership techniques. Avoid leaders that think leadership training's focus should be training staff to become proficient in specific job duties instead of leadership abilities that transfer across positions and divisions.
- Review which courses could be delivered online and digitize the portions of leadership training that can be made available online.

**Alignment of department priorities with staffing and resources:** This initiative is one of the top priorities for DOC and seeks to provide quality leadership training to those with an interest in leading staff. The existing leadership training is in need of improvements and will require significant additional resources to accomplish the task.

**Process changes, associated with implementing changes in the strategic plans:** The Training Administrator, whose responsibility it is to revise the leadership training, also serves as the Human Resources Director. These dual functions may limit available time for this project; DOC could consider elevating a member of the existing training team to be a lead responsible for the program redesign, notwithstanding the resource of a curriculum developer if possible. DOC is in the process of hiring a Training Administrator to move those responsibilities from the Human Resources Director.

### **Estimation of any anticipated costs and staffing needs:**

DOC will require additional resources to fully revise and implement leadership training. Recommendations include:

- Utilize a professional curriculum developer with leadership training experience. A curriculum developer with 0-2 years of experience earns an average entry-level salary of \$46,123. A mid-career curriculum developer with 3-6 years of experience makes \$53,226 a year on average. A senior level curriculum developer with 7-12 years of experience enjoys an average annual salary of \$67,740.<sup>3</sup> A consultant curriculum writer could be hired to develop this training.

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<sup>3</sup> Zippia, "Curriculum Developer Salary."

- Another option is to purchase an off-the shelf leadership training program, which would likely result in a per participant cost and would not be specific to the needs of DOC. Leadership training workshops are also offered across the country but that option would likely be the costliest considering enrollment and travel costs of thousands of dollars per training.

There will be additional costs if DOC digitizes the leadership training materials dependent upon the software tool chosen.

DOC may seek grant funding to offset the costs of the options chosen.

### Performance metrics to measure success post-implementation:

The expected impacts of this initiative are to improve leadership training at DOC. Some of the key performance measures include:

- Satisfaction rate of those completing training (expected to increase);
- Retention rate of those completing training (after one year) (expected to increase);
- Promotion rate of those completing training (expected to increase);
- Turnover rate of the units where the leader has completed training (expected to decrease); and,
- Number/rate of leaders whose pre- and post-course tests demonstrate an increased score (transfer of learning) (expected to increase).

### Identification and estimation of any savings the strategic plan could realize once implemented:

Indeterminate long-term savings could be achieved if leadership training is successful in helping supervisors target qualified leadership candidates and in improving the quality of DOC leaders through training. This could result in a variety of operational benefits, including improving how leaders manage their teams, reducing staff turnover, improving morale, and improving productivity.

**Change Management Plan:** This initiative will impact available resources for DOC's leaders. This is an opportunity for DOC to share the efforts it is taking to invest in and develop leaders, and how critical it views leadership in driving the future success of the organization. Key activities and timing for the communication plan are included in **Appendix A – DOC Work Plan** and summarized in **Figure 15 – DOC-04 Communication Plan**.

**Figure 15 – DOC-04 Communication Plan**

Audience	Key Messages	Modalities	Owner
DOC Division Directors, other leadership staff	<ul style="list-style-type: none"> <li>Leaders are critical to the future of this organization. We know how important leadership is in reducing turnover, improving morale, and improving productivity.</li> <li>We value our leaders and are investing in updating and improving leadership training through the Arkansas Forward initiative.</li> <li>We are going to revise and improve leadership training, and will be inviting you and the leaders in your organization to attend.</li> <li>This should improve efficiency and effectiveness by providing additional skills development to leaders.</li> </ul>	Meetings Emails	DOC Secretary and Chief of Staff
All DOC Staff	<ul style="list-style-type: none"> <li>We are going to revise and improve leadership training. If you are interested in developing leadership skills, you may want to consider attending the new courses when revisions are complete. [INSERT details on how to enroll and when it is appropriate to enroll.]</li> </ul>	Meetings, emails	Supervisors

## DOC-05: Improve IT centralization to meet DOC needs

Arkansas Forward’s future vision for statewide shared services is that while each department would lead on its own applications, other information technology functions would be centralized at the Department of Transformation and Shared Services to enable the State to realize a number of efficiencies. Given this vision for a statewide shared services model, DOC will collaborate with TSS to meet the department’s pressing IT needs by establishing service levels to support DOC’s operations.

**Initiative Overview and Current State:** Uptime and proper functioning of its information technology systems is critical to DOC, given that it is a corrections agency, and any loss of service or system failure can be a significant public safety issue. The current division of IT responsibilities between DOC and TSS reflects an evolving centralization process, where both departments perform distinct roles. The current state reflects several inefficiencies and risks that need to be addressed. The dependency on TSS for routine tasks, delays in resolving technical issues, and the lack of formal collaboration mechanisms hinder DOC’s ability to effectively manage its IT operations. The purpose of this initiative is to clarify the respective duties of DOC and TSS Division of Information Services (DIS), ensure the prioritization of DOC’s IT needs, and establish service level agreements, which will ensure the coming centralization can be successful.

Today, DOC maintains a central IT function, consisting of 34 full-time employees (FTEs). DOC’s team maintains the department’s offender management system (eOMIS®), which is vital to its operations. DOC is responsible for maintaining SharePoint, providing desktop support, overseeing fiber

installation, and managing both the development and production environments within DOC's data centers. The IT team also manages some minor some telephony tasks, such as activating or deactivating phones.

TSS' DIS manages critical infrastructure for the state's network and also oversees the Microsoft licensing contract, as well as a variety of other enterprise tools. TSS also manages all aspects of the telephone systems, including networking, fiber, routers, and Cisco VOIP, along with long-distance services.

There are several challenges with the current arrangement:

- DOC remains dependent on TSS for key tasks, such as acquiring key codes for Microsoft SQL through DIS and maintaining web services.
- Phone activation at DOC sometimes involves cumbersome billing issues, often requiring follow-ups. Resolving wired or desk phone issues can take up to 3–4 months due to delays and conflicting tickets within TSS. DOC has implemented the "Kurmi" solution to manage some of the telephone services, as much of the responsibility now falls on DOC rather than DIS.
- DOC has requested additional self-service solutions similar to Kurmi, as DIS continues to limit access to many IT functions, such as Microsoft Tenant management and pushing out updates. For these tasks, DOC is often told to "just put in a ticket," forcing a reliance on DIS for even minor IT adjustments. Staff are required to submit work tickets for most technical issues, which are then funneled through DIS.

**Rationale:** One of the key action steps in the plan is to develop detailed service level agreements (SLAs) that outline the responsibilities of both DOC and DIS. By understanding and clearly documenting the level of service that DIS will provide, along with the specific services that DOC will continue to manage internally, both agencies can avoid confusion and DOC can ensure their needs are met. SLAs will be important in ensuring the prioritization of DOC's needs. For example, while DOC will still manage tasks such as SharePoint and desktop support, TSS will be responsible for larger infrastructure tasks, including telephone systems and server maintenance. Through SLAs, DOC can avoid the frustration they are currently experiencing with the "just put in a ticket" process. The SLAs will require TSS to be responsive to DOC needs within specified timeframes. This SLA process and the separation of duties allows each agency to focus on their areas of expertise, improving overall efficiency and accountability.

Finally, by combining the SLA process with maintaining some autonomy over certain IT functions, DOC can avoid some current pain points, such as long wait times for resolving issues. One of the challenges currently faced by DOC is the significant delay in resolving telephone system issues, which has led to the implementation of the "Kurmi" solution as a workaround. The new plan aims to address these types of issues by establishing SLAs that specify a timeline for resolving system outages and developing a process for better collaboration between DOC and DIS. Additionally; by setting up a timely notification system for cost increases and giving DOC more access to self-service solutions, the plan will allow DOC to manage its budget more effectively and reduce its dependency on external support for day-to-day tasks. This balance of centralization with maintained DOC responsibility ensures that DOC remains agile while benefiting from DIS's infrastructure and

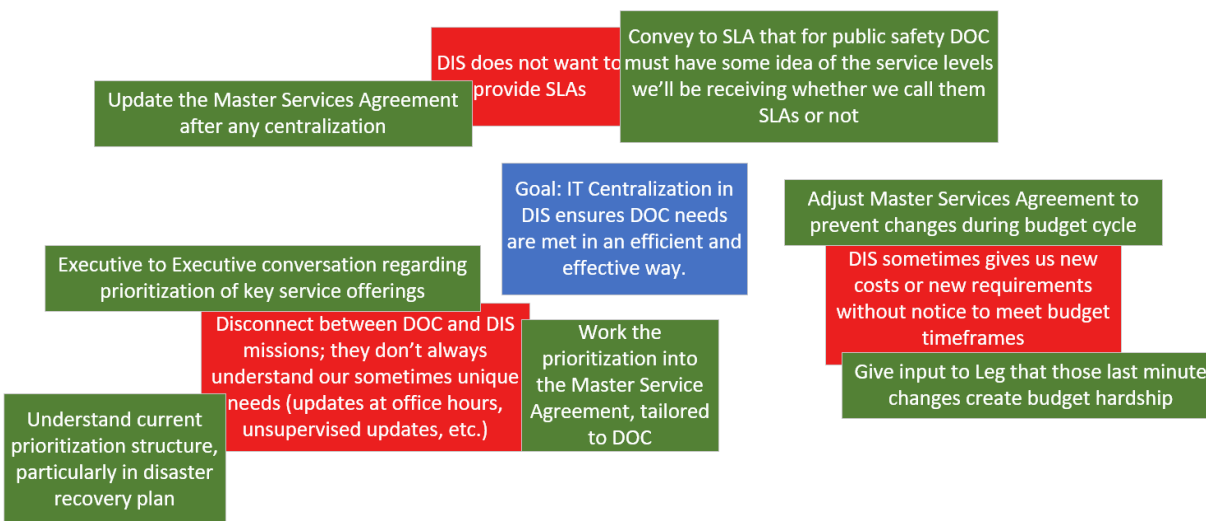
resources. Coordinating with DIS can help to ensure that the best possible balance is maintained, enabling DIS to provide services on behalf of DOC while DOC IT continues to provide critical IT support as well. DOC and DIS will carefully consider and decide which functions should reside with which agency. There are some unique functional elements, similar to the phone issue, where it would not be beneficial for DIS to manage since the functions may be too small and too unique to DOC for DIS to wish to oversee directly.

## Implementation Considerations:

### Strategies to address potential risks and enable success:

In a work session with DOC staff, challenges in implementing SLAs were identified (shown in **Figure 16** in red). Staff brainstormed solutions for each of these barriers (in green).

**Figure 16 – IT Collaboration Interference Diagram**



Source: Developed in work session with DOC staff held on September 4, 2024.

Overall, DOC identified three primary risks:

- DIS has not historically provided SLAs. DOC wishes to establish them in the Master Services Agreement to provide clarity around the current shared services arrangement.
- DOC has unique needs as a public safety organization. It may be important to have discussions at the Secretarial level to establish the prioritization of DOC's needs, particularly in a disaster recovery/business continuity situation.
- Historically, DIS and DOC have not always aligned on new costs or requirements with sufficient notice to meet budgetary timeframes. Both agencies may get an early start on developing requirements and estimating costs so they can meet budget deadlines.

### Recommended Steps for Establishing the Future State:

- Obtain understanding/agreement with TSS (in progress).
  - Understand SLA issues (in progress).

- Identify the specific services to be provided and clarify expected Service Level Agreements (SLAs), including in areas of ticket resolution, provisioning of equipment, and system uptime, among other areas.
- Clarify roles and document detailed processes for the interplay between TSS and DOC, producing a diagram to clearly illustrate sequencing of responsibilities and points of handoff.
- Establish a process to resolve for DOC system outages.
  - Develop a collaborative approach with TSS and the DIS Customer Relations Manager for managing system outages and restoring services.
  - Establish the prioritization for system restoration, prioritizing DOC's critical needs.

**Alignment of Department priorities with staffing and resources:** This initiative supports the prioritization of DOC's needs, managing service requests, and coordinating with DIS on performance metrics and service levels. The internal IT team will still play an essential role in overseeing DOC's internal environments, like eOMIS® and other specific applications, but with less burden on hardware management. The workload will be reallocated, not increased, as staff transition from hands-on system maintenance to a more collaborative role in managing IT services with DIS. This strategic shift will enable DOC's IT team to focus on ensuring operational continuity.

**Process changes associated with implementing changes in the strategic plans:** The IT process steps within DOC will inevitably change as the centralization with DIS progresses, but the specific nature of those changes cannot be fully understood until the SLAs) and the assignments of responsibilities between DOC and DIS are clearly delineated and agreed upon. Once DOC and DIS formally define the roles and duties of each agency—whether in areas such as system maintenance, issue resolution, or software management—DOC will be able to adapt its internal processes accordingly. This agreement will be crucial in ensuring that workflows are optimized, responsibilities are clear, and that both agencies are working efficiently towards their shared goals. Until that alignment is reached, the exact details of how DOC's IT processes will evolve remain uncertain.

**Performance metrics to measure success post-implementation:**

- Average time to resolve tickets (expected to reduce);
- Percentage of tickets resolved within 48 hours (or other agreed-upon timeframe) (set a goal such as 95% to meet); and,
- System downtime (expected to be close to zero); and,
- Outage response rate (expected to decrease or could set a goal for a particular threshold).

**Identification and estimation of any savings the strategic plan could realize once implemented:** In the short-term, this initiative is not expected to result in a fiscal impact but will enhance effectiveness for the department through consistent system performance and resolution of staff IT issues. DOC anticipates realizing several potential savings and efficiencies by moving hosted systems to DIS in the future when further centralization occurs. Some of these savings could be offset by potential cost increases in other areas as a result of purchasing through TSS (where TSS costs are higher than DOC-sourced resources).



**Change Management Plan:** Fostering a culture of collaboration between DOC and DIS will be critical. There may be a gap in understanding between the departments about each other's priorities and operational needs, which could lead to inefficiencies and challenges. Beginning with leadership and then extending to joint staff meetings and other forums, the departments can plan to meet regularly to discuss how to work together to improve the functioning of the current IT model.

A communication plan with broader staff is not anticipated to be needed at this time.

## **DOC-07: Identify improvements in inter-departmental collaboration to increase utilization of available community resources and programs**

This initiative directs DOC to develop and implement cross-department collaboration to maximize the use of local, state, and federal resources. DOC will improve internal coordination and identify effective collaborations with other state and federal agencies, such as the Department of Commerce (Workforce), Department of Education, Department of Human Services, Department of Health, Arkansas Fair Housing Commission, Department of Finance and Administration (Motor Vehicles), U.S. Social Security Administration, U.S. Department of Health and Human Services, and the U.S. Department of Education to increase awareness of and utilization of resources across these entities that are available to individuals both in prison and at release.

**Initiative Overview and Current State:** Since the 2019 transformation, which combined multiple agencies into divisions under an umbrella department, DOC has been working to merge its divisions into one cohesive organization. The two primary divisions include:

- ADC – focused on public safety by providing incarcerated offenders a safe and humane environment in which they can learn skills and take advantage of opportunities that will assist them in their return to the community.
- ACC – focused on providing community and residential programming and services that support behavioral change in a cost efficient manner for offenders on probation and parole.

DOC's divisions differ in their missions, culture, and approach, which has created challenges. The divisions largely function independently, despite a need for greater collaboration to maximize use of resources. These differences in organizational culture and operations impact how the divisions function in a variety of ways, including in the areas of operationally and in the areas of data management. As an example, within the area of offender reintegration, which is a primary function and current priority for the umbrella DOC organization:

- Reentry and reintegration are often used interchangeably by practitioners and even researchers. While the Department's use of the terms is not in itself an issue, the varying perspectives on what these terms mean across divisions creates inconsistent reintegration practices.
- Arkansas statute requires that rearrest data be included in the recidivism definition, but DOC does not collect rearrest data. Recidivism is measured and discussed differently across the divisions and no program level recidivism data is collected.
- DOC uses eOMIS®, a software program used by corrections departments for managing offenders. eOMIS® data collection is not uniform across and within divisions as staff are

instructed differently across prisons, offices, and residential facilities. Examples of variances include:

- Program participation may be collected as enrolled, completed, or graduated with no consistent definition of each category, creating data inconsistencies.
- eOMIS® includes multiple screens with similar demographic variables. One screen requires the number of children in the family and another requires the number of dependents. Children and dependents are not clearly defined and staff often use them interchangeably, creating inconsistent data.
- When offenders complete a program and return to prison on a subsequent offense, a high percentage of the time staff choose “OTHER” as the reason for reoffending because this option allows the user to simply check a box instead of inputting the reason and this results in incomplete and inaccurate data.

The U.S Department of Justice, Office of Justice Programs, developed four principles recommended for data collection and information-sharing in corrections organizations to improve returns on state and local corrections investments<sup>4</sup>.

- Use national approaches in supporting interoperability. Research and implement global and national policies and technical recommendations
- Use data to support informed justice and public-safety decision making by building capabilities for managing, integrating, and analyzing vast amounts of information.
- Develop responsible information-sharing policies and practices by connecting networks and systems with strong identity, access, and discovery capabilities.
- Develop information-sharing and collaboration approaches inclusive of input from all involved stakeholders.

**Rationale:** Improving collaboration between ADC and ACC, as well as other existing state, federal, and community programs, could help DOC better fulfill its mission and implementation of programming. Creating deliberate mechanisms for collaboration through use of a dedicated staff, adoption of common definitions and data collection protocols, improving data sharing, and use of collaborative planning processes for reintegration programming could assist the Department in meeting the needs of offenders returning to the community. These efforts align with the priorities of the Board of Corrections and DOC Secretary in improving the communication and working relationships within DOC divisions, as well as with community partners. Improving collaboration methods will also better position DOC to make other desired program improvements including analysis and implementation of other state best practices and improving collaboration with community partners to leverage local resources.

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<sup>4</sup> U. S. Department of Justice, Office of Justice Programs, June 2016, <https://www.ojp.gov/library/publications/promising-practices-use-data-and-justice-information-sharing-self-evaluation>

## Implementation Considerations:

**Attachment A – DOC Work Plan** provides the action steps in the planned sequence for implementation of this initiative. Considerations for the implementation process were identified through interviews and work sessions with DOC staff and review of best practices research.

### **Strategies to address potential risks and enable success:**

- DOC has recently created and hired the Assistant Director of Programming and Reintegration, housed in the DOC Secretary's office. This position will serve as a deliberate point of responsibility within the organization's structure and will support ongoing cross-department coordination for offenders returning to the community. Duties will include maintaining consistency and continuity of reintegration processes across all divisions, including adoption of common data definition and capture requirements.
- Barriers in data sharing between internal divisions/or DOC and external partners prevent collaboration. Data collection within DOC is inconsistent. There is no one central location for data regarding resources available in individual communities either within DOC or other human services providers. There may be confidentiality issues with data sharing for some entities. DOC, in collaboration with their partners and TSS, can plan to explore data sharing programs/formats and determine the most feasible and cost-effective approach for secure data sharing.

### **Planned steps for establishing improved collaboration between DOC and external partners (future state):**

- The Assistant Director of Programming and Reintegration, located in the DOC Secretary's Office, will oversee programming consistency within and across divisions of DOC in an effort to enhance collaboration with external partners.
- The Assistant Director of Programming and Reintegration will take the lead on developing or improving relationships with other stakeholders. Those stakeholders include, but are not limited to the following:
  - Arkansas Agencies/Departments - Commerce (Workforce), Education, Fair Housing Commission, Finance and Administration (Motor Vehicles), Health, Human Services, Transformation and Shared Services, Workforce Cabinet
  - Federal Agencies/Departments - Health and Human Services, Housing, Labor, Social Security Administration
  - Local Community Resources - Non-profits, churches, food banks, Goodwill Industries, thrift stores, volunteers, mentors
- Develop performance indicators at program level as one overall recidivism number does not inform which programs are successful.
- Request and negotiate assistance from TSS to expand the existing data hub, a state repository for information sharing across all Departments, to include resources for this initiative.
- Data sharing can inform the user of state and federal funding available for offender community programming. DOC can research and apply for federal grants to assist with costs of implementing/expanding the data sharing process.

- Research existing data sharing products that allow corrections agencies to safely and securely share data with community resource entities. Data sharing capabilities can provide a listing of resources in each community and help determine which offenders are eligible for the services available in his/her community.
- Establish proper training for those inputting the data to make sure it is entered properly. (e.g., do not allow user to enter " other" in re-arrest information and train them to properly list what the arrest was so the data is accurate).

### Process changes associated with implementing changes in the strategic plans:

This initiative will impact both ADC and ACC as it will create a unified process for locating and making use of community-based resources for offenders. After collaboration and data-sharing is achieved, it is anticipated that the Assistant Director of Programming and Reintegration, along with the DOC Secretary, will develop a unified process for seeking resources and making referrals for offenders leaving incarceration and those on community supervision.

### Performance metrics to measure success post-implementation:

The expected impacts of this initiative are to improve collaboration and data sharing with internal and external stakeholders and partners. In order to measure the impact of this initiative, a variety of performance indicators will be considered:

- Number of agencies and community organizations per month participating in collaboration (expected to increase);
- Number of agencies and community organizations per month participating in data sharing (expected to increase);
- Number of referral resources/programs available to offenders per month (expected to increase); and,
- Number of communities across the state participating in the collaboration process (expected to increase).

### Identification and estimation of any savings the strategic plan could realize once implemented:

This initiative seeks to improve the effectiveness of existing programming at DOC. This will require collaboration with TSS regarding the data hub. If there are any additional costs to the project, it is anticipated they would be shared by the departments.

**Change Management Plan:** This initiative may include establishment of uniform processes. Clear communication with staff about the purpose for the changes will accompany any information on the new process changes. The primary changes contemplated in this initiative are likely to require significant external change management. DOC may expand collaboration with its key partners and stakeholders on the reintegration process and on its internal prioritization of improving reintegration and potentially improving recidivism outcomes. Key activities and timing for the communication plan are included in **Appendix A – DOC Work Plan** and in **Figure 17**.

**Figure 17 – DOC-07 Communication Plan**

<b>Audience</b>	<b>Key Messages</b>	<b>Modalities</b>	<b>Owner</b>
Transformation and Shared Services	DOC would like to increase data sharing capabilities with external partners to improve resource utilization.	Discussion with TSS leadership to request/negotiate data hub expansion for this purpose	DOC Secretary, Assistant Director of Programming and Reintegration
Entity Partners	DOC would like to partner with you to enhance collaboration and data sharing to increase resource utilization.	Meeting with Workforce Cabinet, meetings with other Department partners	Assistant Director of Programming and Reintegration
Managers/Supervisors	DOC is partnering with external partners to increase resource utilization. Your role is to ensure staff receive information necessary to implement this process.	Initial kick-off meeting, training, ongoing reinforcement through check-ins, performance assessment	DOC Secretary, Chief of Staff, Assistant Director of Programming and Reintegration
Affected staff	DOC is partnering with external partners to increase resource utilization. Your role is to communicate with providers to ensure offenders have access to additional resources.	Initial kick-off meeting, training, ongoing reinforcement through check-ins, performance assessment	DOC Secretary, Chief of Staff, Assistant Director of Programming and Reintegration
Offenders	DOC is partnering with external partners to increase offender resource utilization.	Announcement to offenders, explanation of changes, ongoing reinforcement	Managers, Supervisors, Affected Staff
Advocacy groups, volunteers, mentors	DOC would like to partner with you to enhance collaboration and data sharing to increase resource utilization.	Social Media	Assistant Director of Programming and Reintegration

## DOC-08: Improve data quality and processes

This initiative directs DOC to review its internal data needs, usage, and data governance processes.

**Initiative Overview and Current State:** DOC has several challenges and opportunities related to data management. Some divisions such as the Division of Community Correction rely more heavily on management reports, but use across divisions is uneven. Data analysis is limited; predictive analytics and statistical modeling is not utilized. Existing reporting is mainly focused on mandatory requirements.

The system used to store offender data, “eOMIS®” (electronic offender management information system) was implemented in the 1980s and transitioned to a web-based format. While the system

captures a wide variety of data fields, DOC leadership expressed concerns about the data quality issues such as:

- Duplicate records (for example two records for the same person, e.g., if John Smith and John Smith Junior are in the database as two offenders when it is a single offender, he would be counted twice);
- Inconsistencies in understanding certain fields;
- Inconsistencies in data format (for example demographic data such as date of birth being entered as a 1 or 2 digit month/1 or 2 digit day/4 or 2-digit year); and,
- Incomplete information where fields are not required to be entered and are sometimes left blank.

**Rationale:** DOC-08 is primarily focused on improving the quality of data. DOC plans to task IT leaders with an analysis of data quality and a clean-up of the data (e.g., identify and merge duplications, standardize data definitions, remediate data format issues, populate blank fields as appropriate). In a parallel effort, IT leadership can analyze the eOMIS® system to determine where to insert data integrity features. Improvements are already in-process including to incorporate:

- Input controls: Use controls like drop-down lists, checkboxes, radio buttons, or sliders to limit the choices and prevent invalid inputs. Text fields, numeric keyboards, and date pickers can also specify the expected input format and length.
- Validation rules: Ensure each field has defined the acceptable values and formats for specific data fields. For example, a rule can ensure that a date field is entered in the correct format or that a numeric field falls within a specified range.
- Automated validation checks: Set up checks to ensure that the data entered meets specific criteria or formats. These checks can flag discrepancies instantly, helping to identify and rectify errors promptly.

This effort is centered on optimizing how data is used to enhance administrative efficiency, track outcomes, and reduce errors. Key action steps include:

- Establish a department-wide data dictionary/code book and ensuring consistent data entry across all units;
- Perform a data quality analysis to check for areas of data inaccuracy/incompleteness; if areas are discovered, develop a plan for remediation;
- Implement data input controls for eOMIS® to improve the quality of data moving forward; and,
- Adopting practices for data usage, organizing and assessing the sufficiency of collected data.

This plan directly addresses several current state challenges, such as the lack of quality in legacy data, a user interface that lacks data validation controls, inconsistent data entry practices, and the outdated eOMIS® system, which primarily supports frequency reporting rather than predictive analytics. DOC must establish a department-wide data dictionary/code book and ensure appropriate user data entry and validation controls as well as consistent data entry across all units. DOC will plan to conduct a data quality analysis.

## Implementation Considerations:

To fully realize the benefits of becoming a data-driven organization, DOC must invest in building data analytics capabilities among staff. Addressing data governance through strict policies and regular audits will help maintain the accuracy and reliability of reported data.

Training employees in data visualization tools and assigning ownership of specific metrics will foster a culture of accountability and continuous improvement. Committing to a multi-year journey for developing and refining a performance framework will enable DOC to evolve its data practices and adapt to changing needs over time. By following these best practices, DOC can create a data infrastructure that enhances operational efficiency, improves decision-making, and supports better outcomes for all stakeholders involved.

**Strategies to address potential risks and enable success:**

In a work session with DOC staff, challenges in implementing improved data use were identified (shown in **Figure 18** in red). Staff brainstormed solutions for each of these barriers (in green).

**Figure 18 – DOC-08 Interference Diagram**



Source: Developed in work session with DOC staff held on September 4, 2024.

Two primary risks were identified:



- Budget constraints make it difficult to maintain and request updates to eOMIS®. Updates to eOMIS® are expensive and time-consuming to make changes that would improve data quality and usage. There may be some system limitations that cannot be addressed.
- In some areas data quality is low, and some data is often not entered, or certain field values do not exist. Engaging staff in correct data entry will be challenging. Staff do not always respect how important the data is and know how it will be used. Training and communication around the “why” behind this initiative will be important to support this change.

**Planned steps for establishing the future state:**

- Obtain the funding to update eOMIS® to collect data and improve the quality of the data.
- Identify best practices for Corrections data usage.
- Conduct sessions with DOC leaders by division to define key performance indicators, data sources, and methodologies (prioritizing automation if possible). Prioritize data collection based on the eOMIS® that is known to be more accurate and reliable.
- Leadership will set targets/goals for measures as applicable and assign owners for each measure.
- Identify a project manager to support the project.
- The IT team will plan to create a project plan to analyze data quality and target data for cleaning (e.g., identify and merge duplicates, remediate inconsistencies, standardize data, populate blank fields as appropriate, etc.). The IT team will implement the plan and clean the data.
- The IT team can identify input controls and implement the input controls so that new data is entered accurately and consistently.
- Develop training for staff entering data.
- Develop and execute communication plan.
- Develop data usage training for leadership and reinforce on an ongoing basis.
- Create shared work stations to enable staff without assigned computers to participate in data entry/review (staff identified process improvement).

**Alignment of Department priorities with staffing and resources:** To ensure its success, the department must allocate additional resources, as data analytics initiatives heavily depend on both hardware and software capabilities. Funding updates and improvements to eOMIS® and other tools will enable the collection, analysis, and utilization of high-quality data. Staff training for those entering data and leaders will be important for the long-term success of this initiative.

**Process changes associated with implementing changes:**

**Changes that impact the process directly:**

- Update contract to address prioritization issues
- Adjust process to ensure that both divisions use the system the same way
- Implement eOMIS® input controls that will improve data quality going forward

Changes that positively impact the process, indirectly:



- **Training and Development:**
  - Provide ongoing staff training on data entry, data quality, and research usage.
  - Utilize Camtasia for effective training and credit.
  - Cross-train staff for peak support.
- **Technology:**
  - Install kiosk computers (or shared work stations) in control centers to allow staff who do not have assigned computers to participate in data entry and/or review.
- **Process Improvement:**
  - Implement more frequent menu updates.
  - Ensure consistent system usage across divisions through use of input controls.
- **Resource Allocation:**
  - Dedicate funds for data integrity and reporting.
  - Apply for grants to support data initiatives.
  - Consider hiring additional data-focused staff to assist with data stewardship.
- **Contract Review:**
  - Reexamine Marquis' contract responsibilities.
  - Update contract to address prioritization issues.

## Performance metrics to measure success post-implementation:

- Data Entry Accuracy Rate (expected to increase);
- Data Quality as measured by elimination of duplication, implementation of standardized data definitions and formats, enforcement of data entered into required fields;
- Ad hoc data requests (expected to decrease); and,
- Data requested response time (expected to decrease).

**Identification and estimation of any savings the strategic plan could realize once implemented:** The success of the initiative could result in several types of savings across the Department of Corrections:

**Labor Savings:** By reducing manual data entry errors, staff will spend less time on administrative tasks like scrubbing and correcting data. This would free up employee time for more strategic tasks, effectively increasing productivity without increasing staff size. For instance, cross-training staff and reducing double-entry could directly lead to lower operational costs through more efficient use of human resources.

**Cost Avoidance:** By implementing data controls (e.g., drop down menus, standardized definitions and formats, required fields, etc.) DOC can ensure the integrity of their data moving forward and avoid costly issues that arise from inaccurate and incomplete data.

**Vendor Contract Optimization:** Improvements in how DOC manages data and interacts with systems like eOMIS® could result in more efficient usage of external vendors. If fewer manual updates or fewer custom requests are required, or if a more streamlined contract is negotiated, the department could reduce the expenses associated with maintenance, updates, and training.

**Training and Onboarding Savings:** The creation of agency-wide data standards, including a data dictionary/code book for data entry, will reduce training time for new staff and decrease errors from inconsistent data entry practices. Streamlined training programs that focus on these standards could lower the cost of onboarding and retraining employees.

**Change Management Plan:** The primary areas of focus for change management are described below.

- **Resistance to Change from Staff:** Staff members may be reluctant to adopt new data practices due to discomfort with new processes or concern about their benefits. Regular feedback sessions and incremental implementation can also help ease the transition.
- **Staffing and Training Constraints:** Limited staffing and time for comprehensive training can delay or reduce the effectiveness of the initiative. Current staffing shortages, as well as a lack of time to dedicate to learning new systems, could pose a barrier. Implement cross-training among staff to allow for flexibility during peak times, and schedule training during slower periods. Use digital tools such as video training modules (e.g., Camtasia screen recordings) that staff can access at their convenience. Creating a phased rollout could also allow staff to gradually adapt without overwhelming them.
- **Vendor Dependency and Technology Limitations:** DOC is reliant on external vendors for updates to eOMIS®, which can be costly and take some time to complete. This could hinder the flexibility and scalability of data improvements. Consider applying for grants to fund technology upgrades.

Recommended communication plan tasks, including messaging and modalities are included for each audience, are provided in **Figure 19**. Key activities and timing for communication plan are included in **Appendix A – DOC Work Plan**.

**Figure 19 – DOC-08 Communication Plan**

Audience	Key Messages	Modalities	Owner(s)
DOC management staff	<ul style="list-style-type: none"> <li>• DOC is undertaking a data clean up project to improve data quality. As part of this effort, new input controls will be implemented for eOMIS®. Staff who input data will receive training on the new input features.</li> </ul>	<ul style="list-style-type: none"> <li>• Townhall meetings.</li> <li>• Management staff emails.</li> </ul>	<ul style="list-style-type: none"> <li>• Secretary</li> <li>• Division leaders</li> <li>• Quality improvement and program evaluation Lead</li> <li>• eOmis Lead</li> </ul>

Audience	Key Messages	Modalities	Owner(s)
DOC staff	<ul style="list-style-type: none"> <li>• DOC is embarking on a major new project to improve use of data to drive decisions.</li> <li>• Everyone has a role in this effort, as accurate and complete data is the foundation of this project.</li> <li>• Discuss the data dictionary/code book effort to help standardize data entry and plans for quality assurance.</li> </ul>	<ul style="list-style-type: none"> <li>• Townhall meetings.</li> <li>• Management staff emails.</li> <li>• Ongoing team meetings.</li> </ul>	<ul style="list-style-type: none"> <li>• Division leaders and all managers</li> <li>• Quality improvement and program evaluation Lead</li> <li>• eOmis Lead</li> </ul>

# Mitigation approaches for change management risks (4/4)

## Promoting development and performance

### Reinforcement with formal mechanisms

- Semi-annual performance evaluation “calibration” meetings are established at enterprise, department, and division-levels to ensure rigor and consistency in performance evaluations, supported by new data collection and analysis
- Explicit expectation is included in leadership training for all supervisors to be responsible for their team’s professional development and rigorous performance reviews, including feedback
- Expectation is reinforced for leaders to be holding regular development dialogues (e.g., through surveys, progress updates)
- New process for team members are established to provide upward feedback on their supervisors’ development coaching (e.g., digital feedback tools)
- New norms are established that no supervisor will be promoted or receive performance reward if they do not meet minimum standards for supporting teams’ professional development
- New awards and recognition programs are established for exemplary leaders (e.g., quarterly award for best supervisor coach)
- Quality of professional development (e.g., through surveys, training impact, department KPIs) is tracked

# All initiatives master tracker

Current as of 10/16/2024

Initiative information													
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
High priority	Wave 1	ACOMM-0	D. Operational excellence	F1 Streamline organization and improve role clarity	Optimize manager roles and team size for better control and efficiency	Take action on manager roles and team size to target appropriate spans of control for functions and management archetypes to more effectively deliver on the departmental mission, specifically for AEDC, Arkansas Workforce Connection, ARS, Insurance, and Re-employment	Commerce	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	ACOMM-1	A. Personnel	A3 Identify areas needed to build long-term talent system	Streamline recruitment strategy and careers website	Develop a streamlined recruitment strategy and careers website that accelerates the hiring cycle and enhances our competitive edge	Commerce	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	ACOMM-10	D. Operational excellence	D3 Use automation to empower staff	Adopt AI solutions for compliance and reporting	Initiate regular self-assessments to meet NAIC standards and adopt artificial intelligence solutions to streamline compliance and reporting processes, thus maintaining high standards of regulatory adherence	Commerce	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	ACOMM-11	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Remove procedural barriers for customers	Launch initiatives that remove procedural barriers for customers, including the adoption of pre-filled forms and streamlined online service portals that reduce processing time and enhance user satisfaction	Commerce	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Lower priority	Wave 1	ACOMM-12	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Deploy IVR system for call center efficiency	Deploy an IVR system that guides users through a series of options to resolve their inquiries independently, reducing wait times and increasing efficiency of call center operations	Commerce	Accountable Department	Not prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Lower priority	Wave 1	ACOMM-13	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Revamp website design for accessibility and self-service	Revamp our highly variable website pages with intuitive design and accessibility features that ensure all residents, regardless of technical skill, can find information and services quickly and easily in a self-service manner	Commerce	Accountable Department	Not prioritized	4. 500k-1M citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	ACOMM-14	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Develop training program for DWS employees	Design a comprehensive training program for DWS employees that includes performance management and continuous improvement	Commerce	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	ACOMM-15	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Finalize UI Mod & cut expenses with DIS	Finalize the upgrade of the UI Mod project to enhance its efficiency and user-friendliness, while looking for further areas to streamline processes and cut expenses in collaboration with DIS	Commerce	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Lower priority	Wave 1	ACOMM-16	E. Core tech modernization	E4 Build new capabilities including cybersecurity and analytics	Improve lead identification and conversion	Speed up lead identification, prioritize high-probability leads, understand what drives lead conversion, and improve outcomes and lower cost for ADFA and AEDC through analytics	Commerce	Accountable Department	Not prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	ACOMM-17	F. Agile organization	F3 Optimize shared service delivery	Improve citizen access to information with chatbot system	Based on prioritized content from "most common call type action plan", enhance citizen access to information and assistance by integrating a chatbot system proficient in autonomously resolving user inquiries i. Identify the typical questions and topics where a chatbot system could be beneficial ii. Develop specifications for a chatbot based on best practices in public and private sector, and determine build-vs-buy decision. iii. Integrate the chatbot system into the infrastructure of department websites, and continuously iterate on the system by updating its knowledge base	Commerce	Accountable Department	Not prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	ACOMM-18	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Collaborate with NASAA to ease administrative burdens on issuers	Collaborate with NASAA to ease administrative burdens on issuers through improved technologies	Commerce	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	ACOMM-19	F. Agile organization	F2 Improve collaboration among agencies	Partner with universities, local groups, and investors to promote business growth	Partner with universities, local groups, and investors to promote business growth and entrepreneurship using the State Small Business Credit Initiative	Commerce	Multi-Department (listed in Initiative Description)	Not prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	ACOMM-2	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Redefine job descriptions and automate tasks	Redefine job descriptions to align with organizational goals and implement digital tools that automate routine tasks, thereby increasing customer satisfaction and operational efficiency	Commerce	Accountable Department	Not prioritized	5. 1M+ citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	ACOMM-20	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Strengthen and standardize grant management practices to improve the ROI of grants	Review grant funds across the department to determine whether they align with the goals of the state, provide direction on what type of priorities grants should be supporting, and create standard processes and consider shared functions for grant monitoring to ensure subgrantees are using grant funds as agreed to reduce grant fraud and increase grant compliance	Commerce	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	ACOMM-21	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Create standardized procedures to improve customer satisfaction within defined business days in Commerce's call centers in Re-employment	Diagnose and create an action plan to more efficiently address primary call reasons for DWS. Document most common call types and reasons through data analysis and CSR observation (manual or automated). Evaluate most effective/efficient resolution for each (e.g., streamline web applications, clarify notices, improve website UX, integrate chatbots, enhance IVR, adjust processes, and improve training program for staff). Develop action plan.	Commerce	Accountable Department	Prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	ACOMM-22	D. Operational excellence	D3 Use automation to empower staff	Deploy push notifications for relevant and timely information to citizens	Examine the most commonly requested information from ACOM services and deploy push notifications to provide relevant and timely information to citizens	Commerce	Accountable Department	Not prioritized	4. 500k-1M citizens	1. 0-5% (~1,000)	4. Unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	ACOMM-23	D. Operational excellence	F2 Improve collaboration among agencies	Optimize AEDC functional ownership by determining which existing teams should be part of Workforce Connection and ADFA	Optimize AEDC functional ownership by determining which aspect of the AEDC should operate as part of Workforce Connection and transfer the management of the bond guarantee program from AEDC to ADFA	Commerce	Accountable Department	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	ACOMM-24	D. Operational excellence	F3 Optimize shared service delivery	Consolidate HR to a central hub that uses automated systems to reduce over-processing and inefficiency	Consolidate HR to a central hub that uses automated systems for employee records and payroll processing, ensuring compliance and transparency to reduce over-processing and inefficiency, and fix processes to drive more effective recruitment strategies to enhance ACOM's competitive edge	Commerce	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	ACOMM-25	D. Operational excellence	F2 Improve collaboration among agencies	Effectively integrate the Banking and Securities teams to most effectively leverage the strengths of both orgs	Effectively integrate the Banking and Securities teams to most effectively leverage the strengths of both orgs and reduce lost time and inefficiencies	Commerce	Accountable Department	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	ACOMM-26	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming IT projects	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming projects in all departments Projects could be classified based on a set of targeted questions that can include but are not limited to: business criticality, urgency, and federal / legislative mandate	Commerce	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	ACOMM-27	F. Agile organization	D2 Improve dynamic staffing and staff productivity tools	Develop a performance framework that defines the customer base and establishes and tracks success metrics	Develop a performance framework that defines the customer base, establishes success metrics, and tracks & mitigates underperformance to those metrics	Commerce	Accountable Department	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	ACOMM-3	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Utilize predictive analytics for optimal service delivery	Utilize predictive analytics to forecast service demand and dynamically adjust staffing levels and schedules to maintain optimal service delivery without overburdening resources	Commerce	Accountable Department	Not prioritized	4. 500k-1M citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)

Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
Lower priority	Wave 1	ACOMM-33	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Collaborate with DBA to reduce footprint and increase departmental consolidation	Support DBA efforts to increase office occupancy and right-size total real estate portfolio by: 1) Analyzing data on leased and owned properties (e.g., # of assigned personnel, # of total seats) 2) Participating in strategic planning exercises 3) Collaborating with DBA to reduce footprint	Commerce	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
High priority	Wave 1	ACOMM-5	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Coordinate identification and retirement of non-business critical/duplicative applications across all divisions of Commerce	Coordinate identification and retirement of non-business critical/duplicative applications across all divisions of Commerce i. Initial assessment with CIOs to gather application data and walk through assessment criteria e.g., business criticality ii. Department-internal exercises supported by TSS to identify and finalize candidate applications iii. Sunset plan and timeline for each application iv. Value tracking and capture for resources (e.g., reduction or reinvestment of contract hours)	Commerce	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	ACOMM-6	E. Core tech modernization	E4 Build new capabilities including cybersecurity and analytics	Identify fraud and abuse through detection software	Identify patterns of fraud and abuse in DWS (specifically, unemployment benefits) more effectively through detection software and machine learning algorithms, reducing financial losses and improving trust in public services	Commerce	Accountable Department	Not prioritized	5. 1M+ citizens	1. 0-5% (~1,000)	1. Familiar	5. Benefit captured post-June 2026 (if begun immediately)
High priority	Wave 1	ACOMM-7	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Develop an internal IT shared services team to provide improved support and unified standards	Develop an internal IT shared services team to provide improved support and unified standards	Commerce	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	5. Benefit captured post-June 2026 (if begun immediately)
High priority	Wave 1	ACOMM-8	F. Agile organization	F3 Optimize shared service delivery	Consolidate financial operations to a central hub that uses automated systems for budget tracking and expense management	Consolidate financial operations to a central hub that uses automated systems for budget tracking and expense management, ensuring fiscal discipline and cost transparency within departments	Commerce	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	ACOMM-9	F. Agile organization	F3 Optimize shared service delivery	Create unified marketing division for cross-functional teams	Create a unified marketing division within the Department of Commerce that leverages cross-functional teams for project management, using data-driven strategies to increase reach and impact of our marketing efforts	Commerce	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	ADE-0	F. Agile organization	F1 Streamline organization and improve role clarity	Optimize manager roles and team size for better control and efficiency	As the overarching leader for the Agile Organization initiative, oversee implementation of a tailored and modernized organization (including managing initiative sub-charters) to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions	Education	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	ADE-10	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Collaborate with DBA to reduce footprint and increase departmental consolidation by end of 2024	Support DBA efforts to increase Little Rock office occupancy and right-size total real estate portfolio by: 1) Analyzing data on leased and owned properties (e.g., # of assigned personnel, # of total seats) 2) Participating in strategic planning exercises 3) Collaborating with DBA to reduce footprint	Education	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	ADE-11	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Migrate to common IT platforms across divisions	Migrate to a common IT platform across divisions to leverage economies of scale and improve coordination, quality, and productivity (e.g., accountability reporting systems, assessment reporting systems)	Education	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	ADE-14	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Revamp ADE's external communication strategy for efficiency and impact by diagnosing current issues and designing a future-state	Redesign ADE's communications strategy with external stakeholder groups (e.g., superintendents, parents) to ensure communications have the desired impact, while also improving the efficiency of how ADE sends communications today: 1. Diagnose the current state of communications sent by ADE today and identify target audience pain points 2. Design the future-state based on pain points and gaps in the current approach	Education	Accountable Department	Not prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	3. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	ADE-15	A. Personnel	A2 Establish best-in-class performance management systems	Streamline co-op pay scales	Bring co-op pay scales and positions in line with state pay scales to ensure pay equality.	Education	Multi-Department (listed in Initiative Description)	Prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	ADE-16	A. Personnel	A3 Identify areas needed to build long-term talent system	Simplify the hiring process	Simplify the hiring process, including the hiring review justification process, the number of steps with OPM, and the ability to hire quality employees through pay/salary coding alliance, reducing department vacancies.	Education	Multi-Department (listed in Initiative Description)	Not prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	ADE-17	A. Personnel	A3 Identify areas needed to build long-term talent system	Implement cross-training at ADE to 1) enhance task coverage and reduce delays, and 2) offer skill development and career growth for employees	Introduce cross-training to 1) Ensure that more than one person knows how to do critical tasks at ADE, thereby reducing delays/hold-ups when they are out or at capacity, and 2) provide motivated employees with opportunities to build their skill set and advance in their careers at ADE	Education	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	ADE-18	A. Personnel	A3 Identify areas needed to build long-term talent system	Assess ADE's grades and positions to consolidate lower grades and hire fewer but higher-grade jobs, ensuring talent sufficiency		Education	Accountable Department	Prioritized				
Lower priority	Wave 1	ADE-2	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Improve emergency response communications	Design a system and process for immediate, emergency communications to be disseminated to key stakeholders, thereby improving the safety of employees, teachers, students, etc.	Education	Accountable Department	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	ADE-21	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Improve ADHE scholarship disbursements	Create an automated system that leverages AI to review ADHE scholarship disbursements, reducing the number of state audits.	Education	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	ADE-22	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Standardize operating procedures for internal ADE processes	Standardized time consuming internal processes and policies (i.e., contract processing, rental car/fleet usage, phone call routing, per diem calculations, corporate purchasing cards, tax exempt purchasing) to give employees more time back in their days.	Education	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	ADE-23	E. Core tech modernization	E4 Build new capabilities including cybersecurity and analytics	Offer Data as a Service (DaaS)	Create a data lake to connect intelligence across ADE and offer that data back to districts through cost sharing, reducing the amount districts spend on contractors who query the data.	Education	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	ADE-24	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Develop an integrated dashboard for districts to centralize data, automate assessments, and enhance inter-division communication	Create an internal, integrated dashboard that 1) brings all relevant data together in one place for districts, 2) automates their needs assessments, and 3) allows divisions to communicate with each other and keep a historical log of actions, reducing the time the state and districts spend on data review and monitoring.	Education	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	ADE-25	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Create an agency-wide rotation schedule to organize district visits and improve issue escalation, reducing unnecessary visits.	Design a new agency-wide rotation schedule/model to map out and coordinate district visits over a 5-year period, and to improve the internal processes to escalate issues across divisions and programs, reducing potentially unnecessary district visits.	Education	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	ADE-26	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Establish processes for State Monitoring Support Specialists to act as district case managers, enhancing the quality of support that districts receive	Design processes for four new State Monitoring Support Specialists to play a "case manager" role with districts by operating as their one-source-of-information across ADE programs and by proactively coaching struggling districts, thereby improving the quality of support that districts receive.	Education	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
	Wave 1								Not prioritized				

Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
Medium priority		ADE-27	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Improve and standardize physical security practices across state buildings	Standardize and improve physical security practices across state buildings to ensure an efficient and safe experience for citizens and employees, addressing current inconsistencies ranging from buildings with no security to those with tedious check-in procedures.	Education	Accountable Department		0.0	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	ADE-28	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Strengthen and standardize grant management practices to improve the ROI of grants	Review grants funds across the department to determine whether they align with the goals of the state, provide direction on what types of priorities grants should be supporting, and continuously monitor grants to ensure grantees are using funds as agreed.	Education	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	ADE-29	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming IT projects	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming projects in all departments  Projects could be classified based on a set of targeted questions that can include but are not limited to: business criticality, urgency, and federal / legislative mandate	Education	Enterprise	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	ADE-3	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Leverage AI to automate the first review of the AR App	Make two improvements to the AR App to 1) reduce the time ADE employees spend on manual and tedious review, 2) reduce the time districts spend on completing applications, and 3) improve all students' experience by ensuring coordination across programs: 1. Develop and implement an in-house solution to bring the AR App, which is currently in an excel spreadsheet, online 2. Leverage machine learning and AI to eliminate the first round of application review that ADE employees do manually today, and to suggest potential district improvement ideas for ADE employees to consider	Education	Accountable Department	Enterprise-wide	3. 100k-500k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	ADE-30	F. Agile organization	F3 Optimize shared service delivery	Maximize value of shared services both within the department and across state government	Identify roles across organization serving transactional needs that could better serve agency through centralized departmental shared service, targeting cost effectiveness and improved employee service levels, and implement priority changes	Education	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	ADE-4	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Improve data transparency for school decision-makers	Make public data readily available with helpful visualizations and insights in one place for education decision-makers (e.g., ADE staff, districts and school leaders, families comparing schools, legislators, etc.), reducing the time stakeholders spend searching for information.	Education	Accountable Department	Not prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	ADE-5	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Simplify educator licensing procedures	Digitize the application process for educator licenses and limit number of excess steps, reducing the processing time such that 90% of applications are processed within 21 days	Education	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	ADE-6	F. Agile organization	F2 Improve collaboration among agencies	Collaborate with DHS and other departments to best support multi-system youth	Partner with other departments to evaluate and improve how existing connected data (e.g., SLDS data across early childhood, K-12, workforce) is being used, and develop specific cross-departmental actions to improve the quality of care and supports that multi-service youth receive from the state.	Education	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	4. Unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	ADE-7	C. Asset optimization & capital expenditures	C3 Allocate capital effectively	Reinvigorate and elevate the role of co-ops to proactively coach/support districts	Reorganize and recategorize the 15 co-ops to be centers of excellence that better deliver on the mission of improving program efficiency and efficacy through proactive, high-quality support services that will drive school improvement.	Education	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	ADE-8	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Redesign potentially redundant internal processes around reviewing and allocating grants in GMS	Redesign potentially redundant internal processes around reviewing and allocating grants in GMS, with the goal of reducing time employees spend in unnecessary review.	Education	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	ADE-9	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Coordinate identification and retirement of non-business critical/duplicative applications across all departments	Coordinate identification and retirement of non-business critical or duplicative applications across all departments. Could be accomplished in a phased approach: 1) Initial assessment to gather application data and walk through assessment criteria (e.g., business criticality) 2) Identify and finalize candidate applications 3) Sunset plan and timeline for each application 4) Track value capture with TSS (e.g., reduction or reinvestment of contract hours)	Education	Enterprise	Not prioritized	0.0	0.0%	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	AG-0	F. Agile organization	F1 Streamline organization and improve role clarity	Optimize manager roles and team size for better control and efficiency	Take action on manager roles and team size to target appropriate spans of control for function and management archetype to more effectively deliver on the departmental mission	Agriculture	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	AG-10	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Assess ROI of marketing spend using data analytics	Use marketing data to assess whether marketing spend that supports AR-produced agricultural goods and services is effective and in-line with private sector benchmarks	Agriculture	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	AG-11	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Strengthen and standardize grant management practices to improve the ROI of grants	Review grant funds across the department to determine whether they align with the goals of the state, provide direction on what type of priorities grants should be supporting, and create standard processes and consider shared functions for grant monitoring to ensure subgrantees are using grant funds as agreed to reduce grant fraud and increase grant compliance	Agriculture	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	AG-12	C. Asset optimization & capital expenditures	C1 Optimize fleet management	Support enterprise fleet initiatives	Assign a liaison to support DFA fleet initiatives (e.g., selling underutilized vehicles, replacing vehicles at the right time to minimize total cost of ownership, consolidating toward a departmental and potentially state-wide vehicle pool)	Agriculture	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	AG-13	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Improve land ownership and management	Reduce overall land management costs by improving shared stewardship services. Support DBA efforts to increase Arkansas State office occupancy and right-size total real estate portfolio by: 1) Analyzing data on leased and owned properties (e.g., # of assigned personnel, # of total seats) 2) Participating in strategic planning exercises 3) Collaborating with DBA to reduce footprint	Agriculture	Multi-Department (listed in Initiative Description)	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	AG-14	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Collaborate with DBA to reduce footprint and increase departmental consolidation	Identify divisions and state programs (within and outside ADA) that deploy services and programming at the county level and streamline delivery to improve citizen experience and government efficiency	Agriculture	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	AG-15	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Streamline delivery of county-level programming	Identify opportunities to automate or simplify processes within state testing labs, and consider collaboration opportunities with labs in other state government departments	Agriculture	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	AG-16	D. Operational excellence	D3 Use automation to empower staff	Modernize state testing labs	Identify roles across organization serving transactional needs that could better serve agency through centralized departmental shared service, targeting cost effectiveness and improved employee service levels, and implement priority changes	Agriculture	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	AG-17	F. Agile organization	F3 Optimize shared service delivery	Maximize value of shared services both within the department and across state government	Identify roles across organization serving transactional needs that could better serve agency through centralized departmental shared service, targeting cost effectiveness and improved employee service levels, and implement priority changes	Agriculture	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)



Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
High priority	Wave 1	AG-18	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Build future technology roadmap for ADA	Develop a two-year technology roadmap for the future of ADA which includes, at minimum, AG-6, AG-7, and 7 additional medium-priority initiatives [AG-4, AG-8, AG-9, AG-10, AG-11, AG-15, AG-16]. The critical deliverables of this initiative are: 1) A detailed two-year implementation plan with action steps to incorporate the top 7-10 IT projects defined by ADA leaders 2) A robust business case with estimates of resources required to accomplish the two-year plan, and the resulting cost efficiencies/ benefits 3) A plan to obtain approval for additional FTEs, contract labor, or borrowed FTEs from other departments as necessary to accomplish roadmap 4) Owners clearly defined for each action step	Agriculture	Accountable Department	Prioritized	0.0	0.0%	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium priority	Wave 1	AG-4	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Optimize citizen interactions including web, call center, and in-person	Map major citizen interactions across websites, call centers, and in-person visits and use resulting data to improve effectiveness/efficiency of citizen interactions	Agriculture	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	AG-6	D. Operational excellence	D3 Use automation to empower staff	Develop dashboard for Department of Agriculture to have greater clarity into key managerial metrics and performance	Develop a dashboard by [December 2024] for each ADA division that displays key performance indicators and metrics related to program activities in real-time. Examples of programmatic metrics include: 1) number of inspections completed 2) licenses issued 3) violations issued 4) lab tests performed. The goal of the dashboard is to enhance transparency, accountability, and effectiveness within the Department of Agriculture and its final intended use is joint use by both internal and external stakeholders	Agriculture	Accountable Department	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	AG-7	D. Operational excellence	D3 Use automation to empower staff	Digitize Department paperwork for repetitive and time-consuming operations	Reduce labor hours spent on low value-added work by digitizing paperwork that is burdensome and time consuming for department employees or citizens to complete today (e.g., contracts, purchase requisitions)	Agriculture	Accountable Department	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	AG-8	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Utilize predictive analytics for optimal service delivery	Utilize predictive analytics to forecast service demand and dynamically adjust staffing levels and schedules to maintain optimal service delivery without overburdening resources	Agriculture	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	AG-9	D. Operational excellence	D3 Use automation to empower staff	Automate data transfer between local and federal partners	Identify where ADA operates as a pass-through entity for data submission and structure direct upload capability for local partners (e.g., EPA data from Plant Industries, grant pass-through)	Agriculture	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	DFA-0	F. Agile organization	F1 Streamline organization and improve role clarity	Optimize manager roles and team size for better control and efficiency	As the overarching leader for the Agile Organization initiative, oversee implementation of a tailored and modernized organization (including managing initiative sub-charters) to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions	Finance & Administration	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	DFA-1	A. Personnel	A3 Identify areas needed to build long-term talent system	Cross-train for efficient citizen response	Identify overlapping content areas through cross-training and develop training plans to equip teams to efficiently respond to citizen inquiries, resulting in a reduction in response time and an increase in customer satisfaction over the next year	Finance & Administration	Accountable Department	Not prioritized	4. 500k-1M citizens	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium priority	Wave 1	DFA-10	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Enhance online tax system experience	Over the next year, create user guides and FAQ documents, launch surveys, and leverage call center data to develop a strategy to improve customers' experience while using the online tax system, lower demand of support calls and improving the employee experience as well	Finance & Administration	Accountable Department	Not prioritized	4. 500k-1M citizens	3. 15-25% (~5,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	DFA-11	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Implement auditor training for taxpayer services to enhance cooperation	Develop and roll out auditor training program to taxpayer service representatives to increase consistency in customer experience, educate citizens, and increase collaboration between the two groups over the next three to six months	Finance & Administration	Accountable Department	Prioritized	4. 500k-1M citizens	1. 0-5% (~1,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	DFA-12	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Digitize tax and DMV workflows	Map and digitize existing paper-based tax and DMV workflows to improve both expediency of service delivery and improve employee operational efficiency over the next year	Finance & Administration	Accountable Department	Not prioritized	4. 500k-1M citizens	4. 25-50% (~10,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Lower priority	Wave 1	DFA-13	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Improve tax guidance publication time	Assess previous tax guidance development to inform process improvements to reduce the time to publication for guidance on additional tax types	Finance & Administration	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	DFA-14	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Create a single-sign-on licensing portal with direct document upload	Create single-sign on portal for licensing with features that enable direct documentation upload to minimize paperwork and streamline and automate application review	Finance & Administration	Accountable Department	Prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Lower priority	Wave 1	DFA-15	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Improve citizen access to information with chatbot system	Integrate automated chat system proficient in autonomously resolving user inquiries to improve citizen access to information and assistance by integrating a chatbot system proficient in autonomously resolving user inquiries for the tax section over the next six months	Finance & Administration	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	DFA-16	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Implement advanced IVR system	Partner with each cabinet call center manager to implement an advanced IVR system, enabling AR citizens to autonomously resolve common questions and improving the customer experience over the next six months	Finance & Administration	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	DFA-18	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Map DFA processes, identify issues, and improve efficiency and satisfaction	Map key processes within DFA and identify pain points and bottlenecks, then implement process solutions and organizational changes that improve process times and customer satisfaction for SRO and DMV	Finance & Administration	Accountable Department	Prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	DFA-19	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Improve tax division processes	Investigate public and private sector capabilities, map key processes within the division and relevant pain points, address bottlenecks and other process improvement areas, and adapt the organizational structure to better accommodate needed customer experience improvements in the tax division over the next six months	Finance & Administration	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DFA-2	D. Operational excellence	F3 Optimize shared service delivery	Establish Executive Review Board	Implement the Executive Review Board to prioritize projects within the department and track progress of all initiatives, resulting in an increase in project completion rate and a reduction in project delays over the next 3 months	Finance & Administration	Accountable Department	Not prioritized	0.0	0.0%	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Lower priority	Wave 1	DFA-20	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Enhance OCSE division processes	Investigate public and private sector capabilities, map key processes within the division and relevant pain points, address bottlenecks and other process improvement areas, and adapt the organizational structure to better accommodate needed customer experience improvements in the OCSE division over the next six months	Finance & Administration	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DFA-21	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Optimize regulatory division processes	Investigate public and private sector capabilities, map key processes within the division and relevant pain points, address bottlenecks and other process improvement areas, and adapt the organizational structure to better accommodate needed customer experience improvements in the regulatory division over the next six months	Finance & Administration	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DFA-22	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Streamline processes across divisions	Investigate public and private sector capabilities, map key processes within the division and relevant pain points, address bottlenecks and other process improvement areas, and adapt the organizational structure to better accommodate needed customer experience improvements across all divisions over the next six months	Finance & Administration	Accountable Department	Not prioritized	2. 10k-100k citizens	4. 25-50% (~10,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	DFA-23	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Overhaul call response with a trained team for faster solutions	Assess issues with current call response process by mapping processes and interviewing employees and create a response management system made up of a trained pool of individuals to provide consistent and quick solutions to callers	Finance & Administration	Accountable Department	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)



Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
Lower priority	Wave 1	DFA-24	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Call center skills enhancement program	Develop a comprehensive skills enhancement program tailored to the specific needs and roles of call center agents and in-person employees, providing ongoing training, access to job aids, and performance management tools, resulting in a increase in employee satisfaction with training opportunities and an increase in call resolution rate over the next six months	Finance & Administration	Multi-Department (listed in Initiative Description)	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	DFA-25	A. Personnel	A3 Identify areas needed to build long-term talent system	Establish a feedback system for employees to improve workplace conditions	Establish a feedback channel and response approach to collect and address employee pain points to become a premier workplace in the state by employees feeling heard and their working conditions improving over the next year	Finance & Administration	Accountable Department	Prioritized	0. 0	2. 5-15% (~3,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Lower priority	Wave 1	DFA-26	D. Operational excellence	D3 Use automation to empower staff	Develop grant performance metrics	Develop performance metrics and reporting framework across major grant and service programs to enhance transparency and accountability, ensure higher service quality and cost effectiveness, consistently reporting on core performance metrics over the next year	Finance & Administration	Accountable Department	Not prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DFA-27	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Drive performance with managerial capabilities	Build managerial capabilities to monitor and drive performance of programs both in DFA and across state government, increasing service level and cost effectiveness of state government - Integrate rigorous performance management into budgeting process by requiring program evidence information, performance data, and budget to actuals in decision making process - Create system for aggregating and compiling budget spend data from all departments into a centralized dashboard within each department and across the state executive agencies as a whole - Drive program performance and efficiency through ROI system, by integrating performance data on programs across the organization	Finance & Administration	Accountable Department	Not prioritized	4. 500k-1M citizens	1. 0-5% (~1,000)	2. Somewhat familiar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	DFA-28	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming IT projects	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming projects in all departments Projects could be classified based on a set of targeted questions that can include but are not limited to: business criticality, urgency, and federal / legislative mandate	Finance & Administration	Enterprise	Enterprise-wide	0. 0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	DFA-29	E. Core tech modernization	E4 Build new capabilities including cybersecurity and analytics	Detect tax evasion and missed collections	Evaluate best-in-class options for detecting tax evasion and missed collections, investing in the best option for Arkansas, resulting in an increase in appropriate tax revenue collection over the next year	Finance & Administration	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	DFA-3	A. Personnel	A3 Identify areas needed to build long-term talent system	Expand DFAU to invest in emerging leaders for future leadership	Expand DFAU model to identify and invest in high quality and emerging talent in the department to develop the next generation of DFA leaders over the next 18 months	Finance & Administration	Accountable Department	Prioritized	0. 0	1. 0-5% (~1,000)	1. Familiar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	DFA-30	E. Core tech modernization	E4 Build new capabilities including cybersecurity and analytics	Centralize data resources	Facilitate ease of information sharing across department divisions by centralizing data resources and reducing processing time with internal help-desk model to help quickly locate and pull records, resulting in a reduction in time spent searching for information and an increase in data accuracy, improving operational efficiency over the next year	Finance & Administration	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DFA-31	F. Agile organization	F1 Streamline organization and improve role clarity	Consolidate legal functions	Consolidate legal functions across different divisions into a single department-level function that reports to the Chief of Staff and makes use of consistent policies, procedures, and allocation of responsibilities over the next 18 months	Finance & Administration	Accountable Department	Not prioritized	0. 0	1. 0-5% (~1,000)	2. Somewhat familiar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	DFA-32	F. Agile Organization	F3 Optimize shared service delivery	Centralize finance shared services	Centralize as many transactional (not dependent on close working relationship) finance shared services under DFA as possible, eliminating redundant work and streamlining across the state over the next six months	Finance & Administration	Accountable Department	Not prioritized	0. 0	0. 0%	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DFA-33	G. Revenue opportunity	G1 Federal funding opportunities	Standardize grant monitoring processes	Create standard processes and consider shared functions for grant monitoring to ensure federal grant opportunities are maximized, resulting in an increase of grant applications and grant awards over the next year	Finance & Administration	Accountable Department	Not prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	DFA-34	G. Revenue opportunity	G2 Grant opportunities	Ensure subgrantee grant compliance	Create standard processes and consider shared functions for grant monitoring to ensure subgrantees are using grant funds as agreed, resulting in a reduction in grant fraud and an increase in grant compliance	Finance & Administration	Accountable Department	Not prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DFA-35	F. Agile organization	F3 Optimize shared service delivery	Expand SPOC grant services	Expand Intergovernmental Services' SPOC function to new grant-related services, such as monitoring of subgrantees, guidance on NEPA, etc., resulting in an increase in grant compliance and a reduction in grant fraud over the next year	Finance & Administration	Enterprise	Enterprise-wide	0. 0	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DFA-36	F. Agile organization	F3 Optimize shared service delivery	Redesign IT approval processes	Review current processes around IT approval within Intergovernmental Services and redesign any processes or standards to better support value from IT projects, resulting in an increase in IT project success rate and a reduction in IT project costs over the next six months	Finance & Administration	Enterprise	Enterprise-wide	0. 0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DFA-37	F. Agile organization	F1 Streamline organization and improve role clarity	Centralize administrative roles	Review organizational spans and layers for finance, legal, and procurement personnel across various DFA divisions and consider centralizing relevant (most) roles across these functions, resulting in an increase in administrative efficiency over the next six months	Finance & Administration	Accountable Department	Not prioritized	0. 0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	DFA-38	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Assess potential for centralizing grants within DFA to improve compliance and increase efficiency	Investigate which grants across departments can be centralized vs. which grants should remain distributed within departments and coordinate migration if recommended to increase efficiency and reduce duplicative efforts over the next year	Finance & Administration	Enterprise	Enterprise-wide	3. 100k-500k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DFA-39	F. Agile organization	F1 Streamline organization and improve role clarity	Establish legal approval procedures	Establish procedures and approval hierarchies for use when determining whether DFA resources and litigation are necessary for dispute resolution, resulting in a reduction in legal expenses and an increase in legal compliance over the next three months	Finance & Administration	Enterprise	Enterprise-wide	0. 0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	DFA-4	A. Personnel	A3 Identify areas needed to build long-term talent system	Streamline job posting process	Map the applicant journey to reduce the number of points of contact and steps needed to publish job postings and improve standard processes for screening job postings across the organization, resulting in a reduction in time-to-hire and an increase in qualified applicants over the next 18 months	Finance & Administration	Accountable Department	Not prioritized	2. 10k-100k citizens	2. 5-15% (~3,000)	1. Familiar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	DFA-41	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Pilot mobile drivers license	Develop a mobile drivers license to pilot across the state that will reduce wait times at DMV offices, increase customer satisfaction, and further digitize operations over the next 18 months	Finance & Administration	Accountable Department	Not prioritized	5. 1M+ citizens	1. 0-5% (~1,000)	2. Somewhat familiar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	DFA-42	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Create government services online portal	Develop a government services online portal that serves as a centralized platform for citizens to access a wide range of government services, such as applying for permits, paying taxes, and accessing public records, increasing customer satisfaction and reducing operational inefficiencies over the next 18 months	Finance & Administration	Accountable Department	Not prioritized	4. 500k-1M citizens	3. 15-25% (~5,000)	2. Somewhat familiar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	DFA-43	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Implement appointment scheduling tool	Develop and implement an Appointment Scheduling Tool for DMV and Tax Call Centers to increase efficiency and improve customer experience over the next 18 months	Finance & Administration	Accountable Department	Not prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	5. Benefit captured post-June 2026 (if begun immediately)
High priority	Wave 1	DFA-44	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Set and train DFA staff on CX standards for superior customer service	Establish CX performance standards (polite, same day response, etc.) and train all DFA employees on these expectations to ensure high quality customer service over the next 6 months	Finance & Administration	Accountable Department	Prioritized	4. 500k-1M citizens	2. 5-15% (~3,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)

Initiative Information							Impact measurement						
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
High priority	Wave 1	DFA-45	E. Core tech modernization	E4 Build new capabilities including cybersecurity and analytics	Asses opportunity for implementing data-driven audits	Assess opportunity for implementing data-driven audits with the goal of increasing efficiency in achieving compliance in current audit process through data-driven audit selection and collections	Finance & Administration	Accountable Department	Prioritized	5. 1M+ citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	DFA-46	F. Agile organization	F2 Improve collaboration among agencies	Create a grant writing center of excellence	Create a grant writing center of excellence to sit within DFA that supports departments in winning grant awards and reducing the burden of General Revenues in funding state expenditures	Finance & Administration	Accountable Department	Prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DFA-47	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Collaborate with DBA to reduce footprint and increase departmental consolidation	Collaborate with DBA to reduce footprint and increase departmental consolidation Support DBA efforts to increase Little Rock office occupancy and right-size total real estate portfolio by: 1) Analyzing data on leased and owned properties (e.g., # of assigned personnel, # of total seats) 2) Participating in strategic planning exercises 3) Collaborating with DBA to reduce footprint"	Finance & Administration	Enterprise	Enterprise-wide	0. 0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Lower priority	Wave 1	DFA-5	A. Personnel	F3 Optimize shared service delivery	Launch shared job posting platform	Launch a shared job posting process and platform to reduce the number of points of contact and steps needed to publish job postings and improve standard processes for screening job postings across the organization, resulting in a reduction in time-to-hire and an increase in qualified applicants over the next 18 months	Finance & Administration	Multi-Department (listed in Initiative Description)	Not prioritized	4. 500k-1M citizens	1. 0-5% (~1,000)	4. Unfamiliar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	DFA-6	A. Personnel	A3 Identify areas needed to build long-term talent system	Develop college internship program	Develop an internship program that attracts and develops talent early through a college internship program that translates a significant portion of the intern pool into full time employees enabling the state to become a premier workplace over the next 6 months	Finance & Administration	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DFA-7	A. Personnel	A3 Identify areas needed to build long-term talent system	Partner with UALR and Pulaski Tech	Establish a partnership with UALR and Pulaski Tech to enhance skills development, resulting in an increase in employee participation in training programs and an increase in employee satisfaction with training opportunities enhancing the quality of the DFA workforce over the next year	Finance & Administration	Accountable Department	Not prioritized	1. <10k citizens	3. 15-25% (~5,000)	5. Novel	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 1	DFA-8	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Map and enhance DMV processes with tech to improve speed and service	Map current DMV processes to identify areas for improvement that could be bolstered by targeted technology investments and then deploy those improvements with the goal of reducing DMV process times and increasing quality of DMV service to Arkansans	Finance & Administration	Accountable Department	Prioritized	4. 500k-1M citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	DFA-9	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Update DFA website for easier access to tax information for citizens	Update DFA website to make answers to citizens' questions more easily and readily available, and establish the 1) appropriate communication channels 2) cadence and 3) format and 4) content to most effectively convey tax expectations to citizens	Finance & Administration	Accountable Department	Prioritized	4. 500k-1M citizens	3. 15-25% (~5,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
DHS Ongoing	Wave 1	DHS_113	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Coach other departments and DIS based on DHS IT excellence	Share best practices developed in DHS IT with other agencies to improve employee and citizen experience and cost effectiveness	Human Services	Accountable Department	Prioritized	>500k citizens	>5,000	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
DHS Ongoing	Wave 1	DHS_151	F. Agile organization	F1 Streamline organization and improve role clarity	Program implementation for programs moving to DAABHS		Human Services	Accountable Department	Prioritized				
DHS Ongoing	Wave 1	DHS_154	H. Department-specific lever	None	Implement Every Child Arkansas to increase civic support for foster system	Conduct recruiting push to increase supply of foster families and increase child placements, in support of Every Child Arkansas	Human Services	Accountable Department	Prioritized				
DHS Ongoing	Wave 1	DHS_155	H. Department-specific lever	H1. Network & contract innovation	RFP for Substance Use Disorder (SUD) recovery services		Human Services	Accountable Department	Prioritized				
DHS Ongoing	Wave 1	DHS_44	H. Department-specific lever	H1. Network & contract innovation	Pursue value-based payment arrangements with drug manufacturers for certain high-cost drugs.	Introduce novel payment models for Rx spend, such as Value based payments (VBP), PMPM guarantees, and predictability contracts, to cover and pay for high-cost drugs in a cost-effective manner.	Human Services	Accountable Department	Prioritized	100k-500k citizens		0 1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
DHS Ongoing	Wave 1	DHS_71	H. Department-specific lever	H2. Payment integrity & subrogation	Introduce or strengthen Third Party Liability (TPL) / subrogation practices and processes for all members	Review current TPL and subrogation practices and consider introducing or strengthening, either through internal capabilities or through specialized vendors, to drive savings to Medicaid plan	Human Services	Accountable Department	Prioritized		0	0 1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
DHS Ongoing	Wave 1	DHS_83	H. Department-specific lever	H1. Network & contract innovation	Standardize pricing, rebates, and policies for certain drugs that can either be self-administered or administered in an outpatient clinic.	Align and standardize pricing, rebates, and prior authorization policies for drugs like Neupogen, Neulasta, Procrit, Epogen, and their biosimilar equivalents that can be self-administered or administered in a clinic, in order to control pharmaceutical spend.	Human Services	Accountable Department	Prioritized	100k-500k citizens		1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
DHS Ongoing	Wave 1	DHS_92	H. Department-specific lever	H1. Network & contract innovation	Procure mental health and substance abuse crisis hub to centralize resources for high risk and in-crisis populations	Procure mental health and substance abuse crisis hub using ARP funds to centralize resources for high risk and in-crisis populations, improving beneficiary health outcomes and reducing high cost adverse events	Human Services	Accountable Department	Prioritized	<100k citizens		0 1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
DHS Ongoing	Wave 1	DHS_93	H. Department-specific lever	H1. Network & contract innovation	Work with DMS to fully develop the HealthySteps program and integrate with Patient Centered Medical Home	Work with DMS to fully develop the HealthySteps program and integrate with Patient Centered Medical Home. As part of this, a pediatricians organization has written a grant for Healthy Steps (0-5 yo). Question remains on how to integrate all of the above into PCMHs.	Human Services	Accountable Department	Prioritized	<100k citizens	0-999	2. Somewhat familiar	
DHS Ongoing	Wave 1	DHS_95	H. Department-specific lever	H1. Network & contract innovation	Implementing of policies and programs that integrate behavioral health services in primary care clinics	OSAMH has changed Medicaid policy to allow PCPs to bill for services of MH counselors to Medicaid. OSAMH is using a SAMHSA grant for BH and PCP integration and is in year 1 of 5 to apply and demonstrate collaborative care model; this requires PCPs to use a shared psychiatrist and trained care coordinators; project needs extensive training and support to be in place.	Human Services	Accountable Department	Prioritized	100k-500k citizens	0-999	2. Somewhat familiar	
High priority	Wave 1	DHS-1	B. Procurement	B3 Optimize procurement processes for speed and value	Establish DHS contract oversight and vendor management unit	Create central unit in DHS to oversee contracts and improve vendor management, increasing ROI of DHS spending on contractors, and improving service outcomes for customers. > Contract oversight: update contract oversight system, monitor performance guarantees, collect liquidated damages, confirmation of deliverables receipt > Vendor management: map contractor and subcontractor responsibilities, escalate vendor performance issues, pay for value instead of pay for volume > Dependencies: standardize vendor contracts with OSP, establish recoupment mechanisms with DF&A to collect, allocate, and spend liquidated damages or other contractor payments	Human Services	Accountable Department	Prioritized	5. 1M+ citizens	2. 5-15% (~3,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Lower priority	Wave 1	DHS-1	B. Procurement	B1 Manage demand for vendors and support	Consolidate and improve value from subscriptions across divisions	Review subscriptions and licenses to journals, publications, and associations across departments and divisions to determine if redundant subscriptions can be shared to reduce overall spend.	Human Services	Accountable Department	Not prioritized		0 0-999	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	DHS-10	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Streamline Medicaid eligibility and enrollment for maternity care	Streamline Medicaid eligibility and enrollment processes for maternal health prevention program	Human Services	Accountable Department	Prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Lower priority	Wave 1	DHS-1000	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	De-prioritize noncritical IT projects	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming projects in all departments	Human Services	Accountable Department	Not prioritized	0. 0	0. 0%	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Lower priority	Wave 1	DHS-1001	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Collaborate with DBA to reduce footprint and increase departmental consolidation	Support DBA efforts to increase Little Rock office occupancy and right-size total real estate portfolio by: 1) Analyzing data on leased and owned properties (e.g., # of assigned personnel, # of total seats) 2) Participating in strategic planning exercises 3) Collaborating with DBA to reduce footprint	Human Services	Enterprise	Not prioritized	0. 0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)

Initiative information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
Lower priority	Wave 1	DHS-107	H. Department-specific lever	H4. HUB - integrated customer experience	Introduce trainings with sister agencies to improve cross-referrals	Introduce trainings by DCO for community partners to improve awareness and utilization of DCO and DHS resources and cross-referrals across programs, improving intended citizen impact.	Human Services	Accountable Department	Not prioritized	<100k citizens	0-999	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DHS-127	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Create online filing system for any agency taking appeals	DCO gets lots of questions and requests from other agencies to train them and help their clients; would aim get community entities more involved in what DCO does and how to help people get connected to DCO. Could also include awareness of non-DHS resources in the community, e.g., non-profits, faith institutes, etc.	Human Services	Accountable Department	Not prioritized	<100k citizens	0-999	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DHS-135	B. Procurement	B3 Optimize procurement processes for speed and value	Conduct trainings on grants and contract management	Create online filing system to be used across all agencies taking appeals to improve internal coordination and citizen experience	Human Services	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Lower priority	Wave 1	DHS-144	H. Department-specific lever	H4. HUB - integrated customer experience	Coordinate policies and services with other agencies to focus on Social Determinants of Health	Coordinate policies and services with other agencies to focus on Social Determinants of Health	Human Services	Accountable Department	Not prioritized	2. 10k-100k citizens	0.0%	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DHS-145	H. Department-specific lever	H4. HUB - integrated customer experience	CAA implementation into re-entry waivers	Build collaboration with DOC and Commerce to coordinate benefits for individuals exiting corrections	Human Services	Accountable Department	Not prioritized	1. <10k citizens	0.0%	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DHS-150	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Complete development of an Assisted Living Cost Reporting system	Develop Assisted Living Cost Reporting system to allow potential customers of DAABHS services to compare options for long-term support	Human Services	Accountable Department	Not prioritized	1. <10k citizens	0.0%	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	DHS-2	H. Department-specific lever	H4. HUB - integrated customer experience	Redesign customer service capabilities and operating model	Redesign customer service capabilities and staffing model to more efficiently and more seamlessly match DHS customers with appropriate services and support. > Capabilities: IVR and chatbots, website, one-pagers, resource directory, walk-in sites > Staffing model: contractors, training / cross-training, virtual support model > Efficiently: first contact resolution, shorter wait times, increased utilization of self-service, lower staff-intensity > Seamlessly: single CRM with data on all customer interactions, MOUs with other agencies and community partners > Services and support: all DHS programs, other state agencies, community-based organizations	Human Services	Accountable Department	Prioritized	5. 1M+ citizens	2. 5-15% (~3,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Lower priority	Wave 1	DHS-2	B. Procurement	B3 Optimize procurement processes for speed and value	Rationalize duplicative or low-impact provider contract initiatives	Review ongoing provider contract initiatives to eliminate those that are duplicative, or do not appear to reward superior or improved performance, in order to reduce unnecessary administrative and benefits expenses and/or improve provider performance	Human Services	Accountable Department	Not prioritized	>500k citizens	0-999	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DHS-200	H. Department-specific lever	H4. HUB - integrated customer experience	Develop MOU between the Division of Youth Services and other AR state agencies and divisions to improve timeliness and accessibility of services	Work with other AR state agencies such as DCFCS, corrections, corrections, and county judges to establish MOUs and improve data sharing, e.g., connecting DYS systems to JJIS to ensure DYS is aware of all cases related to youth discharged from DYS	Human Services	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DHS-201	D. Operational excellence	D3 Use automation to empower staff	Implement single Electronic Health Record (EHR) system for state facilities	Move all state facilities to a single EHR system to improve patient care coordination and service quality	Human Services	Accountable Department	Not prioritized	2. 10k-100k citizens	2. 5-15% (~3,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DHS-21	B. Procurement	B1 Manage demand for vendors and support	Integrate Purchasing and Procurement strategy for Medicaid, State Employees Health and K-12 School Based Health Insurance	Integrate Purchasing and Procurement strategy for Medicaid, State Employees Health and K-12 School Based Health Insurance to coordinate input to the market, develop sustainable health insurance market intelligence, and reduce redundancies	Human Services	Accountable Department	Not prioritized	0	0	3. Somewhat unfamiliar	5. Benefit captured post-June 2026 (if begun immediately)
Lower priority	Wave 1	DHS-211	F. Agile organization	F1 Streamline organization and improve role clarity	Strengthen independent administration of newly established Office of Substance Abuse and Mental Health (OSAMH)	Build out managerial and administrative capacity in newly independent OSAMH by growing senior leadership team and enhancing core functions.	Human Services	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	DHS-3	H. Department-specific lever	H3. Utilization management	Increase awareness of Home & Community Based Services	Increase awareness of HCBS through distribution of educational materials and enhancements to customer service capabilities, community partnerships, and communication channels to help beneficiaries make the right choice for their long-term care options. > Customer service capabilities: embed material in customer service centers, new resource directory > Community partnerships: share material through existing community partners; reach out to build new partnerships, e.g., Arkansas AARP, PCPs, Schools, Higher Education, AAAs, Walmart and other retail, Pharmacies > Communication channels: distribute through public channels, such as websites, social media	Human Services	Accountable Department	Prioritized	3. 100k-500k citizens	2. 5-15% (~3,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Lower priority	Wave 1	DHS-32	H. Department-specific lever	H1. Network & contract innovation	Provide institution transition of care services for patients exiting acute episodes	Introduce transition of care management for key specialty conditions to support long-term patient health outcomes and lower long-term plan costs	Human Services	Accountable Department	Not prioritized	<100k citizens	0.0%	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	DHS-4	F. Agile organization	F1 Streamline organization and improve role clarity	Restructure Medicaid operations under single appropriation	Restructure Medicaid operations with single appropriation to enable strategic management of budget across Medicaid divisions and improve organizational effectiveness and ability to develop and execute strategic priorities to advance departmental mission. > Restructure Medicaid operations: new office of Medicaid roles and responsibilities, new division of Medicaid Operations	Human Services	Accountable Department	Prioritized	5. 1M+ citizens	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Lower priority	Wave 1	DHS-42	H. Department-specific lever	H1. Network & contract innovation	Expand network to private sector low-cost urgent care clinics to expand access	Identify private sector urgent care health network with low-cost options and network breadth to expand care to Medicaid population, lowering health burden, improving outcomes, and reducing costs from high-cost low-accuity treatment	Human Services	Accountable Department	Not prioritized	>500k citizens	0	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	DHS-5	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Increase customer contact points in community settings	Increase customer contact points in community settings with high volume of potential beneficiaries and reduce lease and operating costs for low-volume office locations as practical. > Community settings: hospitals, clinics, community non-profits	Human Services	Accountable Department	Prioritized	5. 1M+ citizens	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Lower priority	Wave 1	DHS-53	D. Operational excellence	D3 Use automation to empower staff	Improve management visibility into facilities customer engagement through dashboards	Build data infrastructure and dashboards for state-owned facilities to improve management visibility and support operational and strategic decisions, including through Electronic Health Records (EHR) across facilities with additional modules for to support operations	Human Services	Accountable Department	Not prioritized	<100k citizens	1,000-5,000	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DHS-58	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Improve DHS customer online experience by creating single login for all applications, claims, and case information	Enhance Access Arkansas to allow single client login to access all DHS information (e.g., claims information, notices from MMIS) and take all required actions to manage their DHS services, improving the customer experience	Human Services	Accountable Department	Not prioritized	>500k citizens	0-999	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	DHS-6	G. Revenue opportunity	G1. Federal funding opportunities	Maximize federal funding opportunities	Identify funding opportunities not currently maximized in DHS and develop plans to access funding to increase DHS program and service capacity and free up existing GR funding for other state and departmental priorities. > Funding opportunities: community pathways for Title IV-E, claiming for motivational interviewing training, braided/blended funding strategies	Human Services	Accountable Department	Prioritized	2. 10k-100k citizens	2. 5-15% (~3,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)

Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
High priority	Wave 1	DHS-7	H. Department-specific lever	H2. Payment integrity & FWA	Strengthening Program Integrity & FWA Function	Strengthen program integrity and FWA functions by updating PI policies and improving inter-agency FWA investigation collaboration to ensure appropriate care, billing, and use of DHS program funds. > PI policies: coordination of benefits for ALS patients enrolling in Medicare; claims analysis and payment recoveries from MCOs; update PA policies and approval processes; claims edits and reimbursement policies > FWA investigation collaboration: DHS front-end guidance for DIG on policy-related issues; IG timely flagging of potential claim coding fraud to enable DHS to quickly update systems	Human Services	Multi-Department (listed in Initiative Description)	Prioritized	5. 1M+ citizens	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Lower priority	Wave 1	DHS-7	D. Operational excellence	D4. Ensure ROI from state programs and grantees	Introduce KPIs for child welfare services and introduce automated continuous quality review to reduce negative CFSR findings that will require time and resources	Introduce KPIs and automated quality review process for child welfare services such as case managers in order to ensure high quality service for areas with most critical service levels and to reduce the time and resources required with negative CFSR results	Human Services	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DHS-72	F. Agile organization	F1. Streamline organization and improve role clarity	Optimize spans and layers to improve organizational effectiveness	Take action on manager roles and team size to target appropriate spans of control for function and management archetype to more effectively deliver on the departmental mission.	Human Services	Accountable Department	Not prioritized	>500k citizens	1,000-5,000	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 1	DHS-8	A. Personnel	A3. Identify areas needed to build long-term talent system	Focus on talent targeting and career development	Improve DHS's ability to target and attract talent and to develop careers paths for employees to improve the employee experience and continually develop skills needed to deliver the best service to Arkansans. > Target: skills demand forecasting, current skills assessments > Attract: employee value proposition assessment, financial and non-financial recruiting incentives, new sources of talent, more flexible hiring bonuses > Develop career paths: Work with OPM to develop career paths within and across departments to open up opportunities for advancement and enhance skills development and sharing of best practices to improve overall experience and effectiveness of AR state government > Note on Scope: Would exclude certain healthcare and other facilities, with bespoke needs, apart from food service or Certified Nursing Assistants which may be in demand across multiple facilities and divisions > Dependency: more flexible hiring bonuses may rely on changes to DHS appropriation language; may need to work with DF&A to understand how to access performance pay budget	Human Services	Accountable Department	Prioritized	0. 0	4. 25-50% (~10,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DHS-87	H. Department-specific lever	H1. Network & contract innovation	Merge Non-emergency Transportation and Day Treatment Transportation programs under one transportation contract.	Combine non-emergency and day treatment transportation programs to be governed by a single contract to reduce administrative burden and potentially save costs on contract. Currently there are NET and day-transport for facilities that own fleets of vans. Could reduce duplicative administrative costs and streamline hiring.	Human Services	Accountable Department	Not prioritized	100k-500k citizens	0. 0%	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DHS-88	H. Department-specific lever	H1. Network & contract innovation	Make PASSE organizations responsible for all transportation service for beneficiaries enrolled in the PASSE program	Shift transportation costs and administration to PASSE organizations to reduce state administrative and cost burden. Discussion is ongoing with PASSE.	Human Services	Accountable Department	Not prioritized	100k-500k citizens	0. 0%	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	DHS-9	A. Personnel	A3. Identify areas needed to build long-term talent system	Deploy internal trainings for DHS and cross-departmental staff	Work with OPM to develop and deploy internal trainings across DHS and in some cases across departments, delivered both in onboarding and through ongoing programs to create opportunities for employees to develop skills crucial to delivering best services to Arkansans: > Internal trainings: Onboarding program, budget and appropriations process, Medicaid 101 & eligibility 101 trainings, motivational interviewing, position-specific trainings such as 'how to be a government lawyer'	Human Services	Accountable Department	Prioritized	0. 0	4. 25-50% (~10,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
DHS Ongoing	Wave 1	DHS-98	A. Personnel	A3. Identify areas needed to build long-term talent system	Implement organizational health tracking to ensure sustainability of DDS HDC personnel	DDS is implementing tracking of key metrics based on report by Guidehouse on employment recruitment and retention focused on HDCs; came up with 5 pillars (WeHeart program) - currently setting baseline and what will be tracked for each of the pillars;	Human Services	Accountable Department	Prioritized		0. 0-999	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	DIG-1	D. Operational excellence	D4. Ensure ROI from state programs and grantees	Develop and implement a triage process to improve investigation quality, outcomes, and recoveries	Develop and implement a triage process to investigate to improve the quality and outcomes of investigations and result in higher recoveries. •Triage process: Internal guidelines and measurable metrics to guide investigators on competing priorities	Inspector General	Accountable Department	Prioritized	0. 0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	1. Immediate and/or within the next 3 months (if begun immediately)
High priority	Wave 1	DIG-2	D. Operational excellence	D4. Ensure ROI from state programs and grantees	Use data/analytics to detect financial irregularities, improving investigation timeliness, outcomes, and recoveries, reducing reliance on referrals/complaints	Use data/analytics to detect financial irregularities for further investigation rather than relying primarily on referrals and complaints to improve timeliness and outcomes of investigations and result in higher recoveries. •Data/analytics: use S4/HANA as opportunity to access new financial data; meet with DIS to understand available data; build on OMIG practices; optimize use of tools like Optum	Inspector General	Accountable Department	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DIG-3	F. Agile organization	F1. Streamline organization and improve role clarity	Optimize manager roles and team size for better control and efficiency	Take action on manager roles and team size to target appropriate spans of control for functions and management archetypes to more effectively deliver on the departmental mission	Inspector General	Accountable Department	Not prioritized	0. 0	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DIG-4	D. Operational excellence	D4. Ensure ROI from state programs and grantees	Establish management services to support managerial efficacy of other state agencies	Establish management services to support managerial efficacy of other state agencies	Inspector General	Accountable Department	Not prioritized	2. 10k-100k citizens	0. 0%	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	DIG-5	D. Operational excellence	D4. Ensure ROI from state programs and grantees	Develop performance metrics (e.g., KPIs) and reporting framework to enhance performance transparency to ensure accountability to stakeholders	Develop performance metrics (e.g., KPIs) and reporting framework to enhance performance transparency to ensure accountability to stakeholders	Inspector General	Enterprise	Enterprise-wide	2. 10k-100k citizens	0. 0%	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DIG-6	D. Operational excellence	D4. Ensure ROI from state programs and grantees	Define structure and streamlined process to handle complaints, particularly across departments	Define structure and streamlined process to handle complaints, particularly across departments	Inspector General	Enterprise	Enterprise-wide	1. <10k citizens	0. 0%	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	DIG-7	A. Personnel	A3. Identify areas needed to build long-term talent system	Cross-train investigators across functions and with State Police	Cross-train investigators across functions and with State Police	Inspector General	Multi-Department (listed in Initiative Description)	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Lower priority	Wave 1	DIG-9	D. Operational excellence	D4. Ensure ROI from state programs and grantees	Develop audit repository within DIG to enhance transparency	Develop digital repository of audit activity and outcomes to enhance transparency	Inspector General	Multi-Department (listed in Initiative Description)	Not prioritized	1. <10k citizens	0. 0%	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-1	B. Procurement	B1. Manage demand for vendors and support	Standardize specifications for IT commodities and award state contracts for those purchases (excludes software subscription)	Standardize specifications for IT commodities by determining most commonly purchased technology products, rationalizing where certain products are exorbitant except in special cases, creating product specification policies, and conducting IFBs for statewide contracts on products with those specifications	TSS	Enterprise		0. 0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-10	B. Procurement	B2. Refine pricing through analytical category management	Optimize contracts for long tail commodities	Optimize contracts for long tail commodities by moving commonly purchased long tail items purchased on P-cards to statewide contracts	TSS	Enterprise	Enterprise-wide	0. 0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	FUNC-11	B. Procurement	B2. Refine pricing through analytical category management	Optimize professional services contracts	Optimize contracts for professional services by establishing best practices, benchmarking rates, and building negotiation skills	TSS	Enterprise	Enterprise-wide	0. 0	1. 0-5% (~1,000)	4. Unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-12	B. Procurement	B2. Refine pricing through analytical category management	Optimize contracts for IT services	Optimize contracts for IT services by establishing best practices, benchmarking rates, and building negotiation skills	TSS	Enterprise	Enterprise-wide	0. 0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-13	B. Procurement	B2. Refine pricing through analytical category management	Optimize contracts for educational services	Optimize contracts for educational services by establishing best practices, benchmarking rates, and building negotiation skills	TSS	Enterprise	Enterprise-wide	0. 0	1. 0-5% (~1,000)	4. Unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)



Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
Medium priority	Wave 1	FUNC-14	B. Procurement	B2 Refine pricing through analytical category management	Optimize contracts for facilities management	Optimize contracts for facilities management by establishing best practices, benchmarking rates, and building negotiation skills	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-15	B. Procurement	B2 Refine pricing through analytical category management	Optimize contracts for administrative services	Optimize contracts for administrative services by establishing best practices, benchmarking rates, and building negotiation skills	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-16	B. Procurement	B2 Refine pricing through analytical category management	Optimize contracts for other (long tail) services	Optimize contracts for other (long tail) services by establishing best practices, benchmarking rates, and building negotiation skills	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-17	B. Procurement	B2 Refine pricing through analytical category management	Deploy contract assessment system that leverages GenAI	Deploy contract assessment system that leverages GenAI to monitor contract terms and make recommendations for optimization	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	4. Unfamiliar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-18	B. Procurement	B2 Refine pricing through analytical category management	Adopt TCO approach for IT commodities	Adopt TCO approach for IT commodities and adjust invitation for bid (IFB) assessment approach to include non-price cost elements	TSS	Enterprise	Enterprise-wide	0.0	5. 50+ (~10,000+)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-19	B. Procurement	B2 Refine pricing through analytical category management	Adopt TCO approach for rental / lease commodities	Adopt TCO approach for rental / lease commodities and adjust invitation for bid (IFB) assessment approach to include non-price cost elements	TSS	Enterprise	Enterprise-wide	0.0	5. 50+ (~10,000+)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-2	B. Procurement	B1 Manage demand for vendors and support	Rationalize demand for software subscriptions across the state	Rationalize demand for software subscriptions across the state by identifying full body of software subscriptions across agencies and determine commonality among vendors or products, rationalizing user licenses, and renegotiating price with vendors	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-20	B. Procurement	B2 Refine pricing through analytical category management	Adopt TCO approach for fleet	Adopt TCO approach for fleet and adjust invitation for bid (IFB) assessment approach to include non-price cost elements	Finance & Administration	Enterprise	Enterprise-wide	0.0	2. 5-15% (~3,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-21	B. Procurement	B2 Refine pricing through analytical category management	Adopt TCO approach for equipment commodities	Adopt TCO approach for equipment commodities and adjust invitation for bid (IFB) assessment approach to include non-price cost elements	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-22	B. Procurement	B2 Refine pricing through analytical category management	Adopt TCO approach for long tail commodities	Adopt TCO approach for long tail commodities and adjust invitation for bid (IFB) assessment approach to include non-price cost elements	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	4. Unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-23	B. Procurement	B3 Optimize procurement processes for speed and value	Optimize a consolidated vendor communication registry across all departments	Optimize a consolidated vendor communication registry across all departments that vendors can register on to reliably receive communications about all contracts out for bid, not just statewide contracts	TSS	Enterprise	Enterprise-wide	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-24	B. Procurement	B3 Optimize procurement processes for speed and value	Reduce untraceable P-card spend	Reduce untraceable spend through policy changes and issuance of additional P-cards	TSS	Enterprise	Enterprise-wide	0.0	5. 50+ (~10,000+)	4. Unfamiliar	1. Immediate and/or within the next 3 months (if begun immediately)
High priority	Wave 1	FUNC-25	B. Procurement	B3 Optimize procurement processes for speed and value	Host an OSP roadshow for state departments	Host an OSP roadshow for state departments to explain the role of OSP, support OSP provides, how to navigate engaging with OSP, etc. and field feedback from departments	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-26	B. Procurement	B3 Optimize procurement processes for speed and value	Modify governance process for IT SaaS subscriptions	Modify governance process for IT SaaS subscriptions to require approval from DIS and OSP	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
High priority	Wave 1	FUNC-27	B. Procurement	B3 Optimize procurement processes for speed and value	Modify governance process for statewide contracted commodities	Modify governance process for statewide contracted commodities to require purchase on contract, ultimately to leverage pooled demand and secure better rates	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-28	B. Procurement	B3 Optimize procurement processes for speed and value	Establish structured contract terms database	Establish structured contract terms database by using GenAI to move contract language from unstructured files to consolidated database	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	4. Unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-29	B. Procurement	B3 Optimize procurement processes for speed and value	Optimize spend data management practices	Optimize data management practices by designating a central authority for data management practices; making product categories and vendor classification consistent across all state agencies; applying product and vendor taxonomy to P-card spend and incorporating P-card spend into total spend analytics	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-3	B. Procurement	B1 Manage demand for vendors and support	Standardize specifications for equipment and award state contracts for those purchases	Standardize specifications for equipment by determining most commonly purchased technology products, rationalizing where certain products are exorbitant except in special cases, creating product specification policies, and conducting IFBs for statewide contracts on products with those specifications	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-30	B. Procurement	B3 Optimize procurement processes for speed and value	Conduct a statewide procurement planning effort for FY25-FY27	Conduct a statewide procurement planning effort for FY25-FY27 that convenes a cross-departmental team of procurement leaders, identifies commonly purchased commodities and services, calculates prior year aggregate demand, adjusts demand for externalities, develops a coordinated purchasing plan, and appoints designees to lead specific purchases	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-31	B. Procurement	B3 Optimize procurement processes for speed and value	Select vendor and design a user- and supplier-friendly e-procurement solution that integrates to core SAP (AASIS) data	Combine all procurement functionality into a single, consolidated software system that automates both simple and complex procurement actions and tracks process and spend compliance to continually optimize processes and policies for efficiency and effectiveness. Example functionality includes project management for RFP planning, reaching a broad vendor base, executing sealed bids, conducting response assessments and award analytics, setting up contracts, issuing payment against contracts, flagging contracts up for renewal, hosting product catalogs for smaller purchases, tracking spend categories over time, etc.	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-32	B. Procurement	B3 Optimize procurement processes for speed and value	Establish spend monitoring capabilities and program	Establish spend monitoring capabilities and program to minimize off-contract purchasing and identify other value opportunities	TSS	Enterprise	Enterprise-wide	0.0	5. 50+ (~10,000+)	4. Unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-33	B. Procurement	B3 Optimize procurement processes for speed and value	Redesign procurement personnel pathways	Redesign procurement personnel pathways to incentivize capability building and performance-based professional advancement	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	4. Unfamiliar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-34	B. Procurement	B3 Optimize procurement processes for speed and value	Launch a robust certification for procurement professionals across roles, departments, and tenure	Create various "procurement excellence pathways" for procurement personnel to build their capabilities and better execute their job responsibilities in a strategic way	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-36	B. Procurement	B3 Optimize procurement processes for speed and value	Redesign RFP process mapping to appropriately engage SMEs and execute the solicitation process	Redesign RFP process maps to standardize engagement of subject matter experts, department stakeholders, and OSP participation in the process	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-37	C. Asset optimization & capital expenditures	C. Asset optimization & capital expenditures	Fleet maintenance & fuel: Negotiate a statewide maintenance contract and utilize OEM-dealer relationships	Fleet maintenance & fuel: Negotiate a statewide maintenance contract and utilize OEM-dealer relationships to increase vehicle availability	TSS	Enterprise	Enterprise-wide	0.0	2. 5-15% (~3,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-38	C. Asset optimization & capital expenditures	C. Asset optimization & capital expenditures	Fleet maintenance & fuel: Build bulk refueling station in Little Rock	Invest in a bulk refueling station for vehicles domiciled in Little Rock and North Little Rock to refuel at cheaper rates than retail fuel locations	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-39	C. Asset optimization & capital expenditures	C1 Optimize fleet management	Fleet right sizing: Maximize vehicle trade in value	Maximize vehicle trade in value by: - Tracking key used car market indices (e.g., US Bureau of Labor Statics used vehicle price index, NADA used vehicle volume supply) to better understand periods to sell vs hold surplus vehicles and increase vehicle trade in value - Adopting pre-auction best-practices (e.g., detail vehicles, remove decals, clear engine codes from dashboard, perform cosmetic touch ups) - Partnering with an auctioneer that is incentivized to maximize resale value of vehicle (e.g. received percentage of sales price)	TSS	Enterprise	Enterprise-wide	0.0	2. 5-15% (~3,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
High priority	Wave 1	FUNC-4	B. Procurement	B1 Manage demand for vendors and support	Standardize specifications for long tail purchases and award state contracts for those purchases	Standardize specifications for long tail purchases by determining most commonly purchased products, rationalizing where certain products are exorbitant except in special cases, creating product specification policies, and conducting IFBs for statewide contracts on products with those specifications	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
	Wave 1								Enterprise-wide				

Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
Medium priority		FUNC-40	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Consolidate Little Rock: Develop Little Rock metro area real estate plan	Based on aggregated data, establish portfolio priorities to identify specific opportunities to consolidate into ~2.0M SF of office by 2030, including: 1) Consolidation of central state offices/employees to downtown Little Rock to help revitalization efforts and save costs 2) Prioritization of filling state-owned buildings with state departments/entities  Plan priorities could be enabled by: 1) Policy changes for office space entitlements for new projects (e.g., space allocation standards of 200-225 SF/FTE, limitations on positions that are assigned private office space) 2) Adjustment of property purchase and lease processes to empower DBA (e.g., ability to veto locations, reject requests for assigned private office space) 3) Creation of a pool of underutilized department-owned and leased properties that can be used as a "first stop shopping list" for departmental real estate leaders seeking additional space	TSS	Enterprise	Enterprise-wide	0.0	0.0%	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	FUNC-41	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Consolidate Little Rock office space in line with metro area plan	Reduce office footprint and real estate cost in Little Rock by: 1) Moving departments from leased space into existing owned space; consolidating departments into one location if possible 2) Exiting all (or nearly all) private leases 3) Selling underutilized buildings after consolidation 4) Subleasing remaining space no longer needed where space cannot be sold or lease cannot be terminated	TSS	Enterprise	Enterprise-wide	1. <10k citizens	4. 25-50% (~10,000)	3. Somewhat unfamiliar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-42	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Consolidate Little Rock: Collocate all of ADPHT to 1100 North/CMF complex	Add workstations, convert private office spaces, redesign collaborative spaces and adopt flexible work policies to enable ADPHT employees at 1 Capitol Mall to relocate to Heritage Building (1100 North)	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-43	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Consolidate Little Rock: Move portion of ADE from DHS Building to 2 Capitol Mall (as potential first phase of ADE collocation)	Move ADE employees currently housed by DHS (Donaghey Plaza) to 2 Capitol Mall to avoid new temporary lease with above-market rent/high buildout costs at Victory Building	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-44	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Consolidate Little Rock: Move portion of ADE from Victory Building to 2 Capitol Mall (second phase of ADE collocation)	Relocate ADE special education and federal programs employees at Victory Building (1401 W Capitol Avenue) to 2 Capitol Mall to exit lease with above-market rent	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-45	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Consolidate Little Rock: Pilot alternative workspace design as part of ADWS move to Commerce Building	Create more efficient workstation space and more shared collaborative spaces in Commerce Building to serve as lighthouse example of new real estate approaches	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-46	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Consolidate Little Rock: Make underutilized meeting spaces in Little Rock available for broader use	Make underutilized spaces easily reservable/usable for all departments via centralized process as pilot/visible example of space-sharing by: 1) Centralizing booking process/system for large conference spaces across agencies with presence in Little Rock 2) Communicate from secretaries the support for sharing conference and meeting space via new mechanism	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-47	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Consolidate Little Rock: Implement "no net new sites" policy	Temporarily pause purchase/lease of new office space until completion of Little Rock master plan, and require consultation of DBA for all future inquiries about additional space to ensure alignment with plan	TSS	Enterprise	Enterprise-wide	0.0	0.0%	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-48	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Optimize Statewide Network: Evaluate space consolidation opportunities outside of Little Rock	Aggregate and analyze detailed real estate portfolio data (e.g., seats, occupancy, utilization) for citizen service centers outside of Little Rock to identify specific opportunities to collocate and/or reduce footprint for provision of particular services. Analysis may center on: 1) Potential collocation of citizen service sites by city/county 2) Potential digitally-enabled delivery of services at select citizen service sites (e.g., online, kiosks) 3) Potential "template" service center redesign in more consistent, space-efficient format for common use types (e.g., DHS - County Operations, DFA-OCSE)	TSS	Enterprise	Enterprise-wide	0.0	0.0%	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	FUNC-49	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Consolidate statewide office space outside of Little Rock	Reduce office footprint and real estate cost outside of Little Rock by: 1) Moving departments from leased space into existing owned space; consolidating departments into one location if possible 2) Exiting all (or nearly all) private leases 3) Selling underutilized buildings after consolidation 4) Subleasing remaining space no longer needed where space cannot be sold or lease cannot be terminated	TSS	Enterprise	Enterprise-wide	3. 100k-500k citizens	3. 15-25% (~5,000)	3. Somewhat unfamiliar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-5	B. Procurement	B1 Manage demand for vendors and support	Standardize specifications for fleet and award state contracts for those purchases	Standardize specifications for fleet by determining most commonly purchased technology products, rationalizing where certain products are exorbitant except in special cases, creating product specification policies, and conducting IFBs for statewide contracts on products with those specifications	Finance & Administration TSS	Enterprise	Enterprise-wide	0.0	2. 5-15% (~3,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-50	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Optimize Statewide Network: Triage and relocate small sites with expiring leases outside of Little Rock	Evaluate leases expiring in the next 6-9 months housing 1-3 employees to see if they can be accommodated in nearby space	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-51	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Optimize Statewide Network: Create hoteling and meeting room availability list for distributed sites across the state	Compile list of distributed sites across state with space for at least 1-2 employees to work temporarily as necessary (e.g., during field work) and underutilized meeting spaces that could be shared more broadly	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-52	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Optimize Statewide Network: Establish clear guidelines for paper file reduction to limit storage space needs	Verify legal requirements for paper file retention (e.g., for OCSE records), right-size file storage capacity to align with requirements, and repurpose excess space for employee use where possible. Also evaluate existing leased storage space usage and reduce/consolidate where feasible.	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-53	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Improve Land Use: Evaluate land use and sell or repurpose underutilized land	Based on aggregated data, identify underutilized land parcels owned by the State and sell/repurpose those parcels. Categorization could split lands based on location and existing structures: 1) Land in or near central Little Rock without improvements (e.g., buildings) 2) Land in or near central Little Rock with improvements 3) Outside Little Rock without improvements	TSS	Enterprise	Enterprise-wide	0.0	0.0%	4. Unfamiliar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-54	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Maintenance: Centralize and optimize maintenance for owned properties (e.g., preventative maintenance, outsourcing)	Improve maintenance on owned facilities by: 1) Contracting for preventative maintenance services for major building systems (e.g., HVAC) 2) Renegotiating existing facilities management/maintenance contracts for owned properties to consolidate contracts, have scale, etc. 3) Establish a partnership with an Integrated Facilities Management partner (e.g., JLL, CBRE) to perform all FM services for owned properties; this could include potential transfer of State FM employees to the partner firm	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
	Wave 1								Enterprise-wide				

Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
Medium priority		FUNC-55	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Maintenance: Reevaluate full-service leases vs. insourced/outourced maintenance across portfolio	DBA evaluates and restructures leases to avoid poor maintenance and maintenance passthrough costs on full-service leases. This could include: 1) Systematic tracking of maintenance requirements for leased buildings 2) Investing in management of facilities management/maintenance 3) Build out of service provision capability or identification of appropriate partners 4) Renegotiation of leases to triple-net	TSS	Enterprise		0.0	0.0%	4. Unfamiliar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-56	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Maintenance: Increase energy efficiency of facilities	Invest in facility improvements that will reduce energy consumption/expenses (e.g., LED/motion activated lighting, HVAC enhancements, equipment modernization, insulation, and solar installation) while initiating monthly monitoring and continuous communications campaigns to reduce electricity and natural gas use	TSS	Enterprise	Enterprise-wide	0.0	0.0%	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-57	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Enabler: Clearly communicate DBA capabilities and responsibilities in property leasing and purchasing processes	Publish process maps for real estate leasing and purchase processes and share with departmental real estate leaders to clarify key points of contact and facilitate engagement between departments and DBA on departmental real estate needs	TSS	Enterprise	Enterprise-wide	0.0	1.0-5% (~1,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-58	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Enabler: Evaluate and upgrade workplace management systems to integrate lease, space, and occupant data	Assess and select real estate specific tools for portfolio management (e.g., Archibus, Planon) that support greater integration of data into real estate planning and portfolio management processes (e.g., space design, utilization tracking, maintenance)	TSS	Enterprise	Enterprise-wide	0.0	1.0-5% (~1,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-59	C. Asset optimization & capital expenditures	C2 Capture and maximize value from real estate	Real Estate - Enabler: Reimagine the structure, mandate, and size of the DBA organization to maximize value for the state and improve occupant experience	Evaluate existing organizational structure and capacity against anticipated responsibilities and make adjustments (e.g., change reporting lines, add personnel) to meet future remit	TSS	Enterprise	Enterprise-wide	0.0	0.0%	4. Unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-6	B. Procurement	B2 Refine pricing through analytical category management	Optimize 10 large contracts up for bid	Optimize 10 large contracts up for bid by developing and executing a standard negotiation process	TSS	Enterprise	Enterprise-wide	0.0	1.0-5% (~1,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	FUNC-60	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Collaborate across statewide operational excellence & citizen experience roles	Improve coordination among operational excellence & citizen experience roles across the state and assess opportunities for centralized reporting structures in order to create accountability across departments and disseminate best practices for increased efficiency	TSS	Enterprise	Enterprise-wide	1. <10k citizens	1.0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	FUNC-608	C. Asset optimization & capital expenditures	C1 Optimize fleet management	Track and maximize fleet usage across departments	Create minimum viable tool (e.g. Excel spreadsheet) to realign trips to lowest-cost mode of transport (e.g., mileage reimbursement vs pool vehicle) to minimize waste and increase transparency	Finance & Administration	Enterprise	Enterprise-wide	0.0	0.0%	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-61	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Designate a call center management lead for the state	Appoint a call center management lead for the state who will: i. Oversee new hire training programs to ensure thorough onboarding and alignment with call center objectives ii. Implement ongoing skill development initiatives for call center staff to improve performance iii. Establish and maintain performance metrics to monitor call center efficiency and effectiveness	TSS	Enterprise	Enterprise-wide	0.0	1.0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Lower priority	Wave 1	FUNC-62	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Diagnose and create an action plan to more efficiently address primary call reasons for top internal call centers (e.g., DWS, DF&A, DHS)	Document most common call types and reasons through data analysis and CSR observation (manual or automated). Evaluate most effective/efficient resolution for each (e.g., streamline web applications, clarify notices, improve website UX, integrate chatbots, enhance IVR, adjust processes, and improve training program for staff). Develop action plan.	Finance & Administration	Enterprise	Enterprise-wide	0.0	0.0%	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Lower priority	Wave 1	FUNC-63	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Revamp department websites with a user-centric design to enhance navigation and self-service, ensuring accessibility and simplicity for residents	Based on prioritized content from "most common call type action plan", revamp department websites with a user-centric design to enhance navigation and self-service, ensuring accessibility and simplicity for residents: i. Assess current state websites for improvement opportunities, such as navigation and self-service features e.g., clarifying FAQ questions, improved page navigation. ii. Apply user-centric design principles to enhance website interface and functionality	Finance & Administration	Enterprise	Enterprise-wide	5. 1M+ citizens	1.0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Lower priority	Wave 1	FUNC-64	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Develop the specifications for an expanded IVR system	Based on prioritized content from "most common call type action plan", enhance citizen access to information and assistance by integrating a chatbot system proficient in autonomously resolving user inquiries i. Identify the typical questions and topics where a chatbot system could be beneficial ii. Develop specifications for a chatbot based on best practices in public and private sector, and determine build-vs-buy decision. iii. Integrate the chatbot system into the infrastructure of department websites, and continuously iterate on the system by updating its knowledge base	Finance & Administration	Enterprise	Enterprise-wide	5. 1M+ citizens	1.0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	FUNC-65	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Implement an enhanced IVR system to facilitate seamless self-service in citizen phone interactions	Deploy an IVR system that guides users through a series of options to resolve their inquiries independently, reducing wait times and increasing efficiency of call center operations	Finance & Administration	Enterprise	Enterprise-wide	4. 500k-1M citizens	1.0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	FUNC-66	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Develop the specifications for an expanded IVR system for call center employees	Develop a comprehensive skills enhancement program tailored to the specific needs and roles of call center agents and in-person employees (e.g., providing ongoing training, access to job aids, and performance management tools, etc.)	Finance & Administration	Enterprise	Enterprise-wide	4. 500k-1M citizens	2. 5-15% (~3,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Lower priority	Wave 1	FUNC-67	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Utilize predictive analytics for optimal service delivery	Utilize predictive analytics to forecast service demand and dynamically adjust staffing levels and schedules to maintain optimal service delivery without overburdening resources	Finance & Administration	Enterprise	Enterprise-wide	4. 500k-1M citizens	1.0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-68	D. Operational excellence	D3 Use automation to empower staff	Statewide Automation Initiative: Identify priority use cases for the statewide automation initiative	For each department, identify top ~2-3 role-specific use cases for automation (i.e., identify areas with high number of employees with a high percentage of time on a readily automatable task). Build a business case for 3-5 priority use cases across the enterprise	TSS	Enterprise	Enterprise-wide	1. <10k citizens	1.0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-69	D. Operational excellence	D3 Use automation to empower staff	Statewide Automation Initiative: Implement priority use cases for the statewide automation initiative	Refine business case and make build-vs-buy decision on prioritized automation use cases. Pilot and launch implementation of top ~2-3 role-specific use cases for automation and implement value capture / tracking to measure outcomes and ROI of the use case.	TSS	Enterprise	Enterprise-wide	1. <10k citizens	1.0-5% (~1,000)	3. Somewhat unfamiliar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-7	B. Procurement	B2 Refine pricing through analytical category management	Optimize fleet contract	Optimize fleet contract by renegotiating statewide vehicle contracts to utilize OEM-dealer relationships for rate & availability	Finance & Administration	Enterprise	Enterprise-wide	0.0	2. 5-15% (~3,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Low priority	Wave 1	FUNC-72	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Modernize legacy application portfolio to reduce tech debt	Coordinate and lead modernization efforts across departments for applications that are hosted on end-of-life hardware / software. Could be accomplished in a phased approach: i. Assessment in each department to identify which current applications are hosted on end-of-life servers ii. Modernization planning and timelining for each application iii. Modernization program tracking as it is executed by CIOs	TSS	Enterprise	Enterprise-wide	0.0	4. 25-50% (~10,000)	2. Somewhat familiar	5. Benefit captured post-June 2026 (if begun immediately)

Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
High priority		FUNC-73	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Standardize and improve large IT program governance and management	Standardize and improve large IT program governance and management to minimize project schedule and cost over-runs by introducing a governance oversight model, that includes independent validation of project progress and project budget tracking. This model is split into two tiers: i. portfolio governance which monitors status, health, and prioritization of projects at a Statewide level ii. individual project governance for the largest ~18 identified projects	TSS	Enterprise		0.0	2. 5-15% (~3,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-74	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Consolidate department servers into DIS datacenter	Gradually centralize all physical and virtualized servers maintained independently by different cabinet departments within DIS' greenfield datacenter and / or cloud	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Low priority	Wave 1	FUNC-75	E. Core tech modernization	E3 Negotiate better pricing for large IT procurements	Conduct "quick wins" analysis to identify and capture value in upcoming procurements	For upcoming large IT contracts renewing or being awarded in next ~6 months (mid-FY25), conduct quick-win analysis (e.g., benchmarking proposed rates against industry or other AR rates, review and optimize labor pyramid, cleansheet) to identify potential opportunities for rate optimization	TSS	Enterprise	Enterprise-wide	0.0	0.0%	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-76	E. Core tech modernization	E3 Negotiate better pricing for large IT procurements	Build large IT project vendor management & procurement capabilities within DIS	Create capabilities within DIS to support OSP and department CIOs on negotiations related specifically to large IT contracts and procurement processes. Capabilities to build include: i. Supplier management, e.g., aligning and benchmarking labor rates, optimizing workforce mix, consolidating vendors etc. ii. Demand management e.g., Optimizing SLAs / specs, more stringent change management, etc. iii. Governance e.g., creating greater spend transparency and chargeback processes	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-77	E. Core tech modernization	E4 Build new capabilities including cybersecurity and analytics	Implement cybersecurity quick wins	Improve short-term cybersecurity risk by: i. Creating a Statewide set of standards for cybersecurity ii. Implementing a set of immediate cybersecurity initiatives e.g., endpoint protection installed, removing end-of-life software, deployment of MFA, etc.	TSS	Enterprise	Enterprise-wide	0.0	0.0%	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-78	E. Core tech modernization	E4 Build new capabilities including cybersecurity and analytics	Standardize and improve cybersecurity Statewide	Improve longer-term cybersecurity risk posture for the state by addressing standards and capabilities needs from departments: i. Build TSS capabilities / resources to offer support / guidance in implementation to other departments in meeting the cybersecurity standard ii. Assess and improve risk posture across major cybersecurity categories e.g., architecture & engineering (zero trust), data privacy & security, etc.	TSS	Enterprise	Enterprise-wide	0.0	0.0%	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-79	E. Core tech modernization	E4 Build new capabilities including cybersecurity and analytics	Identify and prioritize the top 2-3 analytics use cases across the enterprise and launch those use cases	Statewide, create and prioritize a list of use cases for data & analytics and identify top ~2-3 in each department For top ~2-3+ prioritized use cases, conduct current state assessment, and launch a pilot with respective departments designed to test ROI and feasibility of the project	TSS	Enterprise	Enterprise-wide	1. <10k citizens	2. 5-15% (~3,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-8	B. Procurement	B2 Refine pricing through analytical category management	Optimize janitorial services contracts by consolidating contracts across the state and renegotiating rates	Optimize janitorial services contracts by consolidating contracts across the state and renegotiating rates	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-80	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Establish statewide marketing and brand standards	Establish statewide marketing and brand standards to promote a more cohesive citizen experience	TSS	Enterprise	Enterprise-wide	5. 1M+ citizens	5. 50%+ (~10,000+)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-81	F. Agile organization	F1 Streamline organization and improve role clarity	Standardize position titles and definitions	Standardize and simplify position titles and definitions to enable better visibility into personnel trends across departments	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 1	FUNC-82	A. Personnel	A1 Adjust pay plan and total rewards	Reduce reliance on outside contractors	Adjust pay and benefits to move relevant positions from third party contractors to in-house in order to build talent and lower net costs	TSS	Enterprise	Enterprise-wide	0.0	0.0%	2. Somewhat familiar	5. Benefit captured post-June 2026 (if begun immediately)
Medium priority	Wave 1	FUNC-83	A. Personnel	A3 Identify areas needed to build long-term talent system	Streamline hiring processes	Streamline hiring processes to prioritize quick action during key hiring period and reduce vacancy hours	TSS	Enterprise	Enterprise-wide	0.0	3. 15-25% (~5,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium priority	Wave 1	FUNC-85	A. Personnel	A3 Identify areas needed to build long-term talent system	Optimize general and managerial training offerings	Optimize general and managerial training offerings to ensure they are appropriately sophisticated and fit-for-purpose in order to build in-house talent, promote career development, increase employee retention, and decrease turnover costs	TSS	Enterprise	Enterprise-wide	0.0	4. 25-50% (~10,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-87	A. Personnel	A3 Identify areas needed to build long-term talent system	Monitor and plan for upcoming talent shifts	Monitor and plan for upcoming talent shifts by determining which positions could be experiencing a drop off in either skills required to deliver services or other trends in order to reduce turnover and vacancy costs	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-88	A. Personnel	A3 Identify areas needed to build long-term talent system	Create unified orientation process	Create unified orientation structure with standard elements run by central group (e.g., OPM) and department/division-specific elements run in coordination	TSS	Enterprise	Enterprise-wide	0.0	4. 25-50% (~10,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	FUNC-9	B. Procurement	B2 Refine pricing through analytical category management	Optimize actuarial services contracts	Optimize actuarial services contracts by consolidating contracts across the state and renegotiating rates	TSS	Enterprise	Enterprise-wide	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Medium priority	Wave 1	FUNC-90	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Deploy a central IT applications catalog	Deploy a central IT applications catalog to reduce overall subscription costs	TSS	Enterprise	Enterprise-wide	0.0	5. 50%+ (~10,000+)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 1	TSS-0	F. Agile organization	F1 Streamline organization and improve role clarity	Optimize TSS manager roles and team size for better control and efficiency	As the overarching leader for the Agile Organization initiative, oversee implementation of a tailored and modernized organization (including managing initiative sub-charters) to ensure effective distribution of management responsibilities, enhanced operational efficiency, and improved role clarity among managerial positions	TSS	Accountable Department		0.0	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 1	TSS-10	F. Agile organization	F1 Streamline organization and improve role clarity	Consolidate executive branch boards and commissions	Consolidate executive branch boards and commissions to streamline decision governance and increase operational efficiency	TSS	Accountable Department	Prioritized	1. <10k citizens	3. 15-25% (~5,000)	3. Somewhat unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 1	TSS-11	F. Agile organization	F1 Streamline organization and improve role clarity	Improve coordination among procurement roles across the state	Improve coordination among procurement roles across the state and assess opportunities for centralized reporting structures in order to create accountability across departments, standardize common procurement activities, pool demand, and achieve lower total cost of ownership	TSS	Multi-Department (listed in Initiative Description)	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	TSS-12	F. Agile organization	F1 Streamline organization and improve role clarity	Improve coordination among HR roles across the state	Improve coordination among HR roles across the state and assess opportunities for centralized reporting structures in order to create accountability across departments, standardize common HR activities, make employee experience more consistent across the state, and disseminate best practices for increased efficiency	TSS	Multi-Department (listed in Initiative Description)	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 1	TSS-13	F. Agile organization	F1 Streamline organization and improve role clarity	Improve coordination among IT roles across the state	Improve coordination among IT roles across the state and assess opportunities for centralized reporting structures in order to create accountability across departments, standardize common IT activities, consolidate IT systems & licenses, and create more consistency in cybersecurity & data governance practices	TSS	Multi-Department (listed in Initiative Description)	Prioritized	1. <10k citizens	2. 5-15% (~3,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Low priority	Wave 1	TSS-2	F. Agile organization	F3 Optimize shared service delivery	Expand GIS service offerings	Expand GIS service offerings to underutilizing or non-utilizing departments to support efficient and effective decision-making	TSS	Accountable Department	Prioritized	1. <10k citizens	2. 5-15% (~3,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium priority	Wave 1	TSS-26	A. Personnel	A3 Identify areas needed to build long-term talent system	Provide additional procurement training for departments	Provide additional training and FAQs on procurement processes for all relevant department-level personnel	TSS	Enterprise	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)



Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
Lower priority Medium priority	Wave 1 Wave 1	TSS-28 TSS-28	D. Operational excellence E. Core tech modernization	D1 Optimize AR citizen experience including through digitization E1 Reduce volume of work in application and project pipeline	Revamp department websites with user-centric design for enhanced navigation and self-service Evaluate relationship with INA	Based on prioritized content from "most common call type action plan", revamp department websites with a user-centric design to enhance navigation and self-service, ensuring accessibility and simplicity for residents: i. Assess current state websites for improvement opportunities, such as navigation and self-service features e.g., clarifying FAQ questions, improved pag navigation, etc. ii. Apply user-centric design principles to enhance website interface and functionality TSS TSS TSS Evaluate relationship with INA by benchmarking against other states and other similar vendors' offerings	Multi-Department (listed in Initiative Description) Accountable Department	Not prioritized Not prioritized	5. 1M+ citizens 5. 1M+ citizens	1. 0-5% (~1,000) 4. 25-50% (~10,000)	2. Somewhat familiar 2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately) 4. Benefit could be captured by end of June 2026 (if begun immediately)	
Lower priority High priority	Wave 1 Wave 1	TSS-29 TSS-30	D. Operational excellence E. Core tech modernization	D1 Optimize AR citizen experience including through digitization E2 Increase efficiency of IT resources through management and modernization	Enhance citizen access to information and assistance through integration of a chatbot system Create an IT procurement center of excellence	Based on prioritized content from "most common call type action plan", enhance citizen access to information and assistance by integrating a chatbot system proficient in autonomously resolving user inquiries i. Identify the typical questions and topics where a chatbot system could be beneficial ii. Develop specifications for a chatbot based on best practices in public and private sector, and determine build-vs-buy decision. iii. Integrate the chatbot system into the infrastructure of department websites, and continuously iterate on the system by updating its knowledge base TSS TSS Create an IT procurement center of excellence within DIS to streamline procurement of IT projects and rate negotiation while optimizing vendor management practices	Multi-Department (listed in Initiative Description) Enterprise	Not prioritized Enterprise-wide	3. 100k-500k citizens 2. 10k-100k citizens	1. 0-5% (~1,000) 5. 50%+ (~10,000+)	3. Somewhat unfamiliar 1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately) 4. Benefit could be captured by end of June 2026 (if begun immediately)	
Lower priority	Wave 1	TSS-30	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Develop the specifications for an expanded IVR system	Based on prioritized content from "most common call type action plan", develop the specifications for an expanded IVR system, enabling AR citizens to autonomously resolve common questions, and make build-vs-buy decision. Execute on the plan and stand up the tool, tracking proficiency of resolving issues and iterating to improve. TSS	Multi-Department (listed in Initiative Description)	Not prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)	
Lower priority Medium priority	Wave 1 Wave 1	TSS-31 TSS-31	D. Operational excellence E. Core tech modernization	D2 Improve dynamic staffing and staff productivity tools E2 Increase efficiency of IT resources through management and modernization	Develop a comprehensive skills enhancement program for call center employees Create a cybersecurity center of excellence	Develop a comprehensive skills enhancement program tailored to the specific needs and roles of call center agents and in-person employees (e.g., providing ongoing training, access to job aids, and performance management tools, etc.) TSS TSS Create a cybersecurity center of excellence within DIS to refine & manage cybersecurity standards and offer guidance to other departments in their utilization of cybersecurity tools & standards	Multi-Department (listed in Initiative Description) Enterprise	Not prioritized Enterprise-wide	2. 10k-100k citizens 0. 0	1. 0-5% (~1,000) 5. 50%+ (~10,000+)	3. Somewhat unfamiliar 1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately) 2. Benefit could be captured in the next 6 months (if begun immediately)	
Lower priority High priority	Wave 1 Wave 1	TSS-32 TSS-36	D. Operational excellence E. Core tech modernization	D2 Improve dynamic staffing and staff productivity tools E2 Increase efficiency of IT resources through management and modernization	Utilize predictive analytics for optimal service delivery Establish a statewide data hub	Utilize predictive analytics to forecast service demand and dynamically adjust staffing levels and schedules to maintain optimal service delivery without overburdening resources TSS TSS Establish a statewide data hub that will enable integrated service delivery to increase the efficiency and comprehensiveness of government services, enhance the cohesiveness of citizen experience, and make use of leading technologies that improve business process efficiency and lower costs	Multi-Department (listed in Initiative Description) Enterprise	Not prioritized	2. 10k-100k citizens 5. 1M+ citizens	1. 0-5% (~1,000) 5. 50%+ (~10,000+)	3. Somewhat unfamiliar 1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately) 2. Benefit could be captured in the next 6 months (if begun immediately)	
Low priority	Wave 1	TSS-37	F. Agile organization	F1 Streamline organization and improve role clarity	Improve coordination among Benefits roles across the state	Improve coordination among benefits roles across the state and assess opportunities for centralized reporting structures in order to create accountability across departments, standardize common benefits activities, make employee experience more consistent across the state, and disseminate best practices for increased efficiency TSS	Multi-Department (listed in Initiative Description)	Enterprise-wide	1. <10k citizens	5. 50%+ (~10,000+)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)	
Medium priority	Wave 1	TSS-38	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Deploy LAUNCH program	Deploy the LAUNCH program, leveraging the statewide data hub to quickly connect job-seekers to state employers and lower vacancy and hiring costs TSS	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)	
High priority	Wave 1	TSS-39	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Deploy Arkansas- and employee-facing platforms to leverage statewide data hub	Deploy Arkansas- and employee-facing platforms that leverage the statewide data hub to increase the efficiency and comprehensiveness of government services, enhance the cohesiveness of Arkansas experience, and make use of leading technologies that improve business process efficiency and lower cost TSS	Accountable Department	Not prioritized	5. 1M+ citizens	5. 50%+ (~10,000+)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)	
Medium priority	Wave 1	TSS-40	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming projects in all departments	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming projects in all departments. Projects could be classified based on a set of targeted questions that can include but are not limited to: business criticality, urgency, and federal / legislative mandate TSS Projects could be classified based on a set of targeted questions that can include but are not limited to: business criticality, urgency, and federal / legislative mandate Priority departments include DHS, DFA, ADE, DPS, ACOM.	Accountable Department	Prioritized	0. 0	0. 0%	2. Somewhat familiar	1. Immediate and/or within the next 3 months (if begun immediately)	
High priority	Wave 1	TSS-6	F. Agile organization	F1 Streamline organization and improve role clarity	Launch centralized FOIA processing division	Launch centralized FOIA request processing division to field, triage, and fulfill FOIA requests and reduce administrative burden on state employees TSS	Accountable Department	Not prioritized	5. 1M+ citizens	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)	
Medium priority	Wave 1	TSS-7	F. Agile organization	F1 Streamline organization and improve role clarity	Create shared services training for departments	Create coordinated, structured training for how departments can engage effectively with statewide shared services in order to eliminate pain points TSS	Accountable Department	Prioritized	0. 0	5. 50%+ (~10,000+)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)	
High priority	Wave 1	TSS-9	F. Agile organization	F3 Optimize shared service delivery	Develop shared services performance framework	For all shared services, develop a performance framework that defines the customer base, establishes success metrics, and tracks & mitigates underperformance to those metrics TSS	Accountable Department	Not prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)	
Medium	Wave 1 Wave 2	ADVA-9	A. Personnel	A3 Identify areas needed to build long-term talent system	Explore partnerships to hire more veterans	Explore partnerships between ADVA and veteran advocate organizations (e.g., non-profits for transitioning veterans) to employ more Arkansas-based veterans Veterans Affairs	Accountable Department	Prioritized					
High priority	Wave 2	19 E.	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Coordinate identification and retirement of non-business critical/duplicative applications across all divisions of PHT	Coordinate identification and retirement of non-business critical or duplicative applications across all departments. Could be accomplished in a phased approach: 1) Initial assessment to gather application data and walk through assessment criteria (e.g., business criticality) 2) Identify and finalize candidate applications 3) Sunset plan and timeline for each application 4) Track value capture with TSS (e.g., reduction or reinvestment of contract hours) Parks, Heritage, and Tourism	Organization-wide	Not prioritized	0. 0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)	
High priority	Wave 2	E&E - 99	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Coordinate identification and retirement of non-business critical/duplicative applications across all divisions E&E	Coordinate identification and retirement of non-business critical or duplicative applications across all departments. Could be accomplished in a phased approach: 1) Initial assessment to gather application data and walk through assessment criteria (e.g., business criticality) 2) Identify and finalize candidate applications 3) Sunset plan and timeline for each application 4) Track value capture with TSS (e.g., reduction or reinvestment of contract hours) Energy & Environment	Organization-wide	Enterprise-wide	0. 0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)	
								Enterprise-wide	0. 0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)	

Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
High priority	Wave 2	ADH - 99	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Coordinate identification and retirement of non-business critical/duplicative applications across all divisions of ADH	Coordinate identification and retirement of non-business critical or duplicative applications across all departments. Could be accomplished in a phased approach: 1) Initial assessment to gather application data and walk through assessment criteria (e.g., business criticality) 2) Identify and finalize candidate applications 3) Sunset plan and timeline for each application 4) Track value capture with TSS (e.g., reduction or reinvestment of contract hours)	Health	Organization-wide					
High priority	Wave 2	ADLL - 99	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Coordinate identification and retirement of non-business critical/duplicative applications across all divisions of ADLL	Coordinate identification and retirement of non-business critical or duplicative applications across all departments. Could be accomplished in a phased approach: 1) Initial assessment to gather application data and walk through assessment criteria (e.g., business criticality) 2) Identify and finalize candidate applications 3) Sunset plan and timeline for each application 4) Track value capture with TSS (e.g., reduction or reinvestment of contract hours)	Labor & Licensing	Organization-wide	Enterprise-wide	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 2	ADVA - 99	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Coordinate identification and retirement of non-business critical/duplicative applications across all divisions of ADVA	Coordinate identification and retirement of non-business critical or duplicative applications across all departments. Could be accomplished in a phased approach: 1) Initial assessment to gather application data and walk through assessment criteria (e.g., business criticality) 2) Identify and finalize candidate applications 3) Sunset plan and timeline for each application 4) Track value capture with TSS (e.g., reduction or reinvestment of contract hours)	Veterans Affairs	Organization-wide	Enterprise-wide	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 2	DOTM-3	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Accelerate and optimize document routing process	Modernize the document routing process for all documents currently processed manually (e.g., federal reimbursement, delivery orders, invoices, contracts). Increase the routing efficiency, accuracy, and speed by integrating advanced tracking and automation features. Train users on new systems and reduce document processing time and errors	Military	Accountable Department	Enterprise-wide	0.0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Low	Wave 2	DOTM-8	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Accelerate federal reimbursement through automation	Identify and automate manual elements the federal reimbursement process. Deploy software to expedite the submission, processing, and payment stages, targeting a reduction in cycle times and fewer processing errors	Military	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium	Wave 2	ADLL-06	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Accelerate rollout of Electronic Licensing and Permitting (ELP) platform	Accelerate rollout of the Electronic Licensing and Permitting (ELP) system in FY25 for the Boards of Accounting, Contractors, and Boilers to gain benefits of more efficient process for permit applications, renewals, and transmission	Labor & Licensing	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	1. Immediate and/or within the next 3 months (if begun immediately)
Low	Wave 2	E&E - 9	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Apply learnings across tech modernization efforts	Capture and implement learnings where applicable from implementation of database and program management system to expedite adoption of SEEK pilot phase 3 in DEQ	Energy & Environment	Accountable Department	Not prioritized	1. <10K citizens	0.0%	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Low	Wave 2	ADLL-17	H. Department-specific lever	G2. Grant opportunities	Better pursue grants	Improve processes for grant identification and application submission to ensure department is considered for additional funding to help it carry out its mission	Labor & Licensing	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar 3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 2	ADVA-6	A. Personnel	A3 Identify areas needed to build long-term talent system	Broaden career paths for workers in veteran homes	Establish partnerships with existing state programs and entities (e.g. UAMS, Arkansas Healthcare Association, DHS) to create cross-departmental professional development opportunities for employees of veteran homes to improve employee experience, more effectively recruit new talent, and retain more staff	Veterans Affairs	Accountable Department	Not prioritized				
High priority	Wave 2	ADVA-1	F. Agile organization	F1 Streamline organization and improve role clarity	Build a standardized onboarding and compliance curriculum	Identify key areas of opportunity for improving onboarding and compliance practices, prioritize the most impactful areas and build curriculums to improve departmental efficiency and organization	Veterans Affairs	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 2	PHT - 7	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Centralize grant data across all divisions and standardize grant management practices	Create centralized repository of grants distributed from Tourism, Parks, and Heritage to 1) better serve Arkansans by providing a 'single source of truth' (e.g., application instructions, criteria for funding) for PHT grants and 2) reduce administrative burden of tracking grant compliance (e.g., automated requests for supporting documents, automated flag of out of compliance grantees) and 3) maximize ROI	Parks, Heritage, and Tourism	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	1. Familiar 2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately) 3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 2	ADLL-05	F. Agile organization	F2 Improve collaboration among agencies	Centralize physical location of boards	Relocate the three remaining agency boards (Board of Contractors, Board of Engineers, and Board of Real Estate) that are not located in the main building to enable more efficient coordination and management (This initiative does not capture the associated real estate savings)	Labor & Licensing	Accountable Department	Prioritized	1. <10K citizens	1. 0-5% (~1,000)	1. Familiar	5. Benefit captured post-June 2026 (if begun immediately)
High priority	Wave 2	DPS-3	B. Procurement	F2 Improve collaboration among agencies	Collaborate with other state agencies to pool purchasing, maintenance, instrument calibration, etc.	Identify leveraging opportunities for purchasing lab equipment, maintenance services, instrument calibration, etc. with other agencies that operate labs (Agriculture, Health, etc.). TSS should be involved in the collaboration.	Public Safety	Accountable Department	Prioritized				
Medium	Wave 2	ADLL-07	F. Agile organization	F1 Streamline organization and improve role clarity	Combine inspector labor pools	Combine inspector roles and definitions for amusement ride and wage claim inspectors to allow more efficient use of department's inspector resources	Labor & Licensing	Accountable Department	Prioritized	1. <10K citizens	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium	Wave 2	ADH-13	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Conduct clean out of legacy licenses and software	Conduct scan of active held program licenses and applications on servers and devices (e.g., legacy SPSS accounts) and identify licenses to keep or sunset to reduce unnecessary spend	Health	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Low	Wave 2	ADH-14	C. Asset optimization & capital expenditures	C1 Optimize fleet management	Conduct fleet replacement	Conduct assessment on fleet replacement to review current fleet, understand vehicles needs, and provide vehicles for replacement to provide staff safe, reliable transport when providing services to citizens that require transport	Health	Accountable Department	Not prioritized	1. <10K citizens	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Low	Wave 2	ADVA-4	G. Revenue opportunity	G3. Other funding mechanisms	Consider external partnerships to fund select ADVA initiatives	Supplement existing funding sources with external/alternative sources of funding (e.g., foundations, private companies, individual donations) to support programs	Veterans Affairs	Accountable Department	Not prioritized				
High priority	Wave 2	PHT - 4	G. Revenue opportunity	G3. Other funding mechanisms	Consider public private partnerships with Arkansas businesses to improve guest experience	Enhance Arkansas experience through exploring PPP between PHT offerings (e.g., Heritage and Parks locations) and Arkansas businesses (e.g., accommodation, transportation, retail)	Parks, Heritage, and Tourism	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar 3. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium	Wave 2	ADH-3	D. Operational excellence	None	Consolidate and standardize licensing system	Increase online access to licensing system and streamline licensing processes (e.g., systems to provide licensure for cosmetologists, plumbers moved to online portal) to improve customer experience and simplify vendor management	Health	Accountable Department	Prioritized	2. 10K-100K citizens	1. 0-5% (~1,000)	2. Somewhat familiar	5. Benefit captured post-June 2026 (if begun immediately)
High priority	Wave 2	ADLL-04	F. Agile organization	F2 Improve collaboration among agencies	Consolidate federal labor statistic reporting positions to central agency	Consolidate federal labor statistic reporting positions by shifting 3 LMI reporting positions to ADLL from Commerce to facilitate single-source reporting	Labor & Licensing	Multi-Department (listed in Initiative Description)	Not prioritized	0.0	0.0%	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)

Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
Low	Wave 2	PHT - 17	F. Agile organization	F2 Improve collaboration among agencies	Consolidate financial data for increased leadership awareness	Adopt a comprehensive, live financial view across parks, heritage, and tourism to enable leadership oversight of department finances (e.g., cumulative budget vs. actual) and increase transparency with Arkansans (e.g., communicate total dollars distributed in grants)	Parks, Heritage, and Tourism	Accountable Department		3. 100K-500K citizens	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Low	Wave 2	ADLL-14	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Contemporize structure of HR databases	Contemporize structure of HR databases by reducing the number of business areas in ACES and APRS. This reduction will reduce time spent pulling resource data for BLR, EEOC, Employee Disclosure, and other information for monthly, quarterly, and annual reporting. Requires gov, legislature, and OPM	Labor & Licensing	Accountable Department	Not prioritized	0. 0	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 2	DPS-4	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Contract for development of a singular electronic system that interfaces with all necessary law enforcement systems (CAD, E-Crash, E-Site, etc.). The system should include voice activation and be mobile-friendly and should not require logging out of one system in order to login to another.	Law enforcement officers must login to multiple systems before ever leaving the parking lot. Some systems must be logged out before the officers can use a different system. This initiative will create a more efficient interfaced system that will increase officer safety and improve performance.	Public Safety	Accountable Department	Not prioritized				
Low	Wave 2	ADH-17	E. Core tech modernization	E1 Reduce volume of work in application and project pipeline	Coordinate assessment and de-prioritization of non-critical or non-urgent current and upcoming department initiatives	Coordinate annual assessment and de-prioritization of non-critical or non-urgent current and upcoming initiatives across ADH divisions to drive progress on most critical initiatives. Initiatives could be classified based on a set of targeted questions that can include but are not limited to: business criticality, level of progress, urgency, and federal / legislative mandate	Health	Accountable Department	Prioritized	0. 0	2. 5-15% (~3,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium	Wave 2	E&E - 8	D. Operational excellence	D3 Use automation to empower staff	Create a proactive notification system for permits and compliance	Develop and pilot a notification system that automatically alerts permit holders about upcoming deadlines and relevant policy changes to decrease the percentage of permit lapses	Energy & Environment	Accountable Department	Not prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Low	Wave 2	ADH-10	F. Agile organization	None	Create opportunities for staff to internally share new research or technical announcements	Establish newsletter, other internal publication, or "all hands" meetings to give staff the opportunity to share their work to improve employee experience by encouraging sense of recognition and accomplishment and facilitating peer learning	Health	Accountable Department	Not prioritized	0. 0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Low	Wave 2	ADLL-13	F. Agile organization	F1 Streamline organization and improve role clarity	Create pool for vacant positions for agency-wide use	Create pool for vacant positions to eliminate need to request OPM Pool positions	Labor & Licensing	Accountable Department	Not prioritized	0. 0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 2	DPS-5	D. Operational excellence	A3 Identify areas needed to build long-term talent system	Develop and implement a leadership academy.	Implement leadership training to address leadership skills at various levels for all agency divisions. The curriculum's focus will be on leadership skills that can be applied to any manager in any division and will not be specific to procedures of any one division.	Public Safety	Accountable Department	Not prioritized				
High priority	Wave 2	E&E - 7	D. Operational excellence	D3 Use automation to empower staff	Develop and institute more concise enforcement templates	Create and implement streamlined templates for enforcement paperwork to reduce the time spent writing notices	Energy & Environment	Accountable Department	Prioritized	3. 100k-500k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 2	DPS-2	D. Operational excellence	D3 Use automation to empower staff	Develop shared services standardized processes, to include automated workflows, to increase efficiency and effectiveness.	Develop standardized processes to ensure the accuracy of deliverables. DPS will develop automated workflows for consistency and timeliness of processes and deliverables. DPS will identify any processes where variance is necessary for effective performance.	Public Safety	Accountable Department	Prioritized				
Medium	Wave 2	ADH-16	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Develop, encourage, and facilitate use of upskilling programs for employees	Expand programs tailored to increasing skills, create policies to encourage uptake (e.g., points system for trainings completed, opportunity to use work hours for training), and create central repository of staff training resources to ensure employees have the skills to be effective and feel they are developing (e.g., providing ongoing training, access to job aids, leadership training, and performance management tools, etc.)	Health	Accountable Department	Prioritized	1. <10K citizens	2. 5-15% (~3,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Low	Wave 2	DOTM-9	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Empower DOTM employees with leading edge data management skills	Upskill DOTM employees with essential Microsoft Office 365 skills to enhance their productivity and efficiency. Provide hands-on training and follow-up resources to utilize advanced functionalities. Focus areas could include data analysis and visualization, and time-saving tips and tricks. Improve proficiency data management capabilities	Military	Accountable Department	Not prioritized	0. 0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	1. Immediate and/or within the next 3 months (if begun immediately)
Low	Wave 2	ADH-6	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Enhance access to information through public facing data, reports, and data query capabilities	Enhance external and internal access to high request and high impact data by publishing data and reports and adding internal ability to query data to improve transparency, reduce time requesters need to find information, and reduce time providers need to spend pulling requests	Health	Accountable Department	Not prioritized	2. 10K-100K citizens	2. 5-15% (~3,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Low	Wave 2	ADLL-03	H. Department-specific lever	None	Enhance employer training curricula	Enhance OSHA/MHSA training curricula to include child labor and wage-an-hour content to better inform employers and serve employees	Labor & Licensing	Accountable Department	Not prioritized	1. <10K citizens	0. 0%	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
Low	Wave 2	DOTM-7	F. Agile organization	F2 Improve collaboration among agencies	Enhance inter-departmental collaboration in mixed federal/state divisions	Develop team-building workshops to foster a shared mission and unity among mixed federal/state personnel. Identify cohorts via survey that have communication barriers or issues. Establish clear, measurable goals (e.g., understanding other entity's chain of command) and hold sessions on monthly basis. Continue to monitor organizational health via survey	Military	Accountable Department	Not prioritized	0. 0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	1. Immediate and/or within the next 3 months (if begun immediately)
High priority	Wave 2	DPS-8	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Enhance Operational Efficiency of the Abuse and Neglect Hotline	Alignment of efforts to enhance prevention and meet individual and family needs upstream and ensuring efficient collaboration with DHS will improve safety and enhance family well being	Public Safety	Accountable Department	Not prioritized				
High priority	Wave 2	DOC-2	B. Procurement	B3 Optimize procurement processes for speed and value	Enhance payment efficiency by streamlining online portal transactions and money order processes	Enhance the efficiency of payments by streamlining the processes involved in both online portal transactions and money orders for restitution and commissary accounts. This initiative aims to reduce processing times, minimize errors, and provide a more seamless experience for all users.	Corrections	Accountable Department	Prioritized				
High priority	Wave 2	PHT - 9	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Ensure consistent financial administration practices (e.g., accounting, fixed assets) across divisions	Adopt consistent processes across accounting (e.g., AASIS), fixed assets, and procurement across divisions to reduce processing time and improve budget management	Parks, Heritage, and Tourism	Accountable Department	Prioritized	0. 0	1. 0-5% (~1,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
High priority	Wave 2	PHT - 12	F. Agile organization	F3 Optimize shared service delivery	Ensure consistent HR practices (e.g., hiring, onboarding) across divisions	Adopt consistent processes across division human resources to ensure consistent best practices (e.g., records, payroll, processing) and compliance to reduce over-processing and inefficiency, and fix processes to drive more effective recruitment strategies to enhance PHT's competitive edge	Parks, Heritage, and Tourism	Accountable Department	Prioritized	0. 0	1. 0-5% (~1,000)	4. Unfamiliar	1. Immediate and/or within the next 3 months (if begun immediately)
High priority	Wave 2	PHT - 15	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Establish customer service training	Codify and disseminate hospitality best practices for all guest-facing employees. Upskill experience focused roles (e.g., interpreters, museum educators) to improve guest experience	Parks, Heritage, and Tourism	Accountable Department	Prioritized	4. 500K-1M citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Low	Wave 2	ADH-7	D. Operational excellence	None	Establish performance standards and KPIs for each ADH division	Systematize a performance framework for each division and office (e.g., support services such as finance and IT) that defines the internal and external customer base, establishes success metrics for each, and create dashboards that tracks metrics to improve customer experience	Health	Accountable Department	Prioritized	1. <10K citizens	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium	Wave 2	PHT - 8	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Establish quarterly budget reviews	Adopt quarterly budget meetings with each PHT division's leadership to ensure adherence to planned budget (e.g., evaluate select high spend areas and provide feedback) and identify unexpected concentration of spend (e.g., over \$20K spend on one vendor) to ensure compliance across divisions	Parks, Heritage, and Tourism	Accountable Department	Not prioritized	0. 0	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium	Wave 2	PHT - 16	A. Personnel	A3 Identify areas needed to build long-term talent system	Establish recurring survey to collect improvement ideas to increase PHT efficiency and Arkansan experience	Establish recurring survey to collect potential improvement ideas (e.g., improving operations, maintenance) from all layers of the organization and implement select ideas to increase PHT efficiency	Parks, Heritage, and Tourism	Accountable Department	Not prioritized	1. <10K citizens	1. 0-5% (~1,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)

Initiative information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
Low	Wave 2	PHT - 18	A. Personnel	A3 Identify areas needed to build long-term talent system	Expand college internship program	Expand internship program that attracts and develops talent early through a college internship program to convert a portion of the intern pool into full time employees providing a steady pipeline of talent	Parks, Heritage, and Tourism	Accountable Department		1. <10K citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Low	Wave 2	ADH-11	A. Personnel	A3 Identify areas needed to build long-term talent system	Expand feedback system for staff to share perspective and feedback on their experience at ADH	Expand system for staff feedback (e.g., "stay interviews") and response approach to ensure staff feel heard and that their contributions are appreciated and impactful to improve retention	Health	Accountable Department	Not prioritized	0.0	2. 5-15% (~3,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Low	Wave 2	ADH-18	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Expand telehealth offerings to additional services	Expand telehealth offerings to additional services (e.g., XX) to increase access to services for citizens	Health	Accountable Department	Not prioritized	3. 100K-500K citizens	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium	Wave 2	PHT - 13	D. Operational excellence	D3 Use automation to empower staff	Explore and adopt project management tool that meets requirements of multiple stakeholders (e.g., Maintenance, Planning & Development)	Adopt automated workflow system to streamline management of efforts (e.g., construction management, maintenance work orders) across PHT by saving time (e.g., communications, project updates), resources (e.g., materials), and provide real-time budget management (e.g., prevent budget overruns)	Parks, Heritage, and Tourism	Accountable Department	Not prioritized	3. 100K-500K citizens	1. 0-5% (~1,000)	4. Unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium	Wave 2	PHT - 11	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Explore software application compliance tools	Explore software application compliance tools to 1) automatically flag when renewal is required and reduce accidental lapses in software licensing and 2) coordinate identification and retirement of non-business critical or duplicative applications across all divisions	Parks, Heritage, and Tourism	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Low	Wave 2	ADH-15	A. Personnel	A3 Identify areas needed to build long-term talent system	Focus on talent targeting and career development	Improve ADH's ability to target and attract talent and to develop careers paths for employees to improve the employee experience and continually develop skills needed to deliver the best service to Arkansans.	Health	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Low	Wave 2	DOTM-6	A. Personnel	A3 Identify areas needed to build long-term talent system	Focus on talent targeting and career development	Improve ability to target (e.g., correctly delineating position descriptions) and attract talent (e.g., new sources of talent) and to develop careers paths (e.g., work with OPM1 to create opportunities for advancement and enhance skills development) to improve the employee experience and continually develop skills needed to deliver the best service to Arkansans	Military	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium	Wave 2	E&E - 2	A. Personnel	A3 Identify areas needed to build long-term talent system	Focus on talent targeting and career development	Improve ability to target and attract talent and to develop careers paths for employees to improve the employee experience and continually develop skills needed to deliver the best service to Arkansans. > Target: skills demand forecasting, current skills assessments > Attract: employee value proposition assessment, financial and non-financial recruiting incentives, new sources of talent, more flexible hiring bonuses > Develop career paths: Work with OPM to develop career paths within and across departments to open up opportunities for advancement and enhance skills development and sharing of best practices to improve overall experience and effectiveness of AR state government > Dependency: more flexible hiring bonuses may rely on changes to department appropriation language; may need to work with DF&A to understand how to access performance pay budget	Energy & Environment	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 2	DPS-6	D. Operational excellence	A3 Identify areas needed to build long-term talent system	Focus on talent targeting and career development.	Improve DPS' ability to target and attract employees. Develop career paths to improve the employee experience and continually develop skills. Reduce reliance on contractors. Create specific enhancements for specialized positions like Crime Lab scientists and IT personnel.	Public Safety	Accountable Department	Not prioritized				
High priority	Wave 2	E&E - 3	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Identify and prioritize the top 2-3 potential obstacles to SEEK efficacy and implement processes to address them	Create and prioritize a list of potential obstacles that could reduce the efficacy of the SEEK rollout over the lifecycle of the program. For top ~2-3+ potential obstacles, conduct a current state assessment, and implement processes to better facilitate a successful roll-out.	Energy & Environment	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 2	DPS-1	E. Core tech modernization	F3 Optimize shared service delivery	Implement an agency-wide shared services electronic, mobile-friendly tracking system to increase efficiency and effectiveness of processes (contracts, grants, budget, etc.)	Implement a shared services tracking system across all divisions to ensure the ability to check status of various products/processes electronically. It should also be enabled with electronic signature capabilities.	Public Safety	Accountable Department	Prioritized				
High priority	Wave 2	ADH-12	A. Personnel	A3 Identify areas needed to build long-term talent system	Implement cross-training to enhance task coverage and knowledge continuity	Expand cross-training across the department to ensure that more than one person knows how to do critical tasks, thereby mitigating knowledge loss in the event of staff attrition and reducing delays when staff are out or at capacity to ensure business continuity and improve customer and employee experience	Health	Accountable Department	Prioritized	1. <10K citizens	2. 5-15% (~3,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium	Wave 2	PHT - 5	G. Revenue opportunity	G3. Other funding mechanisms	Implement dynamic pricing model to increase revenue and park experience	Improve park revenue and Arkansan experience through event-based dynamic pricing model (e.g., weather, demand)	Parks, Heritage, and Tourism	Accountable Department	Prioritized	3. 100K-500K citizens	0.0%	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
Medium	Wave 2	E&E - 10	H. Department-specific lever	F2 Improve collaboration among agencies	Implement social media strategy	Assess, refine, and implement the existing E&E social media strategy proposal to increase public trust and familiarity with E&E programs	Energy & Environment	Accountable Department	Not prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 2	DOC-7	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Improve cross-agency collaboration	Identify effective collaborations with other state agencies, such as Department of Commerce, DHS, DOH, and the Department of Education to increase self sufficiency, enhance public safety, and reduce recidivism.	Corrections	Accountable Department	Prioritized				
High priority	Wave 2	ADH-8	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Improve customer experience at local health units	Expand surveys and leverage data to develop actionable strategies to improve customers' experience at local health units by identifying and eliminating pain points	Health	Accountable Department	Prioritized	3. 100K-500K citizens	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 2	DOC-8	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Improve data quality and processes	Improve data quality and processes	Corrections	Accountable Department	Prioritized				
High priority	Wave 2	E&E - 12	F. Agile organization	F1 Streamline organization and improve role clarity	Improve Department of Environmental Quality (DEQ) permitting process and review	Improve Division of Environmental Quality (DEQ) permitting process and review to streamline and expedite issuing defensible and protective permits by: - Implementing a tiered review communication channel for permits to ensure all necessary positions (e.g., geologists, engineers) are aware of applications in process - Apply lean process mapping to streamline each permitting process to map and quantify time for each step - Encourage and facilitate permit applications to be submitted through a public-facing smart form in SEEK, and require permits received through alternative channels to be uploaded to the SEEK for processing - Offer additional technical permit application support for local applicants applying for permits	Energy & Environment	Accountable Department	Prioritized	4. 500k-1M citizens	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 2	E&E - 6	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Improve E&E data transparency	In conjunction with the SEEK program rollout, make public data readily available with insightful visualizations in one place to increase knowledge of department programs	Energy & Environment	Accountable Department	Prioritized	2. 10k-100k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	5. Benefit captured post-June 2026 (if begun immediately)
High priority	Wave 2	PHT - 14	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Improve guest access to PHT offerings	Adopt customer insights (e.g., feedback survey, visitation, and website data) to optimize resource allocation (e.g., website redesign, printshop utilization) and promotion of PHT experiences and resources	Parks, Heritage, and Tourism	Accountable Department	Prioritized	5. 1M+ citizens	1. 0-5% (~1,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
Low	Wave 2	ADLL-08	D. Operational excellence	D1 Optimize AR citizen experience including through digitization	Improve inspection prioritization and inspector routing using ARInspect	Implement use of ARInspect to improve inspector visit planning, routing, and documentation for all 11 inspector groups to reduce paperwork burden and travel times	Labor & Licensing	Accountable Department	Prioritized	1. <10K citizens	1. 0-5% (~1,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
									Not prioritized				



Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
High priority	Wave 2	DOC-5	D. Operational excellence	E2 Increase efficiency of IT resources through management and modernization	Improve IT centralization to meet DOC needs	Identify the best model for IT centralization that meets both the needs of shared services statewide, but also ensures that the needs of DOC IT are met in a more efficient process.	Corrections	Accountable Department					
High priority	Wave 2	DOC-1	D. Operational excellence	F3 Optimize shared service delivery	Improve purchasing processes	Enhance the purchasing process by increasing efficiency, reducing errors, and ensuring timely and complete deliverables from the Procurement Department	Corrections	Accountable Department	Prioritized				
Medium	Wave 2	PHT - 10	F. Agile organization	F2 Improve collaboration among agencies	Increase coordination between data teams	Increase coordination between parks, heritage, and tourism's data analysis teams through cross-department GIS management to share insights and prevent duplicative purchases of data assets	Parks, Heritage, and Tourism	Accountable Department		0.0	1. 0-5% (~1,000)	1. Familiar	1. Immediate and/or within the next 3 months (if begun immediately)
High priority	Wave 2	ADVA-7	H. Department-specific lever	None	Increase public knowledge of benefits	Increase knowledge of military benefits matching, long-term care, and funeral honors by enhancing the distribution of educational materials through community partnerships and other communication channels to expand veteran awareness of ADVA benefits and increase the number of eligible veterans who receive benefits	Veterans Affairs	Accountable Department	Not prioritized				
High priority	Wave 2	DOC-3	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Leverage training services across DOC divisions	Determine the best use of training services for its employees and divisions	Corrections	Accountable Department	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium	Wave 2	PHT - 3	G. Revenue opportunity	G1. Federal funding opportunities	Maximize federal and state funding opportunities	Identify funding opportunities not currently maximized (e.g., special revenues) and develop plans to access funding to increase program and service capacity (e.g., along division priorities) and free up existing GR2 funding for other state and departmental priorities	Parks, Heritage, and Tourism	Accountable Department	Prioritized	2. 10K-100K citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 2	DOTM-5	G. Revenue opportunity	G1. Federal funding opportunities	Maximize federal funding opportunities through re-configured state funding	Identify funding opportunities to increase program and service capacity and free up existing general revenue funding. Reassess and deprioritize non-critical building projects to reduce capital spend by using alternative solutions (e.g., repurposing or renovating instead of new buildings)	Military	Accountable Department	Not prioritized	1. <10K citizens	1. 0-5% (~1,000)	3. Somewhat unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium	Wave 2	ADVA-8	G. Revenue opportunity	G1. Federal funding opportunities	Maximize federal funds matching for VSOs through grant programs and legislation (e.g. CVSO Act of 2021)	Review sources of federal funding for ADVA and identify where ADVA may not be maximizing federal matching opportunities. Develop a plan to apply for funding to increase program and service capacity, freeing up existing general revenue funding for other state and departmental priorities	Veterans Affairs	Accountable Department	Prioritized				
Medium	Wave 2	ADVA-10	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Measure, benchmark, and communicate departmental ROI and impact	Benchmark the ROI and economic impact of ADVA per veteran population measured against VAs in peer states to quantify departmental performance in a systematic way, identify areas for improvement, and increase awareness of ADVA's impact on the state	Veterans Affairs	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Low	Wave 2	E&E - 11'	E. Core tech modernization	E4 Build new capabilities including cybersecurity and analytics	Modernize DEQ and OGC websites	Update DEQ and OGC websites to match the high-level customer experience, uniform department branding, or functionality of other E&E office websites	Energy & Environment	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 2	ADVA-3	F. Agile organization	F1 Streamline organization and improve role clarity	Modify recruitment practices to sustainably staff veteran cemeteries	Implement targeted and specific recruitment and hiring strategies for the veteran cemeteries to ensure adequate staffing and to remain compliant with Federal VA stipulations, ensuring sustained federal funding	Veterans Affairs	Accountable Department	Not prioritized				
High priority	Wave 2	PHT - 2	F. Agile organization	F1 Streamline organization and improve role clarity	Optimize manager roles and team size for better control and efficiency	Take action on manager roles and team size to target appropriate spans of control for functions and management archetypes to more effectively deliver on the departmental mission	Parks, Heritage, and Tourism	Accountable Department	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 2	ADH-9	F. Agile organization	F1 Streamline organization and improve role clarity	Optimize manager roles and team size for better control and efficiency	Take action on manager roles and team size to target appropriate spans of control for functions and management archetypes to more effectively deliver on the departmental mission	Health	Accountable Department	Prioritized	1. <10K citizens	1. 0-5% (~1,000)	3. Somewhat unfamiliar	5. Benefit captured post-June 2026 (if begun immediately)
High priority	Wave 2	ADLL-01	D. Operational excellence	F1 Streamline organization and improve role clarity	Optimize manager roles and team size for better control and efficiency	Take action on manager roles and team size to target appropriate spans of control for functions and management archetypes to more effectively deliver on the departmental mission	Labor & Licensing	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat unfamiliar	5. Benefit captured post-June 2026 (if begun immediately)
High priority	Wave 2	ADVA-5	F. Agile organization	F1 Streamline organization and improve role clarity	Optimize manager roles and team size for better control and efficiency	Take action on manager roles and team size to target appropriate spans of control for functions and management archetypes to more effectively deliver on the departmental mission	Veterans Affairs	Accountable Department	Prioritized				
High priority	Wave 2	DOTM-4	F. Agile organization	F1 Streamline organization and improve role clarity	Optimize manager roles and team size for better control and efficiency	Take action on manager roles and team size to target appropriate spans of control for functions and management archetypes to more effectively deliver on the departmental mission	Military	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 2	E&E - 1	F. Agile organization	F1 Streamline organization and improve role clarity	Optimize manager roles and team size for better control and efficiency	Take action on manager roles and team size to target appropriate spans of control for functions and management archetypes to more effectively deliver on the departmental mission	Energy & Environment	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	5. Benefit captured post-June 2026 (if begun immediately)
High priority	Wave 2	DOTM-2	D. Operational excellence	D3 Use automation to empower staff	Optimize payroll accuracy for the National Guard through digitization	Digitize manual elements of the National Guard (NG) payroll system. Reduce manual processing errors that currently lead to pay delays, errors, and overpayments	Military	Accountable Department	Prioritized	1. <10K citizens	1. 0-5% (~1,000)	3. Somewhat unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 2	PHT - 1	A. Personnel	A3 Identify areas needed to build long-term talent system	Promote PHT specific attraction and retention activities	Supplement work of Office of Personnel Management by promoting PHT specific tools to attract (e.g., new sources of talent) and retain (e.g., skill development) employees	Parks, Heritage, and Tourism	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 2	ADLL-11	F. Agile organization	F2 Improve collaboration among agencies	Rationalize agency board structures	Simplify agency board structures by consolidating boards for similar trades to reduce administrative workload and improve license application cycle time	Labor & Licensing	Accountable Department	Prioritized	1. <10K citizens	1. 0-5% (~1,000)	2. Somewhat familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Low	Wave 2	ADLL-16	H. Department-specific lever	None	Rationalize scope of State Athletics Commission	Rationalize scope of State Athletics Commission by privatizing administration of boxing matches while department retains permitting. Athletic Commission oversees boxing and is responsible for administering the match promotion, staffing, judging, and scoring	Labor & Licensing	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 2	E&E - 5	G. Revenue opportunity	B3 Optimize procurement processes for speed and value	Redesign internal processes around reviewing and tracking grant allocation in E&E	Redesign internal processes around reviewing and tracking grant allocation in E&E, with the goal of reducing time employees spend on unnecessary review and information requests	Energy & Environment	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium	Wave 2	PHT - 6	D. Operational excellence	D2 Improve dynamic staffing and staff productivity tools	Reimagine welcome center support with ARDOT tools	Collaborate with ARDOT to staff welcome centers and realign PHT employees to more mission-oriented roles	Parks, Heritage, and Tourism	Accountable Department	Not prioritized	3. 100K-500K citizens	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 2	E&E - 4	A. Personnel	A3 Identify areas needed to build long-term talent system	Reskill and upskill E&E employees	Expand cross-training to 1) Ensure that more than one person knows how to do critical tasks at E&E, thereby reducing delays/hold-ups when they are out or at capacity, and 2) provide motivated employees with opportunities to build their skill set and advance in their careers at E&E	Energy & Environment	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 2	ADLL-02	F. Agile organization	F1 Streamline organization and improve role clarity	Restructure ADLL funding to single appropriation	Restructure agency operations with single appropriation to enable strategic management of budget across divisions and improve organizational effectiveness and ability to develop and execute strategic priorities to advance departmental mission.	Labor & Licensing	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium	Wave 2	ADLL-12	F. Agile organization	F2 Improve collaboration among agencies	Restructure intra-department cost allocation policies	Restructure intra-department cost allocation policies by reducing the number of indirect cost rates (from four rates to two covering executive shared services users, agency shared services users, DOL, and federal grants), cost distributions (rent allocation, parking, paper, copier leases, and office supplies) to reduce administrative workload	Labor & Licensing	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	1. Familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 2	DOC-4	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Revise leadership training	Revise leadership training within the Training Unit to address management inconsistencies within the Department. Will address leadership skills at various levels for all agency divisions.	Corrections	Accountable Department	Not prioritized				
									Prioritized				

Initiative Information								Impact measurement					
Priority?	Wave	Initiative #	Initiative category (lever)	Initiative sub-category (sub-lever)	Initiative name	Initiative Description	Accountable Department	Enterprise vs department impact	Priority category	Positive citizen impact (quantitative)	Positive employee impact (quantitative)	Familiarity	Timeline
Low	Wave 2	ADLL-10	F. Agile organization	F1 Streamline organization and improve role clarity	Simplify yearly IT planning process	Simplify yearly IT planning process to reduce administrative burden and workload by ~2% - 4% of annual labor hours for all involved employees. This would result in a reduction from 18 separate plans to a single plan for the entire department	Labor & Licensing	Accountable Department		0.0	1. 0-5% (~1,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
Medium	Wave 2	ADLL-09	F. Agile organization	F1 Streamline organization and improve role clarity	Standardize department finance policies and procedures	Standardize ADLL's finance policies and procedures for Accounts Receivable, Allowance for Doubtful accounts, Abatements, Cash Receipting, and Travel Regulations to reduce agency siloes and audit findings. This streamlining should save ~40 work hours per year	Labor & Licensing	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium	Wave 2	ADH-2	E. Core tech modernization	E4 Build new capabilities including cybersecurity and analytics	Streamline grant management	Create standard processes and consider shared functions (e.g., new software) for grant monitoring and reporting to ensure federal grant opportunities are maximized and reduce re-work and coordination challenges	Health	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 2	DOTM-1	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Streamline information sharing in DOTM through federal-state integration	Aim to unify federal and state IT applications. Develop solution to either integrate DOTM federal employees into state systems and programs (e.g., AASIS, EASE) or create new secure data transfer portal	Military	Accountable Department	Not prioritized	0.0	1. 0-5% (~1,000)	3. Somewhat unfamiliar	2. Benefit could be captured in the next 6 months (if begun immediately)
High priority	Wave 2	DPS-7	D. Operational excellence	D3 Use automation to empower staff	Understand current obstacles to decommissioning state police vehicles	Automate the MR distribution process to improve the experience of removing surplus state police vehicles and non usable equipment /property from State Police automotive.	Public Safety	Accountable Department	Prioritized				
High priority	Wave 2	ADH-5	E. Core tech modernization	E2 Increase efficiency of IT resources through management and modernization	Update and/or replace Electronic Health Records (EHR) system	Replace current EHR system with system that performs better for local health units, is more interoperable with other system, and centralizes and simplifies billing (e.g., using outsourcing or automated insurance lookup) to reduce time spent on billing, improve reporting capabilities, and address revenue leakage	Health	Accountable Department	Prioritized	2. 10K-100K citizens	1. 0-5% (~1,000)	2. Somewhat familiar	5. Benefit captured post-June 2026 (if begun immediately)
High priority	Wave 2	ADH-4	D. Operational excellence	D4 Ensure ROI from state programs and grantees	Update billing system to facilitate reporting accuracy	Update billing forms and intake process at local health units to provide more guardrails on form accuracy (e.g., include multiple "hard stops" affirming that customers are reporting accurately) and incorporate new technology (e.g., automate and/or outsource insurance lookup, integrate new EHR system) to support accurate insurance information, reducing employee rework and ensuring available insurance payments and revenue are accounted for	Health	Accountable Department	Prioritized	3. 100K-500K citizens	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
Medium	Wave 2	ADLL-15	F. Agile organization	F2 Improve collaboration among agencies	Update department funding rules	Update department funding rules to reduce use of SGR by allowing licensing board fund balances and surpluses from special revenues to be used across department	Labor & Licensing	Accountable Department	Prioritized	0.0	1. 0-5% (~1,000)	2. Somewhat familiar	4. Benefit could be captured by end of June 2026 (if begun immediately)
High priority	Wave 2	ADH-1	F. Agile organization	None	Update Staff Action Summary (SAS) review system	Upgrade Staff Action Summary (SAS) review system to streamline process, improve clarity of guidance, leverage electronic system, provide training, and bring "positive" lens to increase throughput, decrease administrative burden on reviewers, and improve experience for requesters	Health	Accountable Department	Not prioritized	1. <10K citizens	2. 5-15% (~3,000)	1. Familiar	3. Benefit could be captured by the end of June 2025 (if begun immediately)
High priority	Wave 2	ADVA-2	A. Personnel	A3 Identify areas needed to build long-term talent system	Upskilling County and District VSOs	Improve standards of excellence and training accessibility for District VSOs (DVSO) and County VSOs (CVSO) to increase the number and percentage of successful veteran benefits claims	Veterans Affairs	Accountable Department	Prioritized	1. <10k citizens	1. 0-5% (~1,000)	1. Familiar	2. Benefit could be captured in the next 6 months (if begun immediately)