

JAY INSLEE
Governor



STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

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Dec. 23, 2014

TO: The Honorable Andy Hill, Chair
The Honorable James Hargrove, Ranking Member
Senate Ways & Means Committee

The Honorable Ross Hunter, Chair
The Honorable Bruce Chandler, Ranking Member
House Appropriations Committee

The Honorable Tracey Eide, Co-Chair
The Honorable Curtis King, Co-Chair
Senate Transportation Committee

The Honorable Judy Clibborn, Chair
The Honorable Ed Orcutt, Ranking Member
House Transportation Committee

FROM: Wendy Korthuis-Smith
Director, Results Washington

SUBJECT: REPORT ON THE LEAN/PERFORMANCE MANAGEMENT PROGRAM

In accordance with Section 707 of 2014's Engrossed Substitute Senate Bill 6002, I am forwarding the Lean/Performance Management Program Report, due December 2014, on behalf of Results Washington.

In the report, as requested, we address the issue of the viability of the Lean/performance management program becoming self-funding, with an accompanying recommendation. We also give 18 examples, from 15 state agencies, of how these efficiency efforts are resulting in savings, cost avoidance and other benefits to Washingtonians.

Across state government, employees are helping state agencies find efficiencies, save time and supplies, and manage growing workloads within existing resources. These efforts are real and

growing, as employees adopt principles and tools that help streamline their work and improve services for the public.

Thank you for continued interest in this work.

A handwritten signature in blue ink that reads "Wendy K. Smith". The signature is fluid and cursive, with the first name "Wendy" being the most prominent.

Attachment

cc: The Honorable Jay Inslee
David Schumacher, Director, OFM



STATE OF WASHINGTON

Lean/Performance Management: Quantifying Results and Exploring the Viability of Self-Funding

Report to the Legislature

RESULTS WASHINGTON

December 2014

A note on this report

This report is submitted by Results Washington and the Office of Financial Management pursuant to Section 707 of Engrossed Substitute Senate Bill 6002 (2014), which states, in part:

The legislature is committed to promoting a state government culture that makes sustained improvement a habitual behavior from front-line staff to agency leadership.

...The office of financial management must report to the legislature by December 2014 on the viability of the lean/performance management program becoming a self-funding program.

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Executive summary

- A growing number of employee-led efficiency improvements are taking place throughout state government. Washington state is adopting a Lean workplace culture focused on continuous improvement and value to the customer. In the past two years, more than 75 percent of state agencies – and virtually all large agencies – have launched Lean improvement projects.
- These changes are helping agencies become more efficient and manage growing workloads within existing resources. In most cases, agencies are putting the saved resources, primarily staff time, back into direct customer services or other critical work.
- In this report, Results Washington, Governor Jay Inslee’s improvement initiative, has compiled 18 examples of recent improvement projects at 15 Washington state agencies. Combined, these improvements are resulting in \$5.92 million in savings, \$27.4 million in costs avoided and \$3.16 million in additional revenue. A summary of these projects and benefits is attached as Appendix A of this report. Detailed information on each of these projects is in Appendix B.
- Hundreds of other improvements, typically of a smaller scale than those listed in this report, have also been implemented. From 2012 to present, agencies have completed more than 600 Lean projects. These efforts have been instrumental in helping employees learn and use Lean principles and tools in their own work processes. This growing Lean culture improves employee morale and creates a climate for further efficiencies.
- Many of these same Lean principles are also being put to work on some of the state’s most profound challenges. Results Washington has built a structure of multi-agency goal councils working on – and tracking progress toward – dozens of metrics linked to the state’s strategic plan.
- To foster workforce adoption of Lean principles while keeping costs low, Results Washington has recruited pro-bono training and advice worth millions of dollars from dozens of private-sector, non-profit and government partners.
- In summary, the cost avoidance and other public benefits of the state’s performance management efforts significantly exceed the cost of Results Washington. Results Washington costs \$1.8 million annually.

By providing structure, developing and offering Lean training, helping coordinate improvement efforts and tracking results, Results Washington brings a value to state government that significantly exceeds its cost.

The Governor’s budget proposes paying for Results Washington in the 2015-17 biennium from the Performance Audits of Government Account, which is intended to help agencies become more efficient and effective through performance audits and performance management.

We also recommend that to the degree possible, agencies be allowed to repurpose resources, such as staff time, resulting from Lean improvements. Associating efficiencies with budget cuts is a powerful disincentive to find additional efficiencies.

Background

Washington's history of performance management

Washington state has a long history of performance management efforts, including Total Quality Management and Malcolm Baldrige criteria in the early 1990s, a quality improvement initiative (1997) and Priorities of Government (POG, 2001) under Gov. Gary Locke, and Government Management Accountability and Performance (GMAP, 2005) under Gov. Chris Gregoire. In 2011, Gov. Gregoire began to introduce Lean techniques in state government. Gov. Inslee expanded that initiative and broadened its focus in 2013 with an executive order creating Results Washington.

Many of these efforts share common principles and strategies, such as an emphasis on tracking progress, adjusting accordingly and involving line staff in improvement work. Washington is building on these past efforts with an expanded focus on Lean management and a structure designed to make progress on some of the state's biggest challenges.

Lean

The term "Lean" was coined by MIT researchers to describe Toyota's management practices in the late 1980s.

The key principle of Lean is maximizing value to the customer while minimizing waste. Lean seeks to optimize the flow of services or products so that work requires less effort, space, capital and time to produce results with fewer errors. A Lean organization focuses on solving problems at their root cause, rather than treating symptoms.

Lean also stresses recurring cycles of continual improvement. Managers help coach those closest to the work – line staff – to find, test and adopt solutions that streamline the work.

Although pioneered in manufacturing, Lean thinking has been adopted by a wide variety of companies, non-profits and government entities. Locally, these include: Alaska Airlines, The Boeing Company, Group Health Cooperative, King County, Nordstrom, Puget Sound Naval Shipyard, Premera Blue Cross, Seattle Children's Hospital, Starbucks, Terex/Genie Industries, the University of Washington and Virginia Mason.

Results Washington

On Sept. 10, 2013, Gov. Jay Inslee established Results Washington with Executive Order 13-04, stating, in part, that "immense opportunity exists to create a legacy of performance and accountability for the future."

A key difference from past efforts is Results Washington's scope and structure. Results Washington was created to build upon those past state performance management efforts by

fostering a Lean culture, establishing a statewide strategic plan and supporting councils of agency directors and staff to implement dozens of objectives linked to that strategic plan.

With a staff of 12 plus five Lean fellows on loan from state agencies, Results Washington has a three-fold role: focusing the efforts of agencies and stakeholders on key goal areas, working with the State Auditor's Office throughout the performance audit process, and expanding the use of Lean principles and tools throughout state government.

Goal areas

Results Washington's efforts are organized around five goal areas:

- a world-class education system
- a prosperous economy
- sustainable energy and a clean environment
- healthy and safe communities
- efficient, effective and accountable government

Under each of those general areas are specific objectives and dozens of measurable indicators. The data, including metrics and improvement strategies, are posted online at <http://data.results.wa.gov>.

Each goal area is overseen by a goal council, composed of 10 to 15 agency directors and staffed by one Results Washington senior performance advisor and one member of the Lean fellowship program. The councils meet monthly to discuss progress and collaborate on improvement strategies.

Each month, the Governor meets with one of the goal councils to review progress. These "Results Review" meetings are open to the public and live-streamed by TVW, Washington's public-affairs network.

In terms of progress, the Results Washington structure and goals were built in late 2013, implemented in 2014 and are starting to show tangible results as we move into 2015.

Performance audit role

In addition to its role to help foster efficient government, Results Washington works with cabinet agencies and the State Auditor's Office throughout the performance audit process by:

- assisting agencies and the Office of Financial Management with formal responses to performance audits
- informing the governor and executive staff of significant issues and actions
- helping identify significant budget or statewide policy issues
- assisting with the development and review of cabinet agencies' action plans to improve
- and monitoring action plans to completion.

Agency responses and action plans are coordinated by Results Washington and available at www.results.wa.gov.

Building a Lean culture

The second element of Results Washington's mission is to help build a Lean culture throughout state government, with employees at all levels focused on improvement and customer service.

To accelerate and support this effort, Results Washington has recruited dozens of Lean experts from the private sector, non-profit groups, the military and other organizations. At no cost to taxpayers, these volunteers have provided training, coaching and advice to thousands of state employees over the past year.

In addition, Results Washington has:

- Built a community of Lean practitioners from more than 50 agencies, boards and commissions.
- Twice hosted a free annual two-day conference for state employees to learn Lean principles and tools. The most recent conference, in October 2014, included 1,856 Washington state employees. Due to sponsorships and the fact that the 43 presenters were all volunteers, the per-employee cost to host the conference was less than \$6.
- Hosted four Lean trainings specifically for senior leaders and managers. Each was attended by about 250 people.
- Hosted 15 webinars, with an average attendance of 100, to teach state employees about Agile, a development approach increasingly used in the information technology community.
- Developed a "Results Model" for state agencies to follow as they incorporate Lean thinking and practices into their business activities.

The Results Washington team is also now working with the Department of Enterprise Services to develop a Lean curriculum that can be broadly shared with employees via the state's online training system.

Although there are undoubtedly cases in which one individual has attended multiple events, to date Lean training has been provided for:

- 22,000 Washington state employees
- 9,300 managers and supervisors
- 735 Lean facilitators, who are employees trained to lead agency improvement efforts and to coach employees to become problem solvers.

Pro-bono contributions by Lean partners

In late 2011, Washington state government began forming partnerships with individuals and organizations that have experience using Lean principles and tools. These volunteer partners from the private, public and non-profit sectors help advise, train and coach state employees on a pro bono basis.

This Lean Expert Partnership Program has accelerated under Results Washington. To date, we have benefitted from the expertise of more than 230 Lean partners from 106 companies, including:

- Alaska Airlines
- Cascade Dafo
- Group Health Cooperative
- Jefferson Healthcare
- Kaas Tailored
- King County's Finance and Business Operations Division
- Nordstrom
- Philips Ultrasound
- Premera Blue Cross
- Puget Sound Naval Shipyard
- Seattle Children's Hospital
- Seattle Children's Research Institute
- Starbucks
- Terex/Genie Industries
- The Boeing Company
- University of Washington
- Virginia Mason Medical Center

Lean expert partners in this program are not provided any kind of remuneration in exchange for this help. Additionally, Washington state government does not offer Lean expert partners any preferential treatment or special consideration for current or future contracting opportunities with the state. Lean expert partners absorb the cost of providing advice, training, coaching or tours in the spirit of helping state government implement Lean improvements.

The market value of consultants like these is about \$350 an hour. By that measure, state government received \$219,275 worth of Lean experts' time in 2013 and \$210,350 in 2014. The total value over the two years is \$429,625.

In addition, the typical cost of a one-hour Lean webinar or training is \$100 per person. A two-day Lean conference, like those hosted by Results Washington, typically cost about \$1,600 per person. Two-hour Lean leadership training events typically cost about \$400 per person.

By those measures, it would have cost state government \$3.4 million to get the help we received, pro bono, from our Lean expert partners in 2013. In 2014, that value we received rose to \$3.47 million. The total value over the two years is \$6.87 million.

The cost of Results Washington

The cost avoidance and public benefits of the state's Lean efforts significantly exceed the cost of the Results Washington program.

Results Washington has a staff of 12, plus a rotating roster of five members of the program's Lean fellowship program. Each Lean fellow is part of Results Washington for one year, after which they go back to their home agency.

The total 2013-15 budget for Results Washington is \$3.6 million. That consists of \$1.94 million from the Performance Audit Account and \$1.65 million in contributions from state agencies supported by Results Washington's work.

As part of their management strategies, some agencies have hired consultants or designated internal staff to help with agencies' own internal Lean efforts. We did not attempt to quantify those individual agency expenditures for this report.

Examples of savings, cost avoidance and other benefits

For this report, we surveyed a cross-section of 15 agencies about 18 current, recent or ongoing projects that showed significant benefits to the agency, its customers or the general public. Most of these projects involved Lean principles and tools; all of them were done in the spirit of continuous improvement and employee engagement that are the essence of Lean.

Combined, those efforts led to – or in a few cases are projected to lead to – \$5.92 million in savings, \$27.4 million in cost avoidance and \$3.16 million in additional revenue generated.

In virtually every case, the agencies are using the saved resources, especially staff time, to support other important agency work without the need to request additional personnel or other resources. We see this as a key benefit of Lean: Handling increasing workload and providing better service with existing staff and resources.

In addition, these efficiencies are helping simplify paperwork, improve customer satisfaction and cut wait times for things such as driver's licenses, business documents, administrative hearings, traffic crash data and public records. Combined, the improvements listed in this report helped save businesses, organizations and the general public an estimated 1.07 million hours of time.

These improvements include:

- The Department of Licensing has used three strategies to reduce lobby wait times in driver licensing offices: increased online and mail transactions, using real-time data to manage resources, and creating business partnerships with private driver training schools. As a result, Washingtonians saved more than 1 million hours of wait time at driver licensing offices compared to 2012.
- Energy efficiency measures at the Department of Social and Health Services (DSHS) facilities helped avoid costs of \$3.5 million in 2013. Operational savings in the first 10 years following an energy efficiency project are used to finance the improvements.
- DSHS and the Employment Security Department worked together to improve WorkFirst clients' participation in job search activities. As a result, Washington state is expected to avoid a federal penalty of about \$20.8 million.

- A team of Consolidated Technology Services employees worked to convert the state's 30-year-old long distance system, known as SCAN, to an easier-to-use and more economical service. The new system was fully implemented in July 2014. State agencies are expected to realize \$2 million in reduced long-distance costs compared to the base year, fiscal year 2012.
- The Department of Enterprise Services sharply reduced a large backlog of expired or soon-to-expire lease renewals. Having a stronger negotiating position, combined with new tools to analyze market data, has allowed the agency to negotiate leases at or below market rates. This improvement is helping agencies avoid more than \$8 million in lease costs over the next five years, or an average of \$1.6 million annually.
- The Department of Revenue improved the process for reviewing assessments for unpaid taxes. The assessments are now issued an average of 45 days faster, which increased interest to the state by \$744,000. The changes have also allowed the department to repurpose 1.5 staff positions to revenue-generating activities, resulting in an estimated increase to the state general fund of \$750,000.
- The Department of Labor and Industries, which has a team to collect overpayments made to worker's compensation customers, improved its processes and boosted recoveries 28 percent in the first year, to \$6.2 million.
- The Office of the Chief Information Officer is developing a shared state address database, replacing an outdated system of agencies maintaining and updating their own lists. The improvement is projected to save the 15 participating agencies \$1 million in one-time costs and \$600,000 in ongoing costs.
- The state Department of Transportation (WSDOT) eliminated a growing 8.5-month backlog of crash report data by streamlining work processes. The average number of reports processed daily more than doubled, to 541. These changes avoided the need to add four additional staff at a cost of \$287,000. In addition, four existing positions were repurposed to other parts of WSDOT to fill resource gaps.
- The Washington State Patrol, whose mechanics started using Lean processes in 2011, has sped up the time it takes to equip new patrol cars and prepare used ones for sale. By reducing the average vehicle mileage and turnaround times, the Patrol has saved about \$153,000 a year in maintenance costs and helped generate \$626,888 in surplus vehicle sales.
- Correctional Industries, part of the Department of Corrections, has improved storage and distribution for its textiles operations, reducing stored inventory, speeding up delivery times and avoiding costs of \$250,000 a year.
- When two employees at the Department of Labor and Industries questioned why the agency was printing and distributing thousands of pages of paper phone records to hundreds of managers and supervisors, the agency developed an electronic system instead. Across the agency, this change has saved 614 hours of staff time each month, allowing employees to use that time for higher-value work duties.
- The public disclosure team at the state Department of Transportation headquarters reduced by 58 percent the time it takes to provide records to customers, from an

average of 24 days to 10. These changes eliminated the need to add four additional positions, at a total of \$274,000 a year.

- When an agency merger added thousands of additional cases and overwhelmed an outdated case management system, the Office of Administrative Hearings worked rapidly, using existing staff, to build a replacement system that dramatically improved speed and reliability. This effort also avoided the need to spend \$150,000 in licensing fees to buy an off-the-shelf product.
- By improving a manual process for calculating retirement benefits, the Department of Retirement Systems has saved time and avoided \$59,000 a year in costs. The time saved has been shifted to other key work at the agency.
- The Washington State Gambling Commission has reduced its commercial business license renewal form from seven pages to two. The form, which used to take businesses about 30 minutes to fill out, now takes 5. And the agency's average cost to process each application has dropped from \$60.55 to \$20.11.
- By eliminating paper forms from a key process and keying claimant information directly into the benefit payments system, the Employment Security Department is freeing up more than 3,800 labor hours a year. That time is being used to provide better service to unemployment insurance claimants.
- The Department of Health, which was at risk of losing federal funds for drinking water project loans, made changes that reduced the time from application to execution of a loan contract by an average of 60 days. Building on that success, the agency made further improvements, timed to the construction season, which effectively reduced project time by 9 to 12 months.

Appendix A provides more detail on each of these projects and the associated benefits.

Examples of early results on broader goals

While past initiatives have been limited largely to improving government efficiency, Results Washington is also harnessing Lean thinking for multi-agency efforts to improve the quality of life for Washingtonians.

Although it is still early in this process, we are starting to see progress in some of these broader goal areas. For example:

Increasing the percentage of employed adults with developmental disabilities

Washington¹ is one of 10 states having at least one-third of individuals with developmental and intellectual disabilities working in competitive employment.² These jobs tend to translate into higher pay than sheltered workshops. Employment also often means new friends, additional resources and self-esteem.

¹ United Cerebral Palsy, Case for Inclusion 2014 report

² Competitive employment as it pertains to vocational rehabilitation is work performed by a person with a disability in an integrated setting at minimum wage or higher and at a rate comparable to non-disabled workers performing the same tasks.

From a taxpayer’s perspective, it is estimated that every \$1 spent on supported employment services yields a return of \$1.46, based on sales and income taxes alone generated by the individual working.³ In addition, data from The Washington Initiative for Supported Employment indicates that, on average, 419 fewer annual hours of state-paid services are needed because the individual is working.

The Department of Social and Health Services embraced the strategy of doing the hardest thing first. High acuity⁴ developmental disabilities clients enrolled in individual employment rose 228% since 2010, going from 555 clients to 1,828 in 2014.

Decreasing traffic fatalities

One of the statewide Results Washington goals is to try to decrease the number of traffic fatalities, which was 454 in 2011, to zero by 2030. Specific measures target young drivers, impaired driving and speeding.

Multiple agencies have a hand in efforts to reduce these deaths. The Department of Licensing now sends an early warning letter to young drivers after their first traffic violation. The Legislature passed a tougher ignition interlock law. The Washington Traffic Safety Commission provides funding for officer overtime, equipment and media campaigns to discourage speeding and impaired driving. And the Washington State Patrol and local law enforcement have ramped up enforcement, with “Target Zero Teams” established in King, Pierce, Snohomish, Spokane and Yakima counties.

Although speed and young-driver fatalities remain a challenge, with both rising in 2013, Washington now has the 8th lowest rate in the nation for fatalities involving an alcohol-impaired driver. From 2009 through 2013, the number of alcohol- or drug-related traffic fatalities decreased 30 percent, from 265 to 186.

Budget reductions

Fiscal year 2015 budget cuts

Section 707 of Engrossed Substitute Senate Bill 6002 directed the Office of Financial Management to reduce fiscal year 2015 agency allotments by \$40 million General Fund-State “to reflect fiscal year 2015 savings resulting from application of the lean management and performance management strategies required by this section.”

Those reductions, which are being achieved by a mix of efficiency improvements and general budget reductions, are detailed in the table below. As illustrated by the examples in this report, much of the Lean/performance management work to date has resulted in cost avoidance, rather than savings from current budgeted amounts.

³ United Cerebral Palsy, Case for Inclusion 2014 report

⁴ High acuity definition: Requires support in the community at all times to maintain health and safety. Experiences significant barriers to employment or community participation. Requires frequent supervision, training or full physical assistance with community activities most or all of the time.

\$40 million Efficiency Reduction in 2015 by Agency
General Fund-State, Dollars in Thousands

Agency	FY 2015
075-Governor's Office	\$ (28)
103-Dept. of Commerce	\$ (326)
105-Office of Financial Management	\$ (93)
107-Health Care Authority	\$ (11,459)
140-Dept. of Revenue	\$ (576)
179-Dept. of Enterprise Services	\$ (20)
225-Washington State Patrol	\$ (176)
227-Criminal Justice Training	\$ (84)
235-Dept. of Labor & Industries	\$ (96)
300-DSHS Admin/Supporting Services	\$ (159)
300-DSHS Alcohol & Substance Abuse	\$ (340)
300-DSHS Childrens	\$ (1,613)
300-DSHS Development Disabilities	\$ (2,961)
300-DSHS Economic Services	\$ (2,195)
300-DSHS Juvenile Rehabilitation	\$ (489)
300-DSHS Long Term Care	\$ (5,002)
300-DSHS Mental Health	\$ (2,421)
300-DSHS Payments to Other	\$ (328)
300-DSHS Special Commitment Center	\$ (194)
300-DSHS Vocational Rehabilitation	\$ (89)
303-Dept. of Health	\$ (321)
305-Veterans' Affairs	\$ (39)
310-Dept. of Corrections	\$ (4,502)
340-Student Achievement Council	\$ (50)
357-Dept. of Early Learning	\$ (66)
360-University of Washington	\$ (1,726)
365-Washington State University	\$ (1,003)
370-Eastern Washington University	\$ (265)
375-Central Washington University	\$ (230)
376-The Evergreen State College	\$ (131)
380-Western Washington University	\$ (318)
461-Dept. of Ecology	\$ (138)
465-Parks	\$ (23)
471-Conservation Commission	\$ (37)
477-Dept. of Fish and Wildlife	\$ (157)
495-Dept. of Agriculture	\$ (83)
699-CTC	<u>\$ (2,262)</u>
Total	\$ (40,000)

Other legislative requirements

Section 707, the Lean Management Strategies Efficiency Savings section of 2014's Engrossed Substitute Senate Bill 6002, specifies seven action items for the Office of Financial Management.

All these actions items have been completed or are currently underway. They include:

Develop a strategic Lean management action plan to drive efficiencies in state spending and to increase productivity of state employees while improving and increasing state services for taxpayers.

This has been done. One of the five Results Washington goal councils is devoted to the task of fostering efficient, effective and accountable government. The council, made up of agency directors, has set [dozens of objectives](#) and is tracking progress. Among these objectives: increasing customer satisfaction, decreasing gasoline use in state vehicle fleets, increasing improvement efforts and Lean training, and reducing energy use in state buildings.

Integrate Lean principles into all performance management efforts.

This is being done across state government. To date, thousands of state workers, supervisors, managers and executives have taken part in Lean training. From 2012 to the present, agencies have completed more than 600 Lean projects.

With the Office of the Chief Information Officer (OCIO), integrate Lean principles into all major information technology initiatives.

This is being done. To foster the implementation of these principles rapidly across multiple agencies, Results Washington has partnered with the OCIO to host online training in Agile, a close cousin of Lean that is increasingly being used in the information technology community.

Develop and implement a Lean practitioner fellowship program to train state agency staff.

This has been done. Results Washington launched its Lean fellowship program in the fall of 2013, with the first graduates recently completing the program. In addition to developing their Lean skill sets, each Lean fellow is assigned to help goal councils with specific objectives and to help teach Lean principles and tools.

Agencies must report to the Office of Financial Management at least twice per fiscal year process improvements and efficiencies gained through tools such as the Lean strategy. The Office of Financial Management must compile and transmit these reports to the appropriate fiscal committees of the Legislature at least every six months.

This has been done and is ongoing. The next report will be submitted in February 2015.

Report to the Legislature by December 2014 on the viability of the Lean/performance management program becoming a self-funding program.

This report addresses that question and makes recommendations in the next section.

Reduce allotments for affected state agencies by \$40 million from the state general fund for fiscal year 2015 in this act to reflect fiscal year 2015 savings resulting from application of the Lean management and performance management strategies required by this section.

The allotments have been reduced by \$40 million. As noted in the preceding section, these savings are being achieved by a mix of efficiency improvements and general budget reductions.

Potential self-funding mechanisms for Results Washington

The Governor's budget proposes paying for Results Washington in the 2015-17 biennium from the Performance Audits of Government Account, which is intended to help agencies become more efficient and effective through performance audits and performance management. This transitions the program from General Fund.

Results Washington was created to expand state government's performance management efforts, align those efforts with the state strategic plan and work across agency lines to get results. Since Results Washington's inception in September 2013, its five goal councils have established strategic goals across multiple public policy issue areas. Many of these goals are the responsibility of multiple agencies and external stakeholders. Results Washington provides a structure for bringing these entities together and working toward measurable results.

Similarly, Results Washington's role to build a Lean culture requires broad engagement across state government.

Since Results Washington facilitates implementation of the executive branch's management goals, a fee-for-service approach, based on services to individual clients, would be impractical.

Recommendation

We respectfully make the following recommendation:

- We strongly urge that agencies be allowed to repurpose at least a portion of hard dollar savings to help manage their other critical work. Agencies should be allowed to fully repurpose those savings which consist of staff time saved on work processes, typically in fractions of full-time equivalents. Allowing managers to direct that saved staff time to other tasks helps agencies face increasing workloads with existing resources, helping avoid costs. It also shows employees the tangible results of these improvement efforts. The support of those closest to the work – front-line employees – is essential as we continue to find efficiencies and improve services.

How this report was prepared

For this report, Results Washington piloted an approach to capture the benefits and associated costs from lean/performance management projects from the perspectives of the public, state employees, and state agencies. Many of the agencies had not previously measured their improvement projects in these ways.

Specifically, many 'before-project' metrics (such as customer and employee satisfaction or process resource usage) were not built into the project up front. Consequently, for this report, agencies had to approximate the amount of staff and other resources engaged in the process before and after the project. The fact that employees are often engaged in multiple processes made this estimation difficult. In addition, accounting systems typically capture programmatic costs, not costs associated with a program's processes.

A few notes on other specific aspects of our methodology:

Projects: The improvement efforts listed in this report are a sample of Lean projects taking place across state government. We worked with agencies to choose projects based on the significance of the benefits and also to show examples of improvement work across a spectrum of different-sized agencies with very different missions.

Benefits: To the extent possible, benefits were quantified in terms of cost savings, cost avoidance, revenue generated, customer and employee satisfaction, and project outcomes. Cost savings was defined as dollars that were intended to be spent, but were not needed. Cost avoidance was defined as additional dollars that would have been needed, but were not needed because of the project. Revenues generated are defined as new revenue that came about as a consequence of the projects.

Methodology for quantifying benefits and associated costs: After selecting a project or projects, participating agencies were provided with templates for a benefit summary, a benefit/cost worksheet and an explanatory narrative. They modified these to fit their individual projects. The explanatory narratives and benefit summaries are in Appendix B of this report. A summary by project is in Appendix A.

Bases for identifying different types of benefits: For projects that improved process steps, the resources (staff time and related goods and services) used before and after the project were identified. For projects that created an enterprise approach to a state service, the estimated one-time and on-going costs associated with multiple agencies performing the service were compared to the estimated cost to pay an external service provider. For projects that involved capital investment to reduce facility energy costs at the Department of Social and Health Services, the Washington State University economic model was used to estimate the cost avoidance related to this investment. For projects related to the Department of Enterprise Services real estate leasing, estimated cost avoidance was based on private sector estimates of market rates. For projects that reduced citizens' time spent conducting state business, hours eliminated through reducing transaction processing time (e.g., office wait time, application

completion time, etc.) was used. For projects involving increased revenue generation, the additional interest earnings or value on surplus property due to faster processing transaction times were used.

Appendix A: Benefit summary, by project

#	Agency Project	Hours Saved	State Agency \$ Impact					Total \$ State Agency Benefit (minus ongoing implementation cost)
		The Public	\$ Savings	\$ Cost Avoidance	\$ Revenue Generated	\$ Implementation Cost (one-time)	\$ Implementation Cost (ongoing)	
1	Licensing - reduce customer wait time	1,067,829	\$0	\$175,500	\$0	\$0	\$0	\$175,500
2	DSHS - reduce energy use	-	\$0	\$3,500,000	\$0	\$0	\$0	\$3,500,000
3	DSHS/ESD - improve job search	0	\$1,140,874	\$20,800,000	\$0	\$3,862	\$0	\$21,940,874
4	CTS - convert to new long distance network	0	\$2,000,000	\$0	\$0	\$679,000	\$197,000	\$1,803,000
5	Enterprise Services - improve rental rates	0	\$0	\$1,600,000	\$0	\$0	\$800	\$1,599,200
6	Revenue - improve tax assessment review process	0	\$95,000	\$0	\$1,500,000	\$0	\$95,000	\$1,500,000
7	Labor & Industries - increase money recovered (claims overpayment)	0	\$0	\$0	\$1,360,000	\$24,800	\$0	\$1,360,000
8	OCIO - provide a statewide addressing application	0	\$1,600,000	\$0	\$0	\$300,000	\$250,000	\$1,350,000
9	Transportation - improve delivery of crash data	0	\$383,500	\$287,000	\$0	\$0	\$0	\$670,500
10	State Patrol - reduce rising mileage of agency's pursuit fleet	0	\$176,913	\$152,971	\$301,039	\$6,070	\$0	\$630,923
11	Corrections - improve Correctional Industries ops	0	\$0	\$325,381	\$0	\$33,711	\$0	\$325,381
12	L&I - eliminate paper long-distance phone records	0	\$303,672	\$0	\$0	\$32,000	\$0	\$303,672
13	Transportation - improve public disclosure request process	0	\$1,000	\$274,000	\$0	\$0	\$0	\$275,000
14	Administrative Hearings - improve hearing processing	0	\$39,440	\$150,000	\$0	\$62,273	\$0	\$189,440
15	Retirement Services - eliminate payroll office data requests	-	\$0	\$133,212	\$0	\$6,440	\$0	\$133,212
16	Gambling Commission - reduce commercial license renewal application form	722	\$70,088	\$0	\$0	\$7,632	\$0	\$70,088
17	Employment Security - improve claim filing process	-	\$75,877	\$0	\$0	\$0	\$0	\$75,877
18	Health - improve loan application process for drinking water revolving fund	-	\$40,000	\$0	\$0	\$0	\$0	\$40,000
Total Hours or Dollars		1,068,551	\$5,926,364	\$27,398,064	\$3,161,039	\$1,155,788	\$542,800	\$35,942,667

Appendix B: Detailed descriptions and benefit summaries for individual project examples

Department of Licensing (DOL): Reduce wait time at Licensing Offices

Summary

DOL used three key strategies to reduce lobby wait times in driver licensing offices (LSOs):

1. increasing online and mail-in transactions
2. using real-time data to manage resources
3. creating business partnerships with private driver training schools

Background

Nearly every state resident over 15 years old is a DOL customer who expects fast, high-quality service. In the past, increasing services and workloads caused DOL to struggle to keep wait times at a reasonable level. There were months when wait times reached an average of 40 minutes, resulting in poor customer satisfaction and low staff morale. With the state population growing, something needed to change or wait times would continue to soar.

DOL implemented three key strategies to reduce wait times:

- Enhanced online and mail-in transaction options – Customers now complete nearly one quarter of driver transactions online or by mail – with virtually NO wait time.
- Real-time data for daily management – LSO supervisors and district managers monitor real-time workload shifts and increased wait times and immediately respond by redistributing staff to nearby offices. This capacity allows DOL to balance workload between offices, thereby reducing average customer wait times.
- Business partnerships with private driver training schools – Drive tests are one of the most time-consuming LSO activities and a primary cause of long wait times. A law that took effect in 2012 now allows private driver training schools to offer both drive and knowledge testing for driver license applicants. Currently, 88 percent of drive tests occur through this new partnership.

Outcomes achieved

Each of our strategies contributed to a significant reduction in the average statewide wait time. Wait times are currently at an average of 7 to 15 minutes, and have been around 10 minutes for over a year now. Washingtonians in 2013 saved over a century of combined waiting time compared to 2012. Based on 2013 median hourly wage data, that time saved by customers is worth \$22.4 million. The key was working smarter so our focus was squarely on our core business objective: serving the customer. This has resulted in many benefits:

- **For the public:** The enhanced online and mail-in options have saved customers both time and money by eliminating trips to an LSO. Drive and knowledge testing at private driver training schools has improved customers' access to these services. When customers do need to come in to a LSO, they wait less than half the time they used to and receive higher quality service.
- **For employees:** Employees are happier with their job, as demonstrated by increased job satisfaction levels statewide.
- **For the agency:** The agency has benefited by improving its public image and avoiding future costs. Because of our frequent interactions with so many of our residents, the improved public image benefits all state agencies. DOL is avoiding future costs with greater capacity to provide additional services and to serve additional customers with existing staffing levels and facilities.

Optimized resources

These efforts allowed DOL to move staff from LSOs to our Driver Training School (DTS) program to provide additional auditing capacity. This is important to ensure we meet our regulatory and safety oversight responsibilities. It also helps ensure driver training schools are providing the level of service and consistency we expect and are remaining solvent and successful.

Next steps

DOL will continue to look for innovative ways to keep our office wait times down as our state's population continues to grow and we undertake new initiatives to improve public safety. We will find new ways to use performance data to allocate resources and look for opportunities to use Lean to improve our processes.

Department of Licensing (DOL)				
Reduce wait time at Licensing Offices				
<i>Project Timeframe: 2012-13</i>				
Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
<p>Decreased customers wait times by over 1 million hours (equating to over a century of wait time)</p> <p>On average, In-Office customer wait times were 17 minutes lower in 2013 than 2012</p> <p>92% of DOL's Licensing Service Office (LSO) customers were served within 30 minutes</p> <p>In-Office customer satisfaction levels steadily increased to 89% by 2012, this is a 15% improvement since the last solicited/promoted survey conducted in 2007</p> <p>795,000 customer trips to LSO's avoided since implementation of internet, mail-in and phone options</p>	<p>79% of employees rate their job satisfaction as high compared to 73.3% in the previous survey</p>	<p>Key strategies have reduced wait times; enabling licensing staff to assist in-office customers faster with existing staffing levels and facilities</p> <p>On average DOL has avoided adding three new licensing office staff each year for a total salary/benefit cost avoidance of \$175,500</p> <p>24% of DOL's driver transactions are conducted by internet and by mail</p>	<p>Cost Avoidance: \$175,500</p>	<p>An updated driver licensing system will be on-line in 2019, with the goal of modernizing the state's legacy system, improving online usability and reducing transaction and processing times</p> <p>Estimates for transaction time reductions will be available when the system is designed</p> <p>DOL will continue to look for innovative ways to keep office wait times down as our state's population continues to grow and we undertake new initiatives to improve public safety. We will find new ways to use performance data to allocate resources, and look for opportunities to use Lean to improve our services.</p>

Department of Social and Health Services (DSHS): Reduce energy consumption in owned and leased facilities

Summary

Through active engagement with the Washington State University (WSU) Extension Energy Program, the Department of Social and Health Services receives up-to-date information that helps the agency better manage its energy consumption at both owned and leased facilities. In calendar year 2013, this partnership helped DSHS avoid \$3.5 million in energy costs. Over the past 15 years, DSHS has implemented energy efficiency measures to achieve approximately \$20 million in cost avoidance savings. ***See Appendix 1 for detailed information on the cost model and associated graphs.***

Background

Focusing on the reduction of energy consumption across DSHS-owned and leased facilities is important because the agency has the responsibility for being a good steward of state resources – regardless of resource type. How DSHS manages its energy consumption has a direct impact on agency clients, staff, and assets. Whether someone lives or works in a DSHS facility, the agency’s approach to management of energy resources has a significant daily impact.

Major activities associated with the \$20 million in cost avoidance savings include:

- The employment of an in-house Resource Conservation Manager from 2008 to 2011, which enabled the agency to raise awareness of energy conservation, secure energy efficiency grants, and actively reduce consumer energy use.
- Energy Service Company (ESCO) projects implemented at most campuses. Examples include lighting upgrades, pump motor replacements, boiler controls, HVAC modifications, and implementation of decentralized heating at select facilities.
- Capital upgrades such as heat recovery in the Rainier School kitchen, laundry equipment replacement, and new pumps for boiler feed and condensate at Fircrest School.
- Closure of swimming pools at Rainier School and Fircrest School, which required large amounts of energy to heat, due to budget cuts associated with the last decade’s economic downturn.
- Elimination of 24/7 client residential services at two facilities – Maple Lane School and Frances Haddon Morgan Center.

This intensive energy tracking began with WSU in 2012 via a Department of Commerce grant. WSU has provided DSHS with detailed historic data as well as current information, which, moving forward, can help the agency make more targeted energy consumption reductions across DSHS facilities. It is important to note, however, that buildings on DSHS campuses are not individually metered for electricity or natural gas. This affects the granularity of data that can be obtained and used for targeted reduction efforts. However, this available data from WSU, along with the aforementioned efforts, enable DSHS to be a better energy consumer.

Outcomes achieved

In calendar year 2013, DSHS achieved a cost avoidance savings of approximately \$3.5 million. DSHS is trending toward decreased consumption suggesting energy use for 2014 and 2015 will continue to drop.

Examples of energy reduction efforts at DSHS-owned facilities include:

- An energy efficiency project is currently nearing completion at Lakeland Village, which historically used more energy per square foot than similar facilities. The estimated savings from this work is \$31,000 per calendar year.
- There are energy projects entering the construction phase at Echo Glen Children's Center, Fircrest School and Rainier School. Together these three facilities consume 34 percent of the agency's energy annually. The estimated annual (calendar year) savings from these projects are \$43,000 at Echo Glen Children's Center, \$164,000 at Fircrest School and \$135,000 at Rainier School.
- **For the public:** In addition to demonstrating DSHS's commitment to being a responsible steward of taxpayer dollars, these improvements help create a comfortable environment for both residential and non-residential DSHS clients.
- **For employees:** Improving the energy efficiency of our facilities has helped create comfortable work spaces for DSHS staff and has created a valuable educational opportunity on how staff can support energy efficiency measures.
- **For the agency/agencies:** These improvements are helping DSHS keep energy costs low over the long term. The agency is using energy consumption data that allows the agency to identify facilities where energy saving projects can be undertaken most effectively. The agency is also identifying energy efficiency opportunities as part of lease establishment and renewal. Committing to operating more efficiently demonstrates the agency's value of resources and dedication to preserving existing state assets.

Optimized resources

It is important to note that any savings achieved by DSHS efforts are generally related to cost avoidance. In the 10 years following energy efficiency project completion, operational savings are used to pay debt service of the Certificate of Participation used to finance the improvements. After that, any operational savings may be used for other program or facility initiatives supporting client services.

Next steps

DSHS will partner with WSU for resource conservation management services in fiscal years 2015 and 2016 to identify additional resource savings opportunities, improve building operations and efficiencies, and change wasteful behaviors. DSHS is also developing energy consumption guidelines, developing and launching an energy conservation awareness campaign, addressing energy efficiency issues at lease renewal, developing consistent tracking of energy use information, and adopting space use standards at owned facilities.

DSHS Appendix 1 - Cost Saving Model Explanation

Purpose

This model assists in illustrating the financial effects of performing energy efficiency and operational changes compared to doing nothing and maintaining the status quo at Department of Social and Health Services (DSHS) facilities.

Assumptions

- DSHS only used electricity and natural gas to heat and power all leased and owned buildings.
- DSHS has made energy efficiency improvements on leased and owned buildings between 1999 and 2013.
- WSU has not reviewed loan repayment and/or employee cost due to energy efficiency improvements.
- Statewide average fuel rates are used. While utility-to-utility rates vary, the use of a statewide average is an acceptable convention.

Methodology

WSU defined the total utility expenditure avoidance in the cost model as the difference between the predicted energy expenditures (PEE) and the actual energy expenditures. For calendar year 13, this difference showed a \$3.5 million savings of actual energy expenditures over predicted energy expenditures.

WSU used the data provided in the calendar year13 DSHS Greenhouse Gas (GHG) Emissions Report to define the PEE. Within the calendar year13 GHG Emissions Report, DSHS used a statewide average fuel rate for both electricity and natural gas provided by the United States Energy Information Agency (EIA) to calculate greenhouse gas emissions in reporting to the Department of Ecology.

Annual PEE is calculated by defining the electrical and natural gas consumption at any reference point and multiplying those values by the statewide average fuel rate.

WSU defined the reference point of 1998 since that is when the historical data supplied by DSHS started. WSU then calculated the amount of electricity (KWH) and natural gas (therms) consumed in 1998 (109,482,272 KWH and 5,836,177 therms).

$$\text{KWH} = \text{Annual Electrical Cost (\$)} / \text{Statewide average rate (\$/KWH)}$$

$$\text{Therms} = \text{Annual Natural Gas Cost (\$)} / \text{Statewide average rate (\$/therm)}$$

WSU used the annual statewide energy rates for each calendar year and multiplied the reference point energy data (KWH and therms) by the new yearly energy rates. This provides

the “do nothing” data points for each year (i.e. this calculation assumes that DSHS operates and maintains leased and owned facilities the same way from year to year).

Comparing the PEE for each year to the actual energy expenditures for each year as supplied by DSHS allows for charting of the “do nothing course of action” compared to the actual course.

How does the \$3.5 million savings in calendar year 13 fit into this model? Does this model project potential costs and savings for calendar years 14, 15, and beyond?

The model only looks at actual energy expenditures compared to predicted energy expenditures for the same point in time. While the model does not predict the future it does indicate that if there are no new energy efficiency or operational changes and the energy performance of the past remains stable, energy expenditures will increase and the long term cost avoidance will continue to grow. (Electricity has increased by 60% and natural gas by 6% overall from 1998-2013).

Relevant Energy Consumption metrics

Different DSHS facilities can be compared to each other. The most commonly accepted metric is energy consumption per square foot, also called energy use intensity (EUI). WSU is investigating alternative matrixes to include bed counts, property area (acres), number of buildings, etc. Ultimately a matrix that better fits DSHS may be out there, but that will take further research.

Department of Social & Health Services (DSHS)				
Reduce energy consumption in owned and leased facilities				
<i>Project Timeframe: January 2013 – December 2013</i>				
Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
<p>\$3.5 million cost avoidance savings in calendar year 2013</p> <p>Operational savings achieved in the 10 years following the energy efficiency project completion will be used to pay debt service of the Certificate of Participation used to finance the energy efficiency improvements</p>	<p>Approximately fifty DSHS staff members have received informal energy education through involvement in Energy Service Company (ESCO) audits and lease negotiations</p>	<p>Some examples of the approximate annual dollar savings at DSHS-owned facilities include:</p> <ul style="list-style-type: none"> • Lakeland Village, \$31,000 • Echo Glen Children’s Center, \$43,000 • Fircrest School, \$164,000 • Rainier School, \$135,000 	<p>Cost avoidance: \$3.5 million</p>	<p>DSHS will partner with WSU for Resource Conservation Management services in fiscal year 2015 and 2016 to identify additional resource savings opportunities, improve building operations and efficiencies, and change wasteful behaviors</p> <p>DSHS is developing formal energy consumption guidelines, developing and launching an energy conservation awareness campaign, addressing energy efficiency issues at lease renewal, developing consistent tracking of energy use information, and adopting space use standards at owned facilities</p>

Department of Social & Health Services (DSHS) and Employment Security Department (ESD): Improve WorkFirst client participation in job search activities

Summary

The Department of Social and Health Services (DSHS) and the Employment Security Department (ESD) are working to increase successful job searches by WorkFirst clients. Early results show improved participation in job search activities. As a result of this improvement work, Washington State is anticipated to avoid an estimated \$20.8 million in potential federal penalties.

Background

Two key factors set the stage for the WorkFirst Lean project. The first was that DSHS data indicates that Washington State did not meet federal work participation rate targets in federal fiscal year 2012 and anticipated missing the targets again the following year.

Secondly, data reports indicated that WorkFirst clients were not succeeding in their activities. CSD and ESD work together to provide a Job Search program for Temporary Assistance for Needy Families (TANF) WorkFirst participants. Between June 2012 and May 2013, only 18.3 percent of those in job search met the Federal Participation Rate target. Further, in calendar year 2012, 12,100 participants were referred back to DSHS from ESD without successfully completing the program or finding a job. When these clients were referred back it often began a cycle of movement back and forth between ESD and DSHS which we call job search churn.

In response, the Community Services Division (CSD) worked with Employment Security to come up with ways to improve participation in job searches and in activities that would lead to unsubsidized employment.

Outcomes achieved

- **For the public:** As a result of the increased participation rate for all families, Washington anticipates avoiding \$20.8 million in estimated federal financial penalties.
- **For employees:** This improvement work was an opportunity for professional development as leaders and change agents. The team implemented 16 improvements, including the production of a “celebrate success” video (inspirational clips of former clients who successfully completed the WorkFirst program) to show in Community Service Office lobbies to encourage and motivate clients.
- **For the agency/agencies:**
 - As of August 2014, Washington’s federal participation rate for all families has increased by 24.8% and the participation rate for two-parent families has increased by 45% (when compared to the federal fiscal year 2013 estimated All Family and Two-Parent rates).
 - Job search churn rate has decreased:

- The percentage of clients referred back from ESD to CSD without successful job search completion has decreased from 51% in 2012 to 39% in the first half of 2014.
- Clients who successfully completed job search without being referred back to DSHS increased from 30% to 37%.
- Clients in ESD job search who got a job increased from 21.6% to 24.4%.
- In addition, we estimate that staff time savings and reduced grant expenditures resulted in a savings of \$1.14 million.

Optimized resources

Reductions in churn rate clients are referred back to DSHS from ESA allows the equivalent of about 2.18 ESD staff to be more available to the clients they are helping find employment and better connect with CSD colleagues to ensure successful transition of clients from referral to engagement in job search activities. This increased staff availability also helps improve employment outcomes for clients. On the CSD side, the reduced churn allows the equivalent of about 1.82 staff each month to meet demands of increasing case management required to implement new and/or changing WorkFirst Program components such as a revised and more comprehensive evaluations and processing child care.

Increased employment also leads to greater rates of exit from TANF and reduced expenditures for TANF grants. Savings in TANF grant expenditures free up resources to maintain services vulnerable to budget cuts, to restore previously cut services, and/or to invest in new evidence-based or promising practices that will help more TANF families succeed. This progress is needed since while we met the larger “All Family” federal target, we still are not meeting the “Two Parent” target. The cumulative penalty related to this shortfall is currently up to \$5.2 million.

Next steps

CSD will continue to evaluate the impacts of changes we make as a result of this project and seek future process improvements using knowledge that we have gained along the way.

Department of Social & Health Services (DSHS) and Employment Security Department (ESD)

Improve WorkFirst client participation in job search activities

Project Timeframe: December 2013 – April 2014

Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
<p>110 more clients each month are ready for job search training and services</p> <p>142 more client per month now have jobs, a 2.8% increase</p> <p>\$848,000/year fewer dollars were spent on subsistence grants since more clients have obtained jobs</p> <p>\$20.8 million in avoided federal penalty costs since federal job participation rates were met</p>	<p>20 employees and managers trained and participated in project</p>	<p>Between these two state agencies, process efficiencies have cumulatively freed up the equivalent of 4 FTE</p> <p>Process efficiencies have enabled staff to attend to additional work requirements added without additional FTEs, such as the new Comprehensive Evaluation, which alone would require adding 11.75 staff</p>	<p>Savings: \$1,140,874</p> <p>Cost avoidance: \$20.8 million</p> <p>Implementation costs: \$3,862 (one-time)</p>	<p>Additional action items from this event are still being implemented and evaluated</p> <p>Some require IT system changes</p>

Consolidated Technology Services (CTS): Convert the state's 30-year-old long distance network (SCAN) to a new and more economical service, Switched Long Distance (SLD)

Summary

Beginning in fiscal year 2012, a team of seven employees at Consolidated Technology Services (CTS) worked to convert the state's 30-year-old long distance system, known as SCAN, to an easier-to-use and more economical service called Switch Long Distance.

The reduced rates are expected to save state, local, and tribal agencies using the system a total of \$2.3 million annually compared to the base year of fiscal year 2012.

Background

The CTS team recognized that moving to contracted switched long distance service would save our customers money and make long distance calling easier.

The seven primary staff members responsible for this project worked with a diverse customer base of 75,000 users across 359 customer agencies, including state, tribal, city, county, school districts, and non-profit entities.

The team worked with a long distance service provider to test and implement new functionality within the vendor's network along with developing security and administrative controls necessary to manage the service.

They also implemented and tested new leading edge routing and networking technology within state government's telephone system that provided an expanded free calling area. This work expanded the free calling area allowing state employees who use CTS telephone services to make most in-state long distance calls without incurring long-distance charges.

The service has been implemented in a way that allowed both the new and old systems to operate concurrently to avoid any business impact as individual sites were tested and transitioned to the new service. The conversion to Switch Long Distance was completed in June 2014.

Outcomes achieved

- On average, costs for all customers are reduced by about \$0.015 per minute.
- The reduced rates are expected to save state, local, and tribal agencies using the system a total of \$2.3 million annually compared to the base year of fiscal year 2012.
- Long distance dialing is quicker, since most calls no longer require the caller to type in an authorization code.

Optimized resources

CTS passes on the reduced costs directly to customers.

Next steps

CTS will continue to monitor advancements in long distance technology to evolve its long distance services to the most current, secure, and reliable.

Consolidated Technology Services (CTS)				
Convert the state's 30-year-old long distance network (SCAN) to a new and more economical service, Switched Long Distance (SLD)				
<i>Project Timeframe: June 2012 – June 2014</i>				
Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
<p>Ongoing reduction for CTS customers in costs of long distance phone calls of \$300,000 to local, municipal and, tribal customers compared to the base year of fiscal year 2012</p> <p>Cost of long distance calling reduced by about \$0.015 per minute</p> <p>199 local, municipal and, tribal customers incur the same rate reductions; their actual cost impact depends on their utilization</p>	<p>Increased ease of long distance dialing in area codes 206, 253, 425, 509 (Spokane and Yakima), 360 (Vancouver and Olympia) for state employees</p> <p>The system will automatically redirect long distance calls to no-toll calling in these area codes</p>	<p>CTS has moved to a contracted service and eliminated the need for CTS-owned equipment and leased space</p>	<p>Savings: 160 state agencies will realize \$2 million in reduced long distance costs compared to base year fiscal year 2012</p> <p>Implementation costs:</p> <ul style="list-style-type: none"> • \$679,000 (one-time cost) • \$197,000 (on-going cost to maintain switched long distance service) 	<p>Savings are passed on to customers through reduced rates</p> <p>The Switch Long Distance Service was fully implemented as of July 1, 2014</p> <p>Over 25,000 phone lines were converted</p> <p>Continue to monitor advancements in long distance technology to enhance long distance services to the most current, secure, and reliable</p>

Department of Enterprise Services (DES): Reduce backlog of leases requiring renewals that have expired or will soon expire

Summary

By applying Lean concepts to the state's lease renewal process, the Department of Enterprise Services (DES) sharply reduced a large backlog of expired or soon-to-expire lease renewals. This gave DES a stronger position to negotiate leases on behalf of state agencies. This improvement is helping agencies avoid more than \$8 million in lease costs over the next five years, or an average of \$1.6 million annually.

Background

In fiscal year 2012, an estimated 20 percent of the lease renewals managed by DES were not renewed until after they expired. In December 2012, the department had a backlog of 127 leases that had expired or were set to expire within six months. Historically, DES lease renewals occurred every five years and included a 10 to 15 percent increase over previous rates. This was due primarily to a poor lease negotiating position and a reactive approach to lease management. The lease renewal program struggled because it lacked adequate systems for collecting and analyzing data, compounded by a lack of access to industry-wide lease rate data to support negotiations.

In response, a DES team created a proactive Lean approach that standardized the lease renewal process. A temporary manual tracking system was developed to manage more than 500 annual lease projects until a more modern tracking system can be procured. In early 2013, DES acquired access to Costar, a third-party data provider, to better understand changes in office markets. This information boosted the department's ability to negotiate better terms for lease renewals.

With this approach, DES reduced its lease renewal backlog from 127 to 23 – an 82 percent reduction – within the first year and 100 percent in the second. The department also used its stronger negotiating position and access to crucial market data to negotiate leases for agencies at or below market rates. From July 2013 through October 2014, DES has helped agencies avoid more than \$8 million in net lease costs over the next five years.

Outcomes achieved

- **For the public:** Better use of taxpayer dollars in the near term and the future, enabling state agencies to avoid escalating lease costs and focus scarce public resources on their critical primary missions.
- **For employees:** A renewed sense of pride and respect by delivering innovative, responsive, cost-effective and integrated solutions and services to customers.
- **For the agencies:** Cost avoidance by helping agencies avoid more than \$8 million in lease costs over the next five years.

Optimized resources

Avoiding unnecessary lease costs helps agencies repurpose capital for other activities that are critical to their primary missions. In addition, DES is acquiring a lease tracking system to replace a cumbersome manual system. This will free DES resources, affording the department an opportunity to focus on additional value-added and cost-savings initiatives.

Next steps

As a result of these successes, more agencies are seeking DES support and guidance for their real estate transactions. DES also is applying lessons learned to create a new lease solicitation process. They anticipate similar favorable results in cost avoidance for client agencies. The department will continue accelerating its pursuit of cutting-edge practices to save taxpayers money.

Department of Enterprise Services (DES)

Reduce backlog of leases requiring renewal that have expired or will soon expire

Project Timeframe: Phase 1: December 2012 – December 2013, reduce lease backlog; Phase 2: January – October 2014, negotiate favorable state lease rates

Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
Over the 5 year period (2013-18 & 2014-19), \$8 million avoided in state agency lease costs	This improvement effort was led by the DES real estate services team lead with cross-agency representation from the Office of Financial Management, the Attorney General's Office, Employment Security Department, and Department of Social & Health Services	<p>Reduced the backlog of leases expired or expiring within 6 months by 82% from 127 to 23 as of December 2013</p> <p>This improved the state's ability to negotiate lease renewals at or below market rate</p>	<p>Cost avoidance: \$1.6 million per year over the 5 year lease terms</p> <p>Implementation costs: \$800 (on-going)</p>	Similar process improvements are being applied to the new lease negotiation process, producing additional cost avoidance during the next five year lease terms

Department of Revenue (DOR): Reduce the number of days a tax assessment is in the review process

Summary

The Department of Revenue's Compliance Review and Recovery Team (CRRT) improved the tax assessment review process, resulting in assessments being issued an average of 45 days faster.

Background

The Compliance Division has 40 tax discovery staff in 10 offices statewide. Tax discovery agents identify unpaid taxes and bill taxpayers for amounts due. The department's review of these assessments was inconsistent, with no process in place to ensure timely communication to field office staff to avoid repeating the same errors.

Field staff also did not have a clear understanding of how the review process worked. The process required multiple reviews, often with differing results, which increased the number of days it took to issue an assessment and ultimately collect the tax revenue. This created frustration for field staff, excessive re-work and greater potential for errors.

To resolve these issues, the department's Compliance Review and Recovery Team revamped the review process to make it more consistent and minimize back and forth work between the team and agents in the field. The team formalized definitions and the process for reporting corrections.

The unit also implemented smarter ways to work. One example is the implementation of the "15 minute rule" – if there is an issue with an assessment that takes less than 15 minutes to correct, the team member will do the correction rather than send it back to the agent in the field. This has dramatically reduced the rework and turnaround time.

The team also created cross-training opportunities at each level of review, resulting in more transparency and a smoother process, even during a staff absence.

Outcomes achieved

For the public:

- Increased taxpayer satisfaction through assessments that are more consistent, accurate and timely. This year's Taxpayer Satisfaction Survey indicated 92% of taxpayers surveyed were satisfied with the service they receive from the department.
- Increased annual revenues to the state to fund essential state services:
 - On average, payments received 45 days faster, resulting in an average annual revenue benefit to the state of approximately \$744,000 in additional interest.
 - These changes have allowed the department to repurpose 1.5 FTEs to revenue-generating activities, resulting in an estimated increase to the state general fund of \$750,000.

For employees:

- Employees across the division have expressed their increased satisfaction from a reduction in the number of hand-offs, rework loops and total review steps. The process is also more transparent to staff across the division.

For the agency:

- Tax discovery assessments are issued faster.
- Employees have “bought into” Lean principles and constantly focus on process improvement.
- Repurposing 1.5 FTEs to revenue-generating activities helps support the agency’s mission.

Optimized resources

- Assessments are issued on average 45 days faster.
- 1.5 FTEs have moved into revenue-generating activities.

Next steps

- The project is complete, but staff track progress on a monthly basis.
- We will share lessons learned and best practices with other teams.
- We will look for opportunities to measure increases in taxpayer and employee satisfaction through surveys.

Department of Revenue (DOR)

Reduce the number of days a tax assessment is in the review process

Project Timeframe: December 2013 – October 2014

Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
<p>Tax assessments are issued on average 45 days or 86% faster</p> <p>\$1.5 million more in revenue is available to fund essential state services</p>	<p>Process improvements have increased staff satisfaction through:</p> <ul style="list-style-type: none"> • A 50% reduction in hand-offs • A 75% reduction in re-work loops • A 71% reduction in total steps in the review process 	<p>Process improvements have enabled the Compliance Division to repurpose 1.5 staff to revenue generating activities, producing an additional \$750,000</p> <p>Assessments paid 45 days faster, resulting in \$744,000 in additional interest revenue</p>	<p>Savings: \$95,000</p> <p>Revenue generated: \$1.5 million</p> <p>Implementation costs: \$95,000 (on-going)</p>	<p>1.5 FTEs have been repurposed in the Compliance Division</p> <p>Project is complete</p>

Department of Labor & Industries (L&I): Increase money recovered from customers who were overpaid

Summary

The Department of Labor & Industries' struggled during fiscal years 2011 through 2013 to hit its \$6 million-a-year target for collecting overpayments made to injured workers. To fix the problem, the overpayment recovery team used Lean tools to improve its business processes. Recoveries climbed 28 percent in the first year of changes - July 2013 to June 2014 - growing from \$4.8 million to \$6.2 million.

Background

Washington's businesses and workers expect L&I to keep workers' compensation premiums affordable. Business owners have said the agency needs to run efficiently and reduce system inefficiencies before resorting to premium increases.

L&I runs several programs aimed at controlling workers' compensation costs. This includes the overpayment recovery program, which specializes in auditing overpayments made to customers. For instance, when a doctor releases an injured worker to work, L&I pays more time-loss than required while it waits to receive and review information from the doctor. Once the doctor's information is reviewed, the agency then recovers the excess time-loss paid. To increase recoveries, the team used Lean tools to study and improve its processes. By creating uniform work standards and focusing on larger overpayments, the team increased recoveries by 28 percent (\$1.36 million) the first year.

Outcomes achieved

- Increased overpayment recoveries help to reduce the pressure to increase workers' compensation premiums, which benefits both employers and workers.
- L&I's overpayment recovery team is achieving better results.
- The way employees are doing their work is more organized.
- Employees are now working cases with higher dollar amounts.

Next steps

L&I's overpayment recovery team continues to find efficiencies to achieve better results. Its goal is to maintain recoveries at \$6 million a year. In addition, the department has gained valuable experience that it will use to improve other cost-control programs. The department is also improving its technology for automatically reading doctors' release to work forms, so overpayments are prevented.

Department of Labor & Industries (L&I)				
Increase money recovered from customers who were overpaid				
<i>Project Timeframe: May 2013 – July 2014</i>				
Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
\$1.36 million increase in collecting overpayments, which reduces workers' compensation costs		Overpayment recoveries increased 28%, from \$4.8 million a year to \$6.2 million a year	Revenue generated: \$1.36 million Implementation costs: \$24,800 (one-time)	Implementing new technology that provides more timely notification of when the medical community has authorized a 'return to work' for a worker receiving worker's compensation

Office of the Chief Information Officer (OCIO): Provide a single statewide enterprise addressing application, Washington Master Addressing Services (WAMAS), to improve the timeliness and accuracy of state service delivery for citizens

Summary

The Office of Chief Information Officer (OCIO) is developing a single, state address database and services so government can provide better and faster state and local governmental services (i.e., educational, emergency response, public safety, licensing, health, recreation, and social services) to Washingtonians. This effort combines the best data into a single, consistent, enterprise application that's maintained and improved over time. This improvement is projected to save the fifteen project participating agencies in excess of \$600,000 in annual on-going costs and \$1 million in one-time costs.

Background

Prior to this single database approach, state agencies developed and maintained their own lists of Washingtonian's addresses and building coordinates, leading to redundant and conflicting information, as well as frequent addressing errors. It also led to different agencies buying the same data from the same vendors and duplicating staff work to process the same addresses. There have been many instances where these incorrect addresses have been detrimental to citizens and businesses.

With the new database and services, state and local government can run their address files through this service to obtain an accurate set of addresses and associated locations that are consistent and up-to-date. The system can also standardize addresses and convert text addresses to geographical locations, as well as pull lists of addresses or other attributes based on geographic location. The services are in use on the Legislative Services web application used to contact state senators and representatives.

Starting July 1, 2015, Department of Enterprise Services will undertake the ongoing maintenance and operations of this enterprise service, with state agencies paying a nominal fee for its use.

Outcomes achieved

Some of the outcomes from this new database include:

- **For the public:** The Master Address File database will help state agencies provide better, faster and more consistent services for citizens by providing locational address data for emergency response, public safety, education, and health and human services.
- **For employees:** Employees who previously spent time collecting, correcting and geocoding address data can now focus their knowledge, skills and abilities on other critical services.
- **For state agencies, tribes and local government users:** The ability to have a single place to jointly maintain and improve the accuracy of addresses and their associated locations

means the burden and costs are shared across the community and all users benefit from the work.

Optimized resources

Agencies can redirect their existing expenditures on third-party vendor addressing services and software to cover the cost of WAMAS. Benefits and cost savings outlined in the *Lean Summary* are conservative estimates. This is driven home by the fact that:

- 30 percent of all addresses processed through vendor software cannot be properly processed due to formatting errors and need some sort of human intervention to correct.
- 20 percent to 30 percent of all addresses processed through vendor software are not properly located on a map. Accuracy is an issue that plagues both government and the private sector and is the most expensive part of any addressing service.

Next steps

The WAMAS services are presently in development but are available for agency use now.

- Of the 15 project participating agencies, six are actively using the services now.
- Addresses from 1 tribe, 4 counties and 1 city have been tested and loaded into the Master Address File and more are slated to be loaded in the next 6 months.
- Tools to improve an addresses location are being developed and will be made available for use at all levels of government.

Definitions

Washington Master Addressing Services (WAMAS): A set of web based services, tools and backend database that enable agencies to automatically obtain consistent and accurate information about a physical site address in Washington

Master Addressing File (MAF): The database where the complete and accurate physical site address information is stored.

Office of the Chief Information Officer (OCIO)

Provide a single statewide enterprise addressing application, Washington Master Addressing Services (WAMAS), to improve the timeliness and accuracy of state service delivery for citizens

Project Timeframe: July 2014 – June 2015

Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
<p>Reinvests in excess of \$1.6 million dollars back into state services by improving emergency response, public safety, recreational, educational, and health and human services</p> <p>6 state agencies have recognized the value by subscribing to this new service</p> <p>By June 2015 date, another 6 agencies are estimated to use this service</p> <p>6 local governments are currently providing their data to populate the master address file</p> <p>By June 2015 date, another 12 local governments are estimated to provide their address-related data</p>	<p>Increases employees' productivity since the application uses a single Master Address File (MAF) that's maintained and improved over time -- in one (1) application, by all users</p>	<p>State agencies will be able to access a single database application to obtain addresses and geocoded information to provide important state services to their clients</p>	<p>Savings (on-going): in excess of \$600,000</p> <p>Savings (one-time): in excess of \$1 million</p> <p>Implementation costs for all of state government:</p> <ul style="list-style-type: none"> • One-time cost to fully implement: \$300,000 • Annual on-going cost to maintain & improve: \$250,000 	<p>State agencies will repurpose on-going savings to pay Department of Enterprise Services to provide this enterprise service</p> <p>On September 1, 2015, WAMAS will be ready to support critical business functions</p>

Washington State Department of Transportation (WSDOT): Improve delivery of crash data

Summary

The Washington State Department of Transportation (WSDOT), faced with an 8.5 month backlog of crash report data, streamlined and standardized the work flow to reduce handoffs and eliminate the backlog. The average number of reports processed daily rose from 236 to 541. These improvements made it unnecessary to add four additional staff to handle the backlog, which avoided \$287,000 in costs. In addition, four existing positions (\$383,500 per year) were repurposed to other parts of WSDOT to fill other resource gaps.

Background

Each year WSDOT receives more than 100,000 collision reports from statewide law enforcement agencies. Many data customers, including law enforcement, the media, attorneys, analysts, the Legislature and researchers, use this information to investigate roadway safety performance. Most of these requests require that the data be provided in different formats and with different levels of detail.

The past decade has seen significant changes in the technology to input and manage crash data, and has also been affected by new legislation, staffing changes and reductions, and changes in data content and business rules. By June 2012, these changes had resulted in an 8.5 month backlog of data waiting to be entered into the system, meaning that it was 8.5 months from when the collision record was supplied to WSDOT until it was fully analyzed and available to data customers. WSDOT projected that the processing delay would hit 11 months by the end of 2012. The backlog was preventing other state agencies that use the data to perform their business functions from meeting their statutory requirements.

Outcomes achieved

- **For the public:** Crash data is now available an average of 17 days from the time of the crash. This meets all customers' statutory requirements for receiving the data.
- **For employees:** Employees no longer feel the stress of a backlog and through Lean have streamlined their processes, standardized coding methodologies and created a process to deal with issues in a timely and consistent way.
- **For the agency/agencies:** WSDOT and local jurisdictions can now address crash locations and the crash contributing circumstances more efficiently and increase collections of third party damages. Department of Licensing can update driver records and process driver responsibility cases within their statutory guidelines. The Heath Care Authority has reported an increase in cost recovery before insurance cases are settled.

Optimized resources

WSDOT was considering requesting four additional FTEs (\$287,000 per year) to handle the growing backlog, but because of the Lean project, these positions were not needed resulting in

a cost avoidance. In addition, four current FTEs (\$383,500 per year) were repurposed to other parts of WSDOT to fill other resource gaps.

Next steps

WSDOT is applying Lean methodologies to its data reporting section. This work identified the need for standardized data extracts and improved data query tools to assist data customers in acquiring crash data.

Washington State Department of Transportation (WSDOT)

Improve delivery of crash data

Project Timeframe: June 2012 – June 2014

Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
<p>Increased crash data's availability to customers from an average wait time of 8.5 months to an average of 17 days</p> <p>Department of Licensing is now able to update driver records within the required 90 days</p>	<p>Streamlined the work flow process from a 3 step to a 1 step process</p>	<p>Increased the timeliness of crash reports from an average of 255 days to 17 days (from the time of the crash)</p> <p>Decreased the average unit cost to process a collision report from \$8.22 to \$2.74</p> <p>Avoided the need to hire four (4) new staff to handle increased workload</p>	<p>Savings: \$383,500</p> <p>Cost avoidance: \$287,000</p>	<p>Additional opportunities include standardizing data extracts and improving data query tools to assist data customers in acquiring crash data</p>

Washington State Patrol (WSP): Reduce the rising mileage of the agency's pursuit fleet

Summary

Starting in 2011, the Washington State Patrol (WSP) has implemented numerous Lean process improvements to speed up the time it takes to equip pursuit vehicles and reduce the rising mileage of its pursuit vehicle fleet. Those measures continue today. As a result, the average turn-in mileage has decreased by 27% and the number of pursuit vehicles in excess of the agency's goal of 110,000 miles has dropped from 200 to zero.

Additionally, these changes have resulted in reduced maintenance costs and increased sales of surplus vehicles, which allow for more vehicle purchases without the need for additional funding. WSP estimates that in 2014 these improvements saved \$152,971 in maintenance costs and helped generate \$626,888 in surplus vehicle sales.

Background

In 2011, the WSP recognized the mileage of its pursuit fleet was rising, largely due to the time it takes to equip vehicles with emergency lights, radios, wiring, seats and other modifications. The aging vehicle fleet adversely affected maintenance costs, reliability and resale value of those vehicles. At that time, the agency was only able to equip an average of 12.8 cars per month and at that rate, the trend could not be reversed. An evaluation of the entire equipping/issuing process had to occur.

In August, 2011, The Boeing Company helped to facilitate a Lean workshop involving WSP personnel. The team identified more than 50 process improvements. Efficiencies were realized through standardization of the vehicle platform, the tools used and how work areas were organized. Parts were stored near assembly bays and pre-stocked carts prepared for the installation teams. Additional measures were taken with vendors allowing for the fabrication of wire harnesses, mounting brackets and seat inserts. With each improvement, build times were reduced and production increased.

Outcomes achieved

- **For the public:** With less down time required to repair high mileage vehicles, troopers are able to increase their traffic enforcement efforts with the goal of reducing fatality and serious injury collisions. This is increasingly important given the high trooper vacancy rate currently impacting field operations.
- **For employees:** The reduction in mileage has increased trooper confidence in both the reliability and safety of the vehicles they drive. In addition, morale has been bolstered with a standardized, state-of-the-art platform that meets the agency's operational needs.
- **For the agency:** Installation efficiencies have resulted in the production of more vehicles, even with vacant installer positions at times, as well as a reduction in the turn-in mileage of the agency's pursuit fleet. High cost repairs have declined, as have the annual costs associated with maintenance. These same efficiencies have allowed for greater attention to

the surplus sale of used vehicles. Proceeds have tripled since 2011 and are returned to the Fleet account, which allows for the purchase of more vehicles without additional funding.

Optimized resources

As Lean processes were incorporated, installation times continued to decline and allowed for the repurposing of work assignments. Prior to the new practices, preparing vehicles for surplus had all but been abandoned. This was problematic, as for every new vehicle going out the door; a high mileage car was coming in. These vehicles needed to be stripped of all police equipment before being sold through state surplus.

Because of the efficiencies realized, it became possible to assign a portion of an employee's time to stripping vehicles for surplus sale. The number of cars prepared for surplus increased dramatically and the time they waited on the lot was reduced. The latter point was important, as the longer the vehicles sat, the less valuable the vehicles were. As a result, the WSP realized more surplus dollars in 2014 than the previous two years combined.

Next steps

The adoption of the Lean philosophy will continue as it relates to the WSP's fleet. Innovations and ideas that further reduce build times, or at least keep them at optimum levels, are encouraged and discussed at weekly installation meetings. Goals are realistic, visible to staff and regularly reviewed. It is anticipated that all pursuit vehicles will remain at or below 110,000 miles during the 2015 calendar year.

Furthermore, it's important to measure trooper satisfaction related to the vehicles they drive. In January 2015, the agency will conduct a survey to capture this information. Comments will be reviewed and improvements made where possible. In addition, a second value stream mapping session will be conducted by December 2015. It's important to continuously review the process, eliminate waste and identify improvements.

Washington State Patrol (WSP)				
Reduce the rising mileage of the agency's pursuit fleet				
<i>Project Timeframe: August 2011 – September 2014</i>				
Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
<p>\$454K realized as a result of reduced maintenance costs (\$153K) and an increase of surplus sales (\$301K)</p> <p>This allows for more vehicle purchases without the need of an additional funding request</p> <p>Decreased need for vehicle maintenance has contributed to more trooper time on the highway, thus contributing to a decrease in both fatality and serious injury accidents</p>	<p>A survey will be initiated to measure the troopers' satisfaction</p> <p>Results are not available at this time</p>	<p>Vehicle turn-in mileage reduced from 149,708 to 110,000</p> <p>Number of vehicles over 110,000 miles decreased from 200 to 0</p> <p>Vehicles equipped annually increased from 154 to 365</p> <p>Annual surplus dollars received increased from \$153,991 to \$626,888</p> <p>Monthly maintenance costs decreased from \$252,992 to \$240,200</p>	<p>Savings: \$176,913 (staff costs to equip vehicles)</p> <p>Cost avoidance: \$152,971 from maintenance savings (redirected to equipping and surplus more vehicles)</p> <p>Revenue generated net gain: \$301,039 (sale of vehicles less cost to strip vehicles)</p> <p>Implementation costs: \$6,070 (one-time)</p>	<p>Ensure that all Field Operations Bureau trooper vehicles are at or below 110,000 miles</p> <p>In January, 2015, complete a troopers' satisfaction survey related to the pursuit vehicle platform</p> <p>By the end of December 2015, conduct a follow-up value stream mapping session related to the equipping process</p>

Department of Corrections (DOC): Consolidate Correctional Industries (CI) textile operations, materials management, and distribution from four distribution locations to one distribution location

Summary

The Department of Corrections' (DOC) Correctional Industries (CI) consolidated textiles operations and made improvements to how raw materials are stored and distributed. As a result, CI is in a better negotiating position with vendors, saving \$250,000 annually to be redirected back into CI offender programs. Inventory storage has been reduced 16 percent, and the time from order to delivery has been cut 25 percent. Ultimately, these changes have resulted in \$328,282 in cost avoidance to CI's non-appropriated revolving fund.

Background

CI, a division of the DOC, produces a wide variety of products, including offender clothing, safety gear and linens in our textiles line of business.

CI businesses produce quality goods and services and provide offenders with job experience. This develops a positive work ethic and an opportunity for offenders to succeed once they are released. These work opportunities provide the means for them to pay court-ordered financial obligations, victim restitution, a portion of the costs of incarceration, help support their families, and build a mandatory savings account. Offender work programs are also an important element in managing a safe, efficient correctional system, reducing idleness, decreasing anxiety, and giving offenders an opportunity to be productive and receive job training and marketable skills.

In the past, CI stocked a large amount of textiles raw materials and finished goods at multiple production and distribution sites to fulfill customer orders. There were long lead times for production, excessive transportation runs, lost orders, and multiple handoffs, and converting data from Microsoft Dynamics GP (DGP) to Excel and Access then back to DGP resulting in delayed deliveries to customers, incorrect orders, lost paperwork and defects.

Earlier this year, four prison distribution locations were consolidated into one prison facility to centrally manage delivery and material distribution. Material deliveries are based on demand triggered by customer orders. A series of colored totes has replaced the need for shipping material and finished goods in cardboard boxes, resulting in a savings of \$12,617 in cardboard costs.

Centralized purchasing allows one CI full-time equivalent (FTE), rather than four FTEs, to manage vendor relations and increase purchasing power, while storing and distributing raw materials to the production sites as needed per order.

The increase in purchasing power saves an estimated \$250,000 annually. This is achieved by negotiating better purchasing prices with our vendors, based on the same quantities being purchased, but being funneled through one location on a consistent basis.

With smaller, more frequent orders, CI was also able to increase accuracy, which increased customer satisfaction. These improvements led to a 93 percent improvement in customer error rates, based on an average of 1,650 orders per month.

With 97 percent of all incarcerated offenders returning to local communities, CI plays an important role in their transition. With the money from their savings, job skills and experience gained from CI, the offenders have a greater chance of finding and keeping a job. This enables them to work toward a better life for themselves, their families, and their communities. Purchases from CI lower the costs associated with operating the state's criminal justice system and provide offenders with a chance to change their lives by providing opportunities.

CI's programs are in-line with Results Washington's goal four to provide healthy and safe communities by reducing recidivism and increasing offender employment. According to research, offenders who participate in correctional education programs are 43 percent less likely to return to prison than those who do not.¹ The latest figures show that 40 percent of offenders releasing from prison with CI (Class II) work experience are employed within the first 180 days. During the same time period, offenders that release with only Class III and IV job records, which do not provide documented and certified work experience, are able to find gainful employment at a rate of only 30 percent.²

Optimized resources

In addition to a cost avoidance of \$250,000 in materials costs annually, these changes allowed CI to reduce the on-hand inventory at each of the production sites by 16 percent, given raw materials are now driven by and sent based specifically on lead times and customer orders.

Savings from this Lean efficiency improvement has been and will be reinvested focusing on offender programs, research and development, and reducing the tax burden to Washingtonians.

Next steps

Over the next six months CI will continue lowering inventory levels to include reducing the need of safety stock in the production operations, and work with vendors and customers to reduce lead times and order size, while increasing order frequency and quality. This will allow CI to purchase, produce and ship "just in time."

¹ Davis, L.M., Bozick, R., Steele, J.L., Saunders, J., J.N.V., (2013). Evaluation of the effectiveness of correctional education: meta-analysis of programs that provide education to incarcerated adults. Washington, DC: Rand Corporation.

² Employment post release reflects whether any employment was reported to Department of Employment Security (ESD) for the first full quarter after the release from prison.

Department of Corrections (DOC)				
Consolidate Correctional Industries (CI) textile operations, materials management, and distribution from four distribution locations to one distribution location				
<i>Project Timeframe: July – October 2014</i>				
Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
<p>Improved turnaround of order (customer receipt of order to delivery) from 24 days to 18 days = 25% improvement</p> <p>Reduced customer order error rate from 15 per month to one (per month)</p>	<p>11 CI managers and staff and 16 offenders participated in this project receiving training in lean management tools and techniques</p>	<p>Increased purchasing power with vendors resulting in an average annual savings of \$250,000</p> <p>Inventory turns from three to six times per year</p> <p>Reduced inventories by 16% or approximately \$103,000</p> <p>Reduced cardboard waste by 98% or \$12,617</p>	<p>Cost avoidance: \$328,282</p> <p>Implementation costs: \$33,711 (one-time)</p>	<p>Over the next six months CI will continue lowering inventory levels to include reducing the need of safety stock in the production operations</p> <p>Work with vendors and customers to reduce lead times and order size, while increasing order frequency and quality, allowing CI to purchase, produce and ship “just in time”</p>

Department of Labor & Industries (L&I): Decrease labor costs of distributing, filing and storing long-distance phone records

Summary

For years, Labor & Industries' has maintained an expensive process of distributing paper copies of phone records throughout its 24 offices so supervisors could audit employees' use of long-distance phone services. A team used Lean problem-solving to study and streamline the process, avoiding \$303,672 a year in unnecessary labor time, in addition reducing distribution, handling, filing and storing of 60,000 pages of phone records per year.

Background

Two employees in L&I's Information Services Division questioned the process of distributing paper phone bills to hundreds of managers, supervisors, and employees throughout L&I. The process was labor intensive, time consuming and repeated monthly.

The team studied the process using Lean tools and discovered ways to simplify it. They found there was no legal or audit requirement to print, distribute, review, and retain paper copies of the phone records. Instead, they developed an electronic filing system to maintain the records. Managers and supervisors can still review the files monthly to ensure long-distance calls are appropriate.

The streamlined process reduced the costs of separating and distributing 5,000 pages of paper each month. Staff time saved by stopping this activity was estimated at 614 hours a month, or 7,368 hours a year. In addition, physical filing and storage space needs were eliminated, saving eight file drawers a year. Staff time that was being wasted was freed up for higher-value work, which includes responding to customer needs.

Outcomes achieved

- Reduced record review and retention labor time by \$303,672 a year.
- Freed up 7,368 hours of administrative and supervisor time a year for higher value work. These duties were typically a small percentage of each employee's time. That time is now being devoted to other duties, such as direct customer service.
- Maintained accountability while eliminating the unnecessary distribution, review and collection of thousands of pages of paper records per month.
- The team gained valuable experience using Lean problem-solving.

Next steps

Based on the success of this project, L&I's Information Services Division will continue to find other efficiencies using Lean methods.

Department of Labor & Industries (L&I)				
Decrease labor costs of distributing, filing and storing long-distance phone records				
<i>Project Timeframe: May – September 2013</i>				
Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
Reduced labor costs by \$303,672 a year	Freed up 614 hours of staff time a month, totaling 7,368 hours a year	Reduced paper handling, filing, and storage costs by eliminating distribution of 60,000 pages of paper a year	Savings: \$303,672 Implementation costs: \$32,000 (one-time)	Two different Lean projects are underway to reduce costly rework related to incomplete paperwork submitted by employers and health care providers The two project teams have identified ways to error-proof L&I instructions and forms This will reduce wasted time employees spend gathering additional information on incomplete paperwork

Washington State Department of Transportation (WSDOT): Improve public disclosure request response process

Summary

The public disclosure team at Washington State Department of Transportation headquarters reduced by 58 percent the time it takes to provide records to customers. These improvements reduced the average turnaround time for a records request from 24 days to 10. These changes eliminated the need for four additional positions, at \$274,000 a year, which the department had requested to handle the growing workload.

Background

WSDOT's business of statewide transportation systems and projects is extremely visible to the public. This nature of work creates complicated public disclosure requests for records and the projects themselves are complex. In addition, WSDOT has multiple high profile mega projects at a time (such as the Alaskan Way Viaduct and the SR 520 Floating Bridge) and the largest ferry system in the country. Being transparent with the media and the public through the public disclosure process requires a great deal of coordination to identify, collect, review, disseminate and redact the agency's public records as necessary. Understanding the changing legal exemptions and potential legal challenges applied to these public records add to the complexity of responding to the agency's public disclosure requests.

From 2006 to 2013, the volume of public disclosure requests more than doubled from less than 900 requests to nearly 2,300. In addition, the number of complex requests grew almost six times since 2006. Exemptions to the law also continue to grow more complex and require increasing expertise to interpret.

The increased volume, size and complexity of these requests have led to growing staff frustration, stress and high turnover in the last several years. In July 2013, five people on the seven-member public disclosure team, as well as another staff member trained to do public disclosure, left WSDOT to pursue new positions created at other agencies due to increased public disclosures workload statewide.

The team incorporated the Lean principle of "flow" and began processing their work in smaller batches; this was more efficient, and helped the team provide records to their customers more quickly. The team mapped their process during a Lean workshop, and focused on identifying the root cause for the waste that they found. During the workshop, the team discovered that they could provide much better internal customer service to enable the holders of records to gather them up more quickly, which allows the team to process and provide the records to external customers more quickly. The team created and adopted standard operating procedures including customer service standards to reduce internal confusion and increase consistency to their customers. The team created a tool to guide them through the myriad of laws related to public disclosure exemptions. To manage their work more efficiently on a daily basis, the team incorporated visual management of their process and daily huddles to go over workload and to share information to remove any barriers to their work.

Outcomes achieved

- **For the public:** The team reduced the time it takes to provide records to customers by 58%, from an average of 24 days to a 10-day turnaround. There is now an ongoing customer survey through which the public can provide feedback regarding the public disclosure process. WSDOT also eliminated a secondary acknowledgement letter that would go out to 50-100 external customers annually.
- **For employees:** This improvement led to substantially less stress and more engagement of staff. Moving from paper to electronic records and correspondence eliminated 25 steps from the process. Training developed for record holders helps them gather records more efficiently, effectively and faster.
- **For the agency:** Annual savings on supplies due to process changes are \$1,000.

Optimized resources

WSDOT had requested four additional FTEs (\$274,000 per year) to handle the growing workload, and because of the Lean project, these positions were not needed resulting in a cost avoidance.

Next steps

WSDOT's public disclosure team is actively managing this process for ways to continuously improve and incorporate customer feedback received from a recently implemented survey process.

Washington State Department of Transportation (WSDOT)

Improve public disclosure request response process

Project Timeframe: February – September 2014

Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
Reduced the time it takes to provide records to customers by 58%, from an average of 24 days to a 10-day turnaround	Moving from paper to electronic records and correspondence eliminated 25 steps from the process	Annual savings on supplies due to process changes are \$1,000 WSDOT avoided the need for four additional staff members to handle the growing workload	Savings: \$1,000 Cost avoidance: \$274,000 annually	Continuously improve and incorporate customer feedback received from a recently implemented survey process

Office of Administrative Hearings (OAH): Improve reliability, data integrity, usability, and processing time through a new case management system

Summary

When an agency merger added thousands of additional cases and overwhelmed an outdated, unreliable case management system, the Office of Administrative Hearings worked rapidly, without hiring additional staff, to develop a replacement system that dramatically improved reliability, usability and processing time.

Background

The Office of Administrative Hearings (OAH) offers Washingtonians a convenient, easy to navigate process for independent review of state and local government actions.

In 2011, the merger of the Health Care Authority (HCA) and the Medicaid Purchasing Administration, which was part of the Department of Social and Health Services, transferred thousands of cases to the HCA. This created a problem, since the Office of Administrative Hearings was using a different case management system for the two agencies.

The case management system used for the HCA caseload was built with 1990s software, existed on an old server and built with code that was poorly documented and no longer supported. The system was never designed to handle the additional 2,000-3,000 cases. The overloaded system became slower, more unreliable and at times unavailable. The system would become intermittent causing work stoppage incidents, 300 times a year for about 15 minutes at a time. This was a substantial challenge, because a federal timeline requires that all these cases be processed within 90 days. Frustrated OAH staff did their best to compensate for the system's problems, and OAH management assigned additional support staff for processing.

To provide reliable data and the efficient management of HCA Medicaid cases, a new case management system was needed. The agency's IT team took the lead in understanding the business needs to design and build a new case management system, known as PRISM.

With a short turnaround time and no additional resources, the Office of Administrative Hearings developed a new case management system, known as PRISM, to handle the workload. Our developers and business services staff collaborated with internal and external customers on requirements. Several "builds" of the system were distributed each week to an environment where the customers could interact with it and give immediate feedback.

When the improvement was complete PRISM was not only familiar to the customers, but was thoroughly accepted because the users themselves had participated in its creation. This approach has resulted in no work stoppage incidents due to bugs or functional issues since the system went live on May 29, 2014.

Through this improvement OAH created a repeatable process for other agencies' caseloads to be added to the PRISM system and improve our ability to track, document and facilitate the

appeals and increase customer value. Additionally, OAH was able to share the PRISM development code with HCA.

Outcomes achieved

- **For the public:** Washingtonians get quicker access to justice – the average time from intake to scheduling was decreased by 4 hours.
- **For employees:** Employees frustrated by the old system now have a reliable system. IT staff time fixing system outages is significantly reduced.
- **For the agency:** By developing this system with existing IT and other staff resources, OAH avoided \$150,000 annually in licensing fees of an off-the-shelf product. The project was completed entirely within existing resources. The one-time staff costs related to this project is calculated to be \$62,273.

Optimized resources

After launching and stabilizing the new case management system OAH repurposed agency IT resources to bring other caseloads into PRISM. To date, OAH now has the Office of Superintendent of Public Instruction (OSPI), Liquor Control Board (LCB), Washington Student Achievement Council (WSAC) and Health Care Authority (HCA) in PRISM and plans to transition other caseloads. Our employees who have experienced reduced processing times have increased productivity and begun to improve other administrative processes.

Next steps

The next step is to reduce the number of OAH case management systems from four to one. This will take the decommissioning of three other case management systems. Once complete, OAH plans to redirect IT resources and staff time to create greater access for parties by creating a secure access web portal. This will provide greater transparency to the process, accessibility to information for parties and reduce paper, mail processing and postage costs.

Office of Administrative Hearings (OAH)

Improve reliability, data integrity, usability, and processing time through a new case management system

Project Timeframe: July 2013 – May 2014

Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
Decreased the turnaround time from intake to scheduling a hearing by 4 hour, enhancing access to justice	<p>Reduced staff case processing time from 2 FTE down to 1 FTE, repurposing to quality assurance and audit</p> <p>Reduced 3 hours of re-work per week by using visual management of an electronic dashboard</p> <p>Decreased work stoppage incidents due to system outages of 300 incidents per year to zero</p>	<p>Increased Health Care Authority's (HCA) case management productivity by 75 hours annually due to the reliability of PRISM</p> <p>Increased HCA's transparency of services provided and billed for by going from 0 reports to 7 standard monthly reports</p> <p>Project completed within existing resources</p>	<p>Savings: \$39,440</p> <p>Cost avoidance: \$150,000</p> <p>Implementation costs: \$62,273 (one-time)</p>	<p>Decrease the number of case management systems from 4 to 1</p> <p>Transition the Office of Superintendent of Public Instruction (OSPI), Liquor Control (LCB) and Washington Student Achievement Council (WSAC) caseloads into PRISM</p>

Department of Retirement Services (DRS): Eliminate the need to ask state agency employers for salary data for purposes of ensuring retiring employee's pension benefit payment includes furlough time and temporary salary reductions

Summary

By improving a manual process used in some retirement benefit calculations, the Department of Retirement Systems has saved time, improved customer service and avoided \$59,000 a year in costs. Other state agencies who provide payroll information to DRS have also avoided an estimated \$74,000 in costs.

Background

When the Legislature enacted furloughs and temporary salary cuts for state workers a few years back as part of a mandatory expenditure reduction, it decided that wages forgone by employees would still be included in employees' retirement benefit calculations.

Since there wasn't enough time to adjust automated payroll systems to account for this change, DRS team members had to work these benefit calculations manually. This required additional time to request special payroll information from state agencies, as well as time for agencies to respond and to add the data to the calculation.

Often, DRS would receive the information after the retirement application was complete and benefit payments had begun. This required the department to recalculate and adjust benefits for its customers, sometimes months after they had retired.

The challenge of these manual calculations was compounded by a significant upswing in DRS' overall work volume. In just three years, retirement transactions from all systems increased by 40 percent.

Responding to feedback from customers, partner agencies and internal team members, a DRS team standardized the processes used by different units and then consolidated the communications that were being sent to employers. This helped agencies recognize and respond to DRS requests more quickly and efficiently.

A second DRS team then began looking at automated solutions. Acting on a suggestion from the Department of Social and Health Services, the team worked with the Department of Enterprise Services to obtain and format the needed information from the state payroll system. As a result, DRS no longer needed to request the information from individual state agencies.

Outcomes achieved

- **For the public:** Retirement benefits are calculated with timely, complete information and don't need to be adjusted months after payments have begun.
- **For the agency:** Saved \$59,000 per year in salary/benefit costs associated with using standardized processes and not having to recalculate a retiree's benefit.

- **For public employers:** Avoided \$74,000 per year in salary/benefit costs associated with responding to DRS requests for information.

Optimized resources

Time not spent performing recalculations has been shifted to other key DRS work. In the four years following this legislation, retirement transactions increased 40 percent. This Lean project helps offset a small portion of this increase.

Next steps

A team is currently working on a new online tool that will streamline all employer requests. Resources saved from this effort will be redirected to help address the increasing retirement workload.

Department of Retirement Services (DRS)

Eliminate the need to ask state agency employers for salary data for purposes of ensuring retiring employee’s pension benefit payment includes furlough time and temporary salary reductions

Project Timeframe: July 2013 – July 2014

Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
<p>Public retirees experience less delay in wait for final calculation</p> <p>Wait time for final benefit calculation goes from 3 months to 0</p>	<p>5 DRS employees and managers have been trained and employed lean tools and principles throughout this 12 month project</p>	<p>Public employers (state agencies) avoided approximately \$74,000 per year in staff costs associated with not having to respond to requests to verify compensation impact</p> <p>DRS avoided \$59,000 per year in staff costs associated with not having to recalculate a member’s benefit</p> <p>DRS time savings are being used to partially offset the increasing number of retirement transactions</p>	<p>Cost avoidance: \$133,212 (includes DRS and state agency payroll offices)</p> <p>Implementation costs: \$6,440 (one-time)</p>	<p>Develop new online tool for non-state agency, public employer customers that will save them staff time</p> <p>Resources saved from this effort will also be redirected back to help address increasing retirement workload</p>

Washington State Gambling Commission (WSGC): Reduce the number of pages required on the commercial license renewal application and make available on-line

Summary

The Washington State Gambling Commission reduced the number of pages required on the commercial business license renewal application from two documents (a renewal notice and the annual application) totaling seven pages to one double-sided page. The form, which used to take businesses 30 minutes to fill out, now takes five minutes. The agency's average cost to process each application has dropped from \$60.55 to \$20.11 per license. We also made the application available online, so that businesses can fill it out and submit it without having to print and mail the form.

Background

One of the agency's strategic plan projects was to increase online licensing transactions. By shifting some licensing transactions online, we can save staff time, simplify processes for our customers and decrease processing times. In order to move toward this goal, licensing staff simplified the renewal application.

The Gambling Commission receives and processes an average of over 1,700 renewal applications each year. The old renewal application was seven pages long and required the licensee to update information they should have provided throughout the year.

We were able to reduce the renewal application from seven pages to two, which fit on one double-sided sheet of paper. In addition, this document is now automatically filled out with the licensee's current information. This eliminated the need for the renewal notice to be included with the renewal application. It also allows licensees to verify the information we have on file is accurate.

After decreasing the amount of information needed on the paper form, we also created a renewal process online. Beginning August 15, 2013, commercial licensees can renew their licenses online, saving them the trouble of printing and mailing the form. It also reduces the amount of paper we have to process and store.

Outcomes achieved

- **For the public:** Businesses can complete the application faster, saving them time. A form that used to take 30 minutes to complete now takes five minutes, which we project to be an average savings of \$63 per business annually.
- **For employees:** Employee satisfaction in this unit has risen from 28% to 96% in the wake of these improvements. The average time to review an application, including answering customer questions, has been reduced from 30 minutes to 10 minutes.
- **For the agency:** These improvements reduced annual staff time to review applications from 867 hours to 289 hours. Through attrition, we experienced a 33% reduction in licensing staff within the last four years. We will continue to see a reduction in licensing staff in future

years due to budget constraints. The staff time saved with these improvements has meant that licensing services were not impacted as severely. They also reduced paper use and the agency's average cost to process an application. Furthermore, data accuracy has risen from 75% to 95%.

Next steps

Our goal is to make more online applications, features, and payment options available through My Account by the end of 2015. We will explore rule changes to require the submission of renewals and activity report filings online.

Washington State Gambling Commission (WSGC)

Reduce the number of pages required on the commercial license renewal application and make available on-line

Project Timeframe: May 2013 – August 2013

Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
<p>\$63 annual business value for time saved per renewal application (which translates to \$109,179 annual savings for businesses)</p> <p>Reduced time it takes to complete the application from 30 minutes to 5 minutes, saving customers an estimated 722 hours of time.</p>	<p>Increased satisfaction level from 28% to 96%.</p> <p>Reduced time to review applications from 30 minutes to 10 minutes</p>	<p>Annual staff time to review applications from 867 hours to 289 hours</p> <p>Average application processing cost went from \$60.55 to \$20.11 per application</p> <p>Data accuracy in licensing renewal application went from 75% to 95%.</p>	<p>Savings: \$70,088</p> <p>Implementation costs: \$7,632 (one-time)</p>	<p>Make more online applications, features, and payment options available through My Account by the end of 2015</p> <p>Explore rule changes to require the submission of renewals and activity report filings online</p>

Employment Security Department (ESD): Improve the missing claim filing process and eliminate paper

Summary

The Employment Security Department's Unemployment Claims Centers eliminated paper forms from a key process. Keying claimant information directly into the benefits payment system will save more than \$75,000 a year and free up 3,879 labor hours to provide better service to unemployment insurance claimants.

Background

Washington workers unemployed through no fault of their own are covered by unemployment insurance (UI). Unemployed workers file an initial application for UI benefits and then file a continuing claim each week to receive UI payments. Claimants who miss filing a weekly claim must contact a claims center and speak to an agent to file for the missing week. Until this year, agents were required to fill out a claim form, print the document, and then have someone else key the data into the benefit payment system. Because official paper documents were created, those documents then also had to be imaged.

For years, line staff has requested to be allowed to key weekly claim information directly into the system. This request was always refused because paper forms were required for security and audit reasons.

Finally, at a Lean event called to identify process improvements, line and management staff was able to move beyond "required" and ask how security and audit issues could be addressed in some other way. Ultimately, operations, policy, and internal audit staff designed a system that allows agents to key information directly into the benefits system while maintaining internal financial controls and a computerized audit trail.

A ten-step process within claims centers was reduced to a single-step data entry process. The entire work flow required to image paper documents was eliminated.

Outcomes achieved

- **For the public:** \$75,880 and 3,879 labor hours estimated annual savings.
- **For employees:** Improvement of the process that for years was most often identified by line staff as a waste of time and resources.
- **For the agency:** This work was an important lesson in bringing people together to solve a major hindrance to work flow without compromising fiscal and legal requirements.

Optimized resources

The labor hours saved through this improvement are being shifted into direct customer service. That translates into 29,000 basic claims for UI benefits or over 19,000 complex claims being filed for UI claimants.

Next steps

This process improvement is in place and working well. In the spirit of continuous improvement, claims centers will continue to identify and implement additional improvements to the UI system.

Employment Security Department (ESD)				
Improve the missing claim filing process and eliminate paper				
<i>Project Timeframe: May – October 2014</i>				
Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
Saved 3,879 hours per year in the Unemployment Insurance Continued Claim process, allowing Unemployment Claims Centers to better serve unemployed workers (claimants) and employers	Three line staff and a supervisor were trained and used Lean tools and principles for this project that are translatable to other similar lean projects Two managers were trained during the same event and can support future process improvement efforts	This 10-step process was used to reduce to a single data entry process and associated forms were imaged, thus eliminating administrative costs of paper records	Savings: \$75,877	Increase the number of customer phone calls agents can handle Improve agent training to increase their efficiency and effectiveness Improve automation tools that agents use in their daily work

Department of Health (DOH): Decrease turnaround time for loan applications for local government and private drinking water systems

Summary

The Department of Health, which was at risk of losing money for loans for drinking water projects, made changes that reduced the time from application to loan contract execution by an average of 60 days.

These results were checked after the 2013 spring loan cycle. At that time, it was determined that shifting the application cycle to the fall would allow funding to be in place prior to the construction season, effectively reducing project time by 9 to 12 months.

Background

The State Drinking Water Revolving Fund Program provides loans to publicly-owned (municipal) and privately owned drinking water systems. Only a small amount of this money was being spent because of a lengthy application process and a lack of planning, customer input and project applications.

The department was at risk of losing the funds or having them reduced because of its inability to complete viable projects in a timely manner. This Lean project helped make programmatic changes that will result in shorter project completion timelines, making the process easier for applicants.

Outcomes achieved

By shortening the application cycle by 60 days, the department can now award funds in a more timely fashion to customers such as cities, towns, public utility districts, and homeowner associations.

Optimized resources

Staff are able to process loans more efficiently. These efficiencies have provided the basis for further programmatic changes that will result in shorter project completion timelines.

Next steps

The department continues to see gains from this project and is conducting a second round of improvement activities to further increase the amount of loans and dollars that are being awarded to water improvement projects. In the spring of 2014, the department developed a preconstruction grant program that was successfully implemented. It has used that experience to develop a preconstruction loan program to be deployed in 2015.

The department has submitted a decision package to facilitate additional program improvements and efficiencies. The savings from the request will be used to provide improved customer service to water systems and fund more safe and reliable drinking water projects.

Department of Health (DOH)				
Decrease turnaround time for loan applications for local government and private drinking water systems				
<i>Project Timeframe: January 2012 – June 2012</i>				
Benefits/Value to:			State Agency Impact:	
The Public	Employees	State Agency	Annual \$ Impact	Next Steps
<p>Loan applications are processed 60 days faster</p> <p>Moving loan application to the fall of each year allowed projects to be completed up to 9 months earlier, and allowed large municipal water systems to take advantage of construction seasons</p>	<p>21 managers and staff were trained and participated in this improvement effort</p> <p>10 additional managers from across state government observed and learned from the improvement effort</p> <p>Reduction in this process allowed staff to reduce backlogs and speed up other business processes, such as grant management, providing technical assistance and site visits and monitoring</p>	<p>Creation of an online application system reduced application time from 1 month to 1 week</p> <p>Notifications to water system owners were reduced from 1 hour to 15 minutes</p> <p>Compliance reviews (as part of the application process) were reduced by an average of 2 days</p> <p>Scoring of applications for grant awards was reduced from an average of 1 month to 2 weeks</p>	<p>Savings: \$40,000 in staff time saved from cutting average transaction time in half.</p>	<p>The next phase of this project is a Preconstruction Grant program implemented in Spring 2014 will allow systems to have pre-construction work completed by the time application of loan</p> <p>It will be formally deployed in 2015 and is designed to accomplish readiness to proceed to actual construction when they apply for the construction loan</p>