



STATE OF ARKANSAS  
Department of Transformation and Shared Services  
Governor Asa Hutchinson  
Secretary Amy Fecher

July 8, 2019

The Honorable Ron Caldwell  
State Senator  
Chair, Senate State Agencies  
Committee  
One Capitol Mall, 5<sup>th</sup> Floor  
Little Rock, AR 72201

The Honorable Dwight Tosh  
State Representative  
Chair, House State Agencies  
Committee  
One Capitol Mall, 5<sup>th</sup> Floor  
Little Rock, AR 72201

**RE: Transformation Report as required by Act 910 of the 92<sup>nd</sup> General Assembly**

Dear Senator Caldwell and Representative Tosh:

Act 910, the Transformation and Efficiencies Act of 2019, officially went into effect on July 1, 2019. Department Secretaries are now in place and have taken the lead in carrying out the work of Transformation. I am also pleased to announce the Transformation Transition Team, formed in accordance with Act 910 is nearing completion of their work. This team has worked tirelessly for the previous two and one-half months to lay the groundwork for the Secretaries to be in a position to lead their Departments from day one. In recognition of their efforts and to capture the lessons learned during this process, I have developed this report as a summary of their work and have included a prospective look at the timeline for future Transformation implementation.

Act 910 changed the fundamental structure of state government by combining 42 separate agencies into 15 Cabinet-level Departments and realigning more than 200 boards and commissions under these Departments. With the structural change in place, the focus of Transformation has shifted to the administrative and managerial work needed to maximize efficiencies within Departments and to increase effectiveness in delivery of services. This has been the focus of the Transformation Transition Team.

The Transition Team consisted of fifteen dedicated employees drawn from across state government with expertise ranging from budgeting to law to human resources. The team reviewed, organized, and consolidated significant amounts of information on the state's agencies, boards, and commissions. In addition, they evaluated case studies from other states and organizations of best practices reflecting continuous improvement or change management strategies. The team also helped translate Governor Hutchinson's vision for Transformation into resources and tools to inform and guide the Secretaries during the implementation process. This resulted in a focused set of milestones and deliverables to guide the work of incoming Cabinet Secretaries for the next year and beyond. In addition, key accomplishments

OFFICE OF THE SECRETARY  
P.O. BOX 3522  
Little Rock, Arkansas 72203  
Phone: (501) 319-6565

and deliverables from the Transition Team include:

Consolidation of Department-specific Information: The Transition Team developed comprehensive files for Department Secretaries including all strategic plans, reports, budget and personnel information, agency questionnaires, and other relevant documentation regarding each entity within the newly-formed Department.

- Consolidating this information into a common, accessible format enables the Secretary to begin the process of developing their strategy for implementing Transformation based on a complete set of information.
- The Secretaries will use this information regarding personnel, leases, budget information, and other related reports to evaluate their work and make strategic decisions on how to implement an effective business model for their agency.

Legal/Legislative Review: The Transition Team conducted analyses for each Department to identify specific, relevant portions of Act 910 and provided this information in a single, consolidated document shared with the Secretary.

- The team also collected information on pending legal matters and challenges to provide the Secretary a complete overview of critical legal questions and issues.
- The team coordinated with the Attorney General's office to discuss and vet key questions and helped facilitate discussions to provide Departments a complete set of necessary information.

Policy Review and Issue Troubleshooting: The Transition Team evaluated the potential challenges and opportunities for developing consistent policies throughout the Cabinet-level Department. Such policies were identified as having potential to vary significantly across entities. Working toward consistency across the Cabinet-level Department should be a high priority.

- The team conducted a survey of existing policies and provided specific example policies to help Secretaries ensure consistency within their organization.
- The Transition Team also developed draft policies addressing specific challenges likely to arise during Transformation such as the transfer of records.
- The team also provided example policies incorporating language reflecting the goals of Transformation by the Department's culture and mission.

Development of First Year Timeline: Recognizing the importance of timely action in implementing Act 910, the Transition Team developed a set of rigorous milestones specifically focused on the first year of Transformation. These milestones will guide each Department in identifying opportunities, implementing efficiencies, and communicating successes and strategies.

- Attached to this report is a copy of the timeline that has been provided to each Secretary to establish the timing of key deliverables over the next year.
- In addition, the Department of Transformation and Shared Services will be developing a report template for use in providing regular updates to capture the future successes of this Transformation process.



Resources/Guidance Materials for New Secretaries: The Transition Team also developed materials to support the Secretaries in implementing the organizational and managerial changes that will be required to carry out the Governor's vision. These materials are intended to provide a consistent framework to use as their starting point when implementing organizational change.

- These materials included guidance on setting the culture, identifying organizational efficiencies, developing a leadership team, establishing consistent internal and external communications, and clear direction on operational materials.
- In addition, the team developed a series of report templates the Departments will use to make strategic recommendations to the Governor in the first year identifying opportunities for efficiencies in key areas such as fleet and leasing information.
- The team also established guidance on the development of internal teams for implementing changes from Transformation within the newly formed Departments and for the development of internal and external communication strategies.
- The team also provided each Secretary a menu of services to be provided to help the Secretary or their Department with their implementation.

Project Management Toolkit: The Transition Team also developed a series of tools the Secretaries and their leadership teams can use to help implement the culture and organizational change envisioned with Transformation.

- This includes templates for continuous improvement projects, a process for developing measures and metrics to set the stage for data-driven decision making, and a reporting template for communicating successes in a form that can be readily shared with other Departments to maximize the benefit of the learning experience.

Facilitating Inter-Department Engagement: The Transition Team served as the conduit for key information the Secretaries will need when taking over responsibility for their Department.

- This effort began with close coordination with budget and personnel experts to develop up-to-date, comprehensive materials to give each Secretary clear guidance on what the profile of their Department looks like.
- In addition, this has included facilitating meetings and coordination with the Department of Finance and Administration and the Division of Building Authority to enable consideration of specific questions or challenges facing Departments.

Support for Cabinet Orientation Efforts: The Transition Team played a key role in orienting the Secretaries designate to their new Department and to the process of Transformation.

- The team helped with the planning and preparation for the day-long orientation in June hosted by Governor Hutchinson to allow the cabinet to spend time collectively considering strategies regarding how best to apply the managerial approaches needed for the successful implementation of Transformation.
- Team members also participated in follow up discussions with Secretaries, boards and commissions, and certain stakeholder groups to answer questions and provide additional information about the Transformation process and to set expectations about next steps.


Coordination on Key Budget and Personnel Moves: Implementation of Act 910 by July 1 has required significant amounts of behind-the-scenes work to ensure funding, positions, and budget requirements have all been managed to ensure a seamless transition.

- Transition Team members have worked closely with DFA, OPM, Cabinet Secretaries, and others to complete this process.

The work of Transformation is just beginning, but because of the efforts of the Transformation Transition Team, the trail has been marked. Cabinet Secretaries now have a path to follow and, more importantly, clear direction on where to lead their team. The Transition Team assisted the Governor in setting the stage for the long term work of Transformation to be carried out in the months and years to come.

As the first Secretary of the Department of Transformation and Shared Services, I look forward to providing this committee and the entire legislature future updates regarding the successes of Act 910.

Sincerely,



Amy Fecher

Enclosure: Timeline for Secretaries FY20

CC: Governor Asa Hutchinson

Secretary Daryl Bassett, Department of Labor and Licensing

Secretary Jami Cook, Department of Public Safety

Secretary Cindy Gillespie, Department Human Services

Secretary Stacy Hurst, Department of Parks, Heritage and Tourism

Secretary Wendy Kelley, Department of Corrections

Secretary Becky Keogh, Department of Energy and Environment

Secretary Johnny Key, Department of Education

Major General Kendall Penn, Secretary of the Department of the Military

Secretary Mike Preston, Department of Commerce

Secretary Elizabeth Smith, Department of the Inspector General

Secretary Nate Smith, Department of Health

Secretary Nate Todd, Department of Veterans Affairs

Secretary Larry Walther, Department of Finance and Administration

Secretary Wes Ward, Department of Agriculture

Ms. Sheri Thomas, Bureau of Legislative Affairs



## Timeline for Secretaries FY20

May 2019	Secretaries appointed by Governor
June 2019	Governor will meet with new Cabinet – sets his vision for moving forward/transformation. Cabinet Training Goal/Metric Setting Location and staffing of Offices of the Secretaries determined

### 90 Day Action Plan

July 1, 2019	<p>Act 910 takes effect – stand-up of new cabinet-level departments</p> <p>Secretaries will meet weekly with agency directors for the first 30 days.</p> <p>Secretaries will give clear direction to the directors on all operational materials such as letterhead/business card/signage/seals, logos and websites per the guidance provided by Transformation and Shared Services.</p> <p>Begin assessing the current state of the department and appoint a department level Transformation Action Team.</p> <p>Set and communicate the expected culture of the new department.</p>
August 1, 2019	<p>Secretaries will meet with all agency/board/commission directors within his/her department. Cabinet Secretaries will begin familiarizing themselves with budgets using FY20 Annual Operations Plans and begin developing a department level communications strategy.</p> <p>Secretaries will meet with key industries and constituents specific to his/her department.</p>
September 2, 2019	<p><b>Report on Shared Services Opportunities</b> in Department due to Governor. Secretaries will review all agencies budgets, contracts, IT structure, personnel and vacancies and make a recommendation to the Governor where utilizing a shared services model for the department can find efficiencies in FY2020/21.</p> <p>Begin identification of processes that can be streamlined and possible solutions.</p>
October 1, 2019	<p><b>Report on Department Fleet</b> due to the Governor</p> <p>Secretaries will review the inventory of their fleet and spending per agency on mileage and make a recommendation to the Governor on how they can find efficiencies moving forward to FY2020/21.</p>

November 1, 2019	<p><b>Report on Analysis of Property</b> due to the Governor Secretaries will review all leases, lease date expirations, and possibility of co-location of agencies and make recommendations to the Governor.</p> <p>Cabinet Secretaries, directors, financial officers, and any pertinent staff will work with the DFA Office of Budget assigned analyst collaborating on FY21 budgets and planning for changes needed to FY21 budgets.</p>
December 2019	Cabinet Secretaries will complete the department level budgeting for FY21 and submit to the DFA Office of Budget.
January 13, 2020	<p><b>Report on Department Policy</b> due to the Governor Secretaries will report on the integration of all agency policies within the department for uniformity to the Governor and the Department of Transformation and Shared Services.</p> <p>Pre-Fiscal Session budget hearings begin and continue through March.</p>
February 1, 2020	<p><b>Report on Department Level Coordination with Existing Boards and Commissions</b> due to the Governor Secretaries will give an analysis of all existing boards/commissions within the department to the Governor.</p>
March 16, 2020	<b>Report on Identified Efficiencies</b> for Department to the Governor and Legislature per Act 565 of the 92nd General Assembly
April 8, 2020	Fiscal Session begins– Secretaries will follow department budgets and work with directors on a plan for integration of the department budgets on July 1, 2020.
May 1, 2020	<p><b>Report on Grant/Loan Programs</b> due to the Governor Secretaries will evaluate all grant/loan programs within their department to include funding source and match by the state.</p> <p>Cabinet Level Fiscal Process Meetings with DFA and Governor’s Office begin.</p> <p>PEER Items submitted to the Office of Budget for presentation to the June PEER meeting of Legislative Council. FY21 Annual Operations Plan Due to the DFA Office of Budget.</p>
June 1, 2020	<p><b>Report on Department Status for FY21</b> due to the Governor Secretaries will give an overall review of the first year of the department and overall recommendations for FY21. DFA issues departments Biennial Instruction Packets.</p>
July 2020	Final Biennial Budgets due to the DFA Office of Budget.