



## State of Arkansas Examples of Transformation Savings July 2019 – March 2020

Act 910 of the 92nd General Assembly, known as the “Transformation and Efficiencies Act,” became law on July 1, 2019. We are currently in the ninth month of the first year of transformation. Departments are operating on existing budgets for year two of the biennium without additional funding.

Secretaries have been asked to find opportunities to improve their Departments within the three pillars Governor Hutchinson set forth:

1. Efficiencies—both processes and funding,
2. Improved managerial support, and
3. Improved delivery of services to citizens.

Below is an accounting of five areas of focus in year one. It does not account for every penny or efficiency that has been recognized since our reorganization; however, it gives a good snapshot of the diligence of these newly formed Departments, the impactful efficiencies implemented, and the money saved for Arkansas.

### 1. Facilities

Departments have focused on co-location when possible and evolving to a new work environment that is less expensive and ensures less square footage. We have termed this concept the “Four Cs,” which includes cost-effective space management, collaboration of staff members, improved communication of team members, and a culture driven by cooperation.

To date, Departments have realized more than **\$920,000.00** in savings on rent and **80,282** square feet of reduction in space.

	July 1, 2019	March 4, 2020	Savings
<b>Rent</b>	\$44,823,877	\$43,894,470	<b>\$ 929,407*</b>
<b>Square Footage</b>	3,980,843	3,900,561	<b>80,282*</b>

\*some savings will be realized in FY21

**Attachment A** shows these savings by Department.

### 2. Budget Reduction

In the balanced budget presented for year two of the biennium there is a **\$10 million** reduction in the performance fund. This fund is set-aside and available to supplement Department budgets as needed as a result of their annual performance reviews.

Additionally, the chart below represents the amount that Departments absorbed into their existing budgets without dipping into the performance fund.

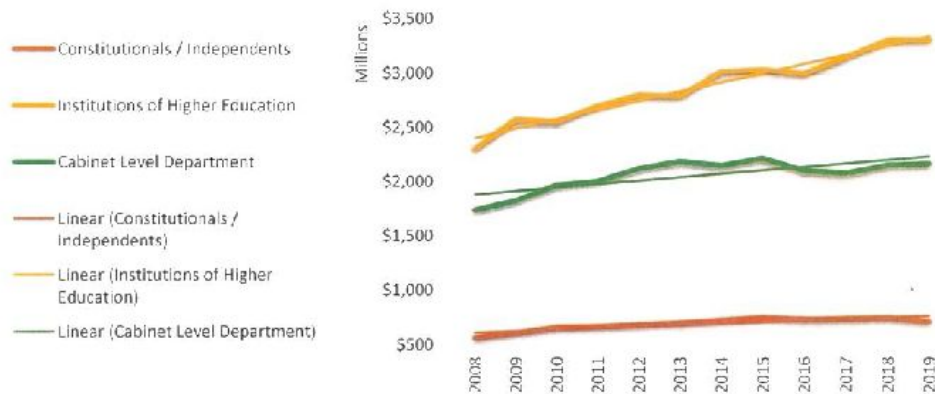
Department	Savings
Commerce	\$1,707,191
Finance and Administration	\$2,800,000
Health	\$1,730,901
<b>TOTAL</b>	<b>\$6,238,092</b>

### 3. Personnel

Departments have reduced filled positions by **310** since July 1, 2019. Of course, this number is always fluctuating; however, even a snapshot view shows the commitment of leadership to lower filled positions through a shared services model, while finding innovative ways to improve the delivery of services and managerial support for their Department. Additionally, as the Governor promised, *no jobs were lost as a result of the transformation of Arkansas government.*

Filled July 1, 2019	23,862
Filled March 4, 2020	23,552
<b>Decreased Filled Positions</b>	<b>310</b>

Linear Trend with Salary Expenses by State Government Type



Cabinet Level Department: Position Trends



**Attachment B** shows filled positions per Department since Act 910 was implemented.

#### 4. Reallocation of General Revenue

Departments have realized more than \$6,305,160 in savings. Departments have reinvested that funding back into their Department to accomplish more without requesting additional revenue. These are examples of maximizing the Departments' appropriated budget to do more for less. Please see Attachment C for various examples of reallocation of general revenue to maximize funding levels.

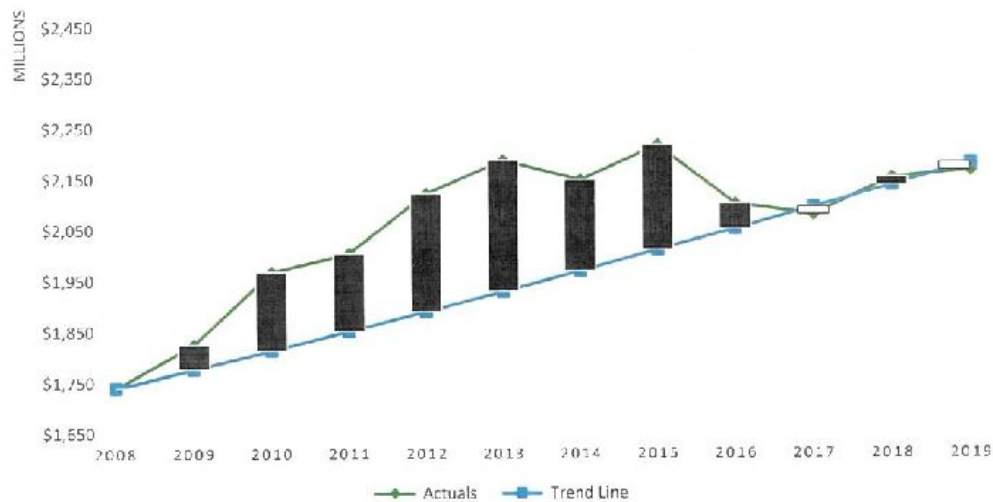
#### 5. Transformation Transfers

Transformation transfers is a term used to capture any new initiatives that Departments have absorbed with no additional funding, whether enacted by law or at the secretary's discretion. Conservative estimates for transformation transfers by Department total \$3,278,370 in absorbed costs.

Department	Savings
Agriculture	\$150,000
Human Services	\$2,601,000
Education	\$60,857
Inspector General	\$135,000
Labor and Licensing	\$331,513
<b>TOTAL</b>	<b>\$3,278,370</b>

The graph below shows how Departments are trending toward a reduced growth rate in our expenditures.

#### REDUCTION OF GROWTH TREND VS ACTUALS ON DEPARTMENT EXPENDITURES\*



\*Expenditures include Salary, Match, Extra Help, Overtime, Travel, and Operating Expenses.

**Total savings from examples in this report: \$26,751,030.**