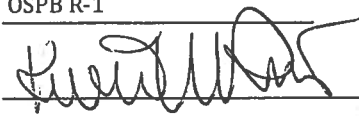
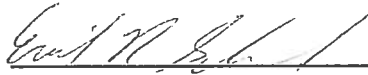


Schedule 13
Funding Request for the 2014-15 Budget Cycle

Department: Governor's Office
 Request Title: Continuous Improvement and Planning Program
 Priority Number: OSPB R-1

Dept. Approval by:  10/20/13
 Date
 OSPB Approval by:  10/20/13
 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	2,730,569	-	1,522,691	397,965	410,900
	FTE	19.5	-	-	-	-
	GF	1,275,650	-	19,332	397,965	410,900
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	1,454,919	-	1,503,359	-	-
	FF	-	-	-	-	-
(3) Office of State Planning and Budgeting, Personal Services	Total	2,679,625	-	1,471,747	387,295	402,500
	FTE	19.5	-	-	-	-
	GF	1,275,650	-	19,332	387,295	402,500
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	1,403,975	-	1,452,415	-	-
	FF	-	-	-	-	-
(3) Office of State Planning and Budgeting, Operating Expenses	Total	50,944	-	50,944	10,670	8,400
	FTE	-	-	-	-	-
	GF	-	-	-	10,670	8,400
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	50,944	-	50,944	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: N/A
 Reappropriated Funds Source, by Department and Line Item Name: N/A
 Approval by OIT? Yes: No: Not Required:
 Schedule 13s from Affected Departments: N/A
 Other Information: N/A



COLORADO

Office of State Planning and
Budgeting

Priority: OSPB R-1
Continuous Improvement and Planning Program
FY 2014-15 Change Request

Cost and FTE

- The Office of State Planning and Budgeting (OSPB) is requesting \$397,965 General Fund in FY 2014-15 to support continuous improvement and planning efforts, representing a 59% decrease in funding from the FY 2013-14 appropriation supporting the continuous improvement program.

Link to Operations

- OSPB works with most state departments on operational improvement and planning efforts, including process improvements and department performance management systems. This request would provide ongoing support, leadership and skill development for departments to continue improving services.

Problem or Opportunity

- Initiatives supported by OSPB aimed at improving government services and operational efficiencies have resulted in significant and targeted changes. The overhaul of the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act focused on the delivery of government services to customers and constituents, reinforcing a perspective on operational improvement and performance expectations.
- OSPB has been at the forefront of these efforts, providing training, support, subject matter expertise and consultative services to most departments, working with all levels of the organizations and generating significant operational efficiencies and improvements across state services.
- Funding to support these OSPB services will cease in June 2014. An opportunity exists to fund a Continuous Improvement and Planning Program on an ongoing basis.

Consequences of Problem

- Supporting important initiatives with dedicated resources at OSPB reflects a commitment to the core values of a continuous improvement program. Lack of resources to centrally design, prioritize and coordinate activities will hinder systemic and organizational improvements among state departments.

Proposed Solution

- With dedicated resources, OSPB will continue to provide training courses, support services and subject matter expertise to state departments, oriented around customer-focused service improvements and operational planning and performance. Specifically, OSPB proposes ongoing funding to support two full time positions plus contractual training and project support.



COLORADO

Office of State Planning and Budgeting

John W. Hickenlooper
Governor

Henry Sobanet
Director

FY 2014-15 Funding Request | November 1, 2013

Department Priority: OSPB R-1

Request Detail: Continuous Improvement and Planning Program

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
Continuous Improvement and Planning Program	\$397,965	\$397,965

Problem or Opportunity:

Since October 2011, the Office of State Planning and Budgeting (OSPB) has supported a continuous improvement program, designed as a centrally coordinated and resourced improvement initiative employing proven management and process improvement methodologies. The program is focused on creating sustainable and independent capability to provide customer-focused improvements, utilizing the expertise and knowledge of the State's workforce. Alignment among strategic priorities and operational improvements requires deliberate planning and ongoing measurement to ensure that initiatives are targeted and intentionally driven toward enhancing services for customers of state government.

From October 2011 through June 2013, OSPB directly supported over 80 projects in 16 executive branch departments to improve government processes, with another 60 to 70 projects completed by departments. OSPB also has provided training for more than 2,400 state employees in Lean tools and practices. Process improvement projects were categorized into three primary types: mission critical, customer service and support services. Projects focused on improving key metrics with potential to demonstrate a return on investment for the program on a statewide level, including costs saved or avoided, time saved and process efficiency.

Examples of successful projects include:

- Examining the process by which educator license investigations are conducted in the Department of Education carved off more than 100 days from the resolution cycle for new cases.
- Scrutinizing the process for patients awaiting admission for treatment at the Colorado Mental Health Institute at Pueblo resulted in a 64% reduction in wait periods.
- Studying the steps required for businesses to receive reimbursement payments from the Department of Labor and Employment reduced the overall time from 84 days to 15 days.

The overhaul of the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act in 2013 focused on the delivery of government services to customers and constituents, reinforcing a perspective on operational improvement and performance expectations. Statutory language now strongly encourages the adoption of a formal and commonly accepted system of continuous process improvement as well as a training program to support performance management.

Building on the successes achieved with the Lean Program, OSPB is moving forward to support operational performance management and planning methods. OSPB will help departments focus on strategic goals and priorities that are consistent with the statutory charge of each department. Additionally, OSPB will continue partner with departments to identify strategies for enhancing productivity, improving efficiency, reducing costs, and eliminating waste in the processes and operations that deliver goods and services to taxpayers and customers.

For FY 2013-14, OSPB requested and received funding to support one additional year of program activity, totaling \$965,650 General Fund. This funding covers support for process improvement initiatives across state departments, program management, subject matter expertise and the development and delivery of a training program for operational planning and performance.

From October 2013 through March 2014, OSPB will train a group of nearly 40 state employees representing strategic and operational leaders from 17 state agencies on topics that forge connections between leadership, operations management, and continuous improvement principles. The training is designed to support the development of an effective performance management system to support operations that will achieve effective customer service and support strategic outcomes.

Proposed Solution:

OSPB requests \$397,965 General Fund for FY 2014-15, and \$410,900 General Fund in FY 2015-16 and beyond to staff and support a continuous improvement and planning program. The resources will provide funding for dedicated staff and contractual support to further the core values of a continuous improvement program focused on customer service. Additionally, the resources will facilitate improved performance via process improvement initiatives and administer a training and development program oriented around operational effectiveness and department performance management.

Funding is requested to support personal services, contractual services, and operating expenses at a level that is nearly 60% less than the current appropriation. Costs are based on historical rates for services, representing a decrease reflecting the independent capacity and capability of state departments to support and run their own process improvement initiatives.

Specifically, funding is requested to support two full time staff members dedicated to continuous improvement and planning initiatives, including a program manager and a business administrator. The program manager will work with state departments and service providers to coordinate and advise on strategic and operational initiatives focused on alignment between operational goals and process improvements. The program manager will also work with state departments to continue to develop an operational performance management system and resulting department performance plans. An additional position to serve in a procurement, contract and vendor management capacity is included with this request along with corresponding operating expenses.

OSPB will use contractual subject matter expertise, facilitators and instructors to support process improvement projects and training and development across a range of topics to support operational performance, customer service design, metrics and improvement techniques. Assumptions and calculations are detailed in the sections below.

The success of the work completed to date helps establish a foundation of continuous improvement supporting greatly improved customer service and enhancements in citizens' interactions with state

government. Going forward, OSPB requests resources to maximize and multiply the work that is in progress and focus on expanding a system of performance measurement and reporting strategies to align with the requirements set forth in the SMART Act as well as department performance planning and performance management systems.

Without a central coordinating office moving to integrate strategic and operational planning, state departments will be hampered in their ability to effectively and objectively prioritize their process improvement efforts. The State will also lack resources to train the necessary additional staff for developing an independent culture of continuous improvement, and to deploy interdepartmental projects that focus on improving the experience for common customer groups. Furthermore, without resources to support ongoing training specific to operational planning and performance, systematic and organizational improvement in department performance management will be inhibited.

Anticipated Outcomes:

OSPB anticipates that this level of funding will enable the delivery of additional process improvement projects, focused on supporting strategic projects that are multi-departmental, benefit from a neutral facilitator and support initiatives aimed at gains in customer service.

Additionally, the requested funding will support further statewide training and skill development in process improvement techniques, strategic and operational planning, and change and customer-focused performance management. Training and development specifically centered on operational effectiveness and planning supports ongoing improvements in how state government delivers services to its citizens and customers. Reinforcing a system of centralized performance management, measurement and review will help ensure that changes are meaningful and sustainable.

Assumptions and Calculations:

Calculations for this request are based on current program costs and contractual rates, including resources for a program manager and professional contract services at a level sufficient to support ongoing project and training activity. Detailed calculations are included in Table 1, below:

Table 1, Detailed Calculations

FY 2014-15 Cost Details			
Description	Amount	FTE	Notes
Program Manager	\$82,500	0.0	Salary at \$7,500/month for 11 months (pay date shift). OSPB has sufficient FTE authority in the existing budget.
PERA	\$8,374		FY 2014-15 rate: 10.15%
AED	\$3,300		FY 2014-15 rate: 4.00%
SAED	\$3,094		FY 2014-15 rate: 3.75%
Medicare	\$1,196		FY 2014-15 rate: 1.45%
STD	\$182		FY 2014-15 rate: 0.220%
Health-Life-Dental	\$4,421		
Business Administrator	\$45,837	0.0	Salary at \$4,167/month for 11 months (pay date shift). OSPB has sufficient FTE authority in the existing budget.

PERA	\$4,652		FY 2014-15 rate: 10.15%
AED	\$1,833		FY 2014-15 rate: 3.60%
SAED	\$1,719		FY 2014-15 rate: 3.25%
Medicare	\$665		FY 2014-15 rate: 1.45%
STD	\$101		FY 2014-15 rate: 0.177%
Health-Life-Dental	\$4,421		
Subtotal – Staff Expenses	\$162,295	0.0	

FY 2014-15 Contract Services			
Description	Cost	Notes	
Process Improvement Project Delivery	\$110,000	Estimated cost based on current contracted rates and historical project delivery hours for additional projects focused on large, complex, multi-department efforts	
Training Program	\$115,000	Estimated cost based on current contracted rates and historical delivery of training sessions to equip employees for independent capacity in process improvement, operational planning, and change management techniques	
Subtotal – Contract Services	\$225,000		
Subtotal – Operating Expenses	\$10,670	Estimated cost based on materials, license fees and operating expenses	
FY 2014-15 Total	\$397,965	0.0	

FY 2015-16 Annualization			
Description	Amount	FTE	Notes
Program Manager	\$90,000	0.0	Salary at \$7,500/month for 12 months (pay date shift). OSPB has sufficient FTE authority in the existing budget.
PERA	\$9,135		FY 2015-16 rate: 10.15%
AED	\$3,960		FY 2015-16 rate: 4.00%
SAED	\$3,825		FY 2015-16 rate: 3.75%
Medicare	\$1,305		FY 2015-16 rate: 1.45%
STD	\$198		FY 2015-16 rate: 0.220%
Health-Life-Dental	\$4,421		
Business Administrator	\$50,000	0.0	Salary at \$4,167/month for 12 months (pay date shift). OSPB has sufficient FTE authority in the existing budget.
PERA	\$5,075		FY 2015-16 rate: 10.15%

AED	\$2,200		FY 2015-16 rate: 3.60%
SAED	\$2,125		FY 2015-16 rate: 3.25%
Medicare	\$725		FY 2015-16 rate: 1.45%
STD	\$110		FY 2015-16 rate: 0.177%
Health-Life-Dental	\$4,421		
Subtotal - FTE	\$177,500	0.0	

FY 2015-16 Contract Services		
Description	Cost	Notes
Process Improvement Project Delivery	\$110,000	Estimated cost based on current contracted rates and historical project delivery hours for additional projects focused on large, complex, multi-department efforts
Training Program	\$115,000	Estimated cost based on current contracted rates and historical delivery of training sessions to equip employees for independent capacity in process improvement, operational planning, and change management techniques
Subtotal – Contract Services	\$225,000	
Subtotal – Operating Expenses	\$8,400	Estimated cost based on materials, license fees and operating expenses
FY 2015-16 Total	\$410,900	

Additional Information

	Yes	No	Additional Information
Is the request driven by a new statutory mandate?		X	
Will the request require a statutory change?		X	
Is this a one-time request?		X	
Will this request involve IT components?		X	
If yes, has OIT reviewed the request and submitted a corresponding Schedule 13?			
Does this request impact other state agencies?		X	
If yes, has the other impacted state agencies reviewed the request and submitted a corresponding Schedule 13?			
Is there sufficient revenue to support the requested cash fund expenditures?			N/A
Does the request link to the Department's Performance Plan?	X		