

Schedule 13
Funding Request for the 2013-14 Budget Cycle

Department: Public Health and Environment
 Request Title: Lean Resources
 Priority Number: R-2

Dept. Approval by: *[Signature]* 10/11/12
 Date
 OSPE Approval by: *[Signature]* 10/19/12
 Date

- Decision Item FY 2013-14
- Base Reduction Item FY 2013-14
- Supplemental FY 2012-13
- Budget Amendment FY 2013-14

Line Item Information		FY 2012-13		FY 2013-14		FY 2014-15
		1	2	3	4	6
	Fund	Appropriation FY 2012-13	Supplemental Request FY 2012-13	Base Request FY 2013-14	Funding Change Request FY 2013-14	Continuation Amount FY 2014-15
Total of All Line Items	Total	26,432,429	-	34,380,473	-	-
	FTE	115.9	-	115.9	-	-
	GF	4,556,951	-	4,754,283	-	-
	GFE	-	-	-	-	-
	CF	5,079,879	-	5,560,504	-	-
	RF	7,294,214	-	7,341,168	300,107	274,514
	FF	9,501,385	-	16,724,518	(300,107)	(274,514)
(1) Administration and Support, (A) Administration, Personal Services	Total	4,722,496	-	4,722,496	231,548	231,548
	FTE	58.0	-	58.0	2.0	2.0
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	4,703,664	-	4,703,664	231,548	231,548
	FF	18,832	-	18,832	-	-
(1) Administration and Support, (C) Local Public Health Planning and Support, Assessment and Planning Program, Non appropriated federal funds	Total	-	-	-	(93,907)	(80,178)
	FTE	-	-	-	(1.0)	(1.0)
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	(93,907)	(80,178)
(1) Administration and Support, (A) Administration, Operating Expenses	Total	1,262,707	-	1,262,707	29,360	1,900
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	1,262,707	-	1,262,707	29,360	1,900
	FF	-	-	-	-	-

Department of Public Health and Environment
Request Title: Lean Resources

Schedule 13
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Line Item Information		FY 2012-13		FY 2013-14		FY 2014-15
		1	2	3	4	6
	Fund	Appropriation FY 2012-13	Supplemental Request FY 2012-13	Base Request FY 2013-14	Funding Change Request FY 2013-14	Continuation Amount FY 2014-15
(1) Administration and Support, (A) Administration, Health, Life, and Dental	Total	4,245,505	-	8,798,345	-	-
	FTE	-	-	-	-	-
	GF	595,660	-	693,051	-	-
	GFE	-	-	-	-	-
	CF	2,859,482	-	3,014,251	-	-
	RF	790,363	-	790,472	24,618	24,618
	FF	-	-	4,300,571	(24,618)	(24,618)
(1) Administration and Support, (A) Administration, Short-Term Disability	Total	70,682	-	158,497	-	-
	FTE	-	-	-	-	-
	GF	10,603	-	12,200	-	-
	GFE	-	-	-	-	-
	CF	45,611	-	53,812	-	-
	RF	14,468	-	15,413	368	368
	FF	-	-	77,072	(368)	(368)
(1) Administration and Support, (A) Administration, S.B. 04-257 Amortization Equalization Disbursement	Total	1,368,509	-	3,075,072	-	-
	FTE	-	-	-	-	-
	GF	189,702	-	236,649	-	-
	GFE	-	-	-	-	-
	CF	897,523	-	1,043,993	-	-
	RF	281,284	-	298,990	7,470	8,300
	FF	-	-	1,495,440	(7,470)	(8,300)
(1) Administration and Support, (A) Administration, S.B. 06-235 Supplemental Amortization Equalization Disbursement	Total	1,175,282	-	2,776,108	-	-
	FTE	-	-	-	-	-
	GF	162,245	-	213,642	-	-
	GFE	-	-	-	-	-
	CF	771,309	-	942,494	-	-
	RF	241,728	-	269,922	6,743	7,780
	FF	-	-	1,350,050	(6,743)	(7,780)

Line Item Information		FY 2012-13		FY 2013-14		FY 2014-15
		1	2	3	4	6
	Fund	Appropriation FY 2012-13	Supplemental Request FY 2012-13	Base Request FY 2013-14	Funding Change Request FY 2013-14	Continuation Amount FY 2014-15
(9) Prevention Services Division, (B) Chronic Disease Prevention Programs, Chronic Disease and Cancer Prevention Grants	Total FTE GF GFE CF RF FF	4,240,247 24.5 - - 305,656 - 3,934,591	- - - - - - -	4,240,247 24.5 - - 305,656 - 3,934,591	(50,819) (0.3) - - - - (50,819)	(46,641) (0.3) - - - - (46,641)
(9) Prevention Services Division, (B) Chronic Disease Prevention Programs, Oral Health Programs	Total FTE GF GFE CF RF FF	4,576,588 6.5 3,202,743 - 200,298 - 1,173,547	- - - - - - -	4,576,588 6.5 3,202,743 - 200,298 - 1,173,547	(17,740) (0.1) - - - - (17,740)	(16,281) (0.1) - - - - (16,281)
(9) Prevention Services Division, (D) Family and Community Health, (1) Women's Health, Family Planning Program Administration	Total FTE GF GFE CF RF FF	1,063,664 12.6 395,998 - - - 667,666	- - - - - - -	1,063,664 12.6 395,998 - - - 667,666	(50,565) (0.3) - - - - (50,565)	(46,408) (0.3) - - - - (46,408)
(9) Prevention Services Division, (D) Family and Community Health, (1) Women's Health, Maternal and Child Health	Total FTE GF GFE CF RF FF	3,706,749 14.3 - - - - 3,706,749	- - - - - - -	3,706,749 14.3 - - - - 3,706,749	(47,877) (0.3) - - - - (47,877)	(43,940) (0.3) - - - - (43,940)
Letternote Text Revision Required? Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/> If yes, describe the Letternote Text Revision: The departmental indirect cost recoveries will need to increase in letternote a) by \$300,107 Cash or Federal Fund Name and COFRS Fund Number: Reappropriated Funds Source, by Department and Line Item Name: Fund 100, indirect cost recoveries. Approval by OIT? Yes: <input type="checkbox"/> No: <input type="checkbox"/> Not Required: <input checked="" type="checkbox"/> Schedule 13s from Affected Departments: Not applicable Other Information:						



DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

John W. Hickenlooper
Governor

*FY 2013-14 Funding Request
November 1, 2012*

Christopher E. Urbina MD, MPH
Executive Director & Chief Medical Officer

Signature

10/19/12

Date

Department Priority: R-2
Request Title: Lean Resources

Summary of Incremental Funding Change for FY 2013-14	Total Funds	Reappropriated funds	Federal funds	FTE
Lean Resources Total	\$0	\$300,107	(\$300,107)	0
(1) Administration and Support, (a) Administration, Personal Services	\$270,747	\$270,747	\$0	2.0
(1) Administration and Support, (a) Administration, Operating Expenses	\$29,360	\$29,360	\$0	0.0
(1) Administration and Support, non-appropriated federal funds	(\$111,205)	\$0	(\$111,205)	(1.0)
(9) Prevention Services Division, Personal Services total reduction	(\$174,222)	\$0	(\$174,222)	(1.0)
(9) Prevention Services Division, Operating Expenses total reduction	(\$14,680)	\$0	(\$14,680)	0.0

Request Summary:

This request is for \$300,107 and 2.0 FTE from indirect cost recoveries spending authority to formalize and sustain the department's Lean initiative. The indirect cost recoveries increase is offset by a decrease in federal funds. If authorized, this request would allow the department to leverage existing staff expertise to embed Lean continuous improvement methodology as the department's management approach and transform the way the department does business. Since the 2.0 existing staff with Lean expertise are currently funded via federal health grants, the FTE cannot support Lean initiatives in other areas of the department such as the environmental programs. If the request is

authorized, the department will have the resources necessary to realize the benefits of Lean across the entire department and ensure that Lean costs are allocated according to a standardized and appropriate cost allocation methodology.

For several years the department has engaged in process improvement efforts with varying levels of success. With the appointment of Dr. Chris Urbina to be the Executive Director and Chief Medical Officer, Lean has been selected as the department's methodology to implement process improvement. Thus far the department has identified Lean deployment managers and Lean champions in each of its 11 divisions; trained 40 staff in Lean methods, and conducted a number of successful Lean initiatives

Looking prospectively at the challenges the department faces as a government agency and understanding the challenges other industries have faced in making and sustaining improvement efforts, the department is taking a comprehensive strategic approach. These efforts will result, not only in significant improvements in many of the department's most burdensome processes, but in transformation of the approach to how the department does business and interfaces with its customers.

Thus far, to conduct Lean efforts, the department has used existing staff. However, two key staff with significant Lean expertise are funded with federal health grant funds and thus cannot work on Lean initiatives outside those funding parameters, such as Lean projects associated with environmental programs. Given the federal funding constraints, the department believes that the request to shift two existing FTE to indirect cost recoveries is the best way to fully realize the benefits of Lean.

One common theme of successful Lean efforts is the investment of resources up front. This request is to ensure that investment is made with the maximum flexibility. The goal of Lean is to improve processes across the department in a wide variety of areas from fiscal services, to turnaround time, to ease of accessing information. Because the Lean staff will work on projects impacting many programs and funding sources, indirect cost recoveries is the most appropriate cost allocation methodology.

Alternatives:

Maintaining the status quo is problematic for a variety of reasons. First, because of the constraints of funding type, Lean expertise remains siloed. As discussed above, the two positions included in this request are both funded by federal grants related to health programs. That means neither of these Lean experts can appropriately work on a Lean project associated with a cash funded project in an environmental program.

Allowing these staff to provide Lean support outside of a constrained funding type, such as Federal, is not a viable solution. Such a practice would be inappropriate and could result in audit findings and Federal sanctions.

In general, the benefits of Lean include:

- Increased worker productivity
- Shortened processing and wait times
- Reduced waste
- Increased customer satisfaction, both internal and external
- Development of organizational and employee expertise for continuous quality improvement
- Increased accountability and stewardship
- Decreased employee turnover and associated service interruptions and costs

The department anticipates tackling several customer-focused process improvement initiatives in FY 2013-14, including addressing the process time and application backlog for air and water permit applications. See Appendix A for a more complete list of some of the projects and results that are anticipated for FY 2013-14 if the request is authorized. Note that many of the projects on the list in Appendix A are environmental projects with significant opportunities to improve processes, reduce backlogs, decrease steps, reduce handoffs and shorten wait times for customers. If this request for indirect cost recoveries spending authority is not authorized, the department's existing Lean expertise will not be available to all programs across the department.

The department anticipates that if authorized, the requested 2.0 FTE will achieve budget neutrality in three years and cost savings within five years. The department assumes that over the next five years, sufficient efficiencies will be found across the department that these positions will "pay for themselves". It is important to understand however that the funding source of these positions will continue to be indirect cost recoveries, and whatever savings are achieved will be reinvested into the appropriate programs to further enhance services.

Finally, establishment of a centralized Lean initiative with dedicated staff is critical to creating a culture of continuous improvement across the department. Having a department wide Lean strategy with dedicated and skilled leaders will be much more effective than the fragmentation that is likely to occur if 11 divisions and multiple programs undertake Lean initiatives without a unified strategy and coordination.

Assumptions for Calculations:

As shown in Appendix B, the department anticipates needing approximately 4,182 hours to conduct 20 "basic" three day Lean events; 5 "complex" nine day lean events and training, and other outreach efforts. The department currently has 2.0 staff members with significant skill and expertise in Lean. The requested \$270,747 personal services spending authority is based on the salaries of these two individuals. The requested increase in reappropriated indirect cost recoveries spending authority is offset by a commensurate decrease in federal funds. Since one of the positions is funded through non-appropriated federal funds, it isn't possible to show that offset in a specific Long bill line. However, it is shown on the table on page one of the request and in the schedule 13 for informational purposes. The federal funds used to pay that employee come from a grant that has not been added to the federal funds spending authority in the Long Bill, and thus is considered non-appropriated. The department submits an RFI report each year that details the expenditures for federal and other custodial funds that are not appropriated in the Long Bill; costs for this position can be seen on that report. Without the requested indirect cost recoveries authorization, these individuals will be unable to share their expertise with programs such as environmental cash funded programs.

The request also includes \$4,360 for basic operating expenses such as computers and telephone for the 2.0 dedicated Lean FTE.

The operating portion of the request also includes \$25,000 for training in the first year. The training amount is based on actual costs for a week long Lean training in June of 2012. The department brought in an outside Lean expert to provide the one week training for 16 staff. The department is requesting this funding in order to provide similar on-site training for multiple staff in FY 2013-14.

Consequences if not Funded:

Failure to authorize this request would mean that not all the department's divisions and programs

would have access to the trained and experienced Lean resources that already exist within the department. This will likely mean that the department and its programs will forgo significant efficiency gains, process improvements and productivity enhancements. The nature of Lean is project based and project focused. This means that funding for Lean efforts cannot be tied to specific funding sources. If this request for indirect cost funding is not authorized, the department will be at risk for inappropriate expenditures due to the lack of a standardized cost accounting methodology. This will mean that projects with significant potential for process improvements, efficiencies and/or productivity gains may not occur due to inability to appropriately resource them. According to the preliminary work plan in Appendix A, projects likely to be undertaken in FY 2013-14 will have significant benefits in terms of reduced steps, wait time, handoffs and backlog. Several of the anticipated projects for FY 2013-14 relate to the environmental divisions. Without the requested authorization those projects could not move forward since the department's two primary Lean experts are federally funded on the health side.

Finally, failure to establish a centralized Lean initiative with dedicated staff would be detrimental to the success of the department's Lean initiative. Without the requested indirect cost spending authority, Lean initiatives are likely to be fragmented as 11 divisions and multiple programs undertake Lean initiatives without a unified strategy and coordination. If the requested resources are not authorized the department is unlikely to fully benefit from the process improvements, efficiencies and productivity gains possible through Lean.

Impact to Other State Government Agency:

The Department believes that successful Lean initiatives at CDPHE will significantly benefit other state agencies and departments. CDPHE works closely with many state agencies and departments, sharing data, supporting related programs and activities and leveraging funds. Process improvements at CDPHE will undoubtedly have positive impacts for other state agencies, departments and their customers. As an example, the Vital Records Unit at CDPHE has been working closely with Health Care Policy and financing to make it easier for Medicaid

applicants to obtain vital records documents necessary for their applications. Rather than the applicant visiting the Vital Records office, the

two departments are working to develop a system for electronic document verification.

Appendix A

Anticipated projects and results for 2013-2014

Air Pollution Control Division (APCD)	
Process	Metrics
Stationary Program Permitting	Decrease number of permits awaiting supervisor review
Smoke Management Permitting	Reduce average permit issuance cycle time; improve customer satisfaction with the process
Indoor Environment Program Enforcement	Reduce average cycle time for completed enforcement actions
Center for Health and Environmental Information (CHEIS)	
Process	Metrics
Medical Marijuana Applications	Reduce process time to enter an application and patient data; reduce process time used to quality check an evaluation
Disease Control and Environmental Epidemiology Division (DCEED)	
Process	Metrics
STI/HIV Contract Performance Rating Process	Reduction in process complexity; reduction in handoffs; reduction in process steps
Division of Environmental Health and Sustainability (DEHS)	
Process	Metrics
Standardization of Wholesale Food Inspection Program**	Increase the % of reports completed and delivered to FDA on time
Hazardous Materials and Waste Management Division (HMWMD)	
Process	Metrics
Solid Waste permitting**	Reduce permit process time and increase number of permits and modifications processed
Solid Waste Inspection Process**	Increase number of solid waste inspections
Laboratory Services Division (LSD)	
Process	Metrics
Central Services	Reduce the turnaround time for audit prep; reduce turnaround time for producing internal stock status requests
Toxicology Laboratory	Reduce staff time spent on producing litigation packets
Newborn Screening Laboratory	Decrease staff time spent on researching results already sent to healthcare providers
Prevention Services Division (PSD)	
Process	Metrics
Grant Management**	Decrease number of reworks; reduction of process steps; improved customer service, increase percent of work delivered complete and accurate
Water Quality Control Division (WQCD)	
Process	Metrics
Stormwater Inspections	Reduce # of process steps; reduce # of handoffs in process; improve customer satisfaction
Permitting**	Improve permit completion time; reduce permit backlog %

**Indicates complex projects that will require more than one Lean event.

Appendix B
Lean DI Hours and Staffing Detail

Activity description	# of events	Hours per event	Dedicated Lean FTE Hours
Basic Lean Events			
prep per event	20	40	800
Rapid improvement event	20	24	480
Post event follow-up	20	20	400
Complex Lean events 3 events per project			
prep per event	5	120	1200
Rapid improvement event	5	72	720
post event follow-up	5	20	200
Training and other outreach activities			
monthly lean deployment meeting	12	1.5	36
prep for lean deployment managers training	2	20	80
trainings for lean deployment managers	2	4	16
prep for CDPHE staff training	10	5	100
training for CDPHE staff	10	4	80
interagency lean participation	12	3	72
Total	25 events		4184
	(20 basic, 5 complex)		

Calculation Assumptions:

Personal Services -- Based on the current salary of all applicable positions and FTE.

Operating Expenses -- Base operating expenses are included per FTE for \$500 per year. In addition, for regular FTE, annual telephone costs assume base charges of \$450 per year.

Standard Capital Purchases -- Each additional employee necessitates the purchase of a Personal Computer (\$900), Office Suite Software (\$330), and office furniture (\$3,473). This is included for two of the FTE. While they currently have computers, those were funded by their current programs and need to remain with those programs.

General Fund FTE -- New full-time General Fund positions are reflected in FY 2012-13 as 0.9166 FTE to account for the pay-date shift.

Expenditure Detail		FY 2013-14		FY 2014-15	
Personal Services:		FTE	\$	FTE	
Performance Improvement	Monthly Salary				
Director	\$ 11,374	1.0	136,488	1.0	136,488
PERA			13,854		13,854
AED			4,914		5,460
SAED			4,436		5,118
Medicare			1,979		1,979
STD			242		242
Health-Life-Dental			12,309		12,309
Subtotal Performance Improvement Directo		1.0	\$ 174,222	1.0	\$ 175,450
Performance Improvement	Monthly Salary				
Specialist	\$ 5,916	1.0	70,992	1.0	70,992
PERA			7,206		7,206
AED			2,556		2,840
SAED			2,307		2,662
Medicare			1,029		1,029
STD			126		126
Health-Life-Dental			12,309		12,309
Subtotal Performance Improvement Speciali		1.0	\$ 96,525	1.0	\$ 97,164
Subtotal Personal Services		2.0	\$ 270,747	2.0	\$ 272,614

<i>Operating Expenses</i>					
Regular FTE Operating	500	2.0	1,000	2.0	1,000
Telephone Expenses	450	2.0	900	2.0	900
PC, One-Time	1,230	2.0	2,460	-	-
Onsite training for 15 to 20 staff	25,000	-	25,000	-	-
<i>Subtotal Operating Expenses</i>			\$ 29,360		\$ 1,900
<u>TOTAL REQUEST</u>					
		-	-	-	-
<i>General Fund:</i>					
<i>Cash funds:</i>					
<i>Reappropriated Funds:</i>	2.0	300,107.0	2.0	274,514.0	
<i>Federal Funds:</i>	(2.0)	\$ (300,107)	(2.0)	\$ (274,514)	