



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
Rent	\$44,823,877	\$43,894,470	\$ 929,407*
Square Footage	3,980,843	3,900,561	80,282*

*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.

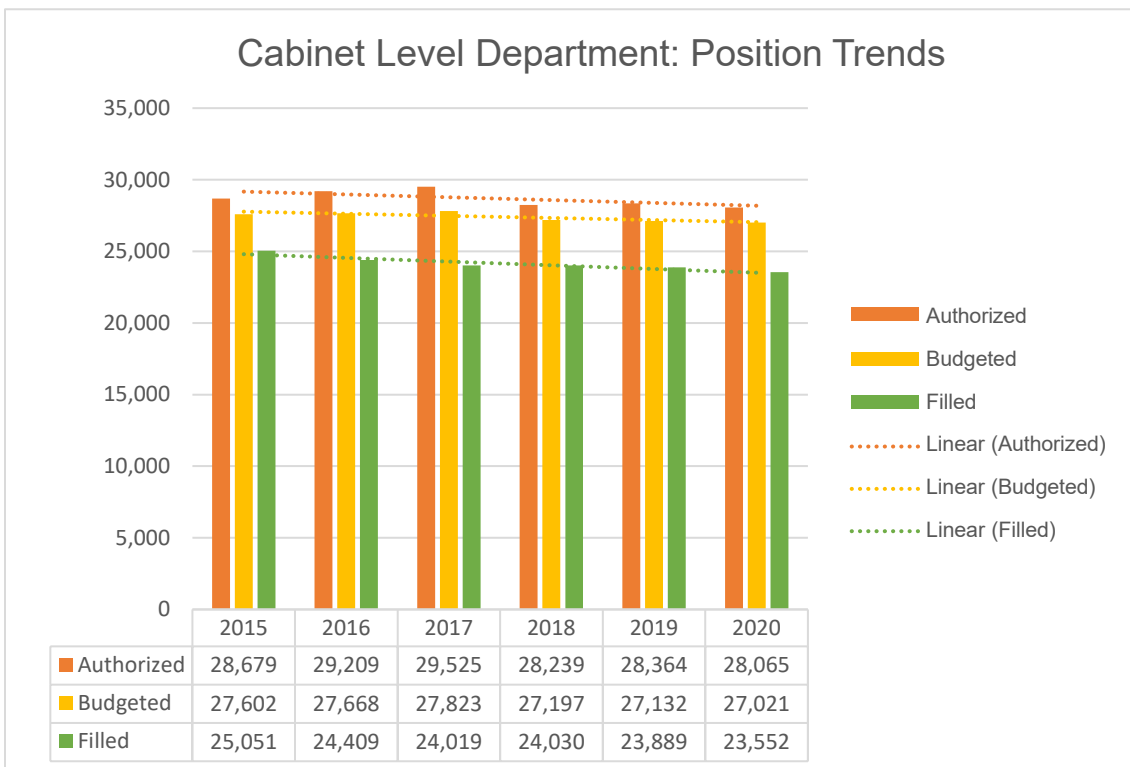
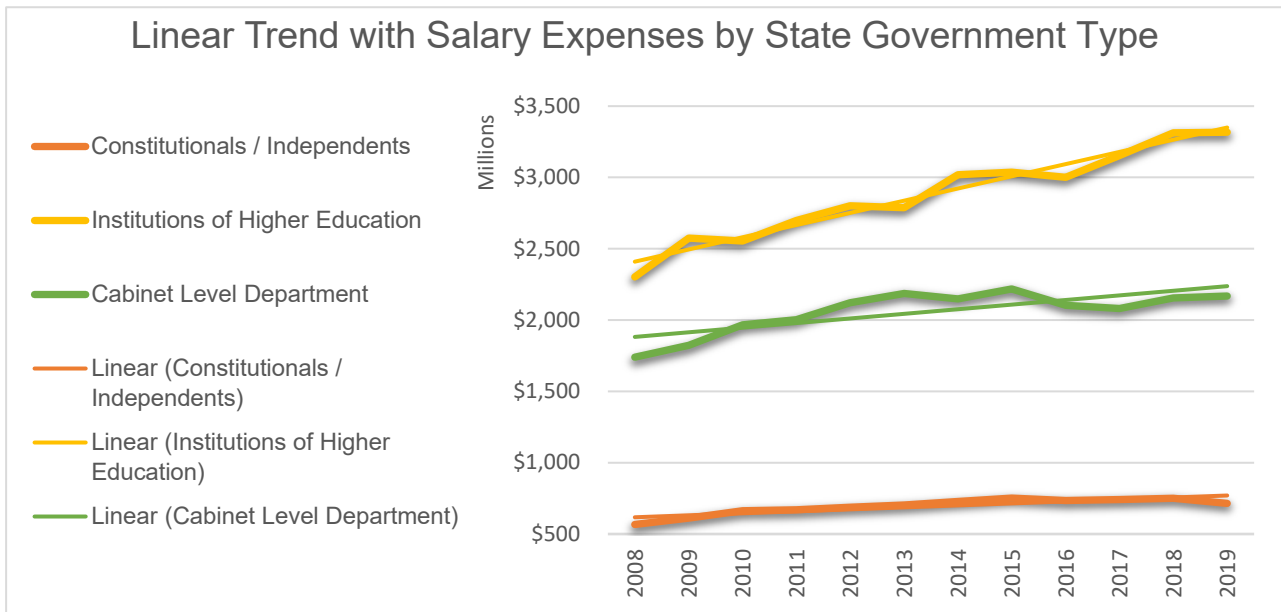
Additionally, the chart below represents the amount that Departments absorbed into their existing budgets without dipping into the performance fund.

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

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
Decreased Filled Positions	310



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

4. Reallocation of General Revenue

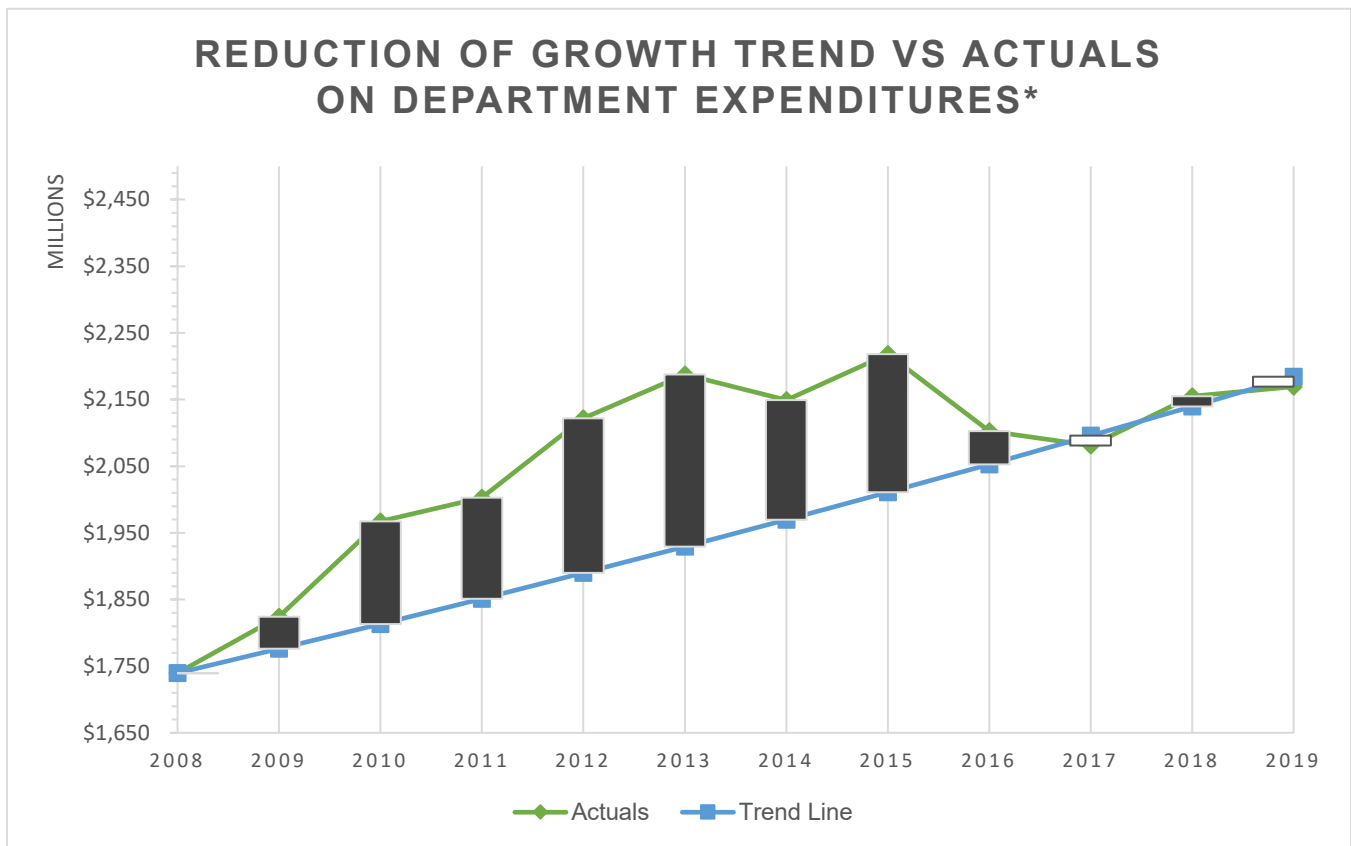
Departments have realized more than **\$6,305,160** in savings. Departments have reinvested that funding back into their Department to accomplish more without requesting additional revenue. These are examples of maximizing the Departments' appropriated budget to do more for less. Please see **Attachment 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
TOTAL	\$3,278,370

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



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

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

	Square Ft July 1	Square Ft March 4	Facilities Rent July 1	Facilities Rent March 4
Dept. of Agriculture	139,983	134,988	\$1,370,711.78	\$1,308,074.46
Dept of Commerce	199,633	175,786	\$3,361,265.34	\$3,000,185.54
Dept. of Corrections	503,056	507,062	\$2,838,535.34	\$2,858,260.02
Dept. of Finance and Administration	991,607	992,121	\$12,732,850.92	\$12,737,846.80
Dept. of Human Services	1,298,056	1,296,376	\$14,154,839.65	\$14,145,482.77
Dept. of Education	216,554	216,554	\$3,069,499.20	\$3,069,499.20
Dept. of Energy and Environment	30,503	27,181	\$338,415.70	\$303,635.06
Dept. of Health	127,012	100,616	\$1,800,512.99	\$1,429,057.41
Dept. of Inspector General	12,045	9,305	\$183,891.00	\$149,531.40
Dept. of Labor and Licensing	44,377	36,023	598,879.11	\$576,501.00
Dept. of Military	15,459	15,459	\$166,380.28	\$166,380.28
Dept. of Parks, Heritage, Tourism	76,962	75,128	\$962,936.24	\$950,813.48
Dept. of Public Safety	149,085	148,843	\$1,278,148.19	\$1,341,335.13
Dept. of Transformation and Shared Services	115,355	103,777	\$1,379,545.49	\$1,274,392.59
Dept. of Veterans Affairs	61,156	61,342	\$587,466.20	\$583,475.56
TOTAL	3,975,003	3,903,075	\$44,759,455.56	\$43,852,426.94

Reduction in Rent: **\$929,407**
Reduction in SqFt: **80,282**

Attachment B

Personnel

	Filled Positions July 1	Filled Positions March 4
Dept. of Agriculture	576	578
Dept of Commerce	1580	1422
Dept. of Corrections	5486	5418
Dept. of Education	775	779
Dept. of Energy & Environment	401	386
Dept. of Finance & Administration	2313	2309
Dept. of Health	2074	2070
Dept. of Human Services	7126	7068
Dept. of Inspector General	41	41
Dept. of Labor and Licensing	254	242
Dept. of Military	424	433
Dept. of Parks, Heritage, Tourism	868	866
Dept. of Public Safety	1323	1337
Dept. of Transformation and Shared Services	385	361
Dept. of Veterans Affairs	236	242
TOTAL	23862	23552
	Fewer Positions	310

Attachment C

General Revenue Reallocations

Department	Savings
Dept. of Agriculture	\$ 249,000.00
Dept. of Corrections	\$ 43,290.00
Dept. of Finance and Administration	\$ 300,000.00
Dept. of Human Services	\$ 2,995,400.00
Dept. of Education	\$ 676,000.00
Dept. of Energy and Environment	\$ 60,000.00
Dept. of Health	\$ 75,000.00
Dept. of Inspector General	\$ 73,606.00
Dept. of Labor and Licensing	\$ 20,835.00
Dept. of Parks, Heritage, Tourism	\$ 987,735.00
Dept. of Public Safety	\$ 215,024.00
Dept. of Transformation and Shared Services	\$ 565,000.00
Dept. of Veterans Affairs	\$ 44,270.00
TOTAL	\$ 6,305,160.00