



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 11

PRINTERS NO. 1446

PRIME SPONSOR: Grove

COST / (SAVINGS)

FUND	FY 2014/15	FY 2015/16
General Fund	\$0	See fiscal impact

SUMMARY: House Bill 11, printer's number 1446, is a free-standing bill that establishes the Lean Government Practices Program and confers powers and imposes duties on the Governor's Office of Transformation, Innovation, Management and Efficiency. The effective date is 60 days after enactment.

ANALYSIS: The bill establishes the Lean Government Practices Program within the Governor's Office of Transformation, Innovation, Management and Efficiency. The Governor's Transformation Office shall provide training to State agencies and employees in lean government practices. Lean government practices are defined as programs, such as Six Sigma or Kaizen, designed to improve services through the elimination of waste in bureaucracy by removing unnecessary steps and processes to improve delivery of services in a manner that is faster, effective, efficient and at a lower cost. The Lean Government Practices Program shall be directed by a steering committee consisting of the Secretary of Administration, the Director of the Governor's Transformation Office, the Secretary of Policy and Planning, the Secretary of General Services, the Secretary of the Budget, an individual chosen by the President pro tempore of the Senate, an individual chosen by the Minority Leader of the Senate, an individual chosen by the Speaker of the House, and an individual chosen by the Minority Leader of the House. The steering committee shall identify State programs and processes in need of streamlining to improve efficiency and develop training and implement strategies to assist in the adoption of lean government practices.

All State agencies are directed to designate certain employees to form innovation teams to receive lean government practices training. Following training the designated employees shall begin the process of adopting lean government practices in their State agencies.

The bill directs the Transformation Office to provide an annual report detailing any cost savings and improved delivery of services from the Lean Government Practices Program. The bill also provides that the Transformation Office may promulgate regulations to assist in the administration of the Lean Government Program.

FISCAL IMPACT: The enactment of this legislation is estimated to increase costs to the Commonwealth by approximately \$1,100,000 in the first year for staff for the Transformation Office to effectively implement and manage the Lean Government Practices Program (4 training facilitators, 3 project managers to work with State agencies, and 1 management policy associate) and for comprehensive Six Sigma, Kaizen or other Lean Government Program training for the new Transformation Office Lean Government Practices staff (training costs of \$20,325 per staff position). Lean Government Practices Program staff is needed because the program will require ongoing training and work with State agencies and employees. Ongoing cost for staff for salary, benefits and related operational costs is estimated to be \$950,000.

Per the Governor's Office of Transformation, estimated costs to provide Lean Government Practices Training to State employees is \$209 per employee. Assuming training is provided to 2,500 employees per fiscal year, training costs would be an additional \$523,000 per year.

Costs incurred for implementing and managing the Lean Government Practices Program will be offset by savings to the extent they are obtained from the delivery of services in a more efficient and cost-effective manner.

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House Appropriations Committee (R)

DATE: May 6, 2015

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.