TOC in Government: Challenges and Opportunities

Utah Department of Workforce Services

Presented By: Kristen Cox, Executive Director

Date:
Agenda

• Who we are
• Public sector demand
• Challenges
• Theory to action
• Results
Constraints Management’ Breaks Down Barriers to Efficiency

“Government efficiency initiatives come and go. But Utah has had continued success with one in particular.”
Who we are

STATE OF UTAH
Department of Workforce Services

Total FTE for agency = 1,984
(as of August 2011)
Public Sector Demand
Public Sector Demand

Lean Government's Promise of Going “Lean”

Lean Government Case Study: Connecticut Governors Redouble Commitment to Lean Government

Newt Endorses Lean & Six Sigma for Government
Theory of Constraints?

- “I have never heard of TOC.”
- “Why is it called ‘Theory’ of Constraints?”
- “How is it different from other initiatives we have done: Lean, Kaizen, Six Sigma, etc.?”
- “Why don’t a lot of vendors practice TOC?”
- “Where are the results?”
- “Where can I find more information on TOC?”
- “Does TOC work in government?”
Public Sector Challenges

• Budget
• Hiring/Firing
• Bureaucracy
• Policy
• Procurement
• Multiple Stakeholders
What is the Goal?

- **Private sector:** Generate more revenue now and in the future

- **Public sector:** Deliver continuously improving services at lower costs
Public Sector: Strategy and Tactics

- Deliver continuously improving services at lower costs
- Increase Quality
- Increase Throughput
- Decrease Operating Expenses
Set Measurable Goals and Targets

- Throughput Thinking
- Unit Measures
- Translation Targets
- Dashboards, Savings Ledgers
Use Thinking Tools

- Root Cause Analysis
- TOC five steps
- Reduce Multi-tasking
- Full Kit
Create System

Theory of Constraints

- Step 1: Identify Control Point
- Step 2: Decide how to exploit Control Point
- Step 3: Subordinate everything else to Control Point
- Step 4: Measure Control Point

Create System

Develop Throughput Operating Strategy

- Strategy Containment
- Key Levers
- Capacity Flow
ELIGIBILITY SERVICES DIVISION
THROUHPUT OPERATING STRATEGY

Application → Collect information and Request Verification → Re-Certification → Change Report → Provide Verification → Image → Enter Evidence → Authorize/ Deny Benefits → Determination

Feeding the Control Point
The backlog of pending decisions is going down

Feeding the Control Point
Complete information flows to authorization. We are reducing the time/effort to get complete information

Control Point
Staff are working on actions that lead to correct decisions today. Decisions are increasing

Measures
• Determinations/FTE
• Cost/Determination
• Quality of Determinations
• Time to Determination
Create System

ELIGIBILITY SERVICES DIVISION
CAPACITY FLOW

Collect information and Request Verification ➔ Provide Verification ➔ Image ➔ Enter Evidence ➔ Authorize/ Deny Benefits ➔ Determination

Maximum Capacity: Inputs
- Applications: 30,000/month
- Reviews: 48,000/month
- Calls: 120,000/month
- Chats: 18,000/month

Maximum Capacity: Images
216,000/month

Measure- danger zones
- Determinations/FTE
- Cost/Determination
- Quality of Determinations
- Time to Determination

Throughput:
110,000 – 132,000/month

Quality/Throughput/Cost Acceptable Ranges
- Accuracy: 92% - 95%
- Timeliness: 12 – 15 days
- Speed to Answer: 10 – 20 minutes
- WIP: <30 days - <36 days
- Determinates/FTE: 7 – 8
- Cost/Determination: $31.86 - $37.00
Create Organization

- Administrative Framework
- Reduce Layers
- Increase Spans of Control
- Administrative/Operational Ratios
Engage Organization

Publish TOS
TOC training
Throughput Rounds
Pay for Performance
Synchronize Policy and Projects

- Align policy and IT around strategy
- Eliminate misaligned projects/policy
- Gatekeeper/Portfolio
- Critical Chain/Agile development
Stay Focused

Executive meeting management

Lever Control

Recognition

Stakeholders
# Lever Control

## Online Reviews (myCase)

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## myCase 3rd Party/Auth Rep (myCase)

| New 3rd Parties | 1011 |
| Total 3rd Parties | 1200 |

## Paperless (myCase)

| 61411 Customers Opted-In | 751,057 Savings To Date (At 25.2 Notices Per Case Per Year) |

## Pending Unpendable

| Enhancements to FK | Used 55,000 Times Per Month*5 mins per usage=220,000 Monthly Savings (Estimated) |

## Earned Income Screen Simplification

| Changes to S.E. and Earnings | (Anticipated Lever Control): 4 mins per 1/3rd of cases a month (Projection) | Used 75,000 Times Per Month*4 mins=200,000 Monthly Savings (Estimated) |

## eVerifications

| Auto UI, CS, Wage Data, Wk# | Lever Control/Savings will be associated with notice, efind, mailing, phone call, and manual decisions. |

## Online Applications (myCase)

| Stage 1 of Auto Decisions | Phase one we anticipate around 15,000 monthly applications to be completed online. |

## Potential ROI with Lever Control

| Status Information (myCase) | Savings anticipated in imaging, mediated data entry, notices, interviews, and check eligibility/cascade decisions |
| 4 Million Hits Since Launch | 108,169 average monthly case status/notice/verification checks on myCase. |
| Large Potential ROI by not allowing for phone calls from customers on status checks. |
| If even one of 4 phone calls were prevented the ROI is $102,310 per month (1 call=5min+.45 toll) |

## Change Reports

| 79,894 Changes Since Launch | 6,146 average monthly change reports are completed on myCase by customers. |
| Large Potential ROI if we don't allow customers to make change reports online and by phone. |
| Phone charges and worker time could result in an ROI of 61,457 per month if the duplication is eliminated. |
Demand Driven

Employers

Job
Seekers

and future job seekers

Jobs

Employers

Job
Seekers

Competent and Qualified DWS Employees

Key Metrics
Throughput =
  - Jobs, better jobs
  - Cost/Service quality

- Define future education/training needs
- Support job creation activities

Job
Openings

Job
Connecting
Activities

Determinations/
Claims

Temporary
Assistance

Work
Readiness
Evaluation

Job
Prep
Services

Staff assisted or self-directed
Results

Public Assistance - Eligibility Services
Caseload, Cost, FTE's FY 2008 - FY 2013 (est.)

- Eligibility Services Division created
- Operational Excellence Initiative
- Implement full lit
- New case reviews
- Expand myCase
- Pay for Performance incentives

Dual systems: PACRIS and eREP in use. Summer 2009
Operational Excellence Initiative
- Throughput Operating Strategy
- Customer Self-Service
- eGovernment objectives

Operational Excellence Initiative complete
Spring 2010

eREP system implementation begins
Summer 2009

- Eligibility Services FTE count
- Operational Costs
- $80 M (estimated)
- $77.0 M
- $69.9 M
- $69.5 M
- $59.4 M
- $54.2 M (budgeted)

FY 2008
FY 2009
FY 2010
FY 2011
FY 2012
FY 2013
Department of Workforce Services cuts administrative costs, staffing while workload triples

By Marjorie Cortez
Published: Monday, Sept. 12, 2011

SALT LAKE CITY — When the economy sours, the workload at the Department of Workforce Services goes up, up, up as more people seek public assistance, food stamps and health benefits.

The number of cases handled by the department's Eligibility Services Division has nearly tripled since 2007. At the same time, the department has saved more than $18 million in administrative costs while reducing the time it takes to determine whether applicants for various government programs qualify for public assistance.

"This is not just about cost reductions. This is cost reduction and improved services," executive director Kristen Cox said at a press conference Monday.
Current Targets

• Reduce $4 Million operating expense
  − $3 Million reduction (requires 15% increase in throughput)
  − 10% employment goal = $1 Million savings
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Department of Workforce Services