

# GOVERNMENT EFFICIENCY REVIEWS

Alvarez & Marsal Public Sector Services  
*Government Efficiency Methodology Overview*



## APPROACH

A&M's Government Efficiency Methodology has been developed through working with state and local governments of various size and complexity. Our focus on extensive financial and data analysis allows us to deliver fact-based, actionable recommendations to our clients. Each recommendation is assessed for implementation costs and general fund savings. Given our bias toward action, we partner with government leadership and agency staff to ensure that all recommendations align with strategic goals and priorities.

## SOLUTION

A&M's Government Efficiency Methodology is designed to develop an Efficiency Blueprint to ensure long-term financial health and success with three key priorities.

- Priority 1: Budget Analysis
- Priority 2: Efficiency Recommendations
- Priority 3: Efficiency Initiative Implementation

## WYOMING EFFICIENCY STUDY

A&M was hired by the Wyoming Spending And Government Efficiency (SAGE) Commission to conduct a government efficiency review of four cabinet agencies to respond to a loss of mineral tax revenue in the State of Wyoming. The team identified savings and revenue enhancement opportunities of 227.6 million including broad scale organizational review, and modernization of systems and coordination of investments across agencies, enhancing employee benefits and implementing shared services.

## RHODE ISLAND EFFICIENCY STUDY

A&M was contracted by the Rhode Island Department of Administration to conduct a review of five state agencies for potential efficiencies in response to a \$40M revenue shortfall, and \$15M in unexpected social services costs. A&M identified \$65.7 million potential savings opportunities among different agencies through internal realignment opportunities.

## KANSAS STATEWIDE ASSESSMENT

A&M was contracted by the Kansas State Legislature to undertake a government efficiency review of nine cabinet agencies including a review of the federal funds received. The State Government Efficiency Study, contained 105 efficiency, cost savings, and new revenue opportunities exceeding \$2 billion for the State of Kansas over five years with \$301 to \$434 million in annual savings.

## TOWN OF TUXEDO, NY FINANCIAL ASSESSMENT

Tuxedo faced revenue shortfalls in funding day-to-day operations while addressing extensive capital improvements. Tuxedo engaged A&M to review operational programs and to ensure proper management of cash and fiscal integrity of financial accounting practices. A&M completed an Organizational Risk Assessment and Internal Controls Review across the Town's major functions. A&M also prepared Corrective Action Plans to improve budget forecasting and risk assessment processes.

## CITY OF SEATTLE

A&M has assisted several City of Seattle departments with detailed organizational assessments of the Finance Department operations with implementation of new financial management operational priorities and new financial reporting systems. A&M developed a project activity and reporting structure to meet the objectives of new financial reporting requirements. A&M's implementation services included reviewing department operating systems and financial policies and procedures to determine alignment with the new reporting structure.

## DETROIT PUBLIC SCHOOLS

A&M worked with the appointed Emergency Manager of DPS to deploy a five-year financial plan to curtail a \$305 million deficit. The plan streamlined departments and improved internal budget processes. The deficit elimination plan identified cost savings strategies including the privatization of various business support services, deployment of a school costing model and transition budget blueprint in for long term financial sustainability plans. DPS achieved \$53 million in annual cost savings.

## ALVAREZ & MARSAL

A&M Public Sector Services, LLC, provides strategic financial management, crisis management, and performance improvement services to federal, state, and local governments.

More is expected of today’s municipal government leaders. The days of simply overseeing the traditional finance, budget and accounting functions of an organization are long gone. Today’s leader is overseeing the financial health of the organization, creating and managing a flexible operating model and delivering timely and insightful decisions based on trusted analytics and financial information. Against the backdrop of increasing health and benefits costs, sluggish revenue growth, significant infrastructure investment, and unprecedented levels of new regulations, government leaders are asked to provide for the growing needs of their communities while maintaining financial stability in an era of growing financial, operational and regulatory challenges. A&M stands ready to support government organizations with leadership, action and results for their evolving needs.

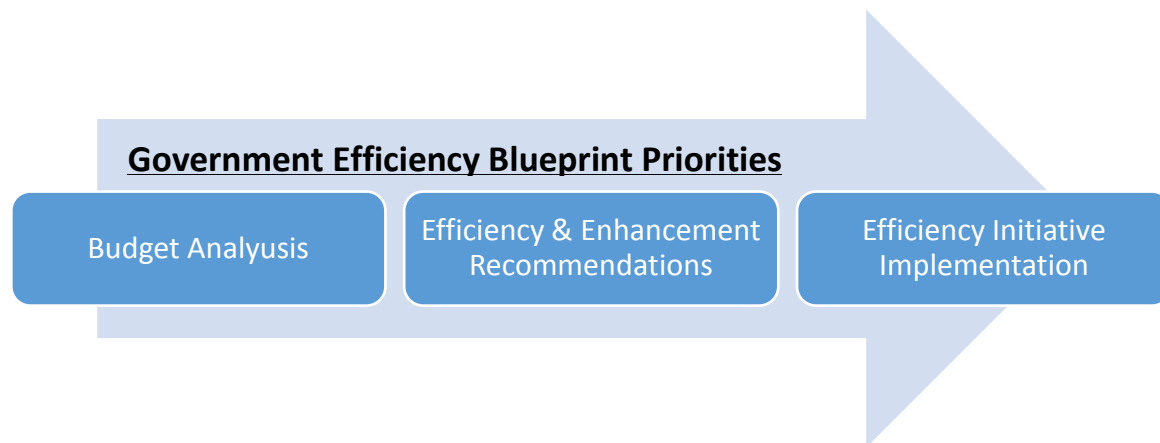
**Government Efficiency Blueprint:**

While municipalities across the US are faced with high local government costs and property tax burdens for taxpayers, there is continued demand for increased transparency and accountability in providing services. Taxpayers are willing to pay for essential services, but do not want to see their hard-earned money wasted. Municipalities are experiencing expanding costs in providing a wide range of services while being constrained by limitations on property tax collections and lack of revenue enhancement opportunities. As these strains continue, debates around these concerns have focused more on facts than the opportunities for policy change.

*"The A&M team demonstrated outstanding skills and knowledge in providing technical assistance and consulting services. Their deliverables were always clear and easy to understand and documentation was presented in a professional format and was ready for presentation to the Commissioner and Legislature. The A&M team worked tirelessly to meet the commitment that they made to the State."*

*- Jan Cassidy, Former Assistant Commissioner of Administration*

A&M Public Sector Services is well-positioned to help municipalities address these concerns. As an independent third-party, our team has deep experience in government efficiency. We work alongside our clients to develop an innovative, customized blueprint to reinvent government and drive transformational service delivery and cost efficiencies. We stand behind our efficiency recommendations, and have testified before local government councils/commissions and state legislatures on our clients’ behalf. Our process focuses on three priorities to help municipalities create a Government Efficiency Blueprint (Plan).



The goal of the Plan is to examine and pursue opportunities for consolidation, shared services, and other changes that permanently reduce taxpayer’s property tax burden and increase government efficiency. The Plan should analyze opportunities for program efficiencies, cost savings, revenue enhancements, outsourcing initiatives, and monetization of unused city assets. The goal is not reducing services, but rather providing existing services at a lower cost. The Plan should examine the organizational structure to identify opportunities to drive management and operational efficiency. Finally, municipalities should

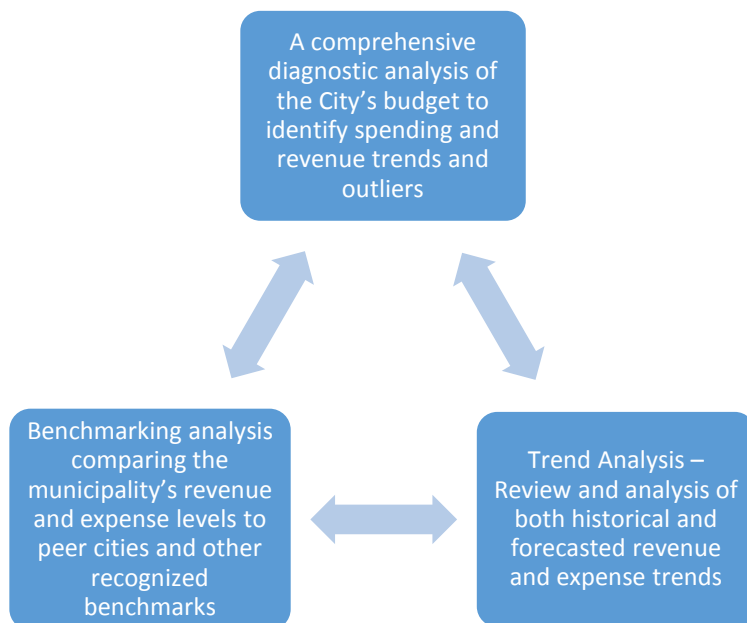
examine opportunities for management efficiency including evaluating the financial position through peer benchmarking of revenues and costs of delivering key services.

**Priority 1: Budget Analysis**

Making decisions based on accurate and consistent data is critical to navigating today’s complex environment. A&M defines a vision for integrated performance management that leverages leading government efficiency and operational changes.

Extensive budget analysis is a core component of A&M’s process to develop efficiency recommendations for our clients. Reviewing annual financial reports, budget documents and operational data across comparable municipalities, gives our team a well-rounded view of the financial landscape.

The budget analysis serves as a diagnostic for budget performance across all general purpose funds. This will include an analysis of historical, current, and future trends, and will help to identify performance outliers.



**Priority 2: Efficiency and Enhancement Recommendations**

After completing the extensive budget analysis, A&M identifies recommendations that prioritize target areas with substantial expenditures of general purpose funds where the municipality can become more efficient, thereby driving cost savings for taxpayers. A&M’s key assessment areas typically include:

Assessment Area	Explanation
<b>Service Levels</b>	Identify areas where the current level of service potentially exceeds what is necessary and could be reduced to decrease costs
<b>Service Delivery</b>	Identify current service delivery models and opportunities to deliver services more efficiently, including citizen-centric service delivery models
<b>Consolidation</b>	Identify opportunities to combine departments, programs or services to realize economies of scale, eliminate redundancies and improve efficiency
<b>Shared Services</b>	Identify common functions across departments and other area local governments that could be incorporated into a shared services model to improve efficiency
<b>Technology</b>	Identify opportunities to digitize services, automate processes, or otherwise expand the use of technology to improve both efficiency and effectiveness
<b>Human Resources</b>	Identify areas where the structure, capabilities, or incentives for the workforce could be improved including review of employee benefit and retirement programs
<b>Privatization</b>	Identify opportunities to outsource or privatize functions currently performed in-house
<b>Facilities</b>	Identify opportunities to make more efficient use of facilities and other real assets
<b>Economic Development</b>	Examine economic development programs and initiatives and evaluate the value such programs and initiatives provide for public-private partnerships
<b>Revenue Enhancements</b>	Examine whether revenues effectively improve cash collections, identify new revenue opportunities and external revenue sources (e.g., grants, foundations, etc.)
<b>Long-Term Debt Restructuring Options</b>	Review the current long-term debt and identify restructuring opportunities
<b>Real Estate</b>	Review of current public asset and land holders and determine opportunities for the monetization of underutilized and abandoned land, rights of ways and facilities

Assessment Area	Explanation
<b>Streamlining Service Offerings</b>	Review the catalog of services to determine if any are duplicated across agencies or are no longer providing the intended impact for the constituents served

### **Priority 3: Implementing a targeted list of opportunities**

The output of this strategy should be a prioritized listing of opportunity for operating savings, efficiency and enhancement recommendations both in written form and explained through testimony before legislative and oversight bodies. These recommendations should be classified into short-term opportunities which can be implemented within the current budget cycle, medium-term opportunities which can be implemented within one to three years, and long-term opportunities which may require three or more years to implement. To ensure the credibility of the Plan, A&M commits to not just advise our clients, but also to assist in implementing our recommendations.

A&M’s approach is to develop the Plan over a 120-day period. Our final report includes a detailed roadmap for each of the recommendations that include:

- An estimate of the financial and personnel resources required
- An estimate of the timeframe to implement the recommendation
- A list of the required critical steps, including any statutory or regulatory changes
- The deployment strategies, communication management, dashboards, and monitoring tools necessary for implementation.

To ensure the Plan is effectively executed, governments should dedicate resources to implementation. Successful implementation includes:

- Execution of the Change Management Plan
- Dedicated Project Management Office to ensure departments are successfully meeting the study recommendations
- Established surge or interim operational roles to provide extra capacity for implementation
- Consistent interim reporting to government leadership on the success of the implementation plan, reporting on risks and associated mitigation strategies

*“The A&M team brought professional hands-on experience and local government best practices that served us well. They worked closely with our staff and elected town council and provided critical action plans that we used to improve our financial controls and budget planning process. As result of the financial risk and organizational improvement assessment we now clearly understand our current challenges and more importantly we have a road map to address them.”*

*- Mike Rost, Town Supervisor*

Given the pressing need for reform, municipal officials need to ensure the government transformation occurs and savings are achieved. ***A&M has demonstrated success in helping organizations rapidly reduce costs, improve revenue collections and significantly improve financial performance and increase service quality across government operations.***

Alvarez & Marsal is accessible through the *Innovations and Solutions* Contract with **U.S. Communities**.  
**Contract:** 4400005869 (April 29, 2015 – April 28, 2021). **Lead Public Agency:** Fairfax County, Virginia.

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