

**Legislative Commission on Government Efficiency
Public Hearing - Lansing**

10:00 a.m. to 3:00 p.m. • Wednesday, August 12, 2009
State Capitol Building
Room 426 • 4th Floor
100 N. Capitol Avenue • Lansing, Michigan

Present:

James Curran, Co-Chair
Georgi-Ann Bargamian
Mitch Bean

Fern Griesbach
David Leonard
Gary Olson

I. Call to Order

Co-Chair Curran called the hearing to order at 10:00 a.m.

II. Public Participation

Eighteen members of the public turned in participation request cards.

Tanya Bryanton
11568 Gold Fields Drive
Grand Ledge, MI 48837
DHS

Iris K. Salters
2621 Woodview
Lansing, MI
Michigan Education Association

-SEE ATTACHED WRITTEN TESTIMONY

John Andrews
Michigan Association of Substance Abuse
Coordinating Agencies

-SEE ATTACHED WRITTEN TESTIMONY

Ray Holman
State Employees

-privatization of child welfare care is not cost effective

Jack Minore
MI AFL-CIO

-agrees that state's problems are structural
-encourage not mandate consolidation
-hold off with health care reform until action at federal level is determined
-private agencies are driven by profit while public agencies are driven by service

Larry Bamdy
Henrietta Township

-shared best practices at township level
-opposed to increasing local unit tax authority
-extended an invitation for anyone to come to see how they operate

K. P. Pelleran
124 W. Allegan, Suite 1220
Lansing, MI 48933
Fight Crime: Invest in Kids

-SEE ATTACHED WRITTEN TESTIMONY

Summer Minnick
Michigan Municipal League

-look at what the corrections cuts may place on local safety concerns
-not opposed to earmarking revenue sharing to core services, but concerned with level of funding
-supports increasing taxing authority, but not if revenue sharing is cut first
-need flexibility in local taxing options due to diverse communities

Donald Green
1700 Coogan Drive
Milford, MI 48381
Milford Township

-opposed to restricting revenue sharing

Janet T. Eyster, Ph.D.
4990 N. Zimmer Road
Williamston, MI 48895
Williamston Township

-opposed to restricting revenue sharing
-be careful when consolidating health care so it is not mandatory
-opposed to increasing tax authority
-shifting money from K-12 to community colleges will not help

Pamela Beck
P.O. Box 69
12715 E. Chicago Road
Somerset Center, MI 49282
Township of Somerset

-opposed to mandatory health insurance
-opposed to consolidating townships
-opposed to restricting revenue sharing

Jan Jewell
2612 Dunlap
Lansing, MI 48911

-she is willing to take a 1% reduction in 401(k) in exchange for not making any more state employee healthcare changes
-be cautious about privatization
-enhanced drivers license program should be put on hold and child support check no longer being done

Patti
Eagle Township

consolidation at county level will not save much money
-State needs to continue payments in lieu of taxes for state property or sell
-if service tax is proposed, make it across the board

Pamela Mazich
4695 Grange Hall Road
Holly, MI
Groveland Township

-opposed to restricting revenue sharing
-don't need additional taxing authority
-already trying to consolidate where possible

Alison Kalcec
Rose Township

-already implementing efficiencies
-look at diversity of townships and craft taxing authority to fit individual community needs

Nick Ciaramitaro
15473 Candlelight
Roseville, MI
AFSCME

-efficiency does not equate to cutting
-cuts can increase costs in the long run
-problems are structural
-concerned with health care consolidation for public employees

Sharon Parks
1115 S. Pennsylvania
Lansing, MI
Michigan League for Human Services

-SEE ATTACHED WRITTEN TESTIMONY

Dave Bushouse
7275 W. Main
Kalamazoo, MI 49009
Oshtemo Charter Township

-Do not cut township revenue sharing
-Townships are the most cost effective forms of government

Other testimony was submitted to the Commission in person or via email and was received into the record:

Michael Hansen, President
Michigan Community College Association

-SEE ATTACHED WRITTEN STATEMENT

Frank Webster

-SEE ATTACHED WRITTEN STATEMENT

Joseph G. Ferrari

-SEE ATTACHED WRITTEN STATEMENT

Charles Wright

-SEE ATTACHED WRITTEN STATEMENT

Scott Hopkins

-SEE ATTACHED WRITTEN STATEMENT

Doug Dante

-SEE ATTACHED WRITTEN STATEMENT

Neal Barncard

-SEE ATTACHED WRITTEN STATEMENT

Angela Graves

-SEE ATTACHED WRITTEN STATEMENT

Although everyone who had wished to testify did so by 12:00 noon, the public hearing ended at 3:00 p.m.

Testimony before the Legislative Commission on Government Efficiency

Room 426, Capitol Building
James Curran Chairman

Commissioners and Chairman Curran, I thank you for the opportunity to testify before you today. My name is Iris Salters, and I come here today as president of the Michigan Education Association, an organization of 160,000 dedicated public school employees.

In the commission's summary of potential recommendations and potential overarching conclusions documents, you have covered many areas. In your potential overarching conclusions document, you state that the state's problems are largely structural, driven by population dynamics, job loss and tax policy. We agree that those are issues to be dealt with by the legislature, but have not seen any recommendations from the commission to change those dynamics as they exist today. We agree with your recommendation to not let the tax structure get any worse, but we also need to deal with the current structural problems, and the resulting funding crisis in Michigan schools.

As to the recommendations you have made in the areas of education and personnel practices, I would comment as follows:

K-12

Your recommendation: Move the funding of community colleges to the School Aid Fund, thus relieving the General Fund of \$300 million of obligation.

Our response: The K-12 budget is facing overall reductions over the period of 2008-09 to 2010-11 of more than the equivalent of \$530 per student statewide. Your recommendation would increase that burden by nearly an additional \$200 per student. Even in the face of an economic boom, it would take schools years to get back to program offerings, class size and educational opportunity of prior years. Community colleges have alternative methods of finance including local millage options, tuitions and foundations, therefore they are in a far better position to weather economic hard times than the K-12 districts.

Your recommendation: Offset a portion of the reduction in state aid by offering a retirement incentive of \$5,000 to be matched by the school district.

Our response: Experience dictates that \$10,000 is not enough money to cause an employee to make a life altering decision. The only people who would avail themselves of this type of offer would be employees who have already made the decision to retire. This would simply add more expense to the school districts.

Your recommendation: Achieve cost reductions by authorizing the State Superintendent to consolidate school districts.

Our response: Consolidation is a local political issue, and forced consolidation will cause havoc locally. A practical approach would be to offer incentives for local citizens to make the decision to consolidate. Other considerations should include the question of what size is optimum for a district before you start to lose efficiency, geographic area, and student transportation issues.

Your recommendation: Provide a monetary incentive to ISDs that continue to consolidate services among ISDs and other districts.

Our response: This is an area which actual consolidation may make sense. One of the primary functions for ISDs when they were created was to provide administrative services to the K-8 school districts around the state. Currently we are down to less than twenty K-6 and K-8 districts left. Another primary purpose for the ISDs was to compile and forward all of the paper reporting that districts were required to submit to the State Department of Education. All of that reporting can now be done electronically directly to the department, eliminating much of the need for fifty seven ISDs.

Higher Education

Your recommendation: Eliminate the Michigan Promise Grant Program.

Our response: While we agree that the program is not based on need, we would assert that perhaps elimination is not the way to efficiency, but rather changing the qualifications to incorporate need as a better way to accomplish the goal of providing a highly trained, highly qualified and diverse workforce.

Your recommendation: Encourage that universities and community colleges continue to expand current programs that provide cost savings and cooperation.

Our response: We agree that this recommendation should be pursued, but are fearful that most of the institutions are already achieving most of the savings to be gained.

Health Benefits for State and Local Government Employees and Retirees

Your recommendation: Determine the appropriate level of the total cost of public employee health insurance borne by public employees through premiums and co-pays.

Our response: This recommendation ignores the history of employee bargaining. Most compensation is bargained as total compensation which requires compromises to be made between wages, insurance or other benefits. The current levels of coverage and contribution have been the result of years of bargaining. School employees can show hundreds of millions of dollars of savings that districts have gained through reductions in coverage, co-pays and deductibles over the last decade. The other recommendations on two tier coverage and the option of purchasing insurance through the state plan also ignore the employee/employer relationship that has been developed over many years. This relationship is the essence of bargaining.

Your recommendation: Conditioning the payment of a portion of monetary aid to specific levels of employee contributions for insurance.

Our response: This is an unmitigated attempt to micromanage all levels of local government and educational boards. As previously noted, insurance is only one component of a compensation package. When mandates such as this recommendation are imposed, it severely limits the ability of the local management teams to craft packages which fit the local needs, both financially and recruiting and retaining qualified personnel.

Your recommendation: Consider ways to pre-fund retiree health benefits.

Our response: We wholly agree with this recommendation. The discontinuance of prefunding retiree benefits has jeopardized the ability to provide future retirees adequate health protection.

Thank you again for the opportunity to address this committee.

Iris K. Salters
President, Michigan Education Association.

TESTIMONY

By

Michigan Association of Substance Abuse Coordinating Agencies

Presented to the Office of Legislative Council's

Commission on Government Efficiency

Wednesday, August 12, 2009 at Lansing, Michigan

My name is John Andrews, and I am the Administrative Coordinator for the Michigan Association of Substance Abuse Coordinating Agencies, known as MASACA. I am testifying on MASACA's behalf. MASACA is the professional association of the 16 local Coordinating Agencies which manage public funds – federal, state and local – directed to the treatment and prevention of substance use disorders in all 83 counties of Michigan.

Your mission, as we understand it, is to look at opportunities for greater efficiencies in state funded or state managed services through various strategies, including possible integration or merger of administrative organizations. The goal of increased cost efficiency is one MASACA strongly shares. Michigan ranks near the bottom of states in its allocation of General Fund dollars for treatment and prevention of substance use disorders. That funding, in fact, has been cut by 40% over the past 14 years, and the current General Fund allocation of \$20 million for one of the state's major public health problems is barely a rounding number in the Michigan Dept. of Community Health budget. For that reason, the state's substance use disorder services system has been very aggressive in implementing cost efficiencies in every way possible. That is why, for example, the original 34 Coordinating Agencies have been voluntarily reduced over the years to the current 16. And it is why the average Coordinating Agency administrative cost rate is well under 10% - much less than many similar organizations.

It is from this long history that we in MASACA believe that the Commission's efforts may be misdirected in attempting to accomplish something best handled at the local level. As the enabling legislation in 1975 and 1978 (PA 368) recognized in creating the state's substance abuse service delivery system, responsible local parties have the best sense of the needs and opportunities within local communities, the strengths and weaknesses of local service delivery systems (substance abuse, mental health, public health, aging, etc.) and the historical memory of how and why those systems developed, and how they have performed. In our case, the diverse organizational structures for Coordinating Agencies reflect that local sensitivity for what is best - with some Coordinating Agencies housed in public health departments, some merged with local Community Mental Health Boards and some created as free standing agencies. Local circumstances and history, often unknown to state officials, drive these decisions and set priorities. Indeed, our experience teaches us that innovation and improvement in community service systems is generally a locally driven process. Thus, we have seen our Coordinating Agencies

partner with other organizations for integrated access to and authorization of services; shared claims processing staff; shared information technology functions; shared administrative services such as payroll, human resources, etc. Individual Coordinating Agencies will be submitting testimony to this Commission which will speak to a number of voluntary affiliations and partnerships among Coordinating Agencies and other human service agencies which resulted in cost efficiencies and improved services in their local areas.

The often unspoken assumption is that administrative integration or merger will prove cost effective, but that needs to be thoroughly tested before any major systems change is attempted. Too often, such mergers produce few if any savings, but only result in bloated bureaucracies. A persuasive business plan that is more than wishful thinking, but clearly demonstrates the cost efficiencies to be gained and having extensive local review and recommendation should precede any proposed systems change. Health and human services, including substance use disorder services, have become increasingly complex. The differences in target populations, the varied requirements of diverse and usually fragmented funding streams, the unique demands of discreet licensing and certification bodies have created very specialized work forces, each familiar with the unique expectations of a specific service area. Any assumptions about merging such complex operations and its benefits should be well tested before any action is taken.

In fact, it is clear to us that some potential restructuring would likely increase costs. If a current, large Coordinating Agency were broken up into multiple units through merger with other human service agencies having quite different boundaries, we believe that fragmentation would only create duplication and increased costs, for both the Coordinating Agency and its providers, who would then be forced to contract with and meet the requirements of multiple Coordinating Agencies. Natural alliances with other service organizations would be disrupted and could lead to reduced services to those who need them. Where are the efficiencies to be found here?

Most importantly of all, any proposed integration or merger must result in improved services to the substance abusing population or it is simply irresponsible. Sometimes, in the rush to find relief from funding constraints, some may look for ways to save administrative dollars without fully considering the impact on direct services. The Coordinating Agencies and their service providers have identified several unmet needs among the substance abuse population in treatment, needs not well addressed precisely because of the miniscule funding provided. Those needs include psychiatric support, medications and medication management, staff training to manage co-occurring disorders, intensive case management for severely chronic abusers, crisis detoxification and stabilization which is completely unavailable in some parts of the state. If the ultimate purpose of any administrative restructuring is to improve direct services, these are some areas of widely recognized and urgent need that must be addressed to make any change reasonable and worthwhile. Local officials, whom communities and consumers first hold accountable for maintaining effective and efficient services, will rightly resist any change initiative that does not show clear promise for improving or enhancing direct services.

These comments are offered as guiding principles which we in MASACA believe must guide your deliberations and recommendations. In particular, we urge you to ensure there is input of local officials and other stakeholders in any plan you put forward. Without such consideration, any recommendations will be doomed to fail.

We very much appreciate the opportunity to share our thoughts with you. And I will be happy to respond to any questions you might have.



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Leaders, and Violence Survivors
Preventing Crime and Violence

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2009-2010

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Fight Crime: Invest in Kids National Leadership Council

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**GOVERNMENT EFFICIENCY & EFFECTIVENESS PROPOSAL:
Enhance Michigan's Great Start Readiness Program**

By K.P. Pelleran, MPA

State Director

Fight Crime: Invest in Kids Michigan

Testimony Submitted to the Legislative Commission on Government Efficiency, August 12, 2009, 10 a.m., State Capitol

Michigan Department of Education

Program enhancement: Great Start Readiness Program

Title: Great Start School Readiness Program

Issue/Problem being Addressed:

Michigan's Great Start Readiness Program (GSRP), Head Start and educational childcare are the most proven programs to keep kids from becoming criminals in the first place. The evidence is clear. Quality preschool readies kids to learn, reinforces respect and responsibility for others and reduces behavior problems that can spiral out of control. Research confirms that at-risk children left out of quality preschool are five times more likely to grow up to become criminals by age 27 than children in preschool. Quality preschool also saves \$17 for every \$1 invested in societal and crime costs. Yet, due to underfunding, only 2 in 3 four-year-olds and 1 in 5 three-year-olds are served by Head Start and the state-funded preschool program.

The GSRP seeks to reach at-risk children who are not served by Head Start. Due to underfunding, it is able to serve only half of those who are eligible. Children who attend GSRP are more likely to succeed in school, perform better on math and reading achievement tests, are less likely to need special education services, and are more likely to graduate from high school on time. However, underfunding is forcing providers to reevaluate whether they can continue GSRP programs. Although there was a \$100 increase in the per-slot allotment for the program in 2007, it had not been adjusted since 2000 and is still woefully underfunded at \$3,400 per slot when school districts estimate the real cost to be \$4,000 per slot.

The annual cost of preschool is a pittance at the current rate of \$3,400 per slot, as compared to an annual range of \$85,000 to \$250,000 to house and program youthful offenders, or an annual price tag averaging \$45,000 to incarcerate an adult. The economic consequences are proven – at risk four-year-olds who receive a high-quality preschool experience are more likely to graduate from high school than those left out of the program. The GSRP is an investment that has been proven can direct an individual to success and opportunity, while saving valuable taxpayer dollars to reinvest in other priorities that face a state that has been economically challenged.

Three options for state-funded preschool being presented include:

1. Maintenance-level funding: Maintained funding would not necessarily maintain the program as school districts are struggling to continue the programs at a net loss. It could have the negative impact of fewer programs that would further increase the unmet need.
2. A ten percent increase in funding: This would provide for a \$13.5 million increase in the program totaling \$117 million. It would provide for a \$10 million investment to allow for 2,930 more half-day preschool slots to accommodate nearly 30,000 at-risk four-year-olds in a high-quality preschool experience. In addition, it would allow a \$100 increase in the per slot rate raising it to \$3,500. This increase will go a long way to closing the gap in services for this vulnerable population. However, 14,000 eligible at-risk four-year-olds will continue to be left out of the preschool programs due to a lack of funding.
3. Full funding: To fully fund the need for an additional 16,930 preschool slots that could serve the remaining at-risk four-year-olds would cost \$57,562,000 on top of the current appropriation.

Due to the overall proven positive effects of high-quality preschool, especially its benefits to reducing the need for students to repeat grades and to yield increased high school graduation rates, it is recommended that option 2 be accepted. This investment could eventually see reduced prison census, which would be a sizable reduction in expenditures, reductions in the cost of education when students do not repeat grades, and overall increases in the tax base with increased graduation rates that also realize higher wages.

Account Information:

Appropriation Unit: Section 11 of the School Aid Budget. Current total program funding at \$ 103.5 million.

Line Item: School Aid Budget, Sections 32d. and 32l.

Revenue Source: State School Aid Fund & General Fund

Type of change: On-going

Proposed Change:

The proposed funding with Option 2 will provide for a \$100 increase per slot bringing the new rate to \$3,500. The funding increase will be reflected in the GSRP through the school district program and the competitive program under Sections 32d. and 32l. in the School Aid Budget.

Sec. 32d. (1) From the state school aid fund money appropriated under section 11, there is allocated an amount not to exceed \$98,100,000.00 for 2009-2010 for great start readiness or preschool and parenting program grants to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available to the district and its community, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, 20 USC 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, and the head start act, 42 USC 9831 to 9852, part-day or full-day comprehensive compensatory programs.

Sec. 32l. (1) From the general fund money appropriated in section 11, there is allocated for 2008-2009 an amount not to exceed \$18,900,000.00 for competitive great start readiness program grants for the purposes of preparing children for success in school, through comprehensive part-day or full-day programs that include language, early literacy, early mathematics, nutritional services, and health and developmental screening, as described in the early childhood standards of quality for prekindergarten for participating children; a plan for parent and legal guardian involvement; and provision of referral services for families eligible for community social services. These grants shall be made available through a competitive application process.

Total FY 2009-10 Cost: \$117,000,000
(With a long-term savings to taxpayers of \$17 for every \$1 investment.)

Source of funding: \$98,100,000 from the School Aid Fund, \$18,900,000 from the General Fund.

FTE's: No new FTEs will be derived from this increase that will go directly to program need.

Alternatives: Alternative options 1 and 3 are itemized above.



Michigan League FOR Human Services

Testimony Before the Legislative Commission on Government Efficiency

August 12, 2009

The Michigan League for Human Services is a statewide nonpartisan, nonprofit policy and advocacy group for low-income citizens and children. We have more than 1,500 members from business, labor, human service professions and faith-based organizations as well as concerned citizens from across the state.

As you look for efficiencies in state government, we would encourage you to carefully consider the long range impacts of your recommendations, understanding that cuts and reductions do not necessarily result in efficiencies or long term savings to the state.

In the current economic and budget environments, proposals have been made that may reduce state spending in the short run, but the long range impacts will likely, in many instances, result in higher state spending, not an efficient use of scarce state resources. The current Senate proposals for FY2010 for human services will result in some state services being provided in the most expensive setting possible. A few examples follow; some are from the Senate-passed budgets, others are from the Commission's potential recommendations.

- The Senate-proposed reductions in the Family Independence Program (FIP) grant, currently inadequate to provide basic human needs for a family, will likely result in increased referrals for neglect as families will be placed in even more impossible situations to adequately provide for their children. The state will then take those children and place them in foster care at an increased **daily** cost of \$8 - \$12. This is not efficient. It would be efficient to provide a sufficient grant so that families have the opportunity to provide basic needs for their children. The current FIP grant level of \$492/month for a family of three provides less than \$5.50 per person per day. For a child in foster care, the state pays \$14.24 - \$17.59 per day, depending on the age of the child, about a three fold increase.
- The Senate-proposed elimination of early childhood programs for low-income children, proven to increase school success and reduce the likelihood of poor school outcomes, including dropping out, makes little sense if the state is committed to increasing the educational level of its residents.

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- Elimination/reduction of funding for mental health services for non-Medicaid eligible persons is not efficient or cost effective when Corrections evaluations find many of its inmates are in the system due to untreated mental health needs. It is not more efficient to provide these services in the Corrections system, not to mention the resulting negative and costly impacts on the families and communities.
- Increasing Medicaid copays for persons who, by eligibility requirements, have few or no resources is not efficient. While it may reduce some costs in the short run, such a policy will likely increase costs in the long run as missed medications and untreated conditions escalate.
- Elimination of Healthy Michigan Fund programs again may achieve short term savings, but the long range impact will likely include continued poor health status for Michigianians with rankings for chronic treatable diseases and obesity continuing to worsen and costs for treatment continuing to rise.
- We are also concerned about recommendations related to "efficiencies within state departments." With caseloads in the Department of Human Services and the Unemployment insurance system reaching breakpoint levels and no relief in sight, recommendations related to "unleashing the workforce on their ideas and commitment to reducing cost" seem hollow when the requirements of these jobs are currently impossible to fulfill.

These are just a few examples of proposals that we do not believe will provide efficiencies in state services and will result in long term increased costs and potential harm to the states residents. We have attached a number of supporting documents to demonstrate the efficiencies of the above programs, and the potential impacts of reductions or eliminations.

We do believe some of the recommendations will provide efficiencies in the provision of state services and will result in those services being provided in a cost effective manner and setting. Among those recommendations are:

- Expand Federally Qualified Health Centers in underserved areas, providing a cost effective option for low-income residents for basic health services (a cost effective option rather than the hospital ER).
- Expand Medicaid Home and Community Based waiver programming to provide cost effective alternatives to nursing home placements.
- Pursue federal law change to allow additional pharmaceutical rebates for drugs purchased through HMOs.
- Encourage providers to use e-prescribing, electronic medical records, and other information technologies to streamline administration of health care programs.

Thank you for the opportunity to comment on these potential recommendations.



August 12, 2009

To: Members of the Legislative Commission on Government Efficiency

Dear Member:

I am writing in regard to the potential recommendations of the Commission that would affect higher education – particularly community colleges. While we commend the Commission’s work on finding ways to structurally improve Michigan’s government, a few of these potential recommendations are a cause of concern for our state’s 28 two-year institutions.

- **Reallocation of \$300 million in School Aid Fund to community colleges to achieve General Fund savings:**

The Michigan Community College Association would oppose this measure on the basis that it is not a real structural improvement, but rather a mere shift of funds. This really results in a \$300 million cut to K-12, and not real savings to the state budget.

- **Across the board cuts to the community college budget:**

We realize the difficult times the state is facing, but cutting levels of state funding to community colleges would truly be counterproductive. These institutions are dealing with record levels of enrollment and serving more students at a time when both state aid levels and property tax revenues are being threatened – and our institutions remain reluctant to significantly increase tuition levels. In reality, community colleges are critical to the state’s economic transformation, and cuts will only mean decreased access to programs and a limited ability to address the well documented skills gap in the state’s workforce.

- **Elimination or restructuring of the Michigan Promise Grant Program:**

Discontinuing the merit-based Promise Grant program would be detrimental to Michigan’s students. The Michigan Community College Association favors restoration of needs-based grants first. It is vital that financially challenged students receive opportunities at postsecondary education. Eliminating funds that students are relying on will pose significant financial challenges to families across the state.

With regard to the increased use of programs and partnerships with the four-year institutions and other collaborative efficiencies among our colleges, the MCCA supports such endeavors. Our colleges have already begun to look at ways to reduce costs through such partnerships and collaborative purchasing, and we will continue to look for ways to expand such activities.

Sincerely,

Michael Hansen, President, Michigan Community College Association

**Statement of FRANK WEBSTER
to the
Legislative Commission on Government Efficiency**

Frank Webster was the Executive Director of MESSA (Michigan Education Special Services Association) and Executive Vice President of Blue Cross and Blue Shield (Columbus, Ohio). Frank Webster was previously a hospital executive and CEO, and is now a health care cost management consultant. He has been engaged in health care since 1960, is a graduate of The Citadel and Columbia University.

“Consider requiring all active school employees (i.e. non-retirees) to be placed in a State-run health plan” is a potential recommendation of the LCGE.

The Michigan Senate completed a study a few years ago that documented \$425 million in savings every year if school employees were covered by a responsible health plan. Today, the annual savings could be \$470 million or more every year with active school employees being placed in a responsible State-run health plan. Any idea to contain the increasing cost of health care for public school employees under the present format – regardless of what is being debated in Congress – is an illusion at best.

Blue Cross and Blue Shield of Michigan (BCBSM) cover 95% of all public school employees in Michigan. The largest fully-insured group of BCBSM is MESSA (Michigan Education Special Services Association), a subsidiary of the MEA (Michigan Education Association). This one BCBSM group covers 83,400 public school employees, 60% of all public school employees, the balance of public school employees being covered directly by BCBSM.

BCBSM was organized under Public Act 350 of 1980, The Nonprofit Health Care Corporation Reform Act. PA 350 allows the State to control BCBSM which it does through the Insurance Department. There is no provision in PA 350 that allows BCBSM to contract with the same group that it fully insures to provide substantial services to the insured participants. Yet, BCBSM fully insures the MESSA group, and then contracts with MESSA to provide the substantial services normally provided by BCBSM. This was not the intent of PA 350. MESSA is the only group that has such an agreement with BCBSM. Additionally, MESSA and BCBSM engage in a conspiracy to withhold selected information from the public schools and the public school employees to protect their current relationship.

MESSA, a subsidiary of the MEA, is recognized by the Internal Revenue Service as a VEBA (Voluntary Employee Beneficiary Association), and is regulated by the State of Michigan Insurance Department as a TPA (Third Party Administrator). Its accrued profit from the taxpayers of Michigan at June 30, 2008 was \$365 million. MESSA takes no risk, is a TPA, and has little need for profits (reserves) of this magnitude.

The LCGE should confirm the recommendation in its final report that all active public school employees be placed in a State-run health plan with responsible benefits. This will save the State millions of dollars every year, and is consistent with the purpose for which the LCGE was organized.

From: "Joseph G. Ferrari" <Georgemarie67@aol.com>
To: <lcge@legislature.mi.gov>
Date: 8/12/2009 9:19 AM
Subject: Council Website: Committee Meeting Today on Governmental Efficiency-Revenue Sharing

This is an enquiry e-mail via <http://council.legislature.mi.gov/> from:
Joseph G. Ferrari <Georgemarie67@aol.com>

Hi-Please enter this email into the record of this morning's meeting.

I understand that the Legislative Commission for Government Efficiency will be discussing possibly tying constitutional revenue sharing to certain local municipal functions. How to specifically allocate constitutional revenue sharing monies should be left to the discretion of the local elected governmental officials as they are the ones that are ultimately responsible for local budgets. We are the ones that are directly elected by our local residents to administer local budgets, programs and services to our residents. To basically state that these monies will now come with certain strings severely ties the hands of local officials, who are ultimately responsible for local government services. Too many programs coming down from the federal level to the state and local levels have restrictions that are of a "one size fits all" approach. That is a false assumption, especially at the local level as each community has different needs. In conclusion, please do not put onerous

restrictions on any state revenue sharing monies coming back to the locals as allocating those monies should be strictly local decisions made by community elected officials with input of community residents.

Joseph G. Ferrari, Treasurer
Charter Township of Oxford
Oakland County, MI
300 Dunlap Road, PO Box 3
Oxford, MI 48371-0003
248-628-9787, ext. 105 (phone)
248-628-8139 (fax)
248-933-4183 (cell)

From: CHARLES WRIGHT <charlesteright@msn.com>
To: <lcge@legislature.mi.gov>
Date: 8/12/2009 1:53 AM
Subject: Michigan Friend of the Court

Hello members,

Your Summary of Potential Recommendations contains no recommendations for the family justice system in Michigan or the Michigan Friend of the Court. This is a serious oversight.

http://council.legislature.mi.gov/files/lcge/summary_potential_recommendations.pdf

The child support program alone includes spending of \$248 million / year, at least \$20 million of which is spent by state and local governments directly.

<http://courts.michigan.gov/scao/services/focb/CSPR12-06ReportAndRecommendations.pdf>

These programs effect millions of Michigianians, including children, parents, and extended family members.

I have previously made a summary and recommendations here which may assist you:

<http://www.scribd.com/doc/12745431/Suggestions-to-Help-the-Michigan-Friend-of-the-Court-Strengthen-Families>

However, direct recommendations in your report should include matter such as:

* Reform child custody procedures so that African American fathers are no longer only 3/5ths as likely as White Non-Hispanic fathers to receive a custody recommendation for joint custody or a for father sole custody.

<http://www.scribd.com/doc/6169001/Analysis-of-Friend-of-the-Court-Custody-Recommendations>

* Reform court procedures to ensure that parents and children get due process and that an impartial court has weighed all of the relevant facts.

<http://www.scribd.com/doc/3123830/Michigan-Child-Custody-Survey-Report>
<http://www.scribd.com/doc/2561734/Some-Thoughts-on-Child-Custody-Hearings>

* Reform the Friend of the Court Association to stop illegal lobbying using taxpayer dollars.

<http://www.scribd.com/doc/12744555/Is-the-Friend-of-the-Court-Stealing-Taxpayer-Dollars-From-Children-for-Illegal-Lobbying>

* Reform the office of court recorder so that all litigants can get contemporaneous recordings, and we don't have consistent accusations that court proceedings were altered after the fact by insiders.

<http://www.scribd.com/doc/2257035/Contemporaneous-Recordings-for-Referee-Hearings-in-Michigan>

* Create an independent fraud tip line and an independent internal investigative unit at the FOC to uncover underhanded activities. Provide a mechanism for members of the public to submit reports of fraud and underhanded tactics to such an organization. Provide specific guidelines for investigations, including undercover investigations, and provide specific guidelines for turning over information received to law enforcement. Provide specific guidelines for annual public reports of investigations and wrongdoings uncovered.

<http://www.scribd.com/doc/948712/Detecting-Fraud-in-Court-Filings-Postal-Meters-Color-PrintersCopiers-and-Cart-ridges>
<http://www.scribd.com/doc/630611/A-Quick-Summary-of-Title-IVD-Funding-and-Incentives>
<http://www.scribd.com/doc/477791/A-Review-of-the-CSPER-Report>

* Apply FOIA to the FOC and SCAO in matters not regarding a particular case, including policy matters and those matters normally FOA-able in other departments.

* Investigate evidence of fraud in child support calculations. Change procedures so that fraud is more difficult, including requiring that FOC must not coerce parents into signing away their rights, as they do on the standard FOC child support form, and change procedures so that parents can actually see how the 2008 MCSFM is applied in their case. Children are harmed when child support amounts are either inadequate or excessive.

<http://www.scribd.com/doc/458394/Michigan-Friend-of-the-Court-Child-Support-Modification-Request>
(Search for "fraud")
<http://courts.michigan.gov/SCAO/courtforms/domesticrelations/support/foc10a.pdf>

* Review the 2008 MCSFM. At this time, I do not believe that it provides an adequate amount of the child's resources to his/her care when in the care of the parent paying child support. In particular, since the 2004-2008 formula, the elimination in the new 2008 formula of the 50% overnight refund for more than 6 days as well as the application of the new "difference of cubes" of overnights rule for child support allocation means that children receive substantially fewer family resources while in the care of one parent versus the care of another. This is wrong and simply serves to hurt children, although it reduces the workload at the FOC and increase federal program income for the FOC.

<http://www.courts.michigan.gov/scao/resources/publications/manuals/focb/2008MCSFmanual.pdf>
<http://www.courts.michigan.gov/scao/resources/publications/manuals/focb/2004MCSFmanual.pdf>

" to ensure that procedures adopted by the friend of the court will protect the best interests of children in domestic relations matters; to encourage and assist parties voluntarily to resolve contested domestic relations matters by agreement; to compel the enforcement of parenting time and custody orders; and to compel the enforcement of support orders, ensuring that persons legally responsible for the care and support of children assume their legal obligations and reducing the financial cost to this state of providing public assistance funds for the care of children."
- From MCL 552.501

Charles Wright
PO Box 970725
Ypsilanti, MI 48197
734-717-4442

Get your vacation photos on your phone!
<http://windowsliveformobile.com/en-us/photos/default.aspx?&OCID=0809TL-HM>

From: Scott Hopkins <shopk7@yahoo.com>
To: <LCGE@legislature.mi.gov>
Date: 8/11/2009 8:48 AM
Subject: Recommendations to help the FOC more efficiently serve its purpose

Legislative Commission on Government Efficiency
LCGE@legislature.mi.gov

Greetings,

In regards to your Summary of Potential Recommendations there are no recommendations for the family justice system in Michigan or the Michigan Friend of the Court. I believe this is a serious oversight.

The child support program alone includes spending of \$248 million / year, at least \$20 million of which is spent by state and local governments directly.

These programs affect millions of Michigan citizens, including children, parents, extended family members and ultimately the community at large.

Direct recommendations in your report should include matter such as:

1. Reform child custody. Why is there a perception that fathers cannot win in Family court? Why does the high percentage of mother custody awards reflect this perception? Why is it that African American fathers are only 3/5 as likely as White Non-Hispanic fathers to receive a custody recommendation from the FOC for joint custody or for father sole custody?
2. Reform court procedures to ensure that parents and children get due process and that an impartial court has weighed all of the relevant facts.
3. Reform the Friend of the Court Association to stop illegal lobbying using taxpayer dollars.
4. Reform the office of court recorder so that all litigants can get contemporaneous recordings, and we don't have consistent accusations that court proceedings were altered after the fact by insiders.
5. Create an independent fraud tip line and an independent internal investigative unit at the FOC to uncover underhanded activities.
 - Provide a mechanism for members of the public to submit reports of fraud and underhanded tactics to such an organization.
 - Provide specific guidelines for investigations, including undercover investigations, and provide specific guidelines for turning over information received to law enforcement.
 - Provide specific guidelines for annual public reports of investigations and wrongdoings uncovered.
6. Apply FOIA to the FOC and SCAO in matters not regarding a particular case, including policy matters and those matters normally FOIA-able in other departments.
7. Investigate evidence of fraud in child support calculations.
 - Change procedures so that fraud is more difficult, including requiring that FOC must not coerce parents into signing away their rights, as they do on the standard FOC child support form, and change procedures so that parents can actually see how the 2008 MCSFM is applied in their case. Children are harmed when child support amounts are either inadequate or excessive.
8. Review the 2008 MCSFM. At this time, I do not believe that it provides an adequate amount of the child's resources to his/her care when in the care of the parent paying child support.
 - In particular, since the 2004-2008 formula, the elimination in the new 2008 formula of the 50% overnight refund for more than 6 days as well as the application of the new "difference of cubes" of overnights rule for child support allocation means that children receive substantially fewer family resources while in the care of the non-custodial parent versus the care of the custodial parent. This is wrong and simply serves to hurt children, although it reduces the workload at the FOC and increase federal program income for the FOC.

These are egregious deficiencies in the justice of our Family Court System that demand to be addressed. Overall

there seems to be a conflict between the best interest of the child and the best interest of the state. Current practice favors the best interest of the state all the while claiming best interest of the child.

I sincerely hope you will address these issues.

Scott Hopkins

From: Susan Cavanagh
To: Dante, Doug
Date: 8/10/2009 3:43 PM
Subject: Re: Recommendations to

Thank you for your email. Please be assured that it has been distributed to the members of the Legislative Commission on Government Efficiency..

>>> Doug Dante <dougdante1@yahoo.com> 8/10/2009 3:33 PM >>>
Legislative Commission on Government Efficiency
LCGE@legislature.mi.gov

Hello members,

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* Reform LGALs in matters of child custody so that LGALs are chosen randomly, and are not unduly influenced by a judge who may be inclined to give them ex-parte instructions as to how to proceed in protecting the interests of their minor clients based on the interests of the local government or for other purposes.

<http://www.scribd.com/doc/15639627/Lawyer-Guardian-AdLitem-in-Matters-of-Child-Custody>

* Reform the office of court recorder so that all litigants can get contemporaneous recordings, and we don't have consistent accusations that court proceedings were altered after the fact by insiders.

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<http://www.courts.michigan.gov/scao/resources/publications/manuals/focb/2004MCSFmanual.pdf>

Sincerely,

Doug Dante

<http://www.scribd.com/people/view/102440-dougdante>

From: "Neal Barncard" <BarncardN@michigan.gov>
To: <LCGE@legislature.mi.gov>
CC: "Neal Barncard" <nbimlds@gmail.com>
Date: 7/29/2009 4:19 PM
Subject: Fwd: Now is the time to speak up!
Attachments: Fwd: Now is the time to speak up!; Thanks.pdf; Neal Barncard.vcf

Hi,

I have worked for the State of Michigan for over 10 years now. Before that I spent years in the service of our country's military, unionized manufacturing and retail management. I have owned my own business, ran for elected public office and served as an appointed official in my county's government and many other not for profit leadership positions within the community I have live in. That experience is broader than most people have, I know. That said, I have yet to understand why things in Michigan's bureaucracies are the way they are as far as they are structured. These have not come in to being and been done by accident or without the oversight of many people over many years.

I wish to ask one question: What are your guiding principles you are using to make your decisions to change Michigan's bureaucracies? As it needs to be done I feel, if we don't set up the new bureaucracies using good principles, what is likely all to happen again. They will all reestablish themselves again, once you dismantle them all very quickly.

I don't think anyone will read or respond back to this as if you have time read this. That is why I have little faith that anyone or group is capable of fixing the problems we have.....They were created by highly educated and well meaning people with the best of intentions but, I feel they were not guided by good principles.

"We have all learned by sad experience that it is the nature and disposition of almost all...., as soon as they get a little authority, as they suppose, they will immediately begin to exercise it in ways that will not reach the ends they wish." We are living in the proof of that statement.

All I wish to say is be careful with the decisions your making. Use the time tested principles we have to base them on and all will work for the betterment of our wonderful State and the all Communities that are within its borders.

The attached is what was sent to me.....with the link to your E-mail.....

Neal Barncard
MDOT/Airports Division
2700 E. Port Lansing Dr.
Lansing MI 48906
(517)335-9484
FAX 886-0366
AASHTO-SCoQ
ASQ-CQPA

>>> Angela Graves <AngieGraves64@hotmail.com> 7/20/2009 2:11 AM >>>
This is an enquiry e-mail via <http://council.legislature.mi.gov/> from:
Angela Graves <AngieGraves64@hotmail.com>

Dear LCGE,
I am writing to urge you not to lump teacher benefits into the state health care insurance system.

As a 5th year teacher, I can say that the benefits are the biggest thing a teaching career has to attract new people to the field.

There are many drawbacks to a career in teaching. Long hours, low pay, high stress, a long unpaid internship (which already makes it nearly impossible for anyone living on their own to accomplish), never ending state forced continuing education that has to be personally paid for (at higher and higher costs), and classroom expenses that have to be paid out of a teacher's income due to schools' low funding.

Becoming a teacher after having a family of my own, at the age of 40, has had a devastating financial effect on my life. I wanted to help people at the same time as provide benefits to my family. It took me ten years of working full time and going to school part time to do it. During my internship I had to cut my paying job to 20 hours while working 40 unpaid hours at the school, and was unable to pay credit card bills and medical bills. This ruined my credit, which takes 7 years to rebuild. I am still in year 5. My pay is low as a new teacher, so I still work 20 hours as a hairdresser to pay my bills. My student loans total \$36,000. My first year of teaching I spent \$2000 on classroom supplies. This year I was given a \$200 budget for my classroom supplies for the year.

I know that I didn't have to become a teacher. But what I am trying to say, is that it was the benefits that convinced me to take the low pay and all the other negative aspects. If there are not good benefits, what does teaching have to offer as a career? Love of children is not enough to attract good people to this challenging job.

Even people like me, who love children, want to help the community, work above and beyond the call of duty (I tutor kids from my class,, who are struggling, for free after school), and aren't looking to get rich, do not want to go to school for five years plus forever, and have it be that living at the fringe of poverty is the outcome.

I struggle now to pay the co-pays and deductibles for my family. I beg you not to make my job one that I cannot afford to keep by decreasing my medical coverage.

I thank you for your consideration,
Angela Graves