

Final Minutes

Legislative Commission on Government Efficiency Meeting

9:00 a.m. • Friday, July 25, 2008
Legislative Council Conference Room
3rd Floor – Boji Tower Building
124 W. Allegan • Lansing, Michigan

Members Present:

Kevin Prokop, Chair
James Curran, Co-Chair
Mitch Bean
Fern Griesbach

Charles Moore
Gary Olson
Michel Sussman

Members Excused:

Georgi-Ann Bargamian

I. Call to Order

Due to the Chair's unexpected delay while in transit to the meeting, the Co-Chair called the meeting to order at 9:00 a.m. and asked the clerk to take the roll. A quorum was present. The Co-Chair asked that the record show that Ms. Bargamian is excused from today's meeting.

II. Approval of the June 27, 2008 Meeting Minutes

The minutes of the June 27, 2008 meeting were presented to the members. The Co-Chair asked for a motion to approve the minutes. **Mr. Olson moved, seconded by Mr. Bean, to approve the minutes of the June 27, 2008 Legislative Commission on Government Efficiency meeting as proposed. There was no further discussion and the minutes were unanimously approved.**

III. Public Comment

The Co-Chair asked for public comment. There were none.

IV. Next Meeting Date

The next Commission meeting is scheduled for **Friday, August 22, 2008, at 9:00 a.m.** The Co-Chair announced that the members will be able to participate in the meeting via teleconference call. Commissioner Olson noted he will be out of town that day, but will try to participate via conference call.

V. Work Plan for Working Groups

The Co-Chair opened the discussion of a work plan for the work groups and what approach the groups could use as they move forward. Commissioner Olson raised two issues to help facilitate the discussion including clarification of which group(s) will address issues that may overlap and affect all state departments such as purchasing and where state department cooperation fits in when it comes to ideas to reduce spending including program elimination. In response, Commissioner Sussman offered that the importance of encouraging department involvement in the process so that any plan for potential elimination, consolidation, or efficiency improvements has the best possible chance of success was discussed at the last meeting. He noted that it was decided that department contacts would be identified so that the leaders of the work groups could begin to set up a discussion with the people who actually work those departments. Co-Chair Curran also reported that the administration is prepared to offer technical assistance, but because the administration felt the request made after the last meeting was general and not too specific, they will be able to respond in a much better way when the groups develop the actual questions they want to ask. He added that he believes the Commission should look at the question of what processes within state government add value to whatever program gets delivered. A discussion of the Commission looking at processes versus programs to generate significant potential savings and exploring all opportunities including those that may require a constitutional amendment followed. Commissioner Olson inquired which work group(s) should receive a list of some ideas on potential program reductions the Senate Fiscal Agency should have ready to submit in the next month or so. The Chair explained that if an idea does not clearly fall into one of the work groups' area of focus, he suggested it be submitted to the Efficiencies within State Departments work group or bring it forward to the full Commission. Commissioner Olson will compile the information and turn it over to the full Commission.

The Co-chair suggested the leaders of the work groups have a brainstorming session with some of the outside groups to find opportunities for efficiencies in their particular area. Commissioner Olson urged the Senate Fiscal Agency and the House Fiscal Agency be used as a resource in helping to identify the appropriate people both inside and outside state government to talk with in terms of ideas and expertise.

The Chair presented for consideration by the Commission a potential high level work plan outlining a timeline for the work groups and a proposal for target annual savings. A discussion of both issues followed.

VI. Adjournment

Having no further business, the meeting was adjourned at 10:35 a.m.

(Minutes Approved at the August 22, 2008 LCGE meeting.)

POTENTIAL HIGH LEVEL WORK PLAN FOR ALL WORKING GROUPS – FOR DISCUSSION

August	September	October	November	December
<ul style="list-style-type: none"> ▪ Hold organizational call ▪ Ask group liaisons to pull relevant information <ul style="list-style-type: none"> - Best practices - Other states - Information from other groups (CRC, committees, etc.) ▪ Discuss targets 	<ul style="list-style-type: none"> ▪ Review and evaluate opportunities to achieve savings based on <ul style="list-style-type: none"> - Best practices - What other states are doing ▪ Develop comprehensive list of opportunities to evaluate ▪ Confirm feasibility of targets at a high level 	<ul style="list-style-type: none"> ▪ Evaluate feasibility of opportunities in Michigan <ul style="list-style-type: none"> ▪ Estimate potential impact/savings of comprehensive list of opportunities ▪ Prioritize list of opportunities 	<ul style="list-style-type: none"> ▪ Finalize list ▪ Syndicate potential opportunities with relevant parties ▪ Consider implementation implications and timing 	<ul style="list-style-type: none"> ▪ Finalize recommendations ▪ Firm up estimated savings ▪ Review upside and risks to estimates ▪ [Evaluate political implications and potential opportunities for a political “deal”]

Target Annual Savings By 2013 By Working Group

"Strawman" Proposal - For Discussion Only

Dollar Millions

Working Group	Stretch Goal*	Target**	Comments
Corrections	\$600	\$300	\$500 million if sentencing matched to neighboring states; \$400 million from privatization
Medicaid/Community Health	\$600	\$300	Estimate. Need to firm up.
Local Government Efficiency/Revenue Sharing	\$400	\$200	Estimate. Need to firm up.
Personnel Practices: Employee Benefits	\$200	\$100	\$200 million according to Powers
Education K12	\$400	\$200	Powers estimates \$300 million from consolidating benefits alone
Higher Ed	\$250	\$125	Estimate. Need to firm up.
Efficiencies Within Departments	\$150	\$75	Estimate. Need to firm up.
Purchasing/Strategic Sourcing	\$150	\$75	Estimate. Need to firm up.
Information Technology	\$150	\$75	Estimate. Need to firm up.
Other (Auditor General, Etc.)	\$100	\$50	Increase AG function but set firm targets of \$[25] million in annual savings over next 4 years
Total	\$3,000	\$1,500	

* Target annual savings by 2013. Savings goals will be smaller in earlier years but increasing over time

** Target merely reflects 50% of each working group's stretch goal at this point in time