

# Final Minutes

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## Legislative Commission on Government Efficiency Meeting

9:00 a.m. • Friday, September 26, 2008  
Legislative Council Conference Room  
3<sup>rd</sup> Floor • Boji Tower Building  
124 W. Allegan • Lansing, Michigan

### Members Present:

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

Fern Griesbach  
Charles Moore  
Gary Olson

### Members Absent:

David Leonard  
Michel Sussman

## I. Call to Order

The Chair called the meeting to order at 9:00 a.m. and asked the Clerk to take the roll. A quorum was present and absent members were excused.

Commissioner Olson announced that he will be on a medical leave of absence for six weeks. Ellen Jeffries, SFA Deputy Director, will be filling in as acting director of the Senate Fiscal Agency and Commissioner Olson noted that Ms. Jeffries will take his place on the Commission in his absence.

## II. Approval of the August 22, 2008 Meeting Minutes

The minutes of the August 22, 2008 meeting were presented to the members. The Chair asked for a motion to approve the minutes. **Commissioner Olson moved, seconded by Commissioner Prokop, to approve the minutes of the August 22, 2008 Legislative Commission on Government Efficiency meeting as proposed. There was no further discussion and the minutes were unanimously approved.**

## III. Report of Work Group Progress

### Corrections Work Group

Commissioner Prokop provided a brief update on his group's progress. He noted their next meeting is scheduled on September 1 and Dr. James Austin, a nationally-recognized researcher in corrections issues, will be participating in the meeting. He commented that his group has spent considerable time getting grounded in the cross structure of the Corrections budget and discussing statistics that analyze cost per prisoner and Michigan prisoner incarceration rates in comparison to other states. He noted that Michigan is well ahead of the other state averages in both areas. Over the next few weeks, his group will focus on the drivers of this cost differential and the higher incarceration rates.

### Education K-12

Commissioner Bean reported that he met with representatives of the education community and a number of ideas have been put forth. He is confident he will be able to meet the \$300 million target and expects to have a report of his group's findings in the next month.

### Efficiencies within State Departments

Due to Commissioner Sussman's absence from today's meeting, no report was given; however, Commissioner Bean shared information provided to him by the HFA analyst assigned to the work group. He noted that they have conducted some state comparisons and the direction the group is heading in at this point is in developing continuous improvements.

### Higher Education

Commissioner Olson reported his group met again last week and heard from higher education groups as to what the universities are currently doing to be more efficient and if their effort is collaborative. The next step for his group is to prepare recommendations. He estimates there are only three realistic options: 1) cut higher ed appropriations by 10 percent, 2) recommend selective closing of institutions, or 3) recommend more selective reductions in appropriations possibly in the area of financial aid programs. A discussion of resource sharing to find additional savings and constitutional issues that protect the autonomy of the universities followed. Commissioner Olson noted that it is possible to statutorily mandate changes to community colleges, but not to universities.

### Information Technology

Commissioner Bargamian reported her group had their second meeting on September 15 and are moving into the next phase of honing in on specific recommendations. Her group is finding that a lot of efficiencies have been identified and her group is working from the perspective of building on what has already been implemented including addressing the challenges the department is facing when expected staffing shortages occur over the next five to ten years. The group's next meeting is on October 8 when they will review more detail and look at whether more reorganization of the department of information technology can be done.

#### **Local Government Efficiency/Revenue Sharing**

Commissioner Curran shared that his work group conducted a brainstorming session with three former budget directors. He reported that using revenue sharing as a leverage to get local efficiencies is a possibility his group is considering, but reaching the targets set for the work group will be difficult. He intends to hold a public hearing before final recommendations are made.

#### **Medicaid/Community Health Work Group**

Due to Commissioner Leonard's absence from today's meeting, Commissioner Olson presented a brief update on the work group's activities including having a meeting with Jim Haverman who shared a list of ideas to save money in the Department of Community Health. A discussion of the challenges in hitting the target goal due to the department's funding being tied to federal funds followed. The group will hear from Health Management Associates at their next meeting which is scheduled for October 22. Commissioner Olson also touched upon some of the work the Kaiser Family Foundation is doing in this area and the Chair requested a copy of the Kaiser Foundation Report be circulated when it is released.

#### **Personnel Practices/Employee Benefits**

Commissioner Griesbach provided an overview of some of the areas her group has been looking at that may provide opportunities for savings. The formation of a call center for HR transactions and early retirement have been discussed and she shared that they will be looking at how forecasting work force demands may allow for more targeted hiring and retention strategies. She also asked for some guidance as to the scope of employee benefits the group should review. After some discussion, Commissioner Griesbach will have her group look at the issue more broadly and approach the issue from that perspective. Commissioner Bean presented the preliminary results of a comparison survey conducted by the House Fiscal Agency that looks at public sector versus private sector employees. He will be happy to share the information with Commission members when the report is finalized. A report released by Public Sector Consultants was also discussed and Commissioner Prokop suggested Detroit Renaissance be invited to the next meeting to explain their report. Bringing in a group from the west side of the state that is similar to Detroit Renaissance was also suggested.

#### **Purchasing/Strategic Sourcing**

Commissioner Moore began with an update of the information that was presented at his last group meeting by Craig Orr, Director of Business Services for DMB, and Elise Lancaster, Director of Purchasing. Given the dollar amounts of the State's negotiable and non-negotiable contracts, he is optimistic that the stretch goal set for his group is reasonable. He stated that in terms of the ability to set better purchasing practices, the State is very limited by the current system that is over twenty years old so the State may have to spend a little to save a lot. He also noted that the current proactive management of state facilities is a perfect example of how a function should be handled. Their next meeting is scheduled for October 15.

#### **IV. Discussion of Areas that Overlap Work Groups**

The Chair opened a discussion of how the Commission wants to handle the areas that overlap work groups. Commissioner Bean suggested the work groups prepare preliminary drafts that can be circulated among the members to help identify where the areas of overlap exist.

#### **V. Public Comment**

The Chair asked for public comment. State Representative Richard Ball was present and congratulated the Commission for their efforts. There were no other comments.

#### **VI. Next Meeting Date**

The next Commission meeting is scheduled for **Friday, October 31, 2008, at 9:00 a.m.**

#### **VII. Adjournment**

Having no further business, **Commissioner Curran moved, supported by Commissioner Prokop, to adjourn the meeting. There was no objection. The meeting was unanimously adjourned at 10:55 a.m.**

*(Approved at the October 30, 2008 Legislative Commission on Government Efficiency meeting.)*