

Final Minutes

Legislative Commission on Government Efficiency Meeting

1:30 p.m. • Thursday, October 30, 2008
Room 426
4th Floor • State Capitol Building
100 N. Capitol Avenue • Lansing, Michigan

Members Present:

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

Fern Griesbach
David Leonard
Gary Olson
Michel Sussman

Members Absent:

Charles Moore

I. Call to Order

The Chair called the meeting to order at 1:30 p.m. and asked the Clerk to take the roll. A quorum was present and absent members were excused.

II. Approval of the September 26, 2008 Meeting Minutes

The minutes of the September 26, 2008 meeting were presented to the members. The Chair asked for a motion to approve the minutes. **Commissioner Bean moved, seconded by Commissioner Olson, to approve the minutes of the September 26, 2008 Legislative Commission on Government Efficiency meeting as proposed. There was no further discussion and the minutes were unanimously approved.**

III. Presentation from Doug Rothwell of Detroit Renaissance

Chairman Prokop recognized Mr. Rothwell and thanked him for coming before the Commission to report on the work Detroit Renaissance has done to find ways to make government more efficient. Mr. Rothwell began with information on the background of his organization and then highlighted the major recommendations of the budget action plan they prepared to restructure and transform Michigan's budget. After the presentation, Mr. Rothwell responded to questions including one from Commissioner Olson that dealt with how business tax breaks should be reviewed. Mr. Rothwell noted that all incentives cannot be eliminated; however, they should be used judiciously and only when absolutely necessary. He added they are more concerned with things like making direct investments in companies and suggested now is the time to look at the tax structure in general. Commissioner Leonard asked Mr. Rothwell to elaborate on the benefits of a 2-year budget cycle and a discussion of the time frame required to get the full benefit of cuts to the Department of Corrections and whether higher ed should be privatized followed. The Chair offered comments that encouraged all groups to work together in terms of a communication strategy and an integrated game plan for collectively taking the recommendations and moving forward.

IV. Report of Work Group Progress

Corrections Work Group

Chairman Prokop provided a brief update on the Corrections work group's progress. His work group heard from two experts at their last meeting and they are honing in on five areas in particular that will offer the most significant opportunities for savings.

Education K-12

Commissioner Bean provided a summary including the pros and cons of the list of preliminary efficiency/savings options his group has identified to meet the target goal of \$200-\$400 million in potential State savings.

Efficiencies within State Departments

Commissioner Sussman reported his group continues to focus on department efficiencies. He noted that he expects to complete their review of the best practices and best systems across all areas of government, if not by December, then by January or February,

V. Presentation from Cris Johnston from the State of Indiana

The Chair welcomed Mr. Cris Johnston of Indiana who participated in the meeting via telephone conference. Commissioner Leonard provided an introduction of Mr. Johnston and called on him to talk about his efforts to ascertain the effectiveness and efficiency of Indiana state programs including the progress his state has made, the methods his department employs, and any advice he might have for a neighboring state. Mr. Johnston began with an overview of how his group was created and then proceeded to explain some of the activities his group has spent time on over the last four years including the development of a measurement tool his department uses to look at their program and operational reviews. After his presentation, he answered questions.

VI. Continuation of Report of Work Group Progress

Higher Education

Commissioner Olson provided a handout that summarized the preliminary efficiency options his group has identified. He then proceeded to go over the pros and cons of each option.

Information Technology

Commissioner Bargamian reported her group met on October 8 and October 29. They are working on their primary list of recommendations and are looking at savings between \$43-\$63 million over a 5-year period. Their next meeting is scheduled for November 19 when they will be moving to a prioritization phase.

Local Government Efficiency/Revenue Sharing

Commissioner Curran shared that his work group held a discussion meeting with SEMCA, MAC, and MTA. He should have an outline of his findings by next week.

Medicaid/Community Health Work Group

Commissioner Leonard reported his group has met twice and received testimony from former DCH Director Jim Haveman and Health Management Associates. He noted that his group has outlined some areas of potential cost savings including items that result in substantial cost savings, but retain the essential intended functions of the program. He is not ready to release his group's initial recommendations, but they are looking at removal of optional populations and optional benefits, cost-sharing mechanisms, health savings accounts, strategies to reduce emergency department utilization, and care management. His group is also looking at further reductions to provider rates, increasing primary care physician reimbursements, and long-term care. His group will meet again in the next few weeks and should have some initial recommendations to report by the November or December meeting.

Personnel Practices/Employee Benefits

Commissioner Griesbach reported that her group continues to pull together their research. They will continue to evaluate and prioritize the information to develop a long-term strategy that will be successful.

Purchasing/Strategic Sourcing

The Chair provided a brief update on behalf Commissioner Moore and directed members' attention to Commissioner Moore's 10/18/2008 email which provided more detailed information on the Purchasing/Strategic Sourcing work group's recent activities. The Chair noted that one area that might be an area of significant opportunity for savings is the statewide purchasing of pharmaceuticals.

VII. Chair Comments

Since the groups seemed to be on track in formulating their recommendations, the Chair suggested we target the next meeting for each group to provide an outline of what is being considered, where the priorities might be, the advantages and disadvantages, and an estimate of the cost savings opportunities.

The Chair also noted that the Senate Majority Leader has inquired if the Commission needs more time to complete the Commission's work. After some discussion, it was a consensus that if something is being done legislatively it would be fine to extend the dates, but at this point no additional time is needed and the Commission expects to follow the timeline provided in the LCGE statute.

VIII. Public Comment

The Chair asked for public comment. Mr. Mike Boulus, Executive Director of the Presidents Council, State Universities of Michigan, shared his views regarding the importance of higher education and the future of the State. There were no other public comments.

IX. Next Meeting Date

The next Commission meeting is tentatively scheduled for either Monday, December 8, 2008, or Tuesday, December 9, 2008. An email will be circulated to finalize the date and location of the meeting.

X. 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 4:18 p.m.**

(Approved at the December 8, 2008 Legislative Commission on Government Efficiency meeting.)