

Final Minutes

Legislative Commission on Government Efficiency Meeting

8:30 a.m. • Friday, April 25, 2008

Room 326 • Anderson House Office Building

Members Present:

James Curran, Chair
Kevin Prokop, Co-Chair
Georgi-Ann Bargamian
Mitch Bean
Fern Griesbach
Charles Moore
Gary Olson

Members Excused:

Michel Sussman

I. Call to Order

The Chair called the meeting to order at 8:30 a.m. and asked the clerk to take the roll. A quorum was present. The Chair asked that Mr. Sussman's absence be excused. There was no objection.

II. Approval of the March 21, 2008 Meeting Minutes

The minutes of the March 21, 2008 were presented to the members. The Chair asked for a motion to approve the minutes. **Mr. Prokop moved, seconded by Mr. Bean, to approve the minutes of the March 21, 2008 Legislative Commission on Government Efficiency meeting as proposed. There was no further discussion and the minutes were unanimously approved.**

III. Estimated FY 2009-10 Spending Pressures

The Chair called on Mr. Bean and Mr. Olson to provide information on the estimated FY 2009-10 spending pressures. Mr. Bean began with an explanation of the items found on the spending pressure table included in the members' meeting documents. Mr. Olson followed with an overview of the five-year state budget projections report that was also included and emphasized the assumptions identified in the first part of the report are critical in conducting the analysis. After their presentation, Mr. Bean and Mr. Olson answered questions from the members including an explanation of the differences in the approach used in the fiscal agencies' analysis and the Citizens Research Council's analysis.

IV. Criteria on Judging Legislative Reports

A discussion of the criteria the Commission should use to judge legislative reports was next on the agenda. The Chair called on Mr. Olson to provide a synopsis of the issue. Mr. Olson noted he and Mr. Bean have identified the elimination of some of the boilerplate reports in the budget as a potential recommendation for the Commission to make to the leadership of the House and Senate. He reported that the fiscal agencies could be prepared in short order to bring forward a list of recommendations of boilerplate reports that should be eliminated. Mr. Bean commented that a recommendation for including a sunset provision for the reports could also be considered. The Chair noted his concern is coming up with the criteria by which we judge the need for a particular report. Ms. Griesbach added that a recommendation of reports that can be distributed less frequently should also be considered. She also noted that including an estimate of the number of hours to create the reports would be helpful. Mr. Moore suggested an alternate approach used in the private world would be to eliminate all but the core reports and reinstate other reports only if requested. The fiscal agencies will continue their review and Mr. Olson and Mr. Bean will submit a potential list of the reports in boilerplate that could be eliminated before the next meeting.

V. Short-Term Borrowing and Cash Flow

Mr. Bean directed the members' attention to his March 18, 2008 memo to the Commission regarding short-term borrowing and cash flow. He recommended a request be made to the Department of Treasury to testify about cash flow costs, to provide an estimate of the amount that would be needed to create a cash-management fund, and to estimate the potential savings that may be associated with moving payment schedules to month-end, and/or back-loading payments so that a larger portion is disbursed later in the fiscal year.

VI. Public Comments

The Chair asked for public comment. Mr. Kurt Hofmeister, President of The Total Quality Group, Inc., 600 Juneberry Lane, Okemos, Michigan 48864, noted his experience with working with companies in the private sector to find efficiencies and offered his assistance to the Commission in finding opportunities for efficiencies within state government. There were no other public comments.

VII. Comments from Chair

The Chair agreed that the cash flow issue could be an idea to bring back to the Speaker and the Senate Majority Leader and suggested establishing a subcommittee of the Commission to meet with Treasury to get that process started. Mr. Bean, Mr. Prokop and Ms. Griesbach were named to the subcommittee. There was no objection.

VIII. Presentation by Michigan State Chamber of Commerce

Mr. James Barrett, President/CEO, and Mr. Richard Studley, Executive Vice President, of the Michigan State Chamber of Commerce provided the Commissioners with suggestions including recommending a one-year moratorium on any new state government programs. Mr. Barrett also urged a good starting point for a state agency review is with the Department of Environmental Quality, provided the Commission with a copy of the P.E.R.M. report prepared by the Michigan Public-Private Partnership Corporation, and suggested the budgeting for outcomes principles put forth in The Price of Government book authored by David Osborne and Peter Hutchinson be encouraged. The challenges businesses face with the Department of Environmental Quality were discussed further and the Chamber pointed to the case of Hart Enterprises as an example of a culture within DEQ that is not business-friendly. A written summary of their presentation is attached to these minutes.

IX. Presentation by Mackinac Center for Public Policy

Mr. Jack McHugh, Senior Analyst for the Mackinac Center on Public Policy, was then called on to make a presentation. He began by explaining that his organization has focused primarily on identifying examples of transformational changes and reforms. He noted that the Mackinac Center has suggested the need to change the incentives that drive how an agency operates and offered changing the higher education funding mechanism to a voucher system as an example. Other money-saving reforms he and his organization have recommended include moving control of road patrol functions from State Police troopers to local county sheriff deputies, creating one department to issue all permits, and continuing efforts being made to make government more transparent.

X. NEXT MEETING DATE

The next Commission meeting is scheduled for **Monday, May 19, 2008, at 9:00 a.m.** Mr. Olson noted that he will not be in attendance at the next meeting due to a conflict in his schedule, but he will send a member of his staff to the meeting. Mr. Bean reported that he may also have a potential conflict due to the Consensus Revenue Estimating Conference on May 16, but he will send someone from his staff if he is unable to attend the next meeting.

XI. Adjournment

Having no further business, the meeting was adjourned at 12:30 p.m.

(Approved at the May 19, 2008 Legislative Commission on Government Efficiency meeting.)