

# Proposed Minutes

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## Legislative Commission on Government Efficiency

9:00 a.m. • Wednesday, October 14, 2009  
Room 426 • 4<sup>th</sup> Floor • State Capitol Building  
100 N. Capitol Avenue • Lansing, Michigan

### Members Present:

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

Fern Griesbach  
David Leonard  
Charles Moore  
Gary Olson

Michel Sussman (*joined meeting at 11:30 via teleconference call*)

### Members Absent:

None

### 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.

### II. Approval of the June 19, 2009 Meeting Minutes

The Chair asked if there were any changes to the proposed minutes of the June 19, 2009 meeting. Commissioner Bargamian asked that language be added to clarify that her comments in Section IV. regarding the AFL-CIO correspondence were in response to a question raised by Co-Chair Curran. There were no objections and the Chair noted that the clarification would be made. There were no other additions or changes. **Co-Chair Prokop moved, seconded by Commissioner Leonard, to approve the minutes of the June 19, 2009 Legislative Commission on Government Efficiency meeting as amended. There was no further discussion and the minutes were unanimously approved.** The Chair also asked for comments on the August 3, August 6, August 7, and August 12 public hearing documents. It was noted that no approval was needed due to the fact that minutes are not required for public hearings.

### III. Final Report

The Chair recommended the Commission go through each section of the draft final report to give the Commissioners an opportunity to discuss and/or offer modifications to the recommendations. Co-Chair Prokop suggested that to the extent that there are disagreements or additional thoughts regarding any of the recommendations that an additional section be added to the report where Commissioners could have their views on record. Commissioner Bargamian suggested that the place for the comments should be a separate section at the end of the report rather than a part of the appendix. She added that reference to the Commissioner's comments should also be noted in the appropriate section in the main body of the report. Commissioner Leonard supported her idea and suggested a statement such as "Commissioners A, B, and C have further comments in Section X." Commissioner Bargamian also asked if the Commission meeting minutes, especially the ones that reflect public comments, should be included in the report as it might be helpful to legislators to have the public comments and feedback folded into the sections of the report. Commissioner Moore shared that although Commissioner Bargamian brings up a good point, he is concerned that including the minutes may make the report overly long. As an alternative, Commissioner Bargamian suggested that perhaps some general comments could be added on those recommendations that had general opposition by those testifying at the public hearings. Commissioner Griesbach inquired about how to standardize the report so that the format for each section is consistent. (Note: The Commission's clerk will format the report to standardize the report sections.)

The following are the votes on the work group recommendations of the final report:

**Corrections:** The Chair asked if there were any comments or modifications to the Corrections report.

Commissioner Bargamian offered two comments: 1) she felt there needs to be a firmer statement that overtime costs are due to understaffing, and 2) an emphasis needs to be made that many of the recommendations revolve around sentencing reform. Co-Chair Prokop responded that his group used the language they did because they felt there were other factors that affected the overtime issue in addition to the vacancy issue and clarified that sentencing reform relates only to the first recommendation. In an effort to move on, Commissioner Bargamian will include a statement in the Commissioner Statements section. Substituting "appropriately" for "perhaps by" on page 13 was the only revision. **Commissioner Leonard moved, supported by Commissioner Moore, to approve the Correction recommendations in the draft report as amended. The motion was unanimously approved.**

**Local Government & Revenue Sharing:** Commissioner Bean will get a more accurate dollar amount to use in the first paragraph to describe the reduction in statutory revenue sharing over the last five fiscal years. Commissioner Leonard noted the omission of a recommendation for consolidation of governmental units and suggested adding language to include consolidation. Commissioner Bargamian commented on the impact the recommendations would have on "home rule" in Michigan. Commissioner Olson expressed concerns that tying revenue sharing to services could reward inefficiencies and many small townships would be ineligible for revenue sharing. **Commissioner**

**Griesbach moved, supported by Co-Chair Prokop, to approve the Local Government & Revenue Sharing recommendations included in the draft report as amended. The motion was unanimously approved.**

**Medicaid/Department of Community Health:** Chair Curran noted his concern with the idea of increasing co-pays for Medicaid beneficiaries without insuring access to adequate health care services. Commissioner Bargamian suggested: 1) language be included to recognize the access component in the second recommendation, 2) more emphasis should be given to the idea of exploring the medical home concept, and 3) an acknowledgement that a lack of staffing identified in the findings of the Auditor General's report be included in the recommendation that deals with payment to third parties. She also noted that she would be dissenting on the recommendation dealing with state psychiatric hospitals. Commissioner Griesbach noted the Personnel Practices recommendations speak to Commissioner Bargamian's comments regarding the lack of staffing. **Commissioner Leonard moved, supported by Commissioner Olson, to approve the Medicaid/Department of Community Health recommendations included in the draft report as amended. The motion was unanimously approved.**

**Higher Education:** Commissioner Bargamian offered a comment that she supports the restructuring of the Michigan Promise Grant, but opposes its elimination. Commissioner Bean commented that he would prefer one needs-based system for grants and scholarships. **Commissioner Olson moved, supported by Commissioner Leonard, to support the Higher Education recommendations as amended. The motion was unanimously approved.**

**K12 Education/School Aid:** Commissioner Olson noted that the recommendation to allow the State Superintendent to require consolidation is a controversial recommendation. Commissioner Bargamian commented that the recommendation permitting the consolidation of school districts based on a minimum 5 percent savings trigger is inconsistent with the local government consolidation recommendation. Chair Curran offered that it might be helpful for some group to evaluate the design of an ideal school district. **Commissioner Bean moved, supported by Commissioner Moore, to approve the Higher Education/School Aid recommendations included in the draft report. The motion was unanimously approved.**

**Personnel Practices:** Commissioner Griesbach presented some proposed changes. There were no other comments. **Commissioner Griesbach moved, supported by Commissioner Bargamian, to approve the Personnel Practices recommendations included in the draft report as amended. The motion was unanimously approved.**

**Information Technology:** Commissioner Griesbach preferred using the term "investment" instead of "overruns" in terms of IT costs. **Commissioner Bargamian moved, supported by Commissioner Griesbach, to approve the Information Technology recommendations included in the draft report as amended. The motion was unanimously approved.**

**Purchasing and Strategic Sourcing:** There were no revisions suggested. **Commissioner Moore moved, supported by Co-Chair Prokop, to approve the Purchasing and Strategic Sourcing recommendations included in the draft report. The motion was unanimously approved.**

**Public Employee Health Benefits:** Commissioner Bargamian noted that she will be dissenting from each of the Commission's recommendations in this section. Commissioner Olson shared that the workgroup is not advocating the issues identified in this section, but is recommending that the State hire professional consultants with expertise to review the healthcare benefits issues. Commissioner Leonard added that, in terms of pooling health care plans, a statement is included that the legislature should allow an exemption to any requirement if a cost savings can be shown. **Commissioner Leonard moved, supported by Commissioner Olson, to approve the Public Employee Health Benefits recommendations included in the draft report. The motion was unanimously approved.**

**Implement a "Pay-As-You-Go" System and Other Procedural Changes:** Commissioner Olson commented that he strongly supports the recommendations in this section. **Commissioner Bean moved, supported by Commissioner Olson, to approve the "Pay-As-You-Go" recommendations included in the draft report. The motion was unanimously approved.**

**Review State's Tax Structure for Changes that Would Result in a Stable Revenue Base:** Commissioner Bean presented language to be added under the overarching principles section of the report and as a new section of the report that addresses the need for a review of the state's tax structure. Commissioner Bean will prepare some background information including some charts that can also be included. **Commissioner Bean moved, supported by Commissioner Olson, to approve the Review State's Tax Structure recommendations with the discussed revisions. The motion was unanimously approved.**

**Sustained Efficiency within Departments:** Commissioner Bargamian questioned the need for a modification to the existing performance management system with regard to merit recognition for excellent performers and holding non-performers accountable. In her opinion, the current system does not preclude managers from evaluating their employees and holding non-performers accountable. She suggests it may be more of a management training issue. Commissioner Sussman explained that the current civil service system may not be broken, but there is a problem with the way it is applied in the existing performance management system. **Commissioner Sussman moved, supported by Co-Chair Prokop, to approve the Sustained Efficiency within Departments recommendations included in the draft report. The motion was unanimously approved.**

**V. Next Steps**

The Chair noted that the revisions and additions approved at today's meeting and any other typing or formatting corrections will be incorporated into a final report. Commissioners wishing to submit a Commissioner Statement for the final report were asked to send their statement to the clerk no later than Monday, November 2. The final report will be sent to the Commissioners and, barring any objection to the changes, it was the consensus of the Commissioners that there is no need for another meeting to finalize the vote.

**VI. Public Comment**

The Chair asked if there was any public comment. Mr. Ray Holman, 5303 S. Cedar Street, Lansing, Michigan, highlighted the findings of an August 17, 2009 report on the state employee workforce prepared by Dr. Charles Ballard of Michigan State University.

**VII. Next Meeting Date**

A future Commission meeting may be scheduled to present the Commission's final report to the Senate Majority Leader and Speaker of the House. If a meeting is scheduled, the details will be announced.

**VIII. Adjournment**

Having no further business, **Chair Curran moved, supported by Commissioner Olson, to adjourn. There were no objections.** The meeting was adjourned at 11:45 a.m.