

# Commission on Streamlining Government

Senator Jack Donahue, *Chairman*  
Roy O. Martin, *Vice Chair*  
Angele Davis, Commissioner of  
Administration  
Barry Erwin  
Brett F. Geymann, Representative  
Leonard Hardman  
John Kennedy, State Treasurer  
Lansing Kolb  
Mike Michot, Senator  
Jim Morris, Representative



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**Commission Staff**  
Jerry J. Guillot, *Administrator*  
Tim Prather, *Coordinator*  
Trudy Fourmy, *Secretary*

## MINUTES

Monday, November 23, 2009

9:00 a.m.

Senate Committee Room A-B

### I. CALL TO ORDER

A meeting of the Commission on Streamlining Government was held on Wednesday, November 23, 2009, in Senate Committee Room A-B of the State Capitol in Baton Rouge, Louisiana. Senator Donahue, Chairman, called the meeting to order at approximately 9:15 a.m.

### II. ROLL CALL

The secretary called the roll and the following was noted:

#### MEMBERS PRESENT

Senator Jack Donahue  
Representative Jim Morris  
State Treasurer John Kennedy  
Angele Davis, Commissioner of Admin.  
Barry Erwin  
Roy Martin  
Leonard Hardman  
Senator Mike Michot  
Representative Brett Geymann  
Lansing Kolb

#### MEMBERS ABSENT

#### STAFF PRESENT

Jerry Guillot, Chief of Staff  
Tim Prather, Coordinator  
Trudy Fourmy, Secretary

#### WITNESSES PRESENT:

Denise Lee, DOA  
Charles Roemer, BESE, Dist. 6  
Paul Vallas, Recovery School District  
Paul Pastorek, Superintendent, DOE

Sandra Gillen, DOA, Contractual Review  
Michael Coburn, DOE  
Linda Ruffin, BESE  
Charles Castille, DHH

Shannon Templet, Civil Service

Roseland Starks, DSS/LRS

**(WITNESSES PRESENT: continued)**

Ruth Johnson, DSS

Rachel Newman, DNR

Monique Edwards, DNR, Mineral Resources

Robert Boland, Civil Service

Jerry Jones, Facility Planning

Clarence Lymon, Revenue

Stacey Talley, DNR

Bob Harper, DNR

Brenda Noland, School Psychological Assn.

Randy Pope, LASS

Christie Nichols, DSS

Jim Hrdlicka, DOE

Denise Lea, DOA

**III. SPECIAL ORDER #1 - Contract Review**

**AGEB #34A** All departments and agencies in Louisiana state government be required to obtain the approval of the Joint Committee on the Budget of the Louisiana Legislature in order to retain a management consultant in a contract equal to or greater than \$50,000 per year. The application for approval of the Joint Committee shall explain the following: (1) Why the department or agency needs to hire an outside consultant. (2) How the service provided by the outside consultant conforms to the mission of the department or agency. (3) Why the service of the outside consultant cannot be performed by a regular employee or employees of the department or agency. (4) How the outside consultant was selected. (5) What action the department or agency will take to satisfy the need that the outside consultant is being hired to address if the Joint Budget Committee does not approve the contract.

Senator Donahue explained that at the last meeting contracts were discussed, especially the Dept. of Education. He had given the commission a list of the contracts for that department previously. He reminded the commission that all contracts for the state were on-line. Ms. Davis made available to the commission two books listing all the state contracts in every department.

Ms. Davis spoke stating that the LaTrac staff should be recognized for their hard work over the last 18 months. This will enhance transparency and accountability and reduce spending. She reminded the commission that reform required transparency, outcome based budgeting and improvement of inefficient procurement processes. She announced that she had a recommendation proposed for modernizing the procurement statutes, pursuing an enterprise approach to procurement and providing for better reporting from both the agencies and vendors. She then discussed the contractual review agency role by stating they review contracts, amendments, letters of termination of contract, RFP documents of \$50,000 or greater, and prepare quarterly and annual reports. Another recommendation she is presenting will be to require those agencies that have delegated authority to publish contracts and expenditures on-line which will allow the public to have more information than what is currently available.

Sandra Gillen, Director of Contractual Review, came forward to testify, as well as Denise Lea, Division of Administration. Senator Donahue requested that they explain the constitutional requirements with regard to contract approval. Ms. Gillen stated that their procedure was governed by RS 39:1481 through 1526, which provides that they are responsible for adopting rules and regulations relative to the procurement of service contracts. She added that they looked for compliance to all requirements, including budgetary evidence, and terms and conditions. They look for reasonableness and purpose in the contracts. She informed Mr. Kennedy that the cost benefit analysis which is done by the contracting department is attested to and on file. He then inquired about several contracts which she was not familiar with and stated that she would research them. Ms. Lea informed Mr. Kennedy that the expenditures are on LaTrac. Ms. Nichols, DSS, stepped forward to give answers to Mr. Kennedy with regard to a contract let by DSS. She explained that the Rise Up Louisiana contract was with TANF. There was a significant audit of Rise Up and management was restructured, at which time they went through the bid process on the \$58,000 contract. Mr. Castille testified that the contract questioned by Mr. Kennedy regarding the sale of tobacco to minors was certified as no employees being able to do this type of work. Mr. Kennedy and Ms. Gillen then discussed performance evaluations.

Mr. Kennedy requested a list of all contracts for the last 3 years that had been turned down because they had previously did not deliver measurable results. He also asked for a list of contracts that had been rejected because services could have been performed by existing state employees. Ms. Gillen explained that a review process is performed by Civil Service for those contracts. He also asked for a list of all contracts rejected because they did not meet the reasonableness test and a list of rejections because they did not meet the test of value. Senator Donahue then inquired as to how it took to process their review. Ms. Gillen explained that 80% were done within 3 weeks or less. She further explained that they had 7 full time employees that reviewed approximately 7,000 contracts per year. They also have to review RFPs. Ms. Davis stated she had Recommendation #10 that would state that all agencies, regardless of statutory or delegated authority, that process their own contracts, should provide information on those contracts that are currently not in the state's contract financial management system.

Mr. Hardman stressed that the commission should have received information in a timely manner to determine those areas that needed streamlining. He was of the opinion that there were frivolous contracts that could be performed by employees and the decision makers were not even considering using those employees to perform the work.

Mr. Pastorek then stepped forward to give testimony and answer questions. He stated that their vision was to build world class education. Their mission elements are to increase academic achievement across the board, and to eliminate the gap between race and class and to prepare students to be effective citizens in a global market. Senator Donahue asked if he had a written plan as to how he is to achieve those elements and asked for a copy of that plan. Mr. Pastorek then discussed performance outcome goals and the criteria to achieve them. He also discussed JAG and its success. Senator Donahue repeated that we have a mission

statement that matches the priorities of the state with 3 major goals that have specific steps to be taken in order to achieve the goals. Mr. Pastorek added that they modify and adjust those and are currently going through a major revision and modification as they are setting new goals to match the latest priorities. He added that they have many facets, and listed many of them. Senator Donahue then asked about the money used in programs and where funding came from. Mr. Pastorek answered that there was the National Governors' Association grants, Gates Foundation grants, Wallace Foundation grants, Walton Foundation grants, and many others that had given money to support their efforts. In addition to federal specific grant programs, there are competitive grant programs. There are state funds, local revenue, federal monies and philanthropic donations that make up their money source. They then discussed grant writing. Senator Donahue then stated that the grant system needed to be monitored and requested information on the grant process and how much money is involved. He then asked Mr. Pastorek how we evaluated effectiveness of dollars received, and the analysis that needs to take place, and how it fit with the mission and the goals established. Mr. Pastorek answered that they spent quite a bit of time communicating this mission and vision to employees. He added that the department should be making decisions by the rules and missions. He stated that he relied on lots of people to make decisions, professional judgment, everyday and he tries not to micro-manage. He does not check each and every contract but he looks at priorities. He gave an example of when he first took the job vs. having their budget cut this year. He has had staff review all the programs and reduced their contracting. With regard to grant writing, it is not a big area of involvement for their department. They identify grants that they want to go after and pursue it with a grant writer. Senator Donahue then asked about programs not defined in the mission. Mr. Pastorek stated that the ones called to his attention have been studies and that he feels that they do meet the mission or other requirements. The federal government requires that they hire outside entities to evaluate programs that they have with federal government funding and that they are obligated to bring third parties in to evaluate. The legislature also requires that they bring third parties in to evaluate. He reminded Senator Donahue that the commission was looking at a document that was prepared for sunset hearings, a very abbreviated listing of contracts. Assumptions were made on the list and he wanted the commission to understand what they have and believed that the contracts in question did advance the cause outlined. He added that they terminate contracts for failure to perform.

Senator Donahue stated that they have had problems receiving program information from various departments, including the Dept. of Education, and now the commission has received information which he thought was thorough. He wanted to make sure the commission had a clear understanding of the mission statement, the guidelines, the process following those guidelines, and the programs selected along with the contracts that go with those programs, and that they are all in line with the priorities. Mr. Pastorek reiterated that they do a lot of business and that anyone can disagree about meeting the test. Senator Donahue then exemplified the GED program. Mr. Pastorek commented on the prior mis-communication regarding the program information requested. Senator Donahue reminded him that the information was requested because the Streamlining Commission wanted to be able to look at the effectiveness of the programs. Mr. Pastorek stated that the recommendations the

department submitted to the commission stated that the adult education program needed to be moved from the department, that it was not doing as well as it could.

Mr. Martin stated that the commission was looking for money. He was of the opinion that the commission was attempting to get information as to the total dollar amount of contracts from his department. Mr. Pastorek stated that the contract amount was for 5 years for about \$505 million. He then recognized that the commission was asking for contracts that were not a high priority which could be cut back. He discussed TANF and various programs and their funding sources. Mr. Martin asked if he had a percentage or dollar goal in mind for the upcoming budget that would be reasonable to de-prioritize. Mr. Pastorek answered that they were working on that and trying to recognize that there are certain contracts/programs that are important and there are some that are lower in priority. He discussed communications and the reduction in spending in this area. He wanted to make clear that they do not put enough money in education but they try to make the best of what they have. He then gave an example of a literacy program where we spend less than Alabama, yet we want to exceed their efforts. Mr. Pastorek agreed to return to a future meeting with a recommendation of reallocation. Mr. Martin then discussed the burden on local school districts with regard to the school improvement plans. Mr. Pastorek agreed and have been working on reducing the burden. He stated that the focus of the whole department was input and not whether there was a masters or doctorate degree. It was disturbing to Mr. Martin that there were teachers being hired from out of the country. LSU graduated 138 elementary teachers and only 8 secondary teachers. Mr. Pastorek acknowledged that this was a serious problem and one of the reasons that the scope of focus could not be limited to just instate campuses to provide resources needed. He thought that the long term solution was not incentives but restructuring the entire compensation scheme for teachers in the state. He stated that some of the people speaking about the compensation scheme believe it is fundamentally broken and if approached differently, we could incentivize people. He added that a bold discussion had taken place nationally regarding whether we see any benefit in the classroom to having educators with Masters or Doctorate degrees. He stated that he was told that for 50 years there was no evidence that having a Masters or Doctorate degree adds to the academic achievement of children in the classroom, yet we spend a lot of money compensating people who have those degrees in order to work in our system. If not paid for their degrees, but rather on outcome, we could shift a significant amount of money from Point A to Point B. Mr. Martin and Mr. Pastorek then discussed at-risk children studies. Mr. Vallas stepped forward to discuss the additional amount of time that children spend in schools due to the extension of the school day is the equivalent to 55 days.

Senator Donahue asked that if the goal was 80% by 2014, would they meet that goal. Mr. Pastorek answered that they do not have the resources to make it. Senator Donahue asked if they had the resources where the plan would be. Mr. Pastorek stated they were working on the plan, which had been adopted by the legislature. He added that if they do not spend money in the right places, that goal would not be reached and that they have urged everyone to help get the kids to the goal line. Senator Donahue suggested that the challenge belonged to Mr. Pastorek as he had put the plan forward that would get 80% of the children graduating

by 2014. He asked that Mr. Pastorek tell the commission what the plan was and how much money it would cost and allow the commission to see if they could get it done from their standpoint. He did not believe it could not be done due to lack of resources. Mr. Pastorek answered that there were 16,000 that drop out of school every year. Senator Donahue then asked again for a plan that the commission could react to and that they would stand behind him to make sure the plan would work. He had not seen a plan, he did not know what he needed, and did not want to hear that all he needed was money.

Mr. Kennedy discussed spending on each student for the last 10 years. He then stated that since 2005, DOE has received an extra \$1.5 billion, half of which had been spent on contracts. He thought that DOE spends a lot of time concentrating on how much money is being spent. He thought we should concentrate on how the money was being spent as there is a lot of waste. He reminded Mr. Pastorek that the commission had asked for a plan and if results can be achieved. He then asked him about specific contracts. Chaz Roemer, BESE Dist. 6, and Jim Hrdlicka, DOE, came forward to give testimony. Mr. Hrdlicka stated that the \$49,000 contract for drafting legislation was complicated and involved non-education matters (insurance related) and legislative staffers were contacted for help. They wanted to retain the best teachers in the recovery school district. Mr. Pastorek stated that they only expended \$11,000 in total. Mr. Kennedy and Mr. Pastorek then discussed several other contracts. Linda Ruffin gave testimony stating that one of the contracts was a line item appropriation. Mr. Vallas explained a contract for the recovery school district. Mike Coburn testified regarding evaluation of a teen pregnancy grant. Mr. Roemer gave testimony relative to contracts and MFP dollars following the students. He was of the opinion that the system was filled with students that needed help being put with teachers that could help them the least.

Senator Michot was impressed with Mr. Pastorek's knowledge of some of the contracts and discussed outsourcing, insourcing and auditing. Mr. Pastorek discussed outsourcing and the requirement to contract in order to do so. He was confused with the fact that he did not know the directives. Mr. Martin stated that he knew that state employees could not do everything and that we had to contract work out but it had to be prioritized.

Mr. Kennedy motioned that we use this year's spending on outside contracts as a benchmark and recommend to the governor and the legislature that we reduce the amount of spending by 25% next year and use that as a benchmark to cap the spending for the next three years. If there needs to be exceptions, the joint budget committee would make them. Senator Donahue asked about agencies that contract for roads and bridges, etc. Mr. Kennedy stated they could appear before the Budget Committee and ask for an exception. He was of the opinion that there was no mechanism in place for the review of contracts and that many of them were unnecessary. Mr. Martin recommended that it be changed to non-engineering, non-architectural, non-building contracts. Senator Donahue asked staff to work on the amendment and announced that we would take this recommendation up at a later time. Ms. Davis thought that we should prioritize spending and should evaluate the spending itself and not the contractor. She thought that budget information contained all professional contracts

but did not think that a 25% reduction and a reduction of 15,000 state employees would reconcile the initial recommendation. Without objection, it was deferred until the amendment could be prepared.

Mr. Kennedy then stated that he had questions for DHH and DSS regarding several contracts. Mr. Castille and Ms. Nichols came forward to answer his questions. Mr. Kennedy asked for information regarding contracts with Girl Scouts, Goodwill Industries, IBM Corporation, Jericho Ministries, and Families Empowering Families. Ms. Nichols answered that the Girl Scouts was administered through the Children's Trust Fund. The IBM contract was one prior to current administration and did not meet its deliverables and the contract was cancelled. She stated she would provide information in the future on the buy out of this contract. Mr. Kennedy then asked her about the Boys & Girls Club of Acadiana. She asked if she could make a few comments before proceeding. She stated that there were a variety of issues. The department has been extensively reviewing outcome based contracting and that almost all of the teen pregnancy contracts are TANF dollars, but have reduced them because of performance issues. She also stated that they had started analyzing every single contract since 9/09. She then briefed the commission on the steps used to analyze contracts. Mr. Kennedy stated that he would make a motion at the proper time to pass this by putting a cap on contracts.

Ms. Templet testified that their authority on approval of contracts was limited to those which would impact employees. They look at contracts to determine if the work can be done by state employees. She then discussed the supreme court case concerning contractual review. Senator Donahue and Ms. Templet discussed the evaluation process in determining if it could be done in-house. Ms. Templet stated that they reviewed very few contracts. Robert Boland testified regarding the supreme court decision that if no employees were affected, Civil Service had no authority to disapprove.

Mr. Kennedy, changing the subject, then stated that he was contemplating a recommendation to direct Civil Service to reduce the number of job classifications from 1,600 to 450. Ms. Templet and Mr. Boland did not think this was feasible, but could not answer as to what number would be sufficient as they were doing a study to see what number would be appropriate. Senator Donahue asked questions regarding an employee leaving state service and working for private industry at a higher rate of pay. Mr. Hardman discussed evaluations and duties.

David Greer came forward to testify regarding contract reviews by stating that the legislative auditor's office did not review contracts. They are required by law to perform compliance audits and will look at contracts as sample transactions and look at the controlling compliance features. If contracts are over \$250,000, they are forwarded to the auditor's office. A performance audit is what they can look into for higher value contracts. Mr. Martin asked if the auditor's office could assist in the review of contracts. Mr. Greer stated his office was willing to try to help the commission but was not sure if they could look at everything in the time frame allotted.

Mr. Kennedy stated that he wanted this recommendation deferred until Kennedy #01 could be discussed. The language had been drafted and was passed out to the members. The recommendation would state:

**Kennedy #01** The amount spent on non-engineering, non-architectural, and non-construction contracts by the state in 2009-2010 fiscal year be used as a benchmark such that the amount expended on such contracts in 2010-2011 fiscal year be reduced by 25% and such reduced figure be a cap for each of the three succeeding fiscal years, with any such contracts requiring any expenditure above that amount being subject to approval by the JLCB.

This recommendation tied to AGEB #34-A by taking all the contracts over \$50,000 and asking the departments to justify them with the Joint Budget Committee. He acknowledged that it would be impossible for the Joint Budget Committee to go over the mass amount of contracts. Mr. Kennedy said that he would amend AGEB #34-A if Kennedy #01 does not pass. Senator Michot discussed privatization and outsourcing and how cutting the contracts by 25% would be limiting the ability to save money. Ms. Davis was of the opinion that we were headed in the right direction but that we were limiting flexibility of the agency.

Senator Donahue took a moment to state that after today there would be no additional advisory group meetings and that the commission would meet again on 12/01 to complete consideration of all recommendations. There will be a meeting on 12/15 to finalize the preliminary report due on that date. The next meeting after that will be on 1/04 to adopt the reorganization plan and report based on recommendations adopted by the commission. In order to complete the business of the commission, it is necessary to suspend the rules for the purpose of committing the commission to receive proposals, hold hearings, debate proposals, and consider final action under remaining proposed recommendations with the time available. He then motioned that the rules be suspended so that discussion and voting could occur on any proposals. There being no objection, the rules were suspended for the day to do so.

Rep. Morris stated that if Mr. Kennedy intended to move his proposal, he wanted to make a substitute motion to bring one of his proposals to take its place. His substitute motion was

**AGCS #46** The Commission on Streamlining Government Advisory Group on Civil Service and Employee Benefits, recommends that all agencies should engage in a thorough contract review; further recommends that before implementation of any layoff, reduction in force, or layoff avoidance measures, the agency reduce the FY 10 cost of contracts by 2-10% (for a total contract reduction of at least 2%). Further recommends that no layoff, reduction in force, or layoff avoidance measure be approved by the DCS unless the agency shows it has reduced the FY10 cost of its contracts by 2% or presents an explanation of why it has not done so.



Rep. Morris agreed that there were contracts that were questionable. He stated that the premise for this one was to work with employees.

Mr. Guillot explained that Kennedy #1 was before the commission and that Rep. Morris proposed a substitute with a document waiting to be received (AGCS #46). Senator Donahue then decided that the substitute motion would be taken up. Jerry Jones reminded the commission that DOTD still have hurricane repairs and those would have to be exempt, as well as Facility Planning. Mr. Kennedy stated that he could not vote to raise health care premiums and could not vote to lay off employees until all the waste is gone from the contracts.

A substitute motion was made by Rep. Morris to adopt AGCS #46, Mr. Kennedy objecting. A vote was taken, and with a vote of 5 yeas (Donahue, Geymann, Kolb, Michot, Morris) and 5 nays (Martin, Davis, Erwin, Hardman, Kennedy), the substitute motion failed to pass. The original motion, to adopt Kennedy #01 was then taken up. Mr. Kennedy had motioned for adoption of Kennedy #01. There was objection by Senator Michot. The secretary called the roll and the vote was 2 yeas (Hardman, Kennedy) and 8 nays (Donahue, Martin, Davis, Erwin, Geymann, Kolb, Michot, Morris), the motion failing.

This brought the commission back to the original recommendation, AGEB #34-A. Mr. Kennedy suggested amending this recommendation to change the wording to "appear individually or submit a letter to JLCB" . He did not want to make it a requirement that they come to appear personally but rather submit it in writing. Mr. Guillot explained the amendment to submit a written application in lieu of a physical appearance. There were no objections to Mr. Kennedy's amendment. Rep. Morris wanted to add "(6) The number of employees who will be working under the contract, by head count, full time equivalence and qualifications. (7) The number of hours and amount of compensation, including salary and benefits, paid to all employees under the contract. All information shall be provided in format prescribed by the Joint Legislative Committee on the Budget. There were no objections to adoption of the amendment. Mr. Erwin was concerned with the adoption of #7 of the prior amendment. Senator Donahue motioned to remove #7, Rep. Morris objecting. After a vote of 5 yeas (Donahue, Martin, Davis, Erwin, Michot) and 5 nays (Geymann, Hardman, Kennedy, Kolb, Morris), the vote failed to carry. Motion was then made by Mr. Kennedy to pass recommendation AGEB #34-A, Senator Michot objecting. A vote was taken and by a vote of 6 yeas (Martin, Davis, Geymann, Hardman, Kennedy, Morris) and 4 nays (Donahue, Erwin, Kolb, Michot), the motion carried.

#### **IV. DISCUSSION - PROGRAMS and LEASING OF BUILDINGS**

**AGEB #28** The Department of Natural Resources field audit program for royalties be transferred to the Department of Revenue and that no more than 75% of the monies spent by the Department of Natural Resources to perform this service by appropriated annually to the Department of Revenue to perform the service.

Monique Edwards and Clarence Lymon came forward to give testimony on this recommendation. Mr. Kennedy thanked them for coming and explained that he had become confused as he originally thought that we were to move DNR auditing on royalties to Revenue. Ms. Edwards explained that before the commission started they were looking at opportunities and production audits were being looked at. She thought that auditing would best be served if DNR took care of the severance auditing. Mr. Lymon added that there should be legislation proposed to streamline the recording requirements between the two agencies on behalf of the corporations that do business in the state with respect to royalty and severance taxes. Senator Donahue stated that they could get together with Mr. Kennedy to work out wording on future legislation. Rep. Morris objected to passage of this recommendation due to reporting lag time and the return of money taking up to a year. Bob Harper testified that they were moving 4 auditors and the severance tax auditing function from Revenue to Natural Resources, eliminating 2 of the positions and combining them with 18 positions of their auditing section, for a total of 20 auditors. He then stated that they stand with their current proposal and will leave the decision up to Administration as far as DNR is concerned. After a vote, the proposal passed with a vote of 7 yeas (Donahue, Martin, Davis, Erwin, Hardman, Kennedy, Kolb) and 2 nays (Michot, Morris).

## **V. CONSIDERATION OF ADVISORY GROUP RECOMMENDATIONS**

**AGDNES #33** Centralize the hosting of current and future compatible geographic information system (GIS) and "volume buy" GIS software and licenses, including local government in such purchases where appropriate.

Mr. Erwin requested this one to be deferred until next week. There were no objections.

**AGDNES #34** State agencies, including higher education and state public hospitals, are directed to explore adoption of LEAN principles to improve efficiency, increase productivity, eliminate waste in system processes and save money.

There were no questions, comments, or objections to this recommendation.

**AGIT #14** Requests DOA to evaluate various alternative IT funding models.

Senator Michot presented this recommendation. There were no objections to approval.

**AGIT #10** Research outsourcing print and mail infrastructure across all agencies and departments

There were no objections to adoption of this recommendation.

**AGIT #11** Research outsourcing imaging and content management services for ERP integration.

There were no objections to adoption of this recommendation.

**AGIT #12A** Explore cost benefits of utilizing managed print services.

There were no objections to adoption of this recommendation.

**AGIT #13** Enable contracting methodology for value added services that transform the way employees work and improve constituent services.

There were no objections to adoption of this recommendation.

## **VI. CONSIDERATION OF MEMBER RECOMMENDATIONS**

Ms. Davis motioned to suspend the rules for introduction and discussion of the following proposals. There were no objections to her request.

**Davis #03** Reduce the state automobile fleet by at least 10% prior to 12/31/09; reduce at least an additional 10% of the 11,484 vehicles remaining prior to 12/31/10; reduce at least an additional 10% of the 10,336 vehicles remaining prior to 12/31/11.

Mr. Martin asked if this was a refinement of her first two recommendations. Ms. Davis explained that this would replace Davis #01. Mr. Guillot explained that this recommendation did not indicate pooling and rental. Ms. Davis offered an amendment to put language in with regard to pooling and rental. There were no objections to the amendment and no objection to adoption of the recommendation.

**Davis #04** Eliminate certain unfilled positions within the executive branch of state government in response to Executive Order No. B12009-11.

Mr. Kennedy inquired if the Department of Education was included in this recommendation. Ms. Davis stated that this did not include positions in elected officials but does include Higher Education. (Loss of audio temporarily). There were no objections to adoption of this recommendation.

**Davis #05** Modernize the procurement statutes across all procurement areas

There were no objections to adoption of this recommendation.

**Davis #06** Create a database of commodity based procurement to include services across the state in order that the state can make more strategic decisions in developing contracts.

Ms. Davis stated this would create an 8-10% savings. With no objections, the recommendation was adopted.

**Davis #07** Require DOA to pursue the development of "enterprise contracts" and require state agencies to utilize these contracts.

Ms. Davis explained this would save \$7 million just on IT enterprise contracts. There were no objections to adoption of the recommendation.

**Davis #08** Requests the DOA to develop a program to effectively monitor the performance of vendors who do business with the state.

Ms. Davis explained this recommendation and there were no objections to adoption of the recommendation.

**Davis #09** Requests all state agencies, regardless of statutory or delegated authority to process their own contracts, to provide the DOA information on those contracts not in the state's contract financial management system.

Ms. Davis discussed information needed for reporting from the agencies. Mr. Kennedy then discussed LAFA contracts. There were no objections to adoption of the recommendation.

**Davis #10** Requests all agencies to engage in a thorough review of private contracts to identify underperforming and low priority contracts.

Ms. Davis thought that a similar recommendation had been passed but could not be sure. There were no objections to adoption of this recommendation.

**Martin #27** Inpatient capacity can be absorbed by the community hospitals in certain markets, with a renewed investment being made in outpatient and primary care access. These models should be explored on a case-by-case basis in each community. In those communities where these models would be successful, the state should evolve the system to meet the needs of that community while optimizing the existing complement of non-public beds in that market. This Commissioner recommends that Huey P. Long Medical Center be the first to be evaluated under this policy and directs that an RFP be written to outsource the acute and inpatient care for that Medical Center while planning for an outpatient clinic either within the current Huey P. Long Medical Center structure or using private providers using the DSH funds available in the future allocated between the inpatient and outpatient services.

Mr. Martin explained that in light of the recent Senate vote in DC, it appeared that there will be some type of healthcare reform passed. He thought that the state-run hospital system represented an unnecessary duplication of inpatient and outpatient hospital capacity. He stated that the savings would be at least \$32 million. He stated that an RFP would have to be written, then bid on, and evaluated. Mr. Martin offered an amendment to change the wording "explore" to "evaluate immediately" and added to complete the study by 12/31/10 and added "by DHH, LSU, and LSU Health Sciences to specify who is going to implement the study in a time frame for the RFP to be written". Mr. Guillot explained the amendment that would change the terminology on the second line regarding "the model should be evaluated immediately on a case-by-case basis. The study should be by DHH with LSU and LSU Health Sciences and the study should be completed by 12/31/10." There were no objections to the amendment. There were no objections to adoption of the recommendation.

**DAVIS #02** Request the Division of Administration develop a web based system for management and reporting by agencies of space utilization of state leased space as well as space utilization and maintenance efforts in state owned facilities operated and maintained by agencies outside the DOA.

Ms. Davis stated that this would allow them to resolve issues relating to consolidation of state leasing. There were no objections to adoption of this recommendation.

**DONAHUE #03** Require that Mineral Revenue received by the state in excess of the amount allocated to the Rainy Day Fund shall be designated as nonrecurring and subject to the same restrictions on expenditures as other nonrecurring revenue.

Senator Donahue requested that this recommendation be deferred until the next meeting. There were no objections.

**DONAHUE #05** Governor and legislature consider converting state-owned enterprises and assets from dormant physical capital to financial capital which can be used for pressing needs.

There were no objections to adoption of this recommendation.

**ERWIN #01** Require that local per pupil share of the Minimum Foundation Program (MFP) dollars follow students to any public school or program they attend, including such programs and schools as those administered by the Louisiana National Guard (LANG), the New Orleans Center for Creative Arts (NOCCA), the Louisiana School for Math, Science and the Arts (LSMSA), the Louisiana State University Laboratory School, the Southern University Laboratory School and certain Type-2 charter schools.

Mr. Erwin requested that this recommendation be deferred to a later date. There were no objections.

**ERWIN #02A** Merge and assign the administration of the Board of Elementary and Secondary Education's (BESE's) block grant program focused on pre-kindergarten programs for at-risk four-year-old children into the Department of Education's (DOE's) Cecil J. Picard LA 4 Early Childhood Program (LA 4 Program).

Mr. Erwin requested that this recommendation be deferred to a later date. There were no objections.

**ERWIN #03A** Primary responsibility for adult education resides with the Louisiana Community and Technical College System (LCTCS) and the responsibility and funding of the Department of Education's (DOE's) Division of Adult and Community Education should be transferred to LCTCS.

Mr. Erwin requested that this recommendation be deferred to a later date. There were no objections.

**ERWIN #04A** Allow local school districts to fund, at their discretion, stipends for nationally board certified school counselors, psychologists, speech pathologists, audiologists and social workers using Minimum Foundation Program (MFP) or other dollars.

Mr. Erwin requested that this recommendation be deferred to a later date. There were no objections.

**ERWIN #05A** Any increase in the Minimum Foundation Program (MFP) allocated to a school district and eventually allocated to a school within that district with a School Performance Score (SPS) of 75 or below shall be spent on effective dropout prevention and remediation programs for students attending such school. This shall not apply to that portion of an increase in MFP dollars that are statutorily obligated to be spent otherwise, such as for teacher salary. Annual growth in the MFP is 2.75%, approximately \$62 million.

Mr. Erwin requested that this recommendation be deferred to a later date. There were no objections.

**ERWIN #06** Require all school districts to replace lower performing dropout prevention programs with strategies modeled after Jobs for America's

Graduate (JAG) and fund such programs through existing revenue including the Minimum Foundation Program (MFP) funding. Tie any state funding of dropout prevention programs to performance.

Mr. Erwin requested that this recommendation be deferred to a later date. There were no objections.

**ERWIN #07A** Increase the Minimum Foundation Program (MFP) instructional spending requirement from 70% to 80% and provide that the requirement applies at the school level.

Mr. Erwin requested that this recommendation be deferred to a later date. There were no objections.

## **VII. ADVISORY GROUP RECOMMENDATIONS HELD OVER**

**AGEB #10** To direct state government to reduce the number of state government positions by at least 5,000 positions for each year of the next three years pro-rata by department through vacancies and attrition and without reducing the quality of products or services. Department heads are directed in their reorganization efforts to study and take into account layers of management, spans of control, clerical staffing levels, unit consolidation, process re-engineering restructuring, retraining for enhanced skills and headquarters staffing reductions. Department heads should increase productivity by providing training opportunities for employees who wish to learn new skills or improve old skills. To use twenty percent of the savings to increase compensation for employees taking on additional responsibilities.

Mr. Kennedy requested that this recommendation be deferred until next week. There were no objections.

### **Efficiency and Benchmarking**

**AGEB #21** To provide, by statute, for a Louisiana spending limit identical to the Oregon spending limit, known as the Oregon kicker law, with the exception that, under the Louisiana spending limit, excess revenues would first be deposited into the Louisiana Budget Stabilization Fund (the Rainy Day Fund) until that fund reaches its cap before any rebates are returned to individual or corporate taxpayers. The spending limit shall be cancelled or overridden in a particular year only by a two-thirds vote of the Louisiana Legislature, which shall be subject to veto by the governor.

Mr. Kennedy requested that this recommendation be deferred until next week. There were no objections.

**AGEB #40** The Louisiana Department of Health and Hospitals be directed to bid out Louisiana's Medicaid Program to a private health insurance company with the amount to be paid by the state capped at \$4,000 per insured. If a private insurer agreed to insure all 1.23 Louisiana Medicaid recipients for an annual premium of \$4,000 per insured, Louisiana taxpayers would save \$539 million in health care costs and \$252 million in administrative costs. The Commission further urges Louisiana's Congressional Delegation to encourage the United States Department of Health and Human Services to give its consent to Louisiana to take this action within six months.

Mr. Kennedy requested that this recommendation be deferred until next week. There were no objections.

**Duplicative & Non-essential Services**

**AGDNES #11** Reduce or eliminate supervisory level positions in all state departments with a goal of an average span of control of 8 employees to one supervisor.

Mr. Erwin requested that this recommendation be deferred until next week. There were no objections.

**AGDNES #30** Department of Health and Hospitals to continue implementation plan to sell and/or lease the John J. Hainkel Home and Rehabilitation Center.

Mr. Erwin requested that this recommendation be deferred until next week. There were no objections.

**Civil Service and Employee Benefits:**

**AGCS #2** The Department of Natural Resources should integrate audit functions with the Department of Revenue where possible.

Rep. Morris motioned to defer this recommendation until next week. There were no objections.

**AGCS #7** Increase the employee share of Group Benefits premium from the current level of 25% to 40% for the 2011 and 2012 fiscal years; reduce premium share to 35% for FY 2013, to 30% for FY 2014, and back to 25% for FY 2015 and thereafter.

Rep. Morris motioned to defer this recommendation until next week. There were no objections.



**AGCS #23** The Office of Coastal Protection and Restoration should provide programs for carbon and water credits and apply the revenue raised to the cost of project development and implementation within the agency.

Rep. Morris requested that this recommendation be withdrawn. There were no objections.

## **VIII. MEMBER RECOMMENDATIONS HELD OVER**

**Donahue #2** That certain government services and processes be identified as activities to be funded in whole or in part through "full cost recovery" of expenses by the user or customer; that the criteria for setting the amount of cost recovery be established in consultation with the Society of Louisiana Certified Public Accountants; and that the data and information used, as well as the process employed to calculate the specific charge, and any audits thereof, be displayed on the department's or agency's website.

Senator Donahue passed out information on full cost recovery from the Certified Public Accountants. There were no questions and no objections to adoption of the recommendation.

## **VII. OTHER BUSINESS**

Senator Donahue announced that Rep. Morris' Advisory Group would be meeting directly after adjournment of this meeting.

Senator Michot stated that he would like to offer a member recommendation regarding various boards and commissions not posting their meetings on-line. Patrick Dobard stated that the BESE meetings were not available on-line. Senator Michot asked Mr. Dobard to relay the message to the board that they were elected and that the meetings should be on the web. Senator Michot then stated that he would like a recommendation to state that BESE meetings shall be broadcast on the web. There were no objections to that proposal.

Senator Donahue then took a moment to thank the advisory groups. He thanked Mr. Evans Spiceland for serving on an advisory group and for attending all the commission meetings. He then thanked all the members to all the advisory groups.

Mr. Martin then inquired as to a dollar amount of where the commission might be on saving money. Mr. Guillot stated that it would be on the web but that we were moving so fast that we could not get all the numbers together. His latest figure was \$675 million.

Senator Donahue announced that all the recommendations deferred until next week will be handled at the next week's meeting. He then announced that the scheduled meeting for 11/24/09 was canceled as we had finished our agenda.

## VIII. ADJOURNMENT

There being no other business to conduct, Mr. Martin motioned to adjourn; no objection. The meeting adjourned at approximately 2:50 p.m.

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Jack Donahue, Chair

Approved: January 14, 2011