

Commission on Streamlining Government

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ADVISORY GROUP ON EFFICIENCY AND BENCHMARKING

MINUTES

MEETING OF SEPTEMBER 29, 2009

APPROVED October 19, 2009

I. CALL TO ORDER

A meeting of the Advisory Group on Efficiency and Benchmarking was held on Wednesday, September 29, 2009, in Senate Committee Room E at the State Capitol in Baton Rouge, Louisiana. The Chairman, John Kennedy, called the meeting to order at 10:00 AM.

II. ROLL CALL

The secretary called the roll and the following was noted:

MEMBERS PRESENT

John Kennedy, Chairman
Jim Napper, Member
Jeb Burneau

MEMBERS ABSENT

Ron Gomez, Member
Leonal Hardman, Member

STAFF PRESENT

Greg Waddell, Coordinator
Chris Adams, Attorney
Gail Brister, Secretary

III. WITNESSES PRESENT

William D. Ankner, Department of Transportation and Development
Michael Bridges, Department of Transportation and Development
Terry Holden, LHFA, (Louisiana Housing Finance Agency)
Rene' Landry, Chief Financial Officer, Louisiana Housing Finance Agency
Milton J. Bailey, Louisiana Housing Finance Agency
Sandra Stokes, Foundation for Historical Louisiana, Baton Rouge, LA
Jack Davis, National Trust for Historic Preservation
David Hood, Public Affairs Research Council of LA.
K. Brad Ott, Myself, 812, Peniston Street, New Orleans, 70115

IV. APPROVAL OF MINUTES

Mr. Kennedy made a motion to approve the minutes from the meeting of September 21, 2009 and Mr. Napper second the motion. Hearing no objection, the minutes were approved.

V. DISCUSSION

Mr. Kennedy read an article on taxes for the record. He stated the growth of the statutorily dedicated funds that was the subject of Mr. Napper's resolution, also we have put together a list for you of statutorily dedicated funds and their cash balances as of September 27th of this year. These have not been reviewed one by one to determine which of the statutorily dedicated funds would be exempted from sunset under Mr. Napper's Resolution. That is going to take a little while but you can get a feel for the types of funds we are talking about. Mr. Kennedy read a couple for the record. You can read the list and draw your own conclusions. The total that is shown on this list is 2.8 billion dollars. We have a Crab Promotion and Marketing account with \$72,000 in it, we have a Louisiana Fur public education and marketing account with \$426,000 in it, we have Pineville Economic Development account with \$264,000 in it, we have a Winn Parish Tourism Fund with \$28,000 in it and you can read the list and see the type fund that we are talking about. No one is suggesting that these are bad appropriations what we are saying is that in order to give the legislation flexibility in dealing with the budget our proposal is to sunset all of them except those dealing with the judiciary and dedicated payment of debt and then allow the individual interest to come forward and make their case as to why their money should be rededicated.

Final housekeeping measure, at our first meeting a suggestion was made by Mr. Napper and Mr. C.B. Forgotston that given the fact that the budget increased dramatically between 2005 and 2009 today, some had said the increase is as much as ten billion I've seen other data as much as eleven or twelve billion dollars. It might be instructive to go back and look at everybody's budget in 2005 and compare it to the budget today to see where all the extra money went and our staff in the senate has done that and we thank them for that, I'll start with who has less money today than in 2005 according to the research. These agencies are departments have less money; The Secretary of State has twenty million dollars less, the State Treasury has 2.8 million dollars, the Public Service Commission has less money, Agriculture and Forestry has less money, their budget is smaller today that it was in 2005, Special Schools and Commissions has less money and everyone else has more. the Executive department has an additional 6.4 billion dollars, I feel certain that includes one time hurricane money. That figure doesn't tell us much he don't think.

The Department of Veteran Affairs has twenty-five million dollars more today than in 2005 the Attorney General 3.3 million, the Lt. Governor 3.8 million, the Insurance Commissioner seven hundred and forty-two thousand the Department of Economic Development has eighteen million more, Department of Culture Recreation and Tourism has eighteen million dollars more, DOTD has one hundred million dollars more, Public Safety and Corrections if you include Corrections, Public Safety and Youth Services looks like they have about eighty-four million dollars more, DHH has 1.4 billion dollars more, DSS has three hundred and two million more, Natural Resources has 1one hundred and thirty-three million more the Department of Revenue has 8.4 million more, DEQ has 1.4 million more Workforce Commission has twenty-five million dollars more, Wildlife and Fisheries has an additional eighty-five million dollars Civil Service has 5.7 million, Higher Education received an additional five hundred and five million dollars, Education Elementary and Secondary education received 1.5 billion dollars more, the LSU Health Services Center 1.7 billion dollars more and then there is some other requirements sixteen million. The three other ones he have

to point out is the Judiciary has twenty-seven million dollars more today than in 2005 in its budget, the Legislature has eighteen million dollars more and we have Capital Outlay cash about a billion dollars.

Anybody like a copy of this he will be forwarding a copy of this to every member of the Streamlining Commission. That is where the money went between 2005 and today.

I want to start today with roads. Mr. Secretary I just want to get your thoughts on a few items. First, I was in north Louisiana at the Streamlining Commission meeting up there and I was very impressed with all the construction going on. I have read your articles about the new construction that you have initiated and it's very visible at least in that part of the state. What I want to talk about is how to fill the hole and we have a 14 billion dollar back log, I think you have whittled it down to about twelve billion.

Mr. Ankner said 12.5 billion

Mr. Kennedy stated 12.5 billion but it is still a large number. Tell me where we get our money to maintain and build new roads. We get roughly six hundred million dollars from the state gas tax and the other six hundred million from the federal government but you don't have all that money to spend.

Secretary Ankner answered that the primary funding sources were Federal Funds and Safe Funds. Within the funding sources the direct state funds are between capitol and operating dollars. One of the things that has allowed them to do the kind of work that is has been seen was the surplus dollars. Which is part of the reason why they were able to go from a 14 billion dollar project to a 12.5 billion level of funding. The backlog that they experience and the deficit dealt with capacity and the systems preservation. He said that they were still dealing with about a seven to eight billion dollar hole on the systems preservation side and the rest is new capacity. He felt that the distinction was important because of the surplus and the stimulus they have seen the system continue to deteriorate. He said that they had been able to basically reverse that with respect to the roads and had dramatically decreased the deterioration occurrence on bridges. It was his belief that the surplus level had demonstrated that they needed about a three to four million dollar additional level of capital investment per year to continue.

Kennedy commented that he wanted to narrow down the focus and stated that they were getting state gas tax excluding the .04 ¢ dedicated to the time program which generates roughly six hundred million. You are getting another six hundred million from the federal government in federal gasoline taxes. It was his belief that they received .92¢ back from the federal government for every dollars sent to them in gasoline taxes and asked if there was any chance that they would let us collect our own federal gasoline taxes and keep them here.

Secretary Ankner stated that there had been efforts over the last two re-authorizations which has not been successful, however, they had been successful in getting a guaranteed minimum.

Kennedy asked if some states got more than a dollar back.

Secretary Ankner answered that was correct.

Kennedy commented that they were the donee states and we were a donor state.

Secretary Ankner answered that was correct with respect to transportation.

Kennedy asked of the 7-8 million that we received was that money spent on primarily maintenance or new construction or both.

Secretary Ankner replied that it was primarily spent on systems preservation and operations systems preservation. For the future the dollars would go primarily to systems preservation and preventative maintenance.

Kennedy stated that the state, separate from the seven hundred million dollars, has a capital outlay program which funds some road construction and asked if that was in addition to what was currently being done.

Secretary Ankner answered yes, but it could go either through the community or the department.

Kennedy asked what percentage of the capital outlay spending was spent on road construction.

Secretary Ankner responded that he did not know the number right off, but could get that for the group.

Michael Bridges responded that the capital outlay projects that came through HB 2 were primarily for road construction, if there are other types they would be in ports or water resources, etc.

Kennedy asked of all the money spent in capital outlay in any given year, what percentage of that money was being spent on roads.

Michael Bridges replied that he did not follow the question because everything from capital outlay . . .

Kennedy asked if they thought most of the funds were going towards roads.

Michael Bridges answered no.

Kennedy stated that it was his believe that they were getting less than 50% for road construction. He said that since they knew that so much of the seven hundred million dollars from gasoline taxes had to be used for maintenance, since they knew that there was a need for new roads and those new road would create jobs and since they knew that they had to set priorities, he wondered what they thought about a provision that said for the next five years, they were going to set a target within the capital outlay program of 75% of all of the capital outlay money that was spent each year for the next five years would be dedicated to road construction. He said that the thought that would mean that some of the tight projects that they were currently working on might not be done within this five years. He said the more important issue was what a priority was and the challenge was how to reduce the 12.5 billion dollars.

Secretary Ankner replied that the capital outlay program would be a welcomed investment, however he expressed concerns on how those funds would be allocated. He said that they had a program called the highway priority program and if capital outlay could utilize that, he said that he would be a lot more comfortable than if it would become an earmarking.

Kennedy commented that what he was interested in was making roads, for the next five years a priority in the outlay program and dedicate 75% of that money each year to roads and build them on a rational priority basis utilized at DOTD.

Secretary Ankner replied that if something like that passed, they would most assuredly be able to meet the challenge of those additional dollars.

Kennedy commented if we can make the funds available could you get the road built.

Secretary Ankner responded yes sir, we could get them built.

Kennedy offered a motion, the state of Louisiana has a 12.5 billion dollar back log in road construction and maintenance, the Louisiana Streamlining Government Commission recommends to the Governor and the Louisiana Legislature that 75% of the money in Louisiana's capital outlay program be spent on road construction and maintenance through the existing priority program for each year for the next five years.

 Secretary Ankner stated that the priority program is where the needs have been defined and prioritized.

Mr. Bruneau asked why for the next five years, why not longer than that.

Mr. Kennedy responded that it would be very controversial and thought that five years would be all they could get.

Mr. Napper seconded the motion.

Mr. David Hood, Senior Health Care Analyst for the Public Affairs Research Council and formally Secretary of the Department of Health and Hospitals from 1998 to 2004.

Mr. Kennedy stated that David has been with state government a long, long time and frankly we miss his expertise. He ran the Department of Health and Hospitals, he knows the numbers as well as the policy in his opinion as well as anybody in the state. Now with one of our thank tanks but he wanted to ask him to come today and just talk for just ten or fifteen minutes about where he thinks we are in health care in Louisiana, we face some challengers in the Medicaid programs, what he thinks we ought to do, what road he sees for Charity Hospital in the future of healthcare delivery system of this state and what he thinks we should do about the Charity Hospital situation if you will in New Orleans.

Mr. Hood stated that he started working for the Department of Health and Hospitals back in 1977 in the health planning division and at that time the first day he walked in everyone was griping about they couldn't get health reform done and they have been working on it for thirty years at that time, this is thirty-two years later and it still haven't happened yet now the feds might force it down our throat which may be a benefit in some ways and maybe a detriment in other ways. It's something that's been a long time coming, it's well over due it's a same we couldn't do it our selves and in an incremental way that wouldn't be to disrupted. We have tried hard we have made some progress our program for children, the children health insurance program in some of the best in the nation. There was a recent study done that ranked Louisiana seventh in the nation in terms of coverage for all children of all income levels we are covering about ninety-five percent of the population under nineteen years of age.

Mr. Kennedy stated that it started under President Clinton as he recall. You was secretary then and you all took that thing and ran with it and did a great job.

Mr. Hood stated that they had a great staff actually. We hear a lot about people in government can't do anything right and he would have to disagree with that evaluation because he thinks that we would not have Children's Health Insurance program with none of it to achieve what we have had it not been for a good staff in DHH and Medicaid very innovative, we went out and did outreach programs that were very aggressive and very successful. I was very pleased with that.

Mr. Kennedy asked what can we do today?

Mr. Hood stated what we need to do is to prepare for the inevitable, which is what ever is coming out of Washington. We don't know that at this hour but until I feel very confident that something is going to happen. They are not going to pass a bill that they can't afford not to. It is a minimum reform bill I think one thing it will include expanded coverage for the low income population that's bound to happen. Right now they are talking about the adult population under one hundred thirty-three percent of poverty. Going by the most conservative estimates that will probably be on the order of somewhere around two hundred and fifty thousand additional people in Louisiana. Two hundred to two and fifty thousand somewhere in that range.

Mr. Kennedy asked if they would be covered by medicaid or by private insurance?

Mr. Hood stated that according to the Bacchus bill that population will be covered by medicaid.

Mr. Kennedy asked so our role for medicaid would grow from 1.2 to 1.5?

Mr Hood stated that it could be from somewhere in that range.

Mr. Kennedy said okay.

Mr. Hood stated that it's a little difficult to be accurate about that as he said but the probable cost if it is a mandatory coverage where everybody has to participate or will be covered, then you are looking at somewhere in the order of seven hundred and fifty million dollars in additional cost.

Mr. Kennedy asked his opinion if we add two hundred and fifty thousand now uninsured Louisiana's to the medicaid role, so we are moving, I think we have around eight hundred uninsured Louisiana's now for what ever now, some people don't want to buy insurance, some people are you and think they will never get sick, others can't afford to buy and they make too much money to be on medicaid. if we take two and fifty thousand of them and they now have insurance, previously if they got sick they would go into primarily our Charity Hospital system. Now they have insurance they can go where ever they want, who would that impact? What would that do to in disproportionate share? What would that do to our charity system in your opinion?

Mr. Hood stated that it would put some of the Charity hospitals at risk for sure. There is some characteristics about our charity hospital system which don't follow the nation trend of other public hospitals and the main one is the hospitals are so dependent on the disproportionate funds. Disproportionate share in medicaid in 2006 constituted eighty-two percent of the charity hospital budget overall.

Mr. Kennedy stated just to define our terms, his understanding of DSH money that's extra money that we get from the federal government above and beyond our medicaid program to treat people who are uninsured?

Mr. Hood stated that is correct.

Mr. Kennedy stated that we have traditionally taken our DSH money and put it into our Charity hospitals that's how we finance?

Mr. Hood stated that most of it. Seventy-five percent of it more or less.

Mr. Kennedy stated that his understanding is that if congress passes health care legislation and they extend or they insure many of the uninsured whether it is by medicaid or a new form of insurance, Congress is going to cut our DSH dollars. The President has talked about cutting them seventy percent.

Mr. Hood stated they will probably cut it anyway.

Mr. Kennedy asked how will we cash flow charity?

Mr. Hood stated that we wont. We can't afford to do that unless you want to come up with state general fund money to replace it. The smaller hospitals are the ones that will be at risk if you take two hundred and fifty thousand or two hundred thousand whatever might be uninsured patients and make them suddenly insured we know that they are not going to continue going to the charity hospital system. We know that because of our experience with LaChip, we covered within four years of starting LaChip we have covered thousand uninsured children. DHH did a study, they went in and looked at the claim, they went in to see how many were going to the charity hospital system. The answer was four percent. Only four percent.

Mr. Kennedy asked only four percent of all the LaChip kids

Mr. Hood stated that was right. They all went to private physicians and private hospitals and so forth. With that kind of experience we know that the hospitals will be at risk, it is just a question of how much at risk, which hospital and so forth. We have made a recommendation as you well know that we reorganize the charity system, we downsize it that LSU keep four of those hospitals and concentrate on medical education. We have a problem with doctors, the number of doctors in the state particular primary care physicians, we need to generate more graduates and primary care for sure and our hospitals in New Orleans, Baton Rouge, Shreveport and Monroe are the ones that recommend that they be kept and we invest heavily in those institutions to make them centers of excellence and not only for medical education bur also for research and patient care but that we get away from charity hospitals model which is so dependent on uninsured patients and revenues for uninsured patients.

Mr. Kennedy asked if Mr. Hood thinks that currently DHH has a plan to revamp Medicaid to get more into but they need permission from the federal government and they need a waiver to do it and if it is approved it will take some time to implement it. Our Medicaid shortfalls and dis appropriates share of shortfalls are going to be here before then they are immediate. Do you think we will be able in light this possible change of Washington to cash flow those four hospitals?

Mr. Hood asked when you say cash flow the four hospitals your referring to trying to keep them at least at the level they are at right now?

Mr. Kennedy stated to keep them open, what would their patient, I assume they will have to compete for those folks who now have insurance but didn't as well.

Mr. Hood stated absolutely. There will certainly be a need for medical education and research and so forth, that's what those hospitals should be all about. They need to certainly upgrade their operations and have a menu of services which people need in Louisiana, they might be specialized services they shouldn't try to compete against ever other hospital . With the right amount of funding and personnel and so forth it can be done they can become centers of excellence. The time to start looking at those is right now.

Mr. Kennedy asked what do he propose we do? There is a plan in Baton Rouge right now to have Charity join with the Lady of the Lake do you have any thoughts on that?

Mr. Hood stated that is the best thing he has heard for the Charity hospital system in a long time. I think that is the direction we need to go in. If we can do it in Baton Rouge and it is successful then I think we can do it else where. Our position for a long time has been for a long time and generally speaking and with respect to health care is let's try to get out of the delivery of healthcare services where ever it makes sense. When it comes to paying for health care we already have a system it is called Medicaid and it pays for healthcare it has the performance of that system has been erratic in the past.

Mr. Napper asked how many other states have a Charity Hospital system like ours to cover the insured?

Mr. Hood stated probably None. I think we are the only ones that has a system like ours, there are public hospital systems all across the country, mostly they tend to be local in nature rather than a state operated state run hospital with fourteen thousand state employees.

Mr. Napper you mean owned by county or district or something of that nature.

Mr. stated yes.

Mr. Napper asked that in those states that don't have a system like ours that have significant medical schools how do they provide that medical education part that you mentioned.

Mr. Hood stated that it varies from one state to another. I think what they have in common is that they are not totally dependent on like we are on subsidies from medicaid or disproportionate share of funds, they tend to be some what self supportive at least. They have a much high percentage of medicare and private pay patients.

Mr. Kennedy stated that Shreveport does that.

Mr. Hood stated that Shreveport does it to a degree. I think it is some what of a myth that they are really independent compared to the other hospitals. A couple of examples would be in 2005 before Katrina shut down the hospital in New Orleans that hospital had a disproportionate share budget the size of the state of Florida, Earl K. Long had one the size of the state of Kentucky. We have the

fourth highest disproportionate share program in the entire country. There is Florida, Texas, New York, California, and Louisiana and we are just a little state compared to those guys.

Mr. Napper asked in the other states that don't have a Charity system and then they have major Medical schools, they basically educate their new doctors through private hospitals and maybe some other type of public hospitals is that correct?

Mr. Hood stated that most often they operate and run a public hospital themselves and they generally refer to them as an Academic Medical Center and as we said they attract private patients. they get some state subsidies maybe in the form of state funds and they of course state care medicaid and some uninsured patients. But they are more focused on the delivery of medical care perhaps in some specialized fashion, more focused on research and you know it is a different ball game then what we have here in Louisiana. I'm not trying to disparage LSU I think one thing they have tried to do is to increase the quality of the care that they deliver. The problem with the system from his point of view is, it's a matter of access with ten hospitals and there are other means of treatment for the uninsured but mostly it is the charity hospitals system ten places to go it is not very accessible to from all parts of Louisiana. Some cases you have to drive one hundred miles or more to go to a charity hospital.

Mr. Kennedy stated that his concern about the loss of the disproportionate share money of which we have relied so heavy run Charity I have concern about what we ought to do in New Orleans. Do you have any thoughts on that? One proposal is to build a new facility, another proposal is to take the existing big Charity building and basically keep the shell and renovate from within and the argument is it will be cheaper. The downside of building a new one is we have under any possible scenario is we would have to borrow money and I worry about not being able to pay it back unless we establish a new model a new patient base in the hospital, do you have any thoughts on that?

Mr. Hood stated that he thinks that when the first business plan for the new hospital was published in 2007 there was no healthcare reform on the horizon at the national level. Now we know it is coming we are not sure how but certainly it's going to interrupt operations in all of the Charity Hospitals to some degree and the patients that they have depended on are not just automatically gonna be there if thing like I think they are headed. We plan for a 1.2 billion dollar hospital, four hundred and eighty-four beds originally, and with no thought of reform either at the state or national level, so we planned it as if it would be the same level of uninsured in Louisiana as there always has been. Some of those assumptions are faulty today they need to rethink the direction they are going in. We are on record as supporting an Academic Medical Center in New Orleans and we made that recommendation before the business plan came out. What we had in mind perhaps would have been smaller and less expensive and he thinks nobody wants to build a big hospital down there and have it be empty.

Mr. Kennedy stated that is one of his concerns. If people who know a lot more about healthcare then I do like you and others tell me we need an Academic Medical Center in New Orleans I would believe them I just want to make sure that if we have to borrow money we can pay it back. My concern is

Mr. hood stated that borrowing it might be a challenge just in it self.

Mr. Kennedy stated that we can talk anybody into lending it. My concern is I looked at the original business plan for the new building and in order to cash flow it they had to double their private pay and by that those with private insurance and medicare going from two and one half percent to five percent which might be durable, hope it is durable but they were depending on the disproportionate

share they were going to retrieve over eighty percent of the uninsured and they would get all the disproportionate money to do it, well if those uninsured now have insurance Ochsner, Toro and East Jefferson and West Jefferson are going to be trying to entice those patients to come to their hospital because they now have insurance. I am also concerned about the impact not saying this is a bad development he need to see it, a new hospital is going to be built in Chalmette, there is talk about reopening a hospital on New Orleans East, what impact would that have on a patient base.

Mr hood stated that even after Katrina New Orleans was over bedded compared to the national average we had more hospital beds than theoretically then we needed. A lot of them had to close and that was an access problem for many people, one of the good things post Katrina is there was a lot of primary care clinics that opened to provide what we didn't have, which was good access to primary care not those are in jeopardy today because the Federal funds are likely to be cut off at some point in time and so on. Every where we look we have problems maintaining what we have now and trying to plan for the future and it is difficult to do in a climate that is uncertain how healthcare is.

Mr. Kennedy thanked Mr. Hood and asked if he had any final thoughts or words of wisdom he would like to share with them.

Mr. Hood stated that he thinks it has been a very erratic sort of course if you look to the chart of Medicaid spending that goes up and down sometimes we shoot our selves in the foot like we did in the early nineties, paying Charity hospitals three hundred percent and draw on a surplus back, that was a scheme that even the best people on Wall Street probably couldn't have thought of and then we had to go through a period during the Foster Administration where we cutback rather severely and we actually did a good job of maintaining spending at a low level despite bringing on three hundred thousand additional children.

So we can do it, I don't want to disparage the people that work in our health care system right now at the state level and of course in the private sector as well I think they do a phenomenal job with the resources that they have. One thing we tend to miss is the need to stay the course, persistence really mean a lot and I know Jim Richardson at LSU he has made a presentation about comparing Louisiana to North Carolina and back in the 1960's we were neck and neck with North Carolina in terms of any kind of indicator that you want to look at rather it be Economic Development, Transportation or healthcare the outcome is the indicators it was virtually the same North Carolina drew up a strategic plan they stuck to their plan and I don't have to tell you what the outcome has been North Carolina is for ahead of Louisiana right now. We tend to change every time we have a new Governor we have a new plan, you can't do that and expect to have good outcome you have to give it a long term sort of emphasis and I think we should do that if we adopt a good strategy then let's stick with that, you never tinker with it that would not be right either.

Mr. Kennedy thanked Mr. Hood for his time today. Ms. Stokes, there is a plan that has been proposed that he wanted to hear about today and that is to rehab Charity Hospital. What he would like for her to do today if she could, we are familiar with a lot of the background hold in on this single question, Can it be done and can it be done at an affordable price? He do not believe that this option that you have been given due consideration in this debate I do not believe that. I'm not convinced your right but I don't believe you have been given serious consideration and I think that is a huge mistake. This is a decision we will make about what to do about a Charity hospital in New Orleans is something we will live with for a long, long, time and it will either be one of the best decision we have ever made of it will be something we will regret and I don't want to get it wrong. The only way I know not to get it wrong is to consider every different Idea.

Ms. Sandra Stokes with the Foundation for Historical Louisiana and she have with her Jack Davis from the National Trust. I appreciate you letting us speak today and trilled that this committee is hearing this information because we feel like this is the same thing we have been saying for the last year that there is a better way or more efficient way that will save money. The foundation for Historical Louisiana was charged by the 2006 legislation to look at the feasibility of reusing Charity Hospital, we did not ask for the study we were just given it, we were not given money for the study, we took it seriously

Mr. Kennedy stated we do that all the time

Ms. Stokes stated thanked him very much. We took it seriously we raised the money we sent RFQ's out to the top companies of the United States that specialized in both healthcare and preservation. We narrowed it down and ended up hiring RMJ Hilliard the seventh largest firm in the world, impeccable recommendations, we quickly learned that this was not a preservation issue this was really about a hospital and we focused back onto the hospital aspect of this. The team go together and they would give her any information at first because they said they don't know if the building is useable or not because that is all we have heard that the building is absolutely not useable. After they had studied it for a while they called in the New York office in.

Mr. Kennedy asked who is they.

Ms. Stokes stated RMJM, Architects and said they don't know why they are not using the building, so let's get our top teams together and figure out what is wrong there must be something wrong. They went beyond the course of the study and they took the LSU programing needs for the new facility and used their top designers and inserted it inside the million square foot shell, because once they determined that the building was stable and sturdy and would take it, they had a million square feet they could do what ever they wanted with so they inserted the programs needs that were in the master plan for LSU and found out that it fit and it fit perfectly and it would be state of the art and they could create centers of excellence and it would be a world class teaching hospital. Example would be like John Hopkins in Birmingham and other places that has done it this way. This is an urban model, this is how you would do it in the city. We thought we had done something good here so we come back and present to the state and the battles and suits since. We didn't know at the beginning of this that this was such a continuous issue we thought we were doing what we asked to do.

Mr. Kennedy stated that he thinks it has been continuous because every body wants to do the right thing. I want to do the right thing and he want to make sure we can afford it, and that has been his concern. I'm not a healthcare expert I think we ought to listen to politician like myself, all of us ought to listen more to the healthcare experts about people in the policy. The financing part of it is our responsibility and he is interested in the very best possible facility if the decision is made to do it and he thinks the decision has been made. The very best possible facility that we can afford.

Mr. Jack Davis stated the he lives in New Orleans and he is a Trustee of the National Trust. What this study presented to the state government is an opportunity to think things differently a year ago and since that time state government has seen immune to the idea that this better way of achieving a cost efficient state of the art teaching hospital and research center in New Orleans is available. It is almost as if while the project was presented for gutting and reusing Charity Hospital as the state of the art teaching hospital. More than a year ago only now as the finances for LSU alternative plan have become in doubt that our plan or alternative is starting to get with a hearing like this today a fair hearing. It is a plan that is adjustable to the changing world of healthcare financing the secretary

has just described so terrifically. It avoids some of the excessive cost that LSU plan for demolishing seventy acres of land in New Orleans to build their hospital and the Veterans Hospital together on twenty-five blocks would incur namely failure to use the valuable access that this state already owns, Charity Hospital built to last forever and susceptible to continuing for hundreds of years if properly treated, the disinvestment in the down town area of New Orleans it would be represented by moving the two hospital out which is almost an in calculable cost but needs to be factored at some point. Half of the sites that they are going to seize under their plan will be used for surface parking.

Mr. Kennedy said that he wanted to re-focus the discussion. He said that the current plan of LSU was prior to the healthcare reform legislation issues in Washington, and he felt sure that the plan would not meet cash flow requirements. He said that it doesn't mean they can't come up with a new plan and he's assuming that they are working on a new one, and he feels that if the current plan were to be presented to a Wall Street investment bank for financing, it would not obtain the financing. Mr. Kennedy asked how long rebuilding Charity Hospital within the standing shell would take.

Ms. Stokes said that according to their architects, it would take about forty-two months from the time a decision would be made, as they would phase in the different aspects of the project. She said the team had many subcontractors, including a company from England who studied the skin through a new infra-red technique that determined that the skin was sound, and showed exactly where it needs repair.

Mr. Kennedy asked Ms. Stokes about mold in the building, as Mr. Smithberg always contended that the building was infected with mold.

Ms. Stokes replied that the building had been cleaned up after Hurricane Katrina and since there has been some additional deterioration. She said that the state has not maintained the property to its full ability. She explained that they are talking about a "gut job", which would entail going in and gutting the entire building and rebuilding a modern hospital inside. She said that it would not be "rebuilding Charity", no wards would be built. The building would be a four hundred and forty-six private room, up to code, state-of-the art building.

Mr. Kennedy asked if there is a need for that exact number of rooms.

Ms. Stokes replied that they used the LSU model to arrive at this number. What their concern is, is there is one million square feet that could be configured any way that is decided. Fewer beds could be decided upon and the upper tower could be used for physicians, or clinics, or the upper tower could be rented out to the VA if desired. One million square feet could be configured as the state would decide. She said it could be thought of as "a new building in a beautiful old shell."

Mr. Davis said that the mold and asbestos and everything would go along with the elevators, the plumbing and the wiring. The only thing that would remain would be the shell, as Ms. Stokes has pointed out.

Ms. Stokes said that the shell is stable. She said that the state has said that every exterior stone would have to be removed to place rusted fasteners. She said if their report had been read, they would know that there are no fasteners, the stones are actually keyed into place, and the building is very sturdy. She said that she included some numbers in the report to show that the construction costs on the building would be four hundred and eighty-four million dollars to complete the building, not the furnishings. They consulted the National Trust Community Investment Corporation to come in and do calculations on tax credits, and they determined that there are one hundred and twenty-

eight million dollars worth of tax credits available that National Trust Community Investment Corporation could broker and sell for the state.

Mr. Kennedy asked why a tax credit would be valuable to the state, when the state does not pay taxes.

Ms. Stokes said the tax credits are saleable, and could generate revenues for the state.

Mr. Davis said that there are mechanisms that the National Trust Community Investment Corporation has laid out.

Mr. Kennedy asked them to explain how that would work as there have been questions about this before.

Mr. Davis said that while he is not an expert in this area, there was a member of the National Trust Community Investment Corporation who was here during January to explain to the House Appropriations Committee. Essentially, he said, a non-profit corporation would be set up, and ownership of the property would be passed to it, so that the tax credits can be used.

Mr. Kennedy asked if they were federal tax credits.

Mr. Davis stated that there are federal and state tax credits in this case.

Ms. Stokes said that there are new-market and historic tax credits available.

Mr. Kennedy repeated the process for clarity, stating that a non-profit would be set up and the ownership of the building would be passed on to that entity. He further stated that he thought Secretary Levine had already worked out with LSU and Tulane to have a non-profit run things.

Mr. Davis said that he thought there was a different purpose in mind for that proposed non-profit.

Mr. Kennedy said he understood that.

Mr. Davis said that it could be structured so that the tax credits...

Mr. Kennedy said that once they would qualify for the tax credits, then they could be discounted and sold off to individuals for their income taxes.

Mr. Davis said that is correct.

Ms. Stokes said that the number of one hundred and twenty-eight million is based on the market value that the NTCIC gets for selling credits, and they felt assured in the situation.

Mr. Davis said that re-using Charity would lock in the tax credits whereas building a new structure would not.

Mr. Kennedy asked about a notation in the presentation regarding the project construction costs plus forty percent.

Ms. Stokes said that the top sheet is the project costs, the all-in cost to open the hospital, furnished and equipped. It would be five hundred and fifty million dollars for the hospital portion alone. She stated that they only studied Charity Hospital as that was the charge of House Concurrent Resolution 89. She said they believe that with all the surrounding buildings, which encompasses two point five million feet of space, right in that area, that are the VA and LSU, need to be studied, and similar efficiencies could be applied to using those for clinics and all the outbuildings that the new complex has.

Mr. Davis suggested that there would probably be opportunity for additional tax credits there as well.

Ms. Stokes agreed. She said that they know if the buildings are used, and they are at least fifty years old, tax credits can be applied.

Mr. Kennedy said before moving to those buildings, he wanted to ask about the five hundred and fifty million dollars, asking if that's the bottom line after all tax credits and everything else.

Ms. Stokes said that it is.

Mr. Kennedy continued, verifying forty-two months of construction. Ms. Stokes said yes, three years of construction with six months of preparation. Mr. Kennedy asked how many private rooms that would include.

Ms. Stokes said with the current plan it's four hundred and forty-six private rooms.

Mr. Kennedy asked what if it was decided to only do two hundred private rooms to begin the project, would the cost be the same.

Ms. Stokes replied that it probably would change the cost, but the gutting and refitting would be done to have everything ready, but it could be scaled down.

Mr. Davis said that the space would then be held in reserve for future use.

Ms. Stokes said it could be rented, or whatever was decided.

Mr. Davis went back to Mr. Kennedy's comment about the forty percent "contingency." Mr. Kennedy stated it seemed a high contingency to him.

Ms. Stokes replied that it is not a contingency, but a standard markup for project costs, to take it from construction, empty building, to project cost, it's a forty percent markup.

Mr. Davis said that the estimators tried to incorporate all kinds of possibilities so that this is not a low estimate.

Mr. Kennedy stated that he has read the report that RMJM Hilliard compiled. He stated he does not understand all of it, but finds it to be a very sophisticated, very detailed report, and clearly they know what they are talking about in the report. He wants to focus on the fact that all of this is based on the Hilliard study.

Ms. Stokes said it is.

Mr. Kennedy said if he called Hilliard and repeated what Ms. Stokes said in this meeting, they would agree with the information that has been relayed.

Ms. Stokes said that they would. She further stated that in the packet there is a letter from a gentleman from Perkins-Eastman Architects, who has reviewed the study and approached Ms. Stokes for a meeting, saying he does not understand why the state is not going with the plan proposed in their report. She said it turns out the gentleman is on the national council that writes codes for hospital construction, and sent a letter to the editor of the *Times-Picayune*, and would be submitting a full report following this. She said that he has retro-fitted hospitals that are much more confined than this one.

Mr. Kennedy asked if it was decided that the full four hundred and forty-six rooms were not need, especially in light of the uncertainty of the Medicaid program and health care in general, could the rest be done later.

Ms. Stokes said that they could.

Mr. Kennedy then asked if all the rooms were built, but only two hundred were used, could the remaining rooms be leased out to another hospital in order to generate cash flow for the state.

Ms. Stokes said they could.

Mr. Davis said that has not been studied, but seems like a reasonable proposition.

Mr. Kennedy said one of his original questions had been why would the state not consider taking the old Charity building, renovating it at tax payers' expense, using the bottom half for the state's needs, leasing the top half to the VA with the federal government paying the state income, which could be used to pay for the part that the state needs, and it wouldn't end up costing the tax payers any money.

Mr. Davis said that the LRA is already in discussion about allocating forty million dollars to gut the building for an unspecified purpose, as the first stage in getting it ready for whatever the future use would be. He said they'd like to think that the future use is for a new hospital.

Mr. Kennedy said they must then feel that the shell is okay.

Ms. Stokes replied that she thinks the original shell argument has gone away, and she thinks everyone would agree at this point that it's a sturdy building that can be used, and the issue is whether they choose to reuse it as a medical facility or whether they will try to market it in some other way.

Mr. Kennedy said that the state has three hundred million dollars right now as he understands it. He said, assuming more won't come in from FEMA, that's a total of four hundred and fifty million.

Mr. Davis said that one of their fears is that the three hundred million or four hundred and fifty million will be invested disproportionately in site acquisition for a new hospital, or demolition for a new hospital and then it can't be built or sustained economically.

Mr. Kennedy said he understands, and that is why he's trying to get this issue out.

Mr. Davis said that he thinks the idea of reusing the Charity hospital asset is a scalable, cost-effective way of taking advantage of an asset that the state has without over-extending the state at this time of healthcare and economic uncertainty.

Ms. Stokes said that one of the things that they have continually asked for over the last year is an independent cost-benefit analysis. They have gone back and forth with State Facilities Planning over the need for this analysis to study the two plans.

Mr. Kennedy said that they said they've done that.

Ms. Stokes replied that she has not seen it.

Mr. Kennedy said he thought they hired Phase Two to do that.

Ms. Stokes said that she thinks Phase Two is a division of NBBJ, who are the designers for the new hospital.

Mr. Davis said they are the designers for the VA hospital as well.

Mr. Kennedy said, "No conflict there!"

Mr. Kennedy asked if, in their opinion, there has been an objective third party study done on the state plan.

Mr. Davis said there has not, and someone like the Rand Corporation or McKinsey needs to come in and put the two alternate hospital plans side-by-side, to compare the costs as well as consider the impact on long-term state financing and long-term future of New Orleans.

Mr. Kennedy said that Facilities Planning contends that they hired, on their own, an independent group to study the issue.

Ms. Stokes said that they were not contacted, nor was RMJM, for consultation in such a comparison.

Mr. Kennedy asked who did the report for them.

Ms. Stokes said that she did not know that there was a report.

Mr. Davis said that they have not seen the kind of side-by-side, objective, cost benefit, objective analysis.

Mr. Kennedy said he thought it was Phase Two, and asked if they have a history with LSU.

Ms. Stokes said they do. Mr. Davis said he was not familiar.

Mr. Ott, from the audience, stated that Phase Two was part of Adams.

Ms. Stokes said that Adams also did one of the damage reports that determined that University was sixty-eight percent damaged, and not able to be redone.

Mr. Davis said that almost certainly there would be a fresh study that took into consideration the economic, healthcare context that has emerged in the last year.

Ms. Stokes said that they believe that if the state is going to spend over one point two billion dollars of tax payer money that there needs to be an independent cost-benefit analysis. She said they have formed a coalition of over seventy-seven groups, the names of which can be found in packets that the committee has, from nationwide as well as local organizations that are calling for this independent analysis. She stated that they have written the governor, and are asking for the committee's help in how to proceed from this point.

Mr. Kennedy said that he could only offer his personal thoughts, and wanted to hear from Mr. Napper and Mr. Bruno. He said that as he has said before, he has always believed that there is too much politics in the healthcare delivery system. He said in terms of designing a healthcare delivery system, it looks like someone designed it on purpose, the best thing politicians can do is get out of the way and be quiet, and retain first-rate healthcare professionals who can advise the state. He said it's become so expensive that the state cannot afford not to get this right. He said he is making an assumption because he has heard from people that he respects who are healthcare policy experts, that we need a new facility in New Orleans, a charity hospital in New Orleans other than the interim charity hospital.

Ms. Stokes agreed.

Mr. Kennedy said he wants the very best facility we can build that we can afford, and the only way he knows to achieve that is to look at all ideas. He said that the first idea that is seen, may be looked at and decided that it's the one. But you won't know it's the best until all ideas are looked at. He stated that he is trying to give a forum for the ideas of this group get out there. He further said that he would be making a motion shortly to make a recommendation to the full commission and that they would have to come to the full commission meeting and sell the idea to them. He wants this group to be heard because a lot of work has gone into this and some very hard questions have been asked by this group that haven't been answered, and he is interested in hearing the answers. One of the questions he is referring to are, do we really have an independent third-party study. He said he would offer a resolution then open it up for discussion. He said, "The Louisiana Streamlining Government Commission recommends to the governor and Louisiana Legislature that the existing but currently unoccupied big Charity Hospital building be rehabilitated and used as a public teaching hospital if the state of Louisiana decides to go forward with its plans to construct such a hospital in New Orleans." Mr. Kennedy asked the staff to get copies out of the motion that was made. He said there was a motion and a second, and asked if there were any comments from anybody.

Mr. Napper said that he thinks the testimony today has shown that there is a need for this group to have a fair hearing and he hopes that this meeting is the start of that process. He thinks that it is regrettable that they feel they haven't had a fair hearing to this point. Secondly, he said, there's been a lot of good testimony, but Mr. Hood's statement that the new hospital has been planned without any consideration of healthcare reform is probably the most important thing that has been said today, and whatever is done, healthcare reform must be taken into consideration in planning what is done in New Orleans. He feels maybe this is a way to get that started.

Mr. Kennedy said that he is not sure what is going on in Washington, but he does hope it ends up being reform, but something is going to be done and it clearly will impact Louisiana and our charity hospital system.

Mr. Bruneau said that when they spoke of the neighborhood that would be effected if the current plan would go forward, and asked if the plan that Mr. Davis and Ms Stokes are speaking of would go forward, they said that part of the neighborhood would be revitalized with possible housing. He said there is some argument as to whether that neighborhood is historic, and he lives in New Orleans and that part of town has not been the best for a long time, and part of what attracts a lot of people to a project that may or may not be cost-efficient is the revitalization of the area. He said he is interested in hearing the plan as to how that area would be revitalized with their plan.

Ms. Stokes said that in their packet there are maps, entitled "Site plan A" and "Site plan B." She referred him to site plan A, and the red area shown on Tulane Avenue and Canal Street is what would be vacated or abandoned. She said that Tulane is far from the new facility. She said that right now VA is going to go all the way to the left, and occupy about thirty acres, while LSU's thirty-seven acres are closer to the interstate. She said the VA site is the most densely populated, having a lot of houses, many people who got Road Home funding and preservation grants, and they have rebuilt that community and then the moratorium on building went through over a year ago, and they have not been able to do anything with their property since then. They have been in limbo. She said the site closest to Claiborne Avenue is more desolate and is vacated and it has more potential for growth. She said this is a tremendous amount of area to take in an urban setting, this is what you take in Ponchatoula or in a small town where there is a lot of acreage, not in an urban setting. She said their biggest fear is that the VA, who has their money, will come in a raise all the dense, most salvageable housing, and take that down by eminent domain using federal CDBG grant to do this— money that is supposed to build up a community will be used to tear down this community. She said they will tear this down and if the state does not get their money, a neighborhood has been killed with a vacant lot between, with Tulane stranded off to the right and a killed downtown with nothing growing in it.

Mr. Kennedy said if that happens, someone is going to get sued. He said if the state ex-appropriates property before its known that it's needed, someone will get sued. He does not want to get off subject, but to him the business of taking people's property than deciding later if they need it or not is at best unconstitutional and at worst immoral.

Ms. Stokes said she thinks the big issue right now is that the VA is ready to go and has their money, and have been forced into a piece of land in one place when the prime piece of land may be left fallow. She said the map labeled "Site plan B" is what they are proposing. This would revitalize Charity, use all the surrounding buildings, over two point five million square feet of vacant buildings, rebuild, in-fill, take down what's not needed, and build new, and that can be the LSU complex, right there, adjacent to Tulane, with the tunnels underneath, move the VA, the more desolate site, closer to Claiborne Avenue. Now, she said, you can wrap an economic hand around this, something that could be afforded, all walk-able, doable. She said this is how you do a first-class medical center in an urban setting.

Mr. Napper asked Ms. Stokes if the four yellow squares on the map representing existing buildings are historical sites.

Ms. Stokes said that they are.

Mr. Napper then asked if the plan that is apparently on the table now went forward, would those sites be lost.

Ms. Stokes said that they would. She said McDonough eleven school has just been renovated and is a teaching school for people going in the medical profession. She believe the school was built in

the eighteen hundreds, and would be demolished. The Douche House would go as well. She said the only building that would be saved is the 1800's Orleans House, and the only reason that it would be saved is that it is in the sea of parking lots. (She pointed this out on the map for the committee.) She said they are taking twice as much land as they need.

Mr. Davis said that they never got the chance to completely answer Mr. Bruneau's question. There was time, he said, when the French Quarter was threatened with demotion and people said it wasn't worth keeping because it looked like hell. He said this neighborhood, lower mid-city, consists of the same types of houses that are found in the Irish Channel, Marigny, and other neighborhoods in New Orleans that have been rehabilitated. He said that one metric of this is that the state Historic Preservation Office has found that of the two hundred and sixty buildings in this total seventy acre site of the two hospitals, approximately one hundred and sixty-five of them are contributing buildings to the National Register Historic district that is in mid-city. He said lastly that this neighborhood looks like hell right now because it has been prohibited, until recently, by the New Orleans City Council, from obtaining building permits. He said it is in effect the only neighborhood in New Orleans that has been prohibited from recovering itself after Katrina.

Mr. Kennedy thanked Mr. Davis and Ms. Stokes for their time. He then called President Bailey to the table to get thoughts from him on a subject.

It was brought to Mr. Kennedy's attention that the resolution had not yet been voted on. He then stated that there was a motion as well as a second to adopt the resolution. There being no objections to approval of the resolution, it was approved.



Mr. Kennedy then said he thinks the best way to focus the group is to read a proposal to them and get their thoughts on it. He said it only involves the LHFA tangentially, but does involve them. He asked that the proposal be handed out and read, "The Louisiana Streamlining Government Commission finds that twenty-two percent of the residents of Louisiana live below the poverty level. The Commission supports those efforts of federal, state and local government that are intended to reduce poverty and that actually work. Initial efforts to reduce poverty in America, launched primarily by the federal government in the mid 1960's focused on providing material support and largely ignored the behavioral causes of poverty. The welfare reform accomplished by the United States Congress in 1996 recognized that permanently reducing poverty requires both material support and transforming behavior in a positive way. For example, the pre-reform Aid to Families with Dependent Children, we called that the AFDC program, gave aid unconditionally. When the Temporary Assistance to Needy Families program replaced AFDC, we called that, of course, the TANF program, as a part of the effort to reform America's welfare loss, aid became conditional. Recipients were required to undertake constructive activities leading to self-sufficiency as a condition of receiving assistance. Welfare reform has resulted in unprecedented drops in dependency and child poverty as a result of this change. Government subsidized housing as a tool to eliminate poverty, remains for the large part, unreformed. Aid is still given conditionally and government has implemented no requirement that the recipient undertake constructive activities leading toward self-sufficiency and prosperity. Therefore, the Louisiana Streamlining Government Commission recommends to the governor and the Louisiana Legislature that Louisiana law be changed to provide that non-elderly, non-disabled recipients of any affordable housing or housing assistance program offered through the Louisiana Housing Finance Agency, be required to obtain formal employment in the private sector or government, and those recipients who claim they cannot find employment be required to participate in a supervised job research, job search, in educational job training programs that assist people to obtain employment, or perform community service."

Mr. Kennedy then asked for Mr. Bailey's thoughts.

Mr. Bailey said that he would probably need to digest the information a little more. He assumes that what is being said relates to the use of vouchers and some type of federal assistance program to individuals seeking to rent accommodations within the structures that LHFA builds or are built by other developers used by LHFA.

Mr. Kennedy said that actually he was hoping to reach any form of housing assistance that would be provided, which the tax payers provide, as a condition of accessing the affordable housing, one would be required to have a job, actively look for a job, go to school to train for a job, or perform some sort of service to the state.

Mr. Bailey said that the plan could run afoul as it relates to those residents who receive either Sticky vouchers or some type of federal assistance in the form of Section 8 assistance, because those programs which are federally mandated don't require that individuals necessarily have a job.

Mr. Kennedy said that maybe we could do it with the programs that are within state control. He said he knows that the issue is being debated at the federal level in terms of whether conditions should be placed on public housing. He asked if Mr. Bailey has a recommendation on this one way or the other.

Mr. Bailey said that he would need time to look at it, but the funds that are used to administer their programs, Block grant funds, home funds, Section 8 certificates, low income housing tax credits, all emanate from the federal government, so by putting a limitation on whether or not a person is employed, as Mr. Bailey understands that this would do, would mean that they wouldn't be able to use those federal funds if those laws were in full force and effect. Mr. Bailey said that he would not know if the state offered legislation that would require employment in a federally subsidized facility, financed by the LHFA, whether the state would have standing to impose that above and beyond what the federal government requires.

Mr. Kennedy stated that he knows other states are looking at this issue, and asked Mr. Bailey if as a matter of public policy if we should encourage our citizens who take advantage of affordable housing programs to, a. have a job, b. look for a job, c. go to school to get trained for a job, or d. perform community service to give something back. He asked Mr. Bailey if he thinks as a matter of policy if that's a good or a bad thing.

Mr. Bailey said as a matter of public policy he thinks that it's a good idea, but he believes the devil is in the details, and they would have to examine what the details are.

Mr. Kennedy said that he would offer that as a motion, and if the governor and the legislature ultimately endorse the idea, they would want to sit down with Mr. Bailey and work out the details. Mr. Kennedy asked for a second to his motion. Mr. Bruneau seconds the motion then offered comments.

 Mr. Bruneau said just for discussion's sake, the thought of what's proposed, where the St. Bernard Housing project is being redeveloped, there are some housing requirements that may even involve whether or not people who have been convicted of felonies are allowed to live there, drug testing, and some possible other requirements that Mr. Kennedy might consider adding to his motion.

Mr. Kennedy said that he thinks it needs to be discussed, and would like to save that discussion for another day. He said he tried to model this after the reform that was done at the federal level by President Clinton and the members of congress in terms of welfare, and it worked. He said he has watched our welfare rolls drop dramatically, and he thinks that most of the people who have to ask for help on welfare don't want to and would rather be self-sufficient, and in many cases it's beyond their control. He said that there are others who see the world differently, and they are the ones who we need to incent by helping them look for a job or obtain training for a job, and they would feel better about themselves, and their children would feel better. He said that's kind of the model.

Mr. Bailey said many of those programs are in operation at the public housing facilities that the LHFA has financed, job training, employment opportunities, both on construction site development, post construction management as well as maintenance. Those programs are in effect and will take effect as these projects come into fruition. He said he'd like to point out that they've prepared a primer on subsidized housing. He said on page three it might assuage some of the concerns that the committee has as it relates to unsavory individuals occupying rental housing accommodations and how they can be terminated. Material, noncompliance, substantial lease violations, fraud, repeated minor violations, nonpayment of rent, drug abuse and other criminal activities, material failure to carry out an obligation, all get to the gentleman's question about the additional language that Mr. Kennedy might want to include in his resolution as a means of pointing out some of the protections that already exist.

Mr. Kennedy then asked if there were any objections to the motion that has already been seconded, and with no objections, the motion was approved.

Mr. Kennedy then said that the full commission will start hearing motions on the thirteenth of October, and they would need to meet at least once before then, perhaps twice. He wanted some guidance from the chairman as to whether he wants them to continue to meet while the full commission is meeting.

 Mr. Kennedy had another motion. He said there are many boards and commissions in Louisiana. Some of them have a lot of money, not just in intangible assets, but in terms of money, cash on hand that is being invested and that is tax payer money. Our legislature, he said, while grappling with balancing the budget needs to know about those balances. He does not believe that in some cases the legislators know about those balances, and the purpose of the resolution is to basically say all the boards and commissions in Louisiana, by February 1 of each calendar year, they have to send a financial statement to the President of the Senate, to the Speaker of the House and to the Commissioner of Administration, and it has to set forth, in detail, all assets and liabilities, including encumbered and unencumbered cash on hand, so that the legislature, as it is tax payer money under the Constitution our legislature has plenary and exclusive authority to decide how tax payer money is going to be spent, including money that is being retained by our boards and commissions. He said this is going to get the issue on the table and make sure that all the boards and commissions report to the legislature what tax payer money they have. He said he knows that some boards and commissions are not going to like this, he has heard the argument made that this is not tax payer money. He said it came from somewhere, and it didn't fall from Heaven, it came out of somebody's pocket, and if they were tax payers, it's tax payer money in his opinion. He then read the resolution, saying, "The Louisiana Streamlining Government Commission recommends to the governor and the Louisiana Legislature that they direct all boards and commissions of Louisiana state government, except for those boards responsible for administering Louisiana's retirement systems, to file on or before February 1 of calendar year, with the Commissioner of Administration of the state of Louisiana, the Speaker of House of Representatives and the President of the Louisiana Senate, a

financial setting forth, in detail, the assets and liabilities, including unencumbered and encumbered cash on hand of each board or commission. The Commission further recommends to the governor and the legislature that monies not needed by these boards and commissions be subject to appropriation for any lawful purpose by the Louisiana Legislature." Mr. Kennedy obtained a second to the motion and offered it up for discussion.

Mr. Bruneau asked Mr. Kennedy if he would entertain the idea of making sure that the information is electronically available so that it's easier to access.

Mr. Kennedy said that could be added. He said it could be added "to file electronically" and they could work further on the exact language. He said on the fourth line it could read, "To file electronically" and asked Mr. Bruneau if that was okay. Mr Bruneau agreed.

Mr. Kennedy asked if there was any other discussion, there being none, and no objections, the motion was approved.

Mr. Kennedy said he would send out a notice for the next meeting and would try to accommodate everyone's schedule, and apologized that that could not be accomplished for this meeting. He felt they need to meet at least once, probably twice in the next two weeks.

V. ADJOURNMENT

Mr. John Kennedy stated there being no further discussion, the meeting was adjourned at 12:17pm.

John Kennedy, Chairman

October 19, 2009
Date Approved