

Commission on Streamlining Government

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



P. O. Box 44481
Baton Rouge, LA 70804
Telephone: (225) 342-2762
or 1-800-205-9873
Facsimile: (225) 342-9784
email: streamline@legis.state.la.us

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

MINUTES

Tuesday, August 18, 2009

I. CALL TO ORDER

A meeting of the Commission on Streamlining Government was held on Tuesday, August 18, 2009, in Senate Committee Room A-B of the State Capitol in Baton Rouge, Louisiana. Chairman Donahue called the meeting to order at approximately 10:04 a.m.

II. ROLL CALL

The secretary called the roll and the following was noted:

MEMBERS PRESENT

Senator Jack Donahue
Representative Geymann
Senator Mike Michot
Representative Jim Morris
State Treasurer John Kennedy
Angele Davis, Comm. of Administration
Barry Erwin
Roy Martin
Leonel Hardman
Lansing Kolb

MEMBERS ABSENT

STAFF PRESENT

Jerry Guillot, Administrator
Tim Prather, Coordinator
Trudy Fourmy, Secretary

WITNESSES PRESENT:

Christel Slaughter, SSA Consulting Firm
Maurice McTigue, Mercatus Center
Bill Roberti, Alvarez and Marsal
Sandra Austin Crayton, Alvarez and Marsal

III. ADOPT RULES OF PROCEDURE

Senator Donahue announced that for the first order of business, he wanted to look at and adopt the rules of procedure. Copies had been sent to the commission earlier for their review. Jerry Guillot testified that it was a compilation of all the requirements of the open meetings law for a commission. It generally adopts the Senate rules which are not in conflict and leaves Mason's Manual of Legislative Procedure as the fallback. Basically, it sets up instructions for the commission meetings and in the

rules, it provides that where the commission is involved, it would also apply to each advisory groups as to how they will proceed. He gave highlights of the rules of procedure, one being representation of commission positions, which stated that unless otherwise authorized by the commission, only the chair could speak on behalf of the commission as a group. The meetings will be in the Capitol unless decided otherwise. The commission is not limited to meeting in the Capitol. If someone wants to appear to speak before the group, there will be a process to do that by simply getting information to the chair or the commission secretary and based upon how the meeting is going, the time can be allotted for those wanting to speak. There is also a provision regarding executive sessions, but he did not think it would apply to any of the items the commission would be looking at. He went over the duties of the chair. He discussed the open meeting requirements and developing an agenda 24 hours prior to the meeting. As far as developing the agenda, there is a provisions stating that the commission can submit an item for addition to the agenda to the chair no later than 3 days before the meeting. The members will receive an agenda at least 2 days before the meeting. With the unanimous approval of the commission, you can add an item to the agenda at the meeting. There has to be a provision for an opportunity for public comment. A quorum will consist of a majority of the total membership of the commission (6). Only members of the commission can make motions and debate. The voting process consists of all votes being recorded. If a commission member abstains/recuses from a vote, that member is still counted for quorum purposes. No recommendation can be adopted by the commission unless a majority of the total membership votes in favor of it, not just members present. Amendments can be offered by a majority of members present. He discussed the code of ethics with regard to conflict of interest. He then discussed advisory groups and how they would work and asked for comments from the commission. An advisory group would have no more than 5 members with at least one of the members being a commission member (who would also serve as chair) and there would be no more than 3 non-commission members.

Mr. Kennedy asked that if a member wanted an item on the agenda, if they just sent it in 3 days prior to the meeting, if it would automatically be put on the agenda. Mr. Guillot answered that the chairman would have the discretion to work with the requestor because someone would have to make the decision if there is a problem with space and time.

Mr. Erwin asked for clarity of representations on behalf of the commission. He thought there would be questions asked of all the members and wanted to know exactly what it entailed. Mr. Guillot explained that as a member, comments could be made but that there only needs to be one voice speaking for the commission as a group, but as a member they could answer questions. Mr. Erwin also asked about executive sessions and stated that this commission going into executive session would be very unlikely. Mr. Guillot agreed and added that the only reason would be security issues or personnel issues.

Mr. Martin motioned that the rules of procedure be adopted. There were no objections to the motion and it was so ordered.

IV. COMMISSION STAFFING/SUPPORT

Ms. Slaughter came forward to give testimony as her organization had offered to assist the commission. She gave a short background on her company's ability to assemble researchers and analysts to assist. Her organization would set up processes, coordinate with staff and assist in keeping the public informed. She respectfully offered their services on a pro bono basis to assist the commission between

now and the delivery of the final report. Motion was made by Senator Michot to accept the group as a consultant on a pro bono basis. There being no objections, it was so ordered.

Senator Donahue introduced Mr. McTigue, who has met with several individuals in Baton Rouge with regard to streamlining government. Mr. McTigue has been kind enough to offer his services to the commission. Mr. McTigue gave background information on the Mercatus Center. His offer was to act as an advisor to the commission and put ideas on the table for the commission to think about with regard to administrative and procedural changes occurring in government in a variety of different places. The mechanics of this would be in a variety of different ways. Ideas can be looked at to see if there are some unanswered questions and to look at those that might require greater research. He thought his group could provide additional analysis and additional experience in what has worked well for other governments.

Senator Donahue made reference to a letter in each member's packet which contained their offer of services. Mr. Kennedy asked Mr. McTigue to elaborate on his group helping New Zealand. Mr. McTigue gave a brief history of his connection with New Zealand, along with the various other countries he had worked with. In answer to Mr. Kennedy asking how it was done, Mr. McTigue stated that they had to set clear principles at the change process to decide what was going to improve the lives of citizens and what would last. The approach should be on an issue by issue basis.

Mr. Kennedy asked him about health care reform. Mr. McTigue explained that they had not been very successful with health care reform. He went on to discuss the changes in New Zealand. Mr. Kennedy inquired about what was done with transportation and infrastructure. Mr. McTigue answered with the question "who should be paying for the services provided and if there should be charges against taxpayers or against users and consumers, or be in the private sector? On transportation, it should be fully funded by the users, so they set taxation levels on gasoline and road charges for heavy transport that would fully fund the road program. The same was done for landing charges to airplanes and port usage for ships, thus no impact to the taxpayer. Mr. Kennedy inquired about any restructuring that might have been done in higher education. Mr. McTigue stated that higher education institutions would have to be more transparent in how they spend their money. He gave an example of West Germany and how tuition was raised when grades declined. He then discussed tax reform, raising revenue on goods/services, consumption taxes, estate taxes and direct payment vs. credit on taxes.

He went over the various changes in New Zealand, the major success being people moving away, and now coming back. He discussed lowering government payroll and allowing the economy to grow away from spending (spending control).

Senator Michot asked for his opinion on Governor Jindal's proposal for transparency. Mr. McTigue saw a rating that stated that Louisiana now had the best ethics legislation and rules in the United States. The legislation has helped Louisiana as it holds standards up and the effort has been good.

Mr. Martin inquired as to his consideration for doing all this. Would he be just collecting information from different governments for others to use as good ideas and bad ideas. He then asked if the commission would have input on how the information collected for them would be used. Mr. McTigue answered that if the commission wanted to prevent him from telling things that had been done extremely badly, the answer was NO. He added that they would listen to the commission's concerns

and if mistakes were made, they would certainly correct them. He added that he would not put out a publication which stated what the commission wanted him to say, that there would be no editorial control.

Mr. Erwin asked about anything other than financial situations that actually drove the reform to completion in New Zealand. Mr. McTigue stated that the people had to be trusted more. The defense is to be sure you are doing the right thing and that there were hard decisions to be made. He then gave an example of downsizing.

Mr. Hardman asked Mr. McTigue to expound on the subject of putting people back to work for less money. Mr. McTigue answered that focus had to be put on improving the employability of the unemployed. By focusing on that, they found better ways to move them back into the work force. Mr. Hardman then asked if the quality of service was good when this was done. Mr. McTigue gave an example regarding a study.

Mr. Martin then motioned to accept Mr. McTigue as an independent advisor to the commission. There being no objection to the motion, it was so ordered.

V. ADVISORY GROUPS - MEMBERSHIP/STAFFING

Senator Donahue stated that there were five advisory groups and requested that each chair give an update to the commission.

Mr. Martin, chair of the Outsourcing and Privatization advisory group, informed the commission that Rep. Brett Geymann was on the advisory group with him. His other members were Ray Peters, Bill Fenstimaker and David Perry. The mission of the group is to review comprehensive and systematic privatization and outsourcing opportunities for each state agency. They plan to reduce the cost of risk management litigation by developing a special emphasis on workers' compensation safety training and accident prevention programs. Activities will include ideas for privatization and outsourcing that are already developed but not implemented. Another set of plans simply need affirmation by the commission.

Senator Michot, chair of Information Technology, serves on the advisory group with Mr. Williams. He also stated that he had received numerous requests for individuals to serve on this advisory group and that he would fill the spots and report back to the commission at a future date.

Mr. Kennedy, chair of Bench marking, stated that his members were Mr. Hardman and Jim Napper and that they were meeting later today. They will begin looking at ideas to make government more efficient and effective and yet maintain the same level of service. He gave examples of a Medicaid report that was recently issued. They will look at specific ideas and recommendations immediately.

Mr. Erwin, chair of Elimination of Duplication and Non-essential Services, reported that his members were Senator Donahue, Evans Spiceland, and Tony Gordon. They were going to look at services provided to assure they are aligned and not duplicated or overlapped. They also intend to look at the prioritization of critical functions. Also, they will attempt to find the core functions and preserve those and then look at other things that are less effective and make recommendations to lower priorities.

Mr. Morris, chair of the Civil Service and Employee Benefits group, informed the commission that his members were Lansing Kolb, Liz Murrell and Mike Denahay. Their group would make sure that no stone is unturned. They will receive reports to find out if it is working or not. They will attempt to remove any obstacles between agency and civil service. They will look at benefits, retirement, social security. He invited for any member to offer input.

IV. DISCUSSION

Mr. Kennedy introduced Mr. Bill Roberti and Sandra Crayton of Alvarez & Marsal and asked that they give a presentation on some of their prior work in Louisiana. He was of the opinion this would be useful to the commission in the future. LSU had asked them to look at changing the business of healthcare for the public hospital in New Orleans. He stated that their recommendations would save the state \$72 million per year. His final point was that part of restructuring government is to reduce the workforce, arbitrarily or strategically, with no vacancies being filled.

Mr. Roberti introduced Ms. Crayton, managing director of their health care practice. Her bio information is located in the back of the packet given out to the commission. He then introduced James Ludwig, also with the health care practice. Mr. Roberti then gave a presentation (overhead projection) on Streamlining Government - A Platform for Change, Costs vs Statutory Requirements - Current Economic Crisis Presents Significant Challenges and Limited Opportunities for States - Louisiana Has Responded Aggressively - Louisiana's Challenges Cannot Be Solved Through Disconnect Analysis - A Restructuring - Overview of A&M's Approach - Tailored Approach to Transition Management. After the presentation, he then discussed Orleans Parish schools.

Ms. Crayton proceeded with the overhead presentation which included LSU Interim Medical Center. Overstaffing was discussed and Ms. Crayton stressed that it was important to make sure disruption was minimal and communicate why you are doing what is being done - have town hall meetings to get input on how to save money. Then come up with a plan to implement. Discussion was held on managers vs. employee ratio and independent contracts which can be costly.

Senator Donahue presented prepared documentation for the advisory groups which gave direction and explained what has been done up to this point. Commissioner Davis stated that the things that needed to be looked at was elimination, consolidation, restructuring of programs, and hiring freezes. She relayed that Governor Jindal had requested each cabinet member to assist this commission and had also asked them to review for additional opportunities to streamline. There was a report from the Governor's office given to each member and they were asked to use the report as a starting point in their efforts to streamline state government.

Senator Donahue emphasized that budget cuts were definitely going to happen and that it was important to recognize that this commission can help put into perspective the needs and views to be considered. He wanted to make it very clear that there would be nothing that could not be put on the table for discussion.

Commissioner Davis referred to the Division of Administration section of the report and showed the panel the division info that was included (goals, strategies, special initiatives already underway, moratoriums, inventories and receivables).

Mr. Kennedy asked for each division to submit ten things they are doing to save money without sacrificing quality of service. He wanted to receive this information so that the commission would not duplicate work and would know what they are already doing to save resources. Mr. Martin also noticed that some of the departments had included some information on this but that there were no cost figures on many of them. Ms. Davis agreed to follow up and make sure the information was available.

Senator Donahue then moved on to time lines. He stated that several advisory groups are already meeting and that the next step would be to meet with each department. The meeting for this would be on September 1 and September 2. At this meeting, each department would come before us and give a report and the commission can ask questions. The presentations cannot exceed five minutes and reporting forms will be given to each department. The advisory groups will meet as needed. Mr. Guillot requested that to facilitate any questions the commission has, to please e-mail them to Tim Prather before August 25 in order to do research before the 9/1 and 9/2 meeting.

Mr. Kennedy assumed that the commission would be deluged with paperwork and testimony, but that everyone needed to understand what each department is doing, if it is an approach they should be taking, what their projected savings are, rather than having a presentation of 50 wonderful things being done. Senator Donahue thought that five minutes was generous because he did not want the commission to be bogged down. The agencies will reflect on the information important to the commission. To that extent, each department will have no more than five minutes and then they will answer very specific questions and there will be no roaming with their answers.

Senator Donahue asked each member to look at the schedule and if there were no objections, the next meetings would be on September 1 and September 2. The content of the agenda will require working through lunch to ensure getting through the entire agenda. Mr. Guillot suggested that rather than 10:00 a.m., the commission might want to consider changing it to 9:00 a.m. Mr. Guillot reminded the public that there was a website they could visit on the joint legislative web page where questions or suggestions could be made. There is also information regarding contact numbers.

IV. ADJOURNMENT

There being no other business to conduct, motion was made by Mr. Martin to adjourn; no objection. The meeting adjourned at approximately 12:15 p.m.

Jack Donahue, Chair

Approved: September 22, 2009