



DIVISION OF ADMINISTRATION *Angele Davis, Commissioner*
STATE OF LOUISIANA

Commission on Streamlining Government

Advisory Group on Outsourcing, Privatization
and Risk Management
August 26, 2009



Goals for Government Operations

- **Education:** Increased academic achievement for all students, educational opportunities for all children, fewer children dropping out of school, and an educated workforce.
- **Economic Development:** Louisiana needs to retain, grow, and attract jobs with good pay, benefits, and advancement opportunities, in a diversified economy, with personal and corporate income growth and a strong and stable tax base, while protecting health and safety and wisely utilizing natural resources.
- **Transportation:** Better, cleaner, safer and less congested roadways, so that people can get where they need to go efficiently, safely and reliably.
- **Hurricane Protection and Emergency Preparedness:** Louisiana needs to better prepare for, respond to and recover from the next emergency (hurricanes and all other hazards).

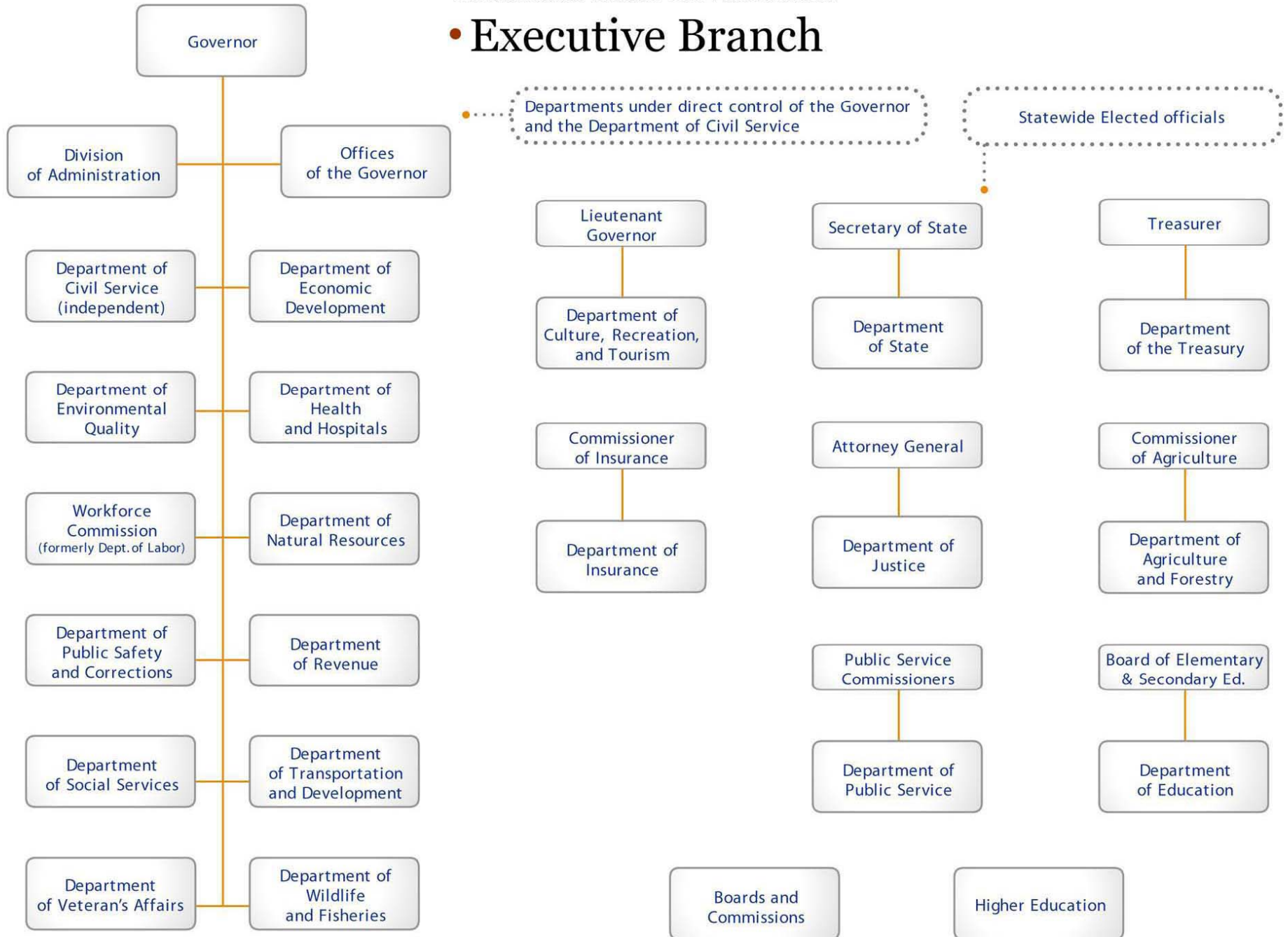


Goals for Government Operations (Cont'd)

- **Public Safety:** People and families, including children, need to feel safe at home, school, work and while traveling. Less crime, including less drug abuse, and smarter, proactive policing.
- **Social Services:** Self-sufficient families and healthy and safe Louisianans, including families, children, elderly people, and veterans.
- **Health:** Better health and affordable care, through reform of health care systems and financing systems and creation of a culture of personal responsibility for health.
- **Natural Resources:** Better environment and abundant natural resources available for our enjoyment, and preserving Louisiana as a sportsman's paradise.
- **Transparent and Accountable Government:** Smaller, more cost-effective state government that citizens can trust and be proud of.

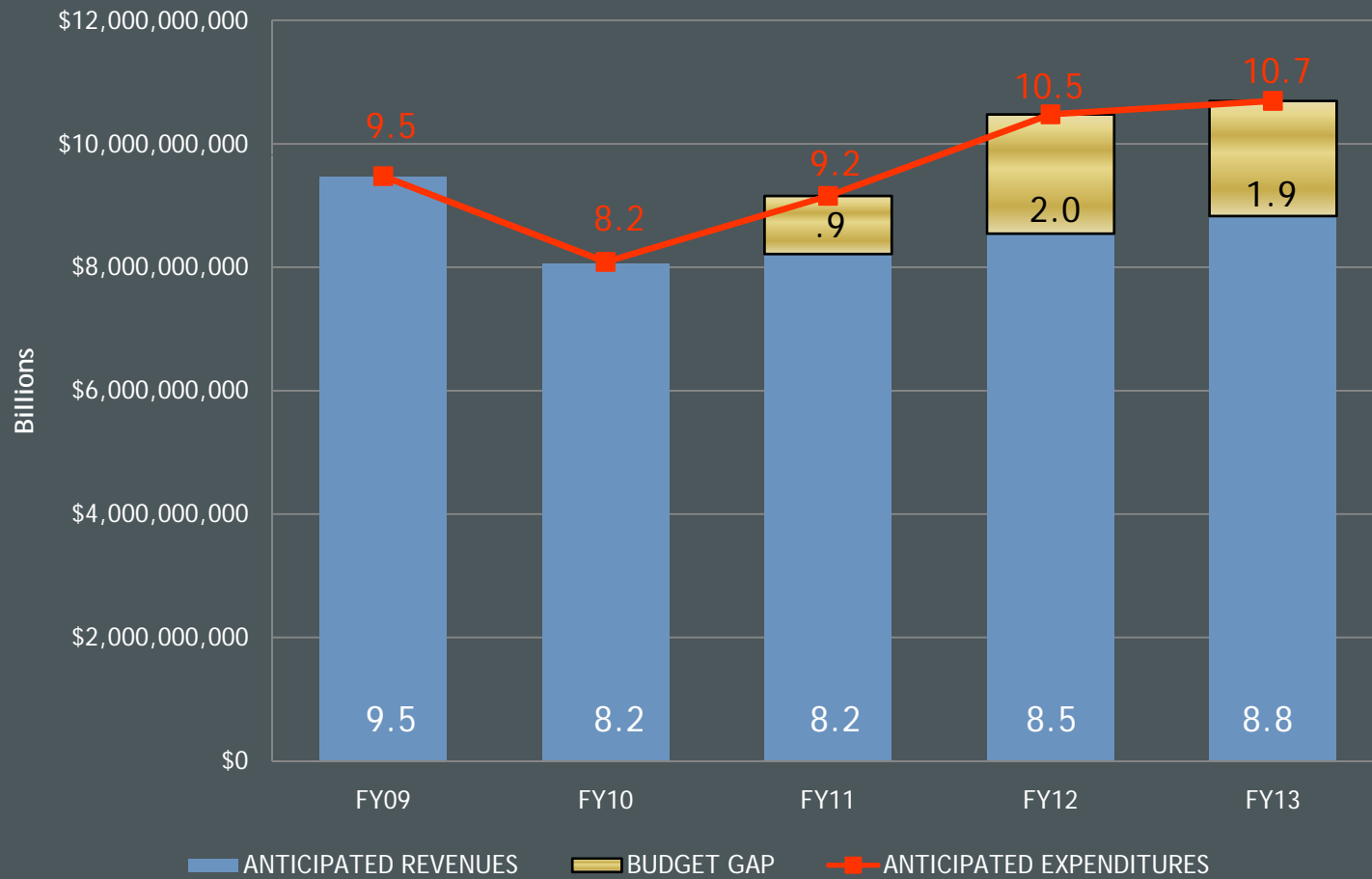
Louisiana State Government

• Executive Branch





5-Year Budget Outlook





Major Cost Drivers in Projected FY 11 and FY 12 General Fund Shortfalls

FY 11 (Projected shortfall of \$939 million)

\$437 million – Increased Medicaid Payments

\$161 million – Increase in State General Fund due to the use of one-time funding for recurring expenditures in FY 10

\$75 million – Increase in State General Fund in Higher Education and Department of Education (MFP) in order to meet Maintenance of Effort funding level necessary to utilize stimulus

\$75 million - Minimum Foundation Program (based on 2.75 % normal growth factor)

\$60 million – Inflation

\$42 million – Merit increases

\$23.3 million – Group Insurance for Active Employees and Retirees

\$18 million – Local Housing of State Adult Offenders

\$10.6 million – Risk Management

\$6.4 million – LCTCS Debt Service



Major Cost Drivers in Projected FY 11 and FY 12 General Fund Shortfalls (Cont'd)

FY 12 (Projected shortfall of \$1.93 billion)

\$1.35 billion — Increased Medicaid Payments

\$235 million — Minimum Foundation Program (based on 2.75 % normal growth and replacing stimulus)

\$218.7 million — Replacing Higher Education Stimulus

\$92 million — Inflation

\$85 million — Merit increases

\$64.5 million — Replacing "Flexible" Stimulus (elected officials and CRT)

\$36 million — Group Insurance for Active Employees and Retirees



Current-Year (FY 10) Budget By the Numbers

(Excluding one-time surplus investments)

- The appropriated budget for FY 10 in General Fund is \$8.229 billion, a reduction of \$1.246 billion, or 13.2 percent, from FY 09 General Fund of \$9.475 billion.
- FY 10 Total State funding is \$13.392 billion, a reduction of \$1.275 billion, or 8.7 percent, from FY 09 Total State funding of \$14.667 billion.
- FY 10 Total Budget is \$28.190 billion, a reduction of \$1.421 billion, or 4.8 percent, from the FY 09 Total Budget of \$29.661 billion.



Consolidations and Eliminations Undertaken

- At Louisiana Economic Development department — eliminated the “traditional” Workforce Development and Training Program, which, with the creation of the new Fast Start Program, was determined to be duplicative.
- At the Division of Administration — eliminated the Office of Electronic Services and merged it with the Office of Information Technology and the Office of the Chief Information Officer, as well as undertaking a department-wide evaluation of outsourcing and privatization opportunities.
- In the Office of the Governor — moved the Louisiana State Board of Cosmetology out of the office to function independently as do other boards and commissions, and moved the Governor’s Oil Spills Coordinator’s Office to the Department of Public Safety.
- Moved the Louisiana Office of Student Financial Assistance within Higher Education to better align higher education policy with financing programs.



Consolidations & Eliminations Undertaken (Cont'd)

- Joined the Louisiana School for the Visually Impaired with the campus of the Louisiana School for the Deaf to increase student safety, capture additional federal resources, centralize business office functions while maintaining separate entities, and achieving cost-savings through shared services.
- Transitioning the Steve Hoyle Rehabilitation Center in Tallulah is from a state-run correctional facility housing adult male offenders to a parish-run facility housing a re-entry program for adult female offenders.
- At the Louisiana Tax Commission – eliminating the Legal Section of the agency and outsourcing its legal work.
- At the Department of Revenue – closing its Thibodaux Office and instituting telecommuting for its remaining employees to continue to provide services to citizens while working from home.



FY 10 Net Position Changes by Department

Executive	-112	Health & Hospitals	-314
Veterans Affairs	21	Social Services	-122
State	-5	Natural Resources	-2
Justice	-14	Revenue	-20
Lt. Governor	-3	Environmental Quality	11
Treasury	-3	Workforce Commission	-135
Public Service	9	Wildlife & Fisheries	-17
Agriculture & Forestry	-75	Civil Service	2
Insurance	-7	Higher Education	142
Culture, Recreation & Tourism	-17	Other Education	-204
DOTD	-132	Dept. of Education	-8
Corrections	-139	Total General Approp. Bill	-1,282
Public Safety	-50	Ancillary	-53
Youth Development Services	-88	TOTAL	-1,335



Reducing State Government Positions

- The enacted FY 10 budget included a net reduction in the number of full-time authorized positions across state government by 1,335.
- This action follows 971 position eliminations associated with the FY 09 mid-year budget reductions, and 1,019 reductions previously implemented through budgetary action, for a total of 3,325 positions reduced since the beginning of the Jindal administration.
- Between December 31, 2007 and July 3, 2009, the number of full-time employees in state government, including Higher Education and LSU's Health Care Services Division, went from 89,371 to 89,091, a decrease of 280.
- That net decrease of 280 factors in an increase of 657 full-time employees at LSU's Health Care Services Division. During the same time period, the number of full-time employees at all other state agencies saw a net decrease of 937.



Directive to Cabinet to Assist Commission on Streamlining Government

1. Designate a liaison within your agency to prepare for and coordinate with the Commission on Streamlining Government.
2. Identify your overarching reform goal(s) for the agency.
3. Review and briefly outline the constitutional and statutory mandates for your agency.
4. List the activities of your department that fall outside of your constitutional and statutory mandates.
5. Identify outdated activities that should no longer be part of the mission of your agency.
6. Identify under-performing programs that should be overhauled or eliminated.
7. Identify duplication or overlap with other state agencies, with the federal government, or with public or private stakeholder groups.
8. List programs, functions, or activities that can be privatized or outsourced.

Agency reports available on Commission website:
<http://senate.legis.louisiana.gov/Streamline/default.asp>



Cabinet Department Liaisons

Wildlife & Fisheries - Janice Lansing

Education - Patrick Dobard

LA National Guard - Stephen Dabadie

LDEQ - Vince Sagnibene

DOTD - Michael Bridges

LDNR - Bob Harper

LA Workforce Commission - Bennett
Soulie

Dept. of Revenue - Clarence Lymon

GOHSEP - Brant Mitchell

Coastal Activities - Cynthia Duet

Veteran's Affairs - Robert Hayes

Dept. of Public Safety & Corrections -
Thomas Bickham

State Police - Jill Boudreaux and Ronnie
Jones

LED - Steve Grissom and Kristy McKearn

LRA - Don Hutchinson

OYD - Michelle Smith

DSS - Ruth Johnson

DHH - Charles Castille

DOA - Steven Procopio



STATE OF LOUISIANA



Getting More Bang for the Buck in Louisiana

with

Outcome-Based Budgeting (OBB)



Outcome-Based Budgeting Asks Four Basic Questions

- How much revenue will we have: What price of government will we charge our citizens?
- What outcomes matter most to our citizens?
- How much should we spend to achieve each outcome?
- How can we BEST deliver each outcome that citizens expect?



Outcome-Based Budgeting Process

- Budgets are submitted with a specific level of performance at a specific price.
- They include proposed measures of performance.
- They assume no guarantee of funding based on historic levels.
- Offers are opportunities for departments to propose new, innovative practices.
- Offers are evaluated and ranked based on ability to achieve outcome.

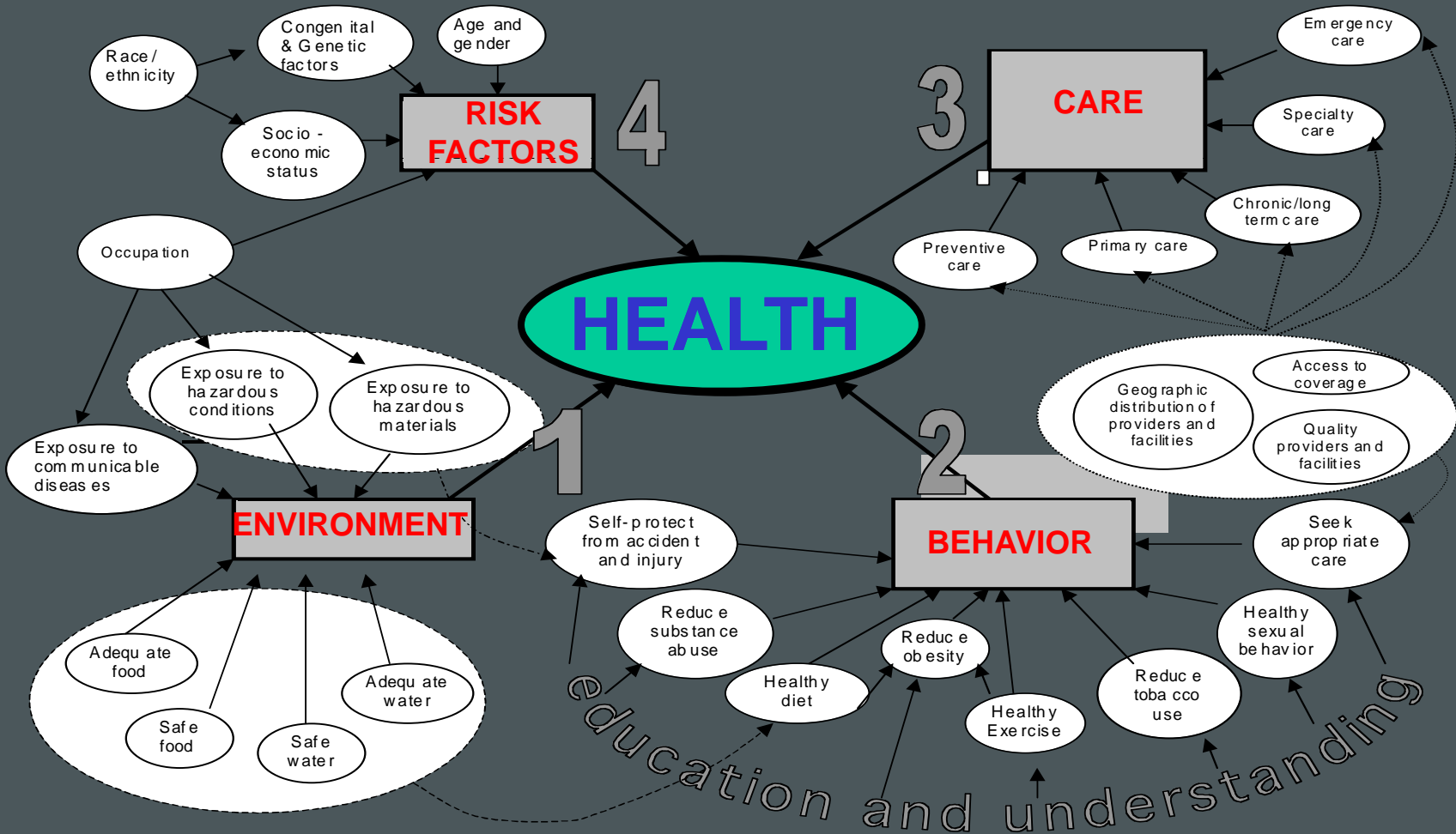


Innovative Offers: Examples

- Iowa: Reinvented the Corrections Department, to drive down recidivism
- Washington State: Moved \$45 million from ER care to drug and alcohol treatment under Medicaid
- Los Angeles: New method to repave streets, using cold slurry seal
- Fort Collins, Colorado: Dial-a-ride



Sample Cause-and-Effect Map for Health





The Public Strategies Group

WA. Budget: A Sample Page

Health Care Spending Plan

\$3.7 billion
GF-S and
Health
Services
Account

Savings:
\$328 million



Key Purchases

- *Medicaid health care for 908,600 vulnerable children and adults.*
- *All current children's health programs*
- *Statewide public health programs to protect all citizens*
- *Public health programs to ensure the health of babies and the safety of food*
- *Basic Health Plan insurance for 81,000 low-income people*
- *Expanded financial help to community health clinics*

Examples of what's not purchased

- *Basic Health Plan coverage for 59,800 adults*
- *Health coverage for the medically indigent*
- *Optional Medicaid coverage for workers with disabilities*
- *Optional adult dental, vision, and hearing services*



The Bottom Line

- Balanced budget; close the gap
- Focus on the 'keeps,' not the cuts; invest in the people's priorities
- Buy results, not costs
- Divest low-value spending
- Important investments go to the front of the queue
- General interest trumps special interests
- Continuous reform and improvement
- "Common Sense" communications



STATE OF LOUISIANA



Questions and Discussion