

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



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Trudy Fourmy, *Secretary*

MINUTES

Tuesday, November 3, 2009

9:00 a.m.

Senate Committee Room A-B

I. CALL TO ORDER

A meeting of the Commission on Streamlining Government was held on Tuesday, November 3, 2009, in Senate Committee Room A-B of the State Capitol in Baton Rouge, Louisiana. Senator Donahue, Chairman, called the meeting to order at approximately 9:05 a.m.

II. ROLL CALL

The secretary called the roll and the following was noted:

MEMBERS PRESENT

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

MEMBERS ABSENT

STAFF PRESENT

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

WITNESSES PRESENT:

Sandee Winchell, Devel. Disabilities Council
Maria Yiannopolis, LANO
Matthew LaBruyere, Fiscal Office

Ann Williamson, LANO
Katherine Echert, LANO
Evan Brasseaux, Fiscal Office

III. APPROVAL OF MINUTES

Senator Donahue notified the commission that the minutes to the meetings of 9/22/09, 9/28/09 Monroe Tour, 9/29/09 Shreveport Tour, and 9/30/09 Lake Charles Tour were in the folder for approval. Mr. Martin motioned that they be adopted; no objections.

IV. ADVISORY GROUP MEMBERSHIP

Senator Donahue requested that Mr. Guillot inform the commission of a change in membership to the Advisory Group on Civil Service and Employee Benefits. Mr. Guillot explained that Ms. Liz Murrell had resigned her appointment to the advisory group and that the advisory group has requested that Representative Karen St. Germain be added officially to this group to replace Ms. Murrell. There being no objection, it was so ordered.

V. RECEIVE ADVISORY GROUP RECOMMENDATIONS

Senator Donahue then called on Rep. Morris to present the recommendations from the Civil Service and Employment Benefits Advisory Group. Rep. Morris presented the following:

AGCS #1 The Department of Natural Resources should restructure the Office of the Secretary, Management, and the Atchafalaya Basin.

Rep. Morris explained that DNR is already in the process of doing this and this is to follow up.

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

Rep. Morris stated that this is the same situation, just basically a continuation of what they are attempting to accomplish.

AGCS #3 The permitting teams of DNR, Wildlife & Fisheries, and DEQ should be co-located.

Rep. Morris added that this one changes the department, but should enhance efficiencies. He also informed the commission that a lot of the recommendations did not have a cost savings on them, at least not until they discuss them more and the numbers can be determined.

AGCS #4 The Office of Coastal Protection and Restoration should promote cost savings by holding unfilled positions open and restricting travel.

Rep. Morris stated that this was a \$1 million savings benefit and was at the suggestion of the department.

AGCS #5 PSC should be subjected to the criteria of full cost recovery.

Rep. Morris explained that it was his understanding they were doing this, but there were some items that they are still working on and he just wanted to move this. He will be receiving a true estimation of the savings at a later date. Senator Donahue wondered if the commission should hold off on this as he has the full cost recovery presentation to make later today. Rep. Morris explained that he

would be agreeable to honor the chair's wishes, but that he just wanted to get it moving through the system as we were running out of time. Senator Donahue agreed to receive the recommendation.

AGCS #6 The Commercial Division of the Secretary of State's Office should operate on a full cost recovery basis.

Rep. Morris stated that this is something that is being negotiated with the department, including the definition of "full cost recovery". Mr. Kennedy asked if it meant that the Secretary of State would be directed to raise fees. Rep. Morris answered that they are already covered constitutionally by the fact that they are able to do that. He wanted to get a more clear picture on the subject. He added again that time was short and he needed to move some of the recommendations forward and that he might pull it at a later time. Mr. Kennedy asked if they were getting full cost recovery presently. Rep. Morris answered that they were but that the funds were being utilized for carry-over money, which they are allowed to do constitutionally, and he wanted to make sure that the excess is being used properly. The \$4 million is above what they are collecting but they are using it for other operations and that is what he wants to study to see if they can streamline this.

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

Rep. Morris explained that the first year, this should equate to a \$54 million savings and that they did not want to turn Group Benefits upside down and have people leave coverage. It decreases over a period of time. From all indications given them, this would be beneficial to the employee at 25%. Senator Donahue asked what contribution it would take to make the plan solvent. Rep. Morris answered that Group Benefits is carrying over \$100 million budget and then discussed spousal coverage. Mr. Kennedy questioned charging state employees \$54 million and the possibility of taking the program and having health insurers providers bid on coverage rather than doing it in-house. Rep. Morris responded that they had not looked into that possibility as there was a time element. Mr. Hardman discussed the cost benefit saving and asked about testimony received on the subject. Rep. Morris stated that the testimony was received from OGB. Originally, the proposal was to change it to 60/40 continuously but that was not acceptable. He added that they were not completely through studying this. He reminded everyone that these were just recommendations and could possibly be changed later on.

AGCS #8 The Department of Civil Service should be redesigned to provide 21st Century working conditions and workforce management, including market equivalence for wages and salary, full decentralization of employment decisions, and seamless exit and reentry into the system.

Rep. Morris explained that the Mercatus brief had details and this was a work in progress. There have been many changes to Civil Service in the last few years and there will be more this year. Even though it may be premature, he wanted to move the recommendation forward. Mr. Kennedy asked about the number of classifications. Rep. Morris answered that there were 1,400 classifications.

AGCS #9 Reduce the number of telephone lines plus delete voice mail.

Rep. Morris stated that in looking at the LPSC Telecommunication Service, the agency reduced the number of lines and deleted voice mail. They did this on their own and their effort warrants recognition by putting them in as proposals.

AGCS #10 Eliminate dues/subscriptions for the entire PSC that no longer serve the agency's needs and/or are too costly.

This is to review their dues and subscriptions for the entire LPSC and eliminate those that are no longer serving their needs. There were some savings but not a whole lot.

AGCS #11 Consolidate the number of copiers and electronic devices throughout the PSC.

There were no comments or questions.

AGCS #12 Reduce the number of vehicles and implement the use of "pool" vehicles.

This would be reduced from 32 vehicles to 14 vehicles which would save \$40,000 per year. Senator Donahue inquired if this would conflict with Mr. Martin's proposal. Rep. Morris thought that this proposal would fall in line with Mr. Martin's proposal. Senator Donahue thought this was covered under Mr. Martin's proposal. Senator Donahue requested that Mr. Martin look at this proposal when discussing his proposal and if they were the same, it may be pulled. Mr. Martin explained that his recommendation stated "all" agencies and that Rep. Morris's would be a subgroup. Rep. Morris stated that the only reason this was being presented today is because they need to be in the system and reminded him of the time element. Senator Donahue suggested that it be pulled as he thought it was already covered.

Mr. Kennedy discussed previous testimony from the PSC as wanting to remain an independent constitutional agency and remain in charge of their own expenses and asked if the PSC testified before the advisory group. Rep. Morris stated he did not disagree with that statement but that it was the proposal of PSC.

AGCS #13 Use one purchasing source with all purchase orders issued from one central location. Make efforts to buy in bulk and maintain an adequate inventory of supplies and equipment. Implement a requisition system for issuance statewide.

Rep. Morris commented that there was not a lot of savings with this \$13,000.

AGCS #14 Reduce travel except when absolutely necessary.

Rep. Morris was not sure what the benefits or savings would be on this but reported that the information would be forthcoming.

AGCS #15 Reduce agency membership in professional regulatory organizations.

This was also recommended by the PSC due to high costs for a \$41,000 savings.

AGCS #16 Continue to move toward electronic documentation and filing requirements to reduce paper, office supplies, postage, and other associated costs.

The PSC also wants to continue moving forward with this. Benefits are not determinable at this time.

AGCS #17 Consolidate multiple investigations within a single subpoena request to the extent possible to reduce enforcement costs.

PSC have stated that they will do this when possible.

AGCS #18 Maintain and retain information obtained through the subpoena process in a database to avoid duplication of requests for records that must be purchased.

Senator Donahue stated that this would conclude the Civil Service Advisory Group presentation. Next he wanted to have Mr. Erwin present recommendations for the Advisory Group on Elimination of Duplicative & Non-essential Services. Mr. Erwin presented the following:

AGDNES #2 Relocate responsibilities of DNR and the LWC to Revenue.

Mr. Erwin explained that currently, both DNR and LWC have individual auditing functions and since Revenue does that for most of the state, this would place all of the auditing functions in Revenue. He did not have a dollar amount of savings but stated he would try to have those figures later.

AGDNES #3 Relocate ATC from Revenue to DPS.

Revenue also has some responsibility for Alcohol & Tobacco control and it dovetails what the State Police already do and it would transfer all of that function into State Police.

AGDNES #4 Revenue has excess remittance and document processing capacity that can be used to process paper documents for other state agencies.

Mr. Erwin stated that Revenue has state-of-the-art document processing capacity and it should open that up to other agencies and allow them to utilize the use at a greater capacity for a savings to the various agencies.

AGDNES #5 Establish single location for information technology help desk functions for all state agencies and its employees.

A lot of agencies do their own help desk type functions and this would recommend that those functions be consolidated to a single location to be more efficient and cost effective.

AGDNES #6 Potential elimination of taxes that generate small revenues yet require substantial administrative management and infrastructure to the point that administrative costs exceed revenue proceeds.

He explained that the Dept. of Revenue has stated that they administer some tax enforcement that is very small in nature and revenue from this does not justify the expense to collect. This would allow them to review those particular types of taxes and recommend to the legislature that those be abolished. Mr. Kennedy inquired as to what type tax we were discussing. Mr. Erwin did not have the list but said it would be available later. Revenue had told the advisory group that there was a list of those that were difficult to collect. Mr. Martin added that he thought it was taxes like a \$10

franchise tax, etc. Mr. Kennedy asked for the list because he wanted to know about collecting taxes that cost more to collect than the tax collected.

AGDNES #7 Establish Revenue as the single tax collector for all sales and use taxes throughout the state of La.

This is an efficiency that would be beneficial to businesses around the state. He discussed sales and use tax in 63 different jurisdictions and stated that it was an impediment to business and this would allow Revenue to collect this. Senator Donahue inquired as to what would happen to tax collectors around the state. Mr. Erwin informed him that they would not need to collect sales taxes and would be able to go away. Rep. Geymann asked what the advantage to local government was. Mr. Erwin answered that the businesses that have to pay the taxes in multiple jurisdictions could just remit at one time and the money can be remitted back to local governments. He added that this would not get rid of all tax collections in the local areas as there is still millage and property taxes to be collected. Rep. Geymann could not understand making Revenue the single tax collector if the local government would still be collecting taxes. Mr. Erwin reminded him that property taxes were just once a year, whereas sales and use taxes were ongoing. Mr. Martin reminded Mr. Erwin that school boards collect taxes also and that this would not require them to go out and hire outside CPA firms from out of state to audit. Senator Donahue asked who would collect the taxes. Mr. Erwin stated that Revenue would do the collecting using the same process and procedure they do for state sales tax. Mr. Kennedy's recommendations has one that pertains to the circular flow of money. He did not think that there was a recommendation about tax collections. Mr. Kennedy inquired as to how much additional money Revenue would need in order to do this. Mr. Erwin did not know the answer but stated that it would not be much as they are already collecting state sales taxes. Mr. Erwin added that this was a recommendation from Revenue.

AGDNES #8 DOTD further study reduction of back office functions and the number of DOTD construction sites. Review should also be taken regarding the elimination or consolidation of DOTD district offices.

Mr. Hardman asked if this was recommended by the department. Mr. Erwin explained that the department was in support of it and that they were working on some of it presently. Mr. Hardman asked about the employees of the proposed eliminated functions and sites. Mr. Erwin answered that it was not directly talked about but there would be reductions. There was, however, discussion regarding the great cost of traveling further. Senator Donahue inquired about a recommendation concerning consolidation of districts across the state. Mr. Erwin stated that this particular recommendation could be a part of what Senator Donahue was referring to, but that they were only waiting on information from Mercatus. When asked for the meaning of "back office" functions Mr. Erwin explained that it relates to administrative functions. Mr. Kennedy inquired as to who was doing the review and Mr. Erwin told him that DOTD was doing it without any help and that the savings would not be large, but would free up money in the trust fund to build more roads. Mr. Martin pointed out that the budgets for each district is \$25 million a year. Senator Donahue asked for specific information regarding this subject.

AGDNES #9 Develop plans to further integrate services of DSS and the LWC, especially those services where shared clientele is realized.

The advisory group found that DSS and LWC serve similar clientele and this would integrate those functions that are currently in DSS (work force related issues) into the LWC. The two departments are working on this now. He added that this is just part of an overall plan.

AGDNES #10 Develop plan to remove the state of La. from the leasing of buildings and office space.

This recommendation was to allow for reviewing the need for capacity each time a facility becomes available. Mr. Kennedy asked for clarification. Mr. Erwin stated that this would reduce the state leasing buildings and would allow for other departments to use it. Mr. Erwin stated that he would try to come up with the savings amount in the near future.

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

This is similar to another recommendation and would put it as a goal rather than a requirement. Mr. Kennedy discussed the span of control. (Loss of audio temporarily)

AGDNES #12 Expand current efforts to reduce unused nursing home bed capacity.

(No audio)

AGDNES #13 Develop pilot program for long-term care services for the elderly and people with adult-onset disabilities.

This would provide for a Medicaid managed care model. A pilot was recommended as this would be a major change from current procedure and would have costs. Mr. Kennedy asked if the possibility of an RFP to allow a large health care provider to bid on it had been considered. Mr. Erwin stated that they had looked at long term care only. Mr. Martin then discussed continuum of care and developmental disabilities.

AGDNES #14 Transfer Elderly Protective Services (EPS) from Governor's Office of Elderly Affairs to DHH's Office of Aging and Adult Services.

Mr. Erwin explained that this one was not the Council on Aging, but rather DHH and the Governor's Office on Elderly Affairs doing the same services with the only difference being the age of the individual. Mr. Erwin stated that one department did not do it better than the other, but that it would take the smaller population and put it in with the larger population. He understood the concerns but that it was clear duplication.

AGDNES #15 Transfer Independent Living Community & Family Support, and Traumatic Head & Spinal Cord Injury Trust Fund programs from DSS/La. Rehab Services to DHH/Office of Aging & Adult Services.

There are functions in DSS that are outlying of what the focus is and DHH deals with citizens with disabilities. This would take a portion of the DSS function and put it with DHH.

AGDNES #16 Provide a tax clearance requirement for all state vendors and contractors and permit state departments and agencies to "garnish" payment to vendors and contractors doing business with the state and who also have an adjudicated delinquent account receivable in favor of the state.

This one would require free clearance that taxes have been paid and there are no arrears to the state before doing business with the state. It would also set up a process in the future for people doing business with the state to garnish from the contract.

AGDNES #17 Develop plan to transition from manual background checks to automated process. Use certified vendors where applicable.

There were no questions on this recommendation.

AGDNES #18 Perform a system-wide analysis of behavioral health needs of high risk children within the child welfare and OJJ systems to maximize the use of Medicaid funding.

This came from both agencies involved as an effort to try to maximize Medicaid more than is currently being done.

AGDNES #19 Merge Capitol Police from DOA into Public Safety.

There are two types of Capitol police, one with DOA and one with State Police and this would put the entire group into Public Safety.

AGDNES #20 Reallocate DSS emergency preparedness sheltering activities to GOHSEP, LANG or a professional vendor.

There were no questions on this one.

AGDNES #21 Consolidate eligibility and enrollment functions for citizens needing services or support from DSS or DHH.

This will take the agencies that serve similar clientele and consolidate them in terms of enrollment and eligibility to better serve them and create efficiencies.

AGDNES #22 Automate DNR's oil & gas permitting and reporting processes under Conservation.

There would be a \$636,000 in savings on this particular one.

AGDNES #23 Transfer appropriate rehabilitation service functions in DSS to DHH and LWC.

This one would also transfer work related issues from DSS into DHH.

Senator Donahue then called on the Advisory Group on Efficiency and Benchmarking.

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

Senator Donahue asked questions about standard contracts and the technicality of document. Mr. Kennedy stated that he is suggesting that the department heads justify the need before hiring outside consultants. He stated that there was a standard contract but that the negotiated contracts have terms peculiar to that particular consultant.

AGEB #35 The fixed-site scale responsibilities of DOTD be transferred to State Police, and that State Police be directed to achieve a savings of at least 25% in the second year through the consolidation of the responsibilities.

Mr. Kennedy advised that State Police are now in charge of weights and measures for trucks. DOTD is in charge of the stationary enforcement (scales). This recommendation would transfer all responsibilities to State Police. Mr. Erwin informed the committee that his advisory group was working on this also.

AGEB #36 Revenue contract with willing local political subdivisions to have the local political subdivision, while they are auditing for local government sales taxes, to also audit for state sales taxes and be paid a reasonable fee to be negotiated between the two entities.

The state charges sales tax and local government charges local tax and they each have their own auditors. When a business is audited by the state and local governments, it becomes intrusive. He then gave an example. This would let the local tax collectors audit for state sales tax for a nominal fee. Senator Donahue discussed the hiring of outside auditors on a contingency fee. Mr. Kennedy explained that most local governments have their own auditors and most business people do not like having someone showing up every week from a different political jurisdiction for an audit. This would consolidate it all and they would only receive one visit. Mr. Martin stated that state auditors seemed to be much better trained and have a better expertise than local auditors and unclaimed property is still done by an outside agent.

Senator Donahue then moved on to receive recommendations from the Advisory Group on Outsourcing, Privatization & Risk Management.

AGOPRM #21 Wildlife & Fisheries write an RFP to outsource control of aquatic plants.

Mr. Martin stated that the savings of two personnel would be recognized.

AGOPRM #22 Higher education institutions study the consolidation of purchasing functions among the campuses to increase purchasing power.

Mr. Martin stated that he would amend the language to delete the word "study" and insert "to consolidate the functions". Senator Donahue announced that we could recommend it and send it over to higher education but that we could not recommend it as a commission. Mr. Martin stated that it was a financial area dealing with purchasing departments. Mr. Kennedy asked if the language could be changed to encourage all state government to consolidate purchasing, including higher education. Senator Donahue referred the recommendation back to the advisory group so that they could work on the language.

AGOPRM #23 Public Safety - Corrections Services expand its partnership with LSU Health Science Center - Shreveport to provide the more costly medications to inmates in the Shreveport region.

This would save approximately \$350,000 for high cost medications. Mr. Kennedy asked about Public Safety buying their own meds without consultation.

AGOPRM #24 OJJ consider privatizing health care services in secure case through an RFP.

Mr. Martin explained that LSU was doing this for OJJ at present but outsourcing is being considered for a savings of \$3 million.

AGOPRM #25 OJJ consider privatizing pharmacy services in secure care through an RFP.

This would have a savings of \$100,000.

AGOPRM #26 OJJ consider privatizing laundry services in secure care through an RFP.

This would have a savings of \$10,000.

AGOPRM #27 Military Department consider outsourcing billeting on their installations through an RFP.

This is for lodging with the National Guard for living quarters. Mr. Martin did not have the savings figures but can have them at a later date.

AGOPRM #28 Military Department consider outsourcing utilities on their installations through an RFP.

Mr. Martin stated he did not have figures on this recommendation either, but there are several installations that produce their own electricity, sewer systems, water systems, etc.

AGOPRM #29 Military Department consider outsourcing their fixed charge services on their installations through an RFP.

This recommendation would cover pest control, trash pick up, etc. for a savings of \$115,000.

AGOPRM #30 Military Department consider outsourcing upgrades/replacement of sewerage treatment and waste water collections on expanding bases through an RFP.

For just Camp Beaugard, there will be a savings of \$350,000. All bases would be involved.

AGOPRM #31 Military Department consider outsourcing and improving fleet utilization through an RFP.

Mr. Martin announced that this recommendation should be pulled as it is a duplication of the original outsourcing recommendation from DOA to improve the fleet utilization through an RFP. Mr. Guillot informed the commission that if it was to be withdrawn, there should be a motion to do so. Senator Donahue stated that it would be easier to leave in and perhaps not act on it. Everyone was in agreement.

AGOPRM #32 DHH establish a competitive procurement process for operation of inpatient mental health institutions and/or certain services provided at the institutions, and include in the solicitations a requirement for constructing new facilities without using any state debt.

This would have a savings of approximately \$3-5 million over the next 3-5 years.

AGOPRM #33 DHH, Office of Aging and Adult Services implement a needs-based allocation of services in the Elderly and Disabled Waiver Program and the Personal Care Attendant Services Medicaid Option by the end of FY 2009-2010.

This would integrate and coordinate long term care services and as far as savings, if it were 20%, it would amount to \$48 million of federal and state funds. The savings would come from coordination of the services and it would eliminate duplication of services. Ms. Davis stated that it was based on their ability to taylor the types of services required. Mr. Kennedy inquired if DHH was paying for services that were not needed. Mr. Martin answered that it was a correct statement because their assessment was not needs based. DHH has been giving a complete menu of services that are available through the program. Senator Donahue asked for a total figure of savings. The services would be in home services, shopping, transporting, and personal services. Mr. Kolb discussed appeals rights and how the process is being slowed down considerably as the appeal has no punitive result.

AGOPRM #34 DHH implement a competitive procurement process for Personal Care Services to reduce the number of providers in each DHH administrative region.

Mr. Martin explained that this was a sister recommendation as there are many, many service providers throughout the regions and it would have a procurement process rather than a selection process in each region to obtain providers more specialized and efficient at providing needed care

to the elderly. A 20% savings would be over \$40 million. It would restrict the number of services provided and then more efficiently, provide services that are needed.

AGOPRM #35 DHH write an RFP to privatize secure residential services for persons found "Not Guilty by Reason of Insanity" and the "Lockhart" population.

Mr. Martin explained that the budget for this particular area is \$73,500,000. If 20% were saved, the savings would be \$14,700,000. Presently, these individuals are in a state run facility.

Rep. Morris then asked for an update on the 14 days and where the commission stood on moving forward. Senator Donahue answered that because of time, we still have time for the recommendations to be with the advisory group for two weeks. The preliminary report is due December 14, and any recommendations that may need acting on may not get the full two weeks in the advisory group. The rules state "a maximum of two weeks". Senator Donahue stated that his recommendation to the advisory groups would be to get the recommendations to the commission by November 24. That will give the commission time to set hearings for them and make sure everything has a hearing and it will give the commission time to compile the report due on December 15.

Donahue #02 That certain government services and processes be identified as activities to be funded in whole or in part through "full cost recovery" of expenses by the user or customer; that the criteria for setting the amount of cost recovery be established in consultation with the Society of La. Certified Public Accountants, and that the data and information used, as well as the process employed to calculate the specific charge, and any audits thereof, be displayed on the department's or agency's website.

Senator Donahue then requested that staff pass out the report on Full Cost Recovery. He explained that this was an item proposed by Mercatus. He then read the report to the commission. He added that the commission would not make recommendations about what is subject to full cost recovery, but we could discuss it. The thought process is that we introduce the process and we can have discussions to find out where we spend the money. It needs to be determined if La. wants to pay for certain services, if it will be of benefit to the state, and who should pay for it. Full cost recovery would put La. in the position to talk about what the state should pay for and what individuals/businesses should pay for. He asked for every member to read the report and let him know of any comments they may have.

Rep. Morris stated that certain agencies collect more money and utilize it for other things and he wanted to know if we were to study that as he could not get answers from agencies that were doing it. Senator Donahue did not think it was the prerogative of the commission to determine what would be subject to full cost recovery. A discussion of PSC ensued regarding this. Treasurer Kennedy thought that some of the independent boards and commissions abused this and that some of the fees are greater than the service and that they build up cash reserves. One that came to his mind was the La. Housing Finance Agency that has a reserve of \$140 million and the La. Real Estate Commission that charges \$75 per year for an inactive license.

Senator Donahue then referred the report to the Advisory Group on Elimination of Duplicative Services that Mr. Erwin chairs.

VI. PUBLIC COMMENT

Senator Donahue then called on Sandee Winchell, Developmental Disabilities Council, who testified by giving details as to the functions of the council. She wanted to make comments to the recommendation that the commission adopted last week regarding the developmental centers and stated that the council was in support of the recommendation but was hoping that there be more details. She then asked that when the final recommendations were submitted, that the commission provide further detail. The council does support the consolidation and closure of the centers as quality of life is better for the individuals in their own homes. Also, resources are better spent in the community. She understood that cost efficiency was important but stressed that the most important goal should be implementation of best practice. The council does not support privatization of the large developmental centers because the downsizing would cease. She urged that the commission end the recommendation and specify that a certain number of the large developmental centers actually be closed and consolidate and keep remaining ones under control of the state. If the recommendation goes forward without the changes or privatizing any of the large developmental centers, they hoped for stipulation in the contract that downsizing has to continue in any private facilities and include benchmarks for the census to be reduced each year with eventual closure of the private facility. The council does support privatization of the waiver services and community homes that are currently operated by the state. She felt that this should be spelled out as it is too broad and too vague.

VII. CONSIDERATION OF ADVISORY GROUP RECOMMENDATIONS

AGEB #6 Prohibit all state appropriations to non-governmental entities.

Mr. Kennedy explained that this would eliminate all earmarks for non-governmental organizations. Rep. Geymann asked him to expand on the subject and wanted to know if it was strictly non-governmental organizations or fire stations, police, etc. Mr. Kennedy then read off a list of NGO's that were funded earlier, including The Efforts of Grace, Care Unlimited, Caring To Love Ministry, Life Affirming Alternatives, The Obesity and Wellness Project, The Ujama Community Development Corporation, The New Way Center, The Purple Circle Social Club, The Roe Omega and Friends, and The New Orleans Majiid of All Islam Inc. Rep. Geymann assumed that the things listed as done in prior years and stated that in 2008 there was a bill passed to require NGO's to file on-line, to disclose the board of directors, the purpose for the money, and provide transparency. In addition, DOA has self-imposed criteria such as funding must have substantial regional impact, must be presented and openly discussed during legislative session, must be a state agency priority, and it must have proper disclosure filed on line. He then listed some of the things funded such as the Council on Aging, the Food Bank, Louisiana Rural Water Association, etc. His concern was that since we do partner with some of the NGO's to provide services that the state cannot provide, he would rather say, by amendment, that the criteria be applied and give the legislative auditor and inspector general the ability to oversee these funds and make sure they do meet the criteria. Mr. Kennedy respectfully disagreed because the standards were implemented two years ago but some projects still made it through. He then read those that received funding. They were Efforts of

Grace, District 2 Enhancement Corporation, Reconcile New Orleans, Inc., Tangipahoa African-American Heritage Museum and Black Veterans Archives, the Seventh District Baptist Association, Options, Inc., Family Center of Life, and Home Away From Home, Inc. He stated that this money was not coming from departments. He listed more - Israelite Development Corporation, the Greater Antioch Full Gospel Baptist Church, the Daughters of Promise, Each One Save One. He stressed that we did not know who these organizations were and could not hold them accountable for spending. They are required to produce a budget and many of them do not know how. The issue should be whether they are priorities. He did not believe that funding these was more important than building roads and educating children.

Mr. Martin asked if the organizations that Mr. Kennedy named off had any type of accreditation. Mr. Kennedy stated that there was no reason that the Food Bank could not contract with Social Services and that someone would be supervising the work of the Food Bank. Here again, he stressed his point about priorities and how to hold them accountable. He then discussed after school tutoring programs. He thought it time to end the addiction and the abuse.

Senator Donahue agreed that Mr. Kennedy made some good points but that some of the listing had good people doing a good job. Mr. Kennedy stated that if they were as good as they say they are, DHH is free to contract with them and we would know how the money is spent. It would also take the pressure off the legislature if we did away with earmarking. Rep. Geymann believed that we needed to focus on accountability and that we are doing it currently. If it went through an agency, it would be hidden. He stated that he had an amendment he wanted to offer at the appropriate time.

Mr. Erwin stated that there has been an evolution in the process and his concern was the wording in that it ties our hands in some ways and we lose flexibility to make decisions. He thought it should continue to go through the grant application process and that we should look at the transparency issue rather than total prohibition. Mr. Martin wondered if the fix would be worse than the problem, because if there were money to be hidden, it could easily be done in a department's big budget. Treasurer Kennedy reminded them that department heads were paid a lot of money and that if they could not decide which of the entities were needed, we should find someone who could make that decision, as this process has been abused and until the process has been eliminated, it will always be abused. He added that we could study it or do a pilot program and pray over it, but it will not end the addiction and that we needed to stop. Senator Donahue stated that when the NGO is eliminated, they will just be put inside departments. Mr. Kennedy did not agree with his statement and rebutted that if a department secretary decides to hire an NGO, then he will be accountable. As it is presently, the NGO signs a statement of understanding and submits a budget and that is the last we know about it.

Rep. Geymann then offered his amendment to "strictly apply the criteria that has been established and that the legislative auditor and inspector general have the tools and the mandates to oversee those funds"; to strictly adhere to the criteria that we have set up through the legislative Act 892 and through the administration's full criteria that they have put in place as well. Mr. Martin asked about Act 892. Rep. Geymann stated that it would require that NGO's applying for state funding file an annual on-line report that includes the organizations details, purpose, and any conflicts of interest with elected and appointed officials. Mr. Martin asked for any criteria in the law that requires the NGO's to go through accreditation. Mr. Kennedy answered that he did not know but that in 2008, money was given to NGO's, and he listed some of them. Commissioner Davis stated that the

governor issued a letter to the legislature outlining the criteria for NGO's. She gave a short history for the purpose of the letter, that being that the governor was interested in bringing more transparency and accountability to the appropriations process. The NGO's have to be reported on-line, had to be heard in a public hearing, had to have statewide or substantial regional impact, had to be a state agency priority, and must have the proper disclosure forms filed with the legislature and administration. She thought that it was important to focus on accountability and transparency. NGO's are required to contract directly with a state agency and have to go through a contracting process and she suggested we look at putting the contracts on-line as well as having the on-line applications, so it would bring more accountability to the process. She then stated she was in support of the amendment.

Senator Michot followed up by stating that now the NGO's are required to go through the on-line application process, and many did not like it. There has been discussion with the Association of Non-Profits regarding accreditation and bringing their program into this process. Ann Williamson, La. Association of Non-Profit Organizations, testified regarding their accreditation process. Mr. Kennedy asked where her organization was when we were rebuilding after the hurricane, and gave several examples of the appropriations to several organizations. She told Mr. Kennedy that they were busy shoring up the responses that were conducted by the NGO's to compliment the inabilities that the public had. She added that she could not speak to the past as she has only served for a short time.

Senator Donahue announced that we would discuss the amendment at this time. Mr. Erwin thought that if the amendment could exhibit or have some degree of permanence, it would be better. He recommended that it be done in legislation so it would become law and that the review have a report to the legislature. Mr. Martin offered a substitute amendment that would add to his amendment "to any non-governmental funding would have to go to an organization that had a certification by LANO or any other nationally certified organization so that we could include those organizations that were needed. Rep. Geymann stated that we could add the accreditation and also take the executive order criteria and add that as well and recommend to the legislature that we do this in a legislative instrument next year.

Mr. Guillot stated that the verbiage to be used would be "the governor and the legislature is urged to utilize the criteria of Act 842 of the 2008 Regular Session, and such criteria be strictly applied and limited to any organizations that are certified by LANO or any other nationally certified organization with due consideration of the information in the existing executive order with the recommendation that the information be made statutory and that the legislative auditor and inspector general have mandates to oversee these funds with all due diligence". Mr. Kennedy wanted to go on record by saying that the water systems, etc. were covered in his proposal and that he knew this was a hard issue, but that this was an important vote. He then objected to the amendment. A vote was taken, the results being 8 yeas (Martin, Davis, Erwin, Geymann, Hardman, Michot, Morris, Donahue) and 2 nays (Kennedy, Kolb), and the amendment was adopted. There were no objections to adopting the proposal.

AGEB #9 Requires that all La. public school students who have been suspended from school for more than 5 days in a school year or who have more than 10 unexcused absences from school in a school year be required to enroll in the La. National Guard Youth Challenge Program. To pay for increased enrollment in Youth Challenge with

Minimum Foundation Program funds. To change La. law to prohibit students from dropping out of school until they have reached 18 years of age.

Senator Donahue announced that this would be deferred until another date. Mr. Guillot announced additional potential dates for upcoming meetings so that everyone could put it on calendars. The meetings will be Wednesday, 11/18/09 and Monday, 11/23/09. Senator Donahue stated he would like for testimony of different departments that may be needed to be set up on those two days. Senator Donahue then deferred AGEB #9 until 11/18/09.

VIII. CONSIDERATION OF MEMBER RECOMMENDATIONS

Donahue #1 Except as required by the federal government, the La. Constitution, or court order, limit State General Fund appropriations in FY 10-11 for operating expenses of each budget unit to no more than 98% of each fiscal year's appropriation while, at a minimum, providing the same kind and level of needed services as provided in the prior fiscal year through increased productivity.

Senator Donahue announced that he would not be taking this one up as he was going to meet with Commissioner Davis to discuss the issue. He then deferred it until the next meeting.

Martin #07 La. Workforce Commission write an RFP to privatize the issuance and distribution of certificates to one-stop participants.

Mr. Martin stated that this was from the agency and would create a savings of \$65,000 per year. There were no objections to the motion to adopt.

Martin #08 DEQ consider an RFP for the outsourcing of the DEQ Laboratory Services Division and eliminate an administrator position as part of the outsourcing of lab services.

Mr. Martin stated that this recommendation would save \$1,642,500. Mr. Kennedy asked why we did not "direct" rather than "ask" DEQ to consider an RFP. Mr. Martin reminded him that at the last meeting it was objected to with regard to the language of "directing". Mr. Martin stated that he would accept an amendment to this effect. Mr. Erwin stated that he had suggested the language in most of the recommendations because what we are looking at is to examine them individually to see if privatization was the right way, but that he did not think it could be done with all 20 recommendations. He added that he is working on another one dealing with privatization with Mr. McTigue, who had concerns regarding protections that were put in for the state level. Mr. Martin then proposed an amendment to "change the word "consider" to "write" which would make the language read "The DEQ write an RFP for the outsourcing of the DEQ Laboratory Services Division and eliminate an administrator position as part of the outsourcing of lab services." Ms. Davis asked if the amendment was directing the department to do what they are already doing, as they have already written and RFP. Treasurer Kennedy reminded them that they were to give the commission a list of the things that they were in the process of doing so that the commission would not have to waste its time. Senator Donahue then reminded Mr. Kennedy that they had also been asked for a list of the 10 items that they thought they could change or cut to save money and that these were things that they thought were good and that the department was going to do. Mr. Martin then motioned to change the word "consider" to "issue" and change the word "an" to "the" so that the

recommendation would read "DEQ issue the RFP for the outsourcing of the DEQ Lab Services Div., etc." There were no objections to the amendment. There were no objections to the adoption of the recommendation.

Martin #09 DEQ consider leasing office/warehouse space at reduced rates from Agriculture.

This would have a savings of \$70,000 per year. Mr. Martin wanted to offer an amendment to change the words "consider leasing" to "lease". There were no objections to the adoption of the amendment. There were no objections to the adoption of the recommendation.

Martin #10 DEQ cease operations of the DEQ library.

This would benefit \$270,000 per year. There were no objections to the adoption of the recommendation.

Martin #11 DEQ consider reducing workforce by TO by 20 through ongoing streamlining opportunities as determined by the Secretary.

The secretary of this department feels he can reduce personnel by 20 for a savings of \$1,262,500. There is an amendment to the original language to delete the words "consider reducing" and inserting in lieu "reduce". There were no objections to adoption of the amendment. There were no objections to the adoption of the recommendation.

Martin #12 Wildlife & Fisheries consider consolidating the litter hotline from DEQ.

The savings would be for DEQ and not Wildlife & Fisheries. There were no objections to the recommendation being adopted.

Martin #13 Wildlife & Fisheries consolidate the marine, inland, and wildlife facilities at the Lacombe Hatchery.

Mr. Martin explained that this was a recommendation from the agency. The savings are in the process of being determined. There were no objections to the adoption of the recommendation.

Martin #14 Public Safety consider outsourcing background checks.

Mr. Martin pointed out that this one is the same recommendation that Mr. Erwin's group recommended. He offered an amendment that would change it to "Public Safety outsource background checks". There were no objections to the amendment. There were also no objections to the adoption of the recommendation.

Martin #17 Public Safety consider outsourcing the Hazardous Materials 24-Hour hotline.

Mr. Martin offered an amendment to drop the words "consider outsourcing" and replace it with "outsource". This would have a benefit of \$500,000. There were no objections to the amendment. There were no objections to the adoption of the recommendation.

Martin #18 Public Safety implement a vendor-operated mail room, and print and mail systems.

An RFP is being developed with an anticipated savings of \$1.5 million. There were no objections to the adoption of this recommendation.

Martin #19 Public Safety consider outsourcing commercial fleet registration for interstate jurisdiction.

Mr. Martin stated this would be an anticipated savings of \$150,000 and that the RFP was not complete. There were no objections to the recommendation.

Martin #20 Public Safety, DHH, and VA automate time and attendance systems.

This recommendation would have a savings of \$1 million. At present, many employees have hand written time cards which is very antiquated. There were no objections to the adoption of the recommendation.

Martin #21 Public Safety consider outsourcing the centralized call center to a location in La.

An RFP is being developed and the benefit would be \$1 million per year. There were no objections to adopting the recommendation.

Martin #22 VA consider consolidating pharmacy services at the veterans homes through an RFP.

The anticipated savings for this would be over \$700,000 per year. There were no objections to the adoption of the recommendation.

Martin #23 VA consider outsourcing the physician services at the veterans homes through an RFP.

The anticipated savings for this one would be almost \$1 million per year. There were no objections to adoption of the recommendation.

Martin #24 VA re-negotiate the competitive therapy services at the veterans homes.

This one would save \$300,000 per year. There were no objections to adoption of the recommendation.

Martin #25 VA evaluate outsourcing or re-negotiate the food contracts at the veterans homes.

This would have a savings of approximately \$40,000 per year. There were no objections to the adoption of the recommendation.

VIII. OTHER BUSINESS

Mr. Guillot stated that a request was made at the previous meeting for a fiscal note on AGEB #5. This note had been received and was then distributed to the commission for their consideration. This

note was prepared by the legislative fiscal office. Mr. Guillot went on to say that the commission could look at it and consider it at another meeting. Mr. Kennedy wanted to know if the preparers received all the necessary information. Mr. Guillot assured Mr. Kennedy that if there was information that needed to be provided, he would make sure that it was included. Evan Brasseaux, Legislative Fiscal Office, came forward to answer any questions the commission may have. Also with him was Matthew LaBruyere, who actually did the note who was available to explain the logic used along with the research done to perform the fiscal note. Mr. LaBruyere stated that the note included material on distance learning. He discussed this issue with a few states that have used it and went into detail as to what those states reported. Mr. Kennedy asked if they found any states that were successfully doing this. Mr. LaBruyere stated that there were a few states, but it is not a requirement to be paroled. There has not been a determination if they had savings. Mr. Kennedy wanted to assure that this proposal would not be cost prohibitive. Mr. Brasseaux stated that once the fiscal note was read, everyone would know that the note included potential costs and potential savings in various scenarios.

Mr. Martin discussed the savings for a prisoners not returning is \$14,000 per year. He added that the teaching cost was a one-time charge. He thought that it had to be a savings if the individual did not come back to jail. Mr. LaBruyere reminded him that the inmate would have to be taught year for year and grade by grade. Senator Donahue interjected that this note could be reviewed by the commission and if there is information that needs to be given, it can be e-mailed to the commission staff so it can be looked at.

Another item that Mr. Guillot wanted to follow up on was the subject of boards and commissions not releasing certain information unless they have received official notification from the commission. Mr. Guillot requested a motion from the commission authorizing the chair to issue the appropriate letters to any executive branch, board or commission, which feels that they must receive such a letter to give out such information. Senator Michot moved to adopt the motion as stated above. There were no objections.

IX. ADJOURNMENT

There being no other business to conduct, Mr. Martin motioned to adjourn; no objection. The meeting adjourned at approximately 12:30 p.m.

Jack Donahue, Chair

Approved: _____