

Commission on Streamlining Government

January 4

2010

The Commission on Streamlining Government was created during the 2009 regular session of the Louisiana Legislature through Act 491. The Commission was tasked with examining each agency of state government and developing a report of recommendations to reduce the size and cost of state government.

Preamble
to the
Final Report

The Commission on Streamlining Government was created during the 2009 regular session of the Louisiana Legislature through Act 491. The Act states with appropriate starkness the rationale and purpose of this newly created commission.

- A. *The state of Louisiana faces a severe decline in revenues through fiscal year 2012 which, if no corrective action is taken, will leave a significant funding gap in state government expenditures and will create serious sustainability issues in financing of state obligations.*

- B. *It is essential that the state act now to reduce the cost of state government, through all means available, including efficiencies, economies, greater effectiveness, and other means to streamline government in order to overcome the projected severe revenue reductions occurring through 2012 and to ensure that available state tax dollars are being spent efficiently and effectively. Many state agencies were created over thirty years ago and a review of all agencies, functions, programs, and services is needed to determine whether the purpose served by the agency or activity, function, program, or service continues to be relevant.*

The primary task assigned the Commission is the examination of each agency of state government including constitutional and statutory activities, functions, programs, services, powers, duties, and responsibilities – the purpose being to determine which can be: (1) eliminated, (2) streamlined, (3) consolidated, (4) privatized, or (5) outsourced in an effort to reduce the size of state government.

Over a period of four months that began in September 2009, the 10-member Commission conducted intensive research and numerous hearings to gather testimony from many public and private experts across the state – all in support of a methodical evaluation of Louisiana’s state government operations. The Commission completed its examination of state agencies in December 2009. This preamble and report of recommendations is the product of that work and the Commission offers it to Governor Jindal and to the Louisiana Legislature for consideration of implementation.

Many decades ago, President Theodore Roosevelt said, *“It is only through labor and painful effort, by grim energy and resolute courage, that we move on to better things.”*

Good words of guidance as Louisiana’s state government (and that of most other states) face the challenges of today’s financial downturn. We must experiment, innovate, and do the hard work of prioritization to best serve the needs of our citizens with the resources available. Our goal is not merely to survive these tough economic times, but rather to create a state government that serves us better and spends the people’s money more efficiently.

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The Streamlining Commission Members
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Finding Efficiencies in a Fiscal Crisis

In Fiscal Year 2010, the Legislature appropriated \$28.99 billion for state spending. This includes \$14.8 billion in federal funds for highways, education, social services, and disaster recovery. Of the remaining \$14.19 billion in state dollars, only about \$9 billion is State General Fund while another \$5 billion is derived from licenses, fees, self-generated funds, and statutory dedications.

In December 2009, the Revenue Estimating Conference (REC) met to revise Fiscal Year 2010 revenue estimates and release updated projections for the next five years. **The state of Louisiana's budget outlook now shows an estimated shortfall of \$1.3 billion in Fiscal Year 2011 and over \$2 billion in Fiscal Year 2012.**

While various factors contribute to the projected multi-year budget deficit – a decline in sales tax revenues, a decline in oil and gas revenues, among others – the most significant cause is a decrease in the state's federal health care funding for Medicaid recipients. In October of this year, the state's Federal Medical Assistance Percentages (FMAP) rate dropped from 72 to 67.6 percent, meaning the state of Louisiana must make up the cost difference. The rate will drop again from 67.6 to 63.1 percent in October 2010. The decrease in the state's FMAP rate from 72 to 63.1 percent will cost Louisiana an estimated \$700 million, with the state seeing the full impact in January 2011.

The dramatic decrease is due to a faulty federal formula that calculates all sources of income in a state. The Bureau of Economic Analysis claims that from 2005 to 2007, the state's per capita income increased by 42 percent. This analysis, we think, unfairly cites all sources of income, including temporary government assistance, such as federal recovery assistance administered after the severe 2005 storms, including Road Home and insurance payments. Louisiana's calculated 42 percent increase represents the largest known jump in income for any state in the history of the federal calculation.

Why Higher Education and Health Care are Disproportionately Affected

Across the years, the state has placed more and more funds off limits. As a result, today the majority of the state budget is restricted or "non-discretionary," which is defined as a constitutional requirement, court order, avoidance of a court order, payment of debt service, necessary to prevent a total loss of federal funds, federal mandates, statutory obligations, subject to legislative discretion, and unavoidable obligations. Included in these non-discretionary funds are about \$3.7 billion, or 26 percent, of the total state funds in the budget, which are dedicated. The total number of dedicated funds is close to 400 – 33 of these funds are constitutional, totaling \$1.9 billion. Approximately 358 of these funds are statutory, totaling about \$1.8 billion.

On a very practical level, as a result of federal funding and protected funding, the Governor and the Legislature are restricted to making reductions within one-third of the entire budget

when revenues fall short. Health care and higher education are left most exposed because they make up the majority of the discretionary State General Fund budget.

While dedicated funding is sometimes necessary to address longstanding critical needs, it also locks in spending and locks out choices when income declines and budget savings must be realized. Dedicating funds makes it more difficult to determine which of the competing spending priorities provide the most public benefits for the budget dollar spent. Louisiana has locked away \$3.7 billion into protected funds, and the Commission believes it is time to reverse this restrictive trend and put more options on the table – thereby creating a way for the state to truly consider its priorities and fund them accordingly. The current budget structure simply does not allow us that opportunity.

The Way Forward for Louisiana

Louisiana is not alone in having to address multi-year budget shortfalls. According to the Center on Budget and Policy Priorities, a total of 48 states are now facing budget deficits. Furthermore, the National Conference on State Legislatures (NCSL) reports that new budget gaps have opened in at least 31 states since the start of Fiscal Year 2010.

Governors and legislatures around the country adopted a variety of approaches to address lower revenues in the current fiscal year when preparing their budgets. According to NCSL, Indiana has implemented an across-the-board 10 percent cut, Maryland has cut over \$200 million in state aid to local government, and Mississippi is reducing state funding for K-12 public education by five percent.

At least 20 states raised taxes in 2009 as part of their plans to close the deficit, according to NCSL. Even in states that raised taxes, lawmakers remain faced with sizeable deficits in Fiscal Year 2011. For example, Florida raised \$2 billion in revenue in 2009, including a \$1 cigarette tax increase. The state now faces a \$2.6 billion shortfall for the next fiscal year, according to the Pew Center. Similarly, Rhode Island has persistent state deficits despite high personal income, corporate income, and sales tax rates that the Pew Center reports actually “hampers” the state’s economic recovery.

Every state has a choice when faced with a budget deficit. Revenues can be raised or expenditures can be cut. The Commission believes that government cannot tax citizens out of the current budget crisis. In this report, we offer straightforward recommendations to responsibly reduce the size of state government and enable the state to live within its means.

About this Report and Recommendations

This report is a compilation of 238 individual recommendations affecting almost every area of state government. The recommendations include:

- 1) Eliminating activities, entities, statutory dedications, and programs that are outdated, duplicative, or fall outside the scope of the results we are trying to achieve,
- 2) Privatizing or outsourcing activities that yield greater savings and service to citizens,

- 3) Initiating efficiencies through the integration of technology, and
- 4) Improving the effectiveness and efficiency in the state government employment system.

The projected savings from these recommendations are estimated in the hundreds of millions. A final total savings estimate should be available from legislative staff in the form of fiscal notes in the weeks ahead.

The recommendations are organized into two volumes, which are available online at <http://senate.legis.state.la.us/streamline/>. Volume I includes recommendations #1 through #150. Volume II includes recommendations #151 through #238 and a number of appendices, including Commission membership, recommendation summaries by agencies, and other member and advisory group proposals. A re-organization plan has been provided to the Joint Governmental Affairs Committee and is available online that describes the entities and actions required to implement each Streamlining initiative.

The recommendations of the Streamlining Commission serve as a menu of options to the Governor and the Legislature to consider as they prepare the Fiscal Year 2011 budget. Many items will reportedly be included in the Executive Budget and will become legislative instruments in the 2010 regular session. The Commission expects additional public debate to inform and improve these recommendations in the weeks and months ahead, and members look forward to monitoring their implementation and impact on the services and priorities of the state of Louisiana.

Next Steps in the Streamlining Process

The Commission's enabling legislation (Act 491) prescribes the next steps in this streamlining effort. This report of recommendations, prepared as a reorganization plan, is to be submitted by January 4, 2010, to the Senate and Governmental Affairs Committee and the House and Governmental Affairs Committee. Members must meet as a joint committee to review this plan by February 1, 2010.

Act 491 states that *"Executive and legislative action as may be necessary to implement the reorganization plan as approved or modified by the two committees meeting jointly shall be taken as soon as possible."*

Subsequently, the Commission is charged with the responsibility of submitting a report annually before January 1st that includes the status and implementation of the reorganization plan approved by the Senate and Governmental Affairs Committee and the House and Governmental Affairs Committee. These annual reports are to be presented to the Governor, the President of the Senate, the Speaker of the House of Representatives, the Senate and Governmental Affairs Committee, the House and Governmental Affairs Committee, and the Commissioner of Administration.

Act 491 sunsets the Commission on January 12, 2012.

Key Recommendations of the Commission on Streamlining Government

The following is a set of key recommendations that achieve substantial savings, reflect the work of each of the Commission's advisory groups, have a significant statewide impact, or provide examples of reforms in certain agencies that might be duplicated across government. These recommendations are categorized as follows: governmental reform, budget reform, health care and social services, education, public safety, and economic development, transportation, and infrastructure.

Governmental Reform

The Commission on Streamlining Government passed a number of recommendations to reform the size and organization of state government to be more efficient, recognizing that government must shrink to accommodate multiple years of declining revenues. These initiatives include reforms to civil service, mandatory reductions in staff based on national averages and best practices, and basic changes to the operations of state government.

Recommendations #136, #160, and #215: Reduce the size of state government.

- “Each statewide elected official should determine, as of October 2, 2009, the number of unfilled positions authorized for the agency in its Table of Organization, Appropriated Table of Organization Full Time Equivalents (T.O. FTEs) approved by legislative appropriation, eliminate approximately 50% of those unfilled positions, and return the funds appropriated therefore to the state. In addition, each statewide elected official should not, unless otherwise approved by the Commissioner of Administration, exceed the number, considered the ceiling of occupied Non-T.O. FTEs that existed on October 2, 2009, for the remainder of the fiscal year and return any subsequent savings to the state. Collectively the number of occupied Non-T.O. FTEs for statewide elected officials (Schedule 04 and Schedule 06) was 325 on October 2, 2009.”
- “Eliminate certain unfilled positions within the executive branch of state government in response to Executive Order No. BJ2009-11.”
- “Each agency must review its historical vacancy and attrition rates and shall make strategic reductions in positions by five percent, first looking at layers of management and clerical staffing, each year for three years. Furthermore each agency should review process re-engineering and unit consolidation while preserving critical services such as public safety and direct patient care. Reductions can be achieved through outsourcing privatization and program elimination where feasible and cost effective. Each agency must report to the Commission on Streamlining Government by December of 2010 and 2011 the achieved reductions and explanation of why the target was not met. Finally, state personnel who learn new skills or increased scope of responsibility should be reviewed for pay increases using savings from staff reductions.”

To quote the Legislative Auditor in the November 2009 performance audit of State Civil Service, “it is difficult to determine the exact number of employees carrying out state government functions because the number depends on how state employees are defined.” For example,

employee counts do not include staff in the Legislative and judicial branches of government. In addition, not all positions are appropriated as such by the legislature and the administration. These “non-T.O. full-time employees” are working in state government but are not part of the agencies’ appropriated Table of Organization; almost all non-T.O. FTE employees in state government are in higher education and LSU’s Health Care Services Division. Finally, private sector employees who contract with state government are not considered public employees.

In Fiscal Year 2009, the Legislative Auditor reports there were 100,486 actual employees in the executive branch, which includes higher education and quasi-state entities (but not the legislative or judicial branches or contract workers). This headcount is further divided as follows:

- 46,098, or 46 percent, were staff in higher education and LSU’s Health Care Services Division.
- 51,657, or 51 percent, were employees from all other executive branch agencies.
- 2,731, or three percent, were staff in quasi-state entities such as boards, commissions, housing authorities, or levee boards.

The Legislative Auditor further reports that the 2007 figures (latest comparative data) cause Louisiana to rank 13th in the nation for having the most state employees per capita. The Commission firmly believes that government and its services must be right-sized to more accurately reflect the priorities and needs of our citizens. The most effective and responsible way to reduce the size of state government is through program elimination. Cabinet heads and statewide elected officials must be tasked with cutting ineffective, outdated, and under-performing programs, including associated T.O. Any such exercise must include higher education, whose staff composes almost half of all state government employment.

One of the goals stated by the Commission is to continue to reduce government positions while avoiding layoffs to the greatest extent possible through the elimination of positions that are vacant. Such an approach is consistent with how position eliminations have been conducted over the past two years, utilizing departments’ historical vacancy averages. In fact, there have been 3,325 full-time appropriated positions reduced in the executive branch since January 2008, bringing with it an estimated savings of more than \$216 million. The Commission set a five percent target to make sure those reductions continue, with the flexibility to protect critical services.

Recommendations #189 and #197: Implement reforms to civil service.

- “The State Civil Service Commission should not consider an employee whose annual performance review shows he or she ‘meets expectations’ for any pay increase which purports to be based on meritorious service or performance.”
- “The Department of State Civil Service should lower the number of classifications to 800 by December 31, 2010, and further lower the number to 600 by December 31, 2011.”

Under the current rules of Civil Service, all classified employees receive an across-the-board “merit pay” raise of four percent annually if they meet or exceed expectations or if they exhibit outstanding performance. While the system was designed to incentivize staff performance, it has evolved into an annual increase for nearly all state workers. In Fiscal Year 2009, 98.4

percent of classified employees were eligible for the four percent merit pay raise, according to Civil Service.

As a result, House Concurrent Resolution 6 (2009) by Representative Mike Danahay and 32 co-authors called for revisions in Louisiana's Civil Service merit pay system "to provide appointing authorities greater flexibility in compensating employees based on job duties and evaluations of performance." On December 9, 2009, the Civil Service Commission adopted new pay increase rules that staggered the levels of reward – three percent for those who meet expectations, four percent for those who exceed expectations, and six percent for those with outstanding performance. The Governor had not yet approved the plan at the time of publication. The Commission on Streamlining Government recommended Civil Service change their rules to eliminate performance-based raises for those state workers who simply perform their jobs as expected and move to a truly merit-based system.

Another component of House Concurrent Resolution 6 (2009) called for revisions to the Civil Service classification system to cap the number of pay bands at 35 and the number of job classifications at 700. The intent is to "provide for flexibility in organizational restructuring...and to provide managers with flexibility to move employees within pay bands." In 1987, Louisiana's Civil Service system had 3,749 job titles. Since the legislative resolution was adopted, the Civil Service Department reports they have reduced the number of job classifications from over 2,300 to approximately 1,300 at the writing of this report. They plan to continue to work diligently to reduce the number even further. The Streamlining Commission recommended a target of 600 classifications by 2011. Achieving this goal will place Louisiana among the lowest number of job classifications in the Southern states.

Recommendations #235 and #20: Right-size supervisor-to-staff ratios.

- "Provide that the span of control in all departments shall be a minimum of one manager per ten employees. Highly technical, policy or non-repetitive functions may have a span of control as low as one manager per five employees with the permission of the Joint Legislative Committee on the Budget."
- "Department of Social Services should implement on average a 1:8 supervisor-employee report ratio."

According to the 2009 report by the Legislative Auditor, Louisiana's overall average ratio of supervisor to classified staff in executive branch state agencies is one to four. The report further revealed that 22 percent of supervisors in state agencies manage only one person. Many attribute this top-heavy situation to the historical approach of Civil Service whereby employees are granted promotions and salary increases based on whether or not they supervise other staff. In 1995, the SECURE report called for a one to 10 ratio for state agencies in Louisiana, which is repeated here by the Streamlining Commission as Recommendation #235.

The Department of Social Services provides a model for other agencies in state government for how this can be accomplished. Secretary Nichols has begun to implement a one to eight average management ratio and a one to five ratio for child protection services, which is based on best practices in the social services field across the country. Reducing the management ratio will eliminate approximately 270 positions. With an estimated 1,400 DSS employees on track to

retire within the next five year, the impact to staff and services should be minimal, as eliminated positions will come from natural attrition first and layoffs as a last resort. The first part of this plan will be complete by the beginning of next fiscal year with a goal of full implementation in 2012.

Recommendation #105: Establish regional service centers.

- “Every department and agency be required to: (1) Organize itself structurally for the delivery of services along uniform regional boundaries as determined by the state; (2) Shift transactions with the public to an electronic online capability as appropriate; and (3) Support regional Government Services Centers under a ‘mall concept’ whereby citizens may go for all government services and processes that could be accessed electronically or with the help of skilled specialists. Department and agency field offices be consolidated to such centers and surplus buildings and personnel be addressed.”

Various agencies of state government organize their district offices along a number of different geographical lines and rarely share locations. In some cases, such bifurcation exists even within one agency, where offices that serve the public for one function (i.e. food stamps) remain separate from other offices within the same agency that provide the public with another service (i.e. child welfare). Ambassador Maurice McTigue of George Mason University’s Mercatus Institute noted this poor use of resources in his recommendations to the Streamlining Commission, suggesting that “governmental service centers” be created in standard administrative regions across the state. Agencies could consolidate offices and properties for one-time and long-term savings, and redundant staffing could also be consolidated.

Recommendations #1, #2, and #159: Reduce the size of the state fleet.

- “Reduce total number of state-owned automobiles to 2004 level over a 12 month period.”
- “Reduce total number of automobiles by 20% and convert many agency fleets to rental over a 12-month period.”
- “Reduce the state automobile fleet by at least 10% prior to December 31, 2009; reduce at least an additional 10% of the 11,484 vehicles remaining prior to December 31, 2010; reduce at least an additional 10% of the 10,336 vehicles remaining prior to December 2011; emphasize pooling and convert many agency fleets to rentals.”

The Division of Administration estimates that the state owns 12,760 vehicles. According to *Automotive Fleet*, Louisiana tied for the 8th most state vehicles in the country in 2008. Eliminating at least 10 percent of the fleet in the executive branch (including statewide elected officials and higher education) each year for three years would not negatively impact any agency’s operations and would bring a total savings of \$22 million over three years. As the state reduces the fleet, one-time revenues will be generated in addition to this long-term cost savings. Thus far in 2009, 274 state vehicles were sold for nearly half a million dollars.

Budget Reform

The following Streamlining Commission recommendations provide guidance on the types of reductions that should be made across state government and suggest reforms to specific areas of the budget, such as statutory dedications and legislative appropriations for non-governmental organizations (NGOs).

Recommendation #24: Sunset and abolish special funds.

- “Sunset and abolish all special funds in the State Treasury and the statutes establishing such special funds, with some exceptions, as of June 30, 2011, after a full and comprehensive review by the Joint Legislative Committee on the Budget by December 31, 2010.”

In prior years, Louisiana has placed more and more funds off limits. But now more than 60 percent of the state budget is restricted or “non-discretionary.” Left most exposed are health care and higher education. Dedicating funds makes it more difficult to determine which of the competing spending priorities provide the most public benefits for the budget dollar spent. Of the \$3.7 billion statutorily dedicated funds, about \$1.9 billion are constitutional and \$1.8 billion are protected by statute. The total number of dedicated funds is close to 400 (33 constitutional and about 358 statutory).

Progress in providing greater accountability to protected funds was made in the 2009 legislative session with the passage of SB 2 by Senator Chaisson, which increases flexibility for lawmakers in addressing statutorily-dedicated budgeting matters, and SB 267 by Senator Michot, which establishes a greater level of transparency in state spending habits by providing a regular review of statutorily-dedicated funds.

With Recommendation #24, the Commission seeks to speed up the timeline for this review and establish a sunset for all dedicated funds – similar to what executive branch agencies are already required to do in law. This will allow the legislature to determine if the dedications are still a priority for the state or if they should be allowed to expire and dollars returned to other more critical programs and services.

Recommendations #26 and #236: Limit and monitor NGO appropriations.

- “The governor and the legislature are urged to utilize and strictly apply the criteria of Act 842 of the 2008 Regular Session with eligibility for funding being limited to organizations that are accredited or certified by the Louisiana Association of Nonprofit Organizations or nationally certified or accredited and following the content of the existing executive order which content should be made statutory. Further the Legislative Auditor and Inspector General should have ample tools and mandates to oversee these funds with all due diligence.”
- “No NGO shall be eligible to contract with a department or agency to which the same or similar function is being provided by a department of agency, if an appropriation for that NGO has been vetoed by the governor, unless strictly for budgetary purposes, and has not been overridden by the Legislature. The prohibition shall exist for a period of one year after the governor’s veto message.”

The Louisiana Legislature annually appropriates millions in funding for special projects, programs, or grants for non-governmental organizations (NGOs). Historically, transparency and accountability measures were not incorporated into this process, leaving room for waste and abuse. In 2008, the legislature passed Act 842 requiring all non-governmental entities applying for state funding to file an annual online report that includes organization details, purpose, time, budget, and any conflicts of interest with elected and appointed officials. In addition to this transparency mechanism, the Governor and the Legislature self-imposed four criteria for NGO funding in 2008 and 2009:

- (1) must have statewide or substantial regional impact;
- (2) must have been presented/openly discussed during the legislative session;
- (3) must be a state agency priority; and
- (4) must have the proper disclosure form published online prior to consideration for funding.

With transparency, accountability, and statewide criteria, the Streamlining Commission recognizes that limited line-item appropriations can be consistent with the proper function and responsibility of state government and the use of taxpayer money. Still, the process should be further improved to require national or statewide certification for NGOs receiving state funds, and NGOs that are vetoed should not be allowed to subvert the process and receive state funds for the same purpose from an agency contract or grant. In addition, Commission members recommend that the self-imposed limitations for NGO funding should be made permanent in statute.

Recommendation #80: Enact a two percent cut offset by productivity gains.

- “Except as required by the federal government, the Louisiana Constitution, or court order, limit State General Fund appropriations in FY 10-11 and FY 11-12 for operating expenses 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.”

The annual growth rate in productivity of America’s workforce is estimated by the US Department of Labor at two percent. As such, state government should be able to improve productivity at that same rate, which would allow for a funding reduction to 98 percent without affecting critical services. This recommendation would result in appropriations of \$134 million less in the first year and \$266 million less in the second year.

However, it should be noted that the state is already facing a sizeable deficit in State General Fund in those years, so agencies will likely be making cuts that go beyond two percent.

Recommendations #166 and #172: Review private contracts and reduce where appropriate.

- “Requests all agencies to engage in a thorough review of private contracts to identify underperforming and low-priority contracts.”
- “Each agency and department shall engage in a thorough review of its contracts and shall reduce the Fiscal Year 2009-2010 and Fiscal Year 2010-2011 cost of such contracts by ten percent each fiscal year, subject to exceptions submitted to and approved by the Commissioner of Administration. Each exception shall be reported to the Commission on Streamlining Government. Each agency and department shall report on such review and

contract cost reductions to the Commission on Streamlining Government by December 1 of each year through 2011. The word ‘contracts’ as used in this recommendation, shall not include contracts let pursuant to the Public Bid Law, contracts let pursuant to the Procurement Code, or contracts required by state or federal law. Statewide elected officials, the State Board of Elementary and Secondary Education and the Legislature are directed to reduce expenditures for private contracts with agencies by at least 10% from FY 2010 levels. Such reductions should target professional services contracts, underperforming contracts, and contracts funded exclusively with state dollars. All agency heads should review private contracts and identify underperforming and low-priority contracts, determine whether the contract is productive and fulfills an agency mission, whether the activity can be performed in-house with existing staff and budget, or if the activity should be completely eliminated. Agency heads should take immediate action and publish online an overview report at least thirty days before the 2010 Regular Session convenes. All new and renewed contracts with agencies should include information from the private entity as to the number of private sector jobs and the hours associated with each job that will be created or maintained under the contract.”

According to the Legislative Auditor, Louisiana’s state agencies were engaged in 16,000 active contracts totaling \$7.4 billion as of June 2009. However, over \$1.6 billion of these contracts provide health care benefits for state workers. Another \$1.5 billion make up inter-agency transfers, intergovernmental agreements, and other contracts between state and local governmental entities. That leaves an estimated \$4.3 billion in contracts with the private sector for professional, personal, consulting, social services, and other matters.

In its recommendations, the Streamlining Commission attempted to balance the need to limit the size of state government, which often entails outsourcing and privatization, with responsible contracting. In the midst of a difficult fiscal situation, every agency must be more vigilant with taxpayer dollars. Agency heads are best positioned to conduct this formal review as they are both a subject-matter expert and ultimately responsible for the contracts in their office. Thirty days before the 2010 regular legislative session, the Commission asks agencies to publish an online overview report of their under-performing and low-priority contracts that will include recommendations for reductions and eliminations.

The Commission noted that the Division of Administration recently launched a new component to LaTrac, the state’s Transparency and Accountability Portal and Online State Spending Database, that will bring more transparency to state contracts. Public officials, legislators, and Louisiana’s taxpayers now have an opportunity to review contracts, question them, and help hold government accountable. Louisiana has joined only three other states – California, Georgia, and Texas – in providing detailed services contract information online.

Recommendation #170: Explore full-cost recovery for certain governmental services.

- “Certain government services and processes be identified as activities to be funded in whole or in part through ‘full cost recovery’ of expenses by the user or customer; that the criteria for setting the amount of cost recovery be established in consultation with the Society of Louisiana Certified Public Accountants; and 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."

The state has two choices for funding services, licenses, procedures, and permits. Government can tax all citizens equally if the benefit is for the public at-large, or it can charge the actual cost to the consumer if the benefit is for the user only. Ambassador Maurice McTigue of George Mason University's Mercatus Institute recommended to the Streamlining Commission that certain goods and services of state government be subjected to "full-cost recovery" – a concept whereby citizens pay the exact cost for governmental services that benefit them as a consumer, no more, no less. Government agencies must not be allowed to recover any more than the exact cost of the service or good provided.

The Society of Louisiana Certified Public Accountants provided the Commission with a formula (see Appendices of the Commission Report) to be used by agencies and the Legislature to review certain government services and identify activities that can be funded in whole or part through "full-cost recovery." Commission members believe that State General Fund savings can be realized if activities move from a taxpayer-funded system to a user or consumer-funded charge. Agencies are directed to post the outcomes of their analysis online.

Recommendation #134: Require full transparency in staffing levels.

- "The legislature should require that all institutions of higher education bring their Tables of Organization on budget, to the extent and in the same manner followed by other executive branch agencies."

According to the November 2009 Legislative Auditor's report, the number of executive branch full-time employees as of June 30, 2009, was 91,823. A closer look at the breakdown of that figure shows that only 45,898, or 50 percent, are full-time appropriated T.O. whose number is directly appropriated by the administration and Legislature.

In simplest terms, full-time appropriated T.O. positions have position levels per agency over which the administration and Legislature have direct budgetary control. A ceiling on the number of full-time appropriated T.O. positions per department is controlled by virtue of a specific number set by the administration and approved by the Legislature through appropriations.

By contrast, non-T.O. FTEs are full-time employees working at executive branch agencies though not part of the agencies' appropriated Table of Organization. The number of non-T.O. FTEs is not directly controlled by the administration and Legislature through specific position appropriation but through submission to the Department of State Civil Service. Almost all non-T.O. full-time employees in state government are in higher education and LSU's Health Care Services Division; the Legislative Auditor estimates these at 38,845.

The purpose of this recommendation is to bring the same level of budgetary transparency and accountability to non-T.O. FTEs as exists for full-time appropriated T.O. positions.

Recommendation #221: Authorize the use of excess revenues for permanent tax cuts.

- “Provide, by statute, that one of the options for the use of excess revenue should be a recurring (permanent) tax cut for individual and corporate taxpayers, which should be budgeted.”

When the state is not in a deficit, the Commission believes lawmakers and the Governor should consider a recurring tax cut for individual and corporate taxpayers. Each year, the Governor and the Legislature adopt a state budget based on the Revenue Estimating Conference (REC) forecast. If additional revenue is recognized throughout the course of the fiscal year, this is deemed excess revenue by the REC. The unbudgeted excess for that fiscal year is considered recurring and can be used for supplemental appropriations, or it can become surplus after the fiscal year ends.

The Commission recommends authorizing an additional option for lawmakers. Recurring revenue not used in that fiscal year could be converted to a permanent tax cut that would go into affect in January of the following calendar year. The excess would not be spent in the budget, but instead would be reserved for the tax cut. In this way, the size of government would be controlled, and excess funds would be returned to the taxpayers in a permanent fashion.

Recommendation #198: Consider furloughs of state workers.

- “Each agency should consider using furloughs to keep costs down. Each agency should furlough every employee one day each quarter of the 2010-2011 fiscal year. Determination of timing of furloughs is left to the agency; however, where possible the agency should consider furloughing all employees in a particular location on the same day to capture additional savings from such things as non-use of utilities.”

According to the National Conference on State Legislatures (NCSL), approximately half of all states have explored furloughs for state workers as part of a balanced budget in the current fiscal year. The number of furlough days range from a handful to over 20 for the year. To furlough all employees in the executive branch (including higher education) for even just one day represents an estimated savings of \$16.7 million for the wages alone.

Recommendation #21: Improve the management and collection of cash receivables.

- “Place jurisdiction over all receivables by all departments in Louisiana state government with the Cash Management Review Board and require that the State Receivables Report be compiled and published no later than 60 days after the end of every quarter.”

In December 2009, the Division of Administration proposed a new reporting format for the net receivables report the Joint Legislative Committee on the Budget (JLCB) that will result in a more meaningful document. It will differentiate between what receivables are already budgeted by agencies and the amount of receivables that will be due to a third party, such as the federal government. The current format combines this information and does not provide a realistic accounting of “net” receivables. An amendment to state law will be required as well as sufficient time to create and develop an online process to save resources at both the agency level and also at the Division of Administration.

The Division anticipates the result of the new process will be a document that indicates net receivable adjustments during a calendar quarter, the amount of receivables that have been anticipated and budgeted by the agency, and the amount of receivables that would be due to a third party, such as the federal government. The Commission recommends that a Request for Proposals be issued to explore the cost-benefit of sending aged receivables to the Department of Revenue or to a private company for collection.

Health Care and Social Services

Health care represents the majority of State General Fund expenditures for the state and is facing an impending federal funding crisis due to the faulty FMAP formula discussed above. Finding ways to achieve efficiencies in health care will affect governmental services statewide across all areas. For this reason, the Commission made health care a primary focus of deliberations and generated significant policy recommendations to achieve savings.

Recommendation #9: Transition Medicaid to coordinated care.

- “Department of Health and Hospitals transition Medicaid to an integrated delivery system with care coordination.”

Louisiana’s Medicaid program has significant challenges, led most importantly by chronically poor outcomes despite the best efforts of providers who struggle to offer services in a fragmented system with little coordination of care. Louisiana’s rates of hospitalization have been shown to be among the highest in the nation, and quality metrics are poor by most measures. Without significant structural changes to the program, the state is not in a position to manage impending financial challenges. Current estimates predict the state will face a shortfall in Medicaid with an annualized impact of \$1.2 billion beginning in July 2011. In the year that begins July 2010, the shortfall could be as high as \$700 million.

Current Medicaid services are primarily delivered by private providers reimbursed under a fee-for-service methodology, which virtually every national health policy expert across the political spectrum has decried as a failed system that incentivizes utilization, waste, and overspending. Most recently, the Congressional Budget Office said the fee-for-service system has contributed to the cost growth in health care nationally. In addition to the high cost, fee-for-service programs have been shown in multiple states, from California to New York and throughout the nation, to have poor outcomes relative to systems of coordinated care, where consumers have the ability to choose their plan. A recent review of 24 different studies by the Lewin Group demonstrates with hard data that managed Medicaid programs have saved states anywhere from two to 19 percent of their Medicaid costs for medical services.

The Commission believes the heart of any reform should be consumer choice, transparency in results, and incentives for improved management of chronic disease. While the administration has advanced this concept, some elements must be approved by the federal government. The Commission recommends moving forward as rapidly as possible toward a Medicaid system of care that is more organized, less fragmented, and grants consumers, for the first time, the ability to make choices about the health care network from which they wish to receive their services.

DHH plans to bring forward a state plan amendment for consideration in January to begin the process of transforming the current system to build an infrastructure that requires care coordination to promote efficiencies, primary and preventive care, and disease management, reduce unnecessary usage of emergency rooms and avoidable hospitalizations. In this model, DHH would transform its current role of simply paying for services to instead set benchmarks for performance, monitor various systems of care to ensure the standards are met, and develop initiatives to improve overall health while utilizing the coordinated systems of care to implement care and prevention tools. DHH would measure each system of care based on metrics that correlate to improved quality, patient satisfaction and provider satisfaction, and ensure these metrics are reported publicly so consumers, the Legislature, and regulators can monitor the performance of each care network. These standards of participation for providers in the program will be applied to both fee-for-service and prepaid models of reimbursement. Medicaid recipients will then receive the right care at the right time in the right setting. Coordinated Care Networks will accept responsibility for the quality and cost of care provided to its patients by better managing treatment across care settings and by pursuing quality targets.

According to global consulting firm Mercer, preliminary projections for the coordinated care system anticipate a savings of about 2.0 to 2.5 percent for the enhanced fee-for-service program and 3.0 to 4.0 percent for the capitation/prepaid model. It should be noted that the Medicaid budget is inclusive of an array services that are not impacted by this model – for instance, long-term care and services for the developmentally disabled.

Recommendation #10: Consider privatization of developmental disability centers.

- “Department of Health and Hospitals solicit qualified providers to partially privatize centers for the developmentally disabled by transferring residents to private centers or transitioning them to community based services. Further recommends the department consolidate state run centers. These solicitations should be competitively based on cost and quality experiences and the contract should contain incentives to reduce costs and compliance with regulatory requirements.”

The ARCs and other privately-operated services have proven to be cost effective and have shown improved outcomes for the individual they serve and their families. According to DHH, the average annual cost for a person to receive services in a publicly-operated facility is \$170,000 while a privately operated facility receives an average of \$70,000 to serve clients with similar needs. Outsourcing the operation of state-operated developmental disabilities institutions through a competitive process could prove to be a more cost-effective approach.

The cost of services at publicly-operated institutions is significantly higher than the cost of community-based services or alternative facilities. According to DHH, the population at state-operated facilities in 2003 was 1,615 people with a budget of \$186 million. For Fiscal Year 2010, the census was 1,318 with a budget of \$243 million. It is estimated that 20 percent of the people in state-operated facilities could have their needs met in their communities at considerable cost savings. The state has continued to make significant investments in services for people with developmental disabilities and still has significant waiting lists for home- and community-based services.

Taking these actions would be in line with national best practices to reduce reliance on institutions and serve people in their communities. Any action taken should provide allocation of services for people with developmental disabilities according to need, while gaining the ability to serve more people within the current allocation of resources.

Recommendation #11: Re-direct services from public health units to local providers.

- “Department of Health and Hospitals implement a competitive bid process to redirect services from public health units to local providers (such as FQHC’s and RHC’s).”

In many instances, Federally Qualified Health Centers (FQHCs), Rural Health Clinics (RHCs), Human Service Districts, private physicians, community organizations, and community clinics provide services that are duplicative of programs provided by the state Office of Public Health (OPH) through local Public Health Units (PHUs). Many of these organizations receive cost-based reimbursement through Medicaid or other DHH and federal funding and they provide a broad spectrum of services, such as comprehensive acute and chronic care, preventive health services, family planning, and immunizations among other services. Other testing or services traditionally offered in public health units, such as nutrition counseling, lead screening, and STD testing, could be included in the service contract with the health care provider.

The Commission believes this transition would increase access to comprehensive coordinated care that is patient-centric, while reducing the cost to the state by maximizing the use of existing capacity and local service delivery systems. The primary focus is to determine how to best leverage DHH resources (not simply OPH, but all DHH program offices and Medicaid) to provide services that are not being met by local capacity – either by building new community capacity, contracting with current community capacity, or providing services directly through OPH programs and the PHUs.

Recommendation #13: Consider privatization of community homes, independent living, and extended family living.

- “Department of Health and Hospitals review RFP to privatize community homes, independent living clients and extended family living.”

As part of the Fiscal Year 2010 budget, DHH moved 12 individuals out of two publicly-operated community homes into existing private capacity or into waiver services. In addition, 21 supported independent living clients and six extended family living clients chose a private provider and have all transitioned to their new providers. Greater New Orleans Supports and Services Center no longer operates any residential services.

DHH currently operates 37 other community homes serving approximately 220 clients, and the Department provides services for 44 people in waivers and 41 people in extended family living through state-operated Supports and Services Centers. Meanwhile, private entities often provide these same services at a lower cost. The Commission believes DHH should transfer these services to the private entities either through utilization of current vacancies, Cooperative Endeavor Agreements for the community homes, or new non-state providers for the waivers and extended family living clients.

Recommendation #68: Reduce unused nursing home bed capacity.

- “Expand current efforts to reduce unused nursing home bed capacity.”

Louisiana has a high number of beds per capita, a low occupancy rate, and spends about \$20 million per year on unused capacity. The state has worked with the nursing home industry to develop current bed reduction programs, including bed buy-back and private room conversion, which the Commission seeks to build upon. Many states have implemented a variety of bed reduction strategies, including the re-purchase of beds and conversion to other types of care that are more aggressive than what Louisiana currently has in place. The Commission encourages DHH to pursue these options as part of the implementation of this recommendation. Depending on the options selected for use in Louisiana, full implementation could require legislation and/or approval by the federal Centers for Medicare and Medicaid Services (CMS). Commission members and others have noted “right-sizing” bed supply is a key to developing balanced continuum of long-term care services.

Recommendation #82: Reduce costs for Medicaid drugs.

- “The Department of Health and Hospitals may, to control expenditures, negotiate supplemental rebates for the Medicaid pharmacy program in conjunction with the preferred drug list. In these negotiations, the preferred drug list may be adjusted to reduce costs by revising the state maximum allowable cost methodology for generic drugs, and should then require manufacturers to compete for placement on the preferred drug list based on cost when there is more than one brand in a class.”

Louisiana Medicaid has implemented several tools to achieve cost savings in the prescription drug program such as the multi-state buying pool, Preferred Drug List (PDL), negotiation of state supplemental rebates (in addition to federal rebates), and an established reimbursement methodology for generic drugs. Recognizing that not all drug classes are included in the PDL and that the state utilization rate for generic drugs is 72 percent, the legislature passed Act 10 of the 2009 Regular Legislative Session, which authorized DHH to redefine the reimbursement methodology for generic drugs.

Because of the state’s aggressive supplemental rebate program, generic drugs are often more costly than name brand drugs. Revising the reimbursement methodology for generic drugs will lower their individual cost and make the manufacturers of both generics and name brand drugs more competitive with supplemental rebates. The Medicaid program has published a rule effective January 1, 2010, to redefine the reimbursement methodology for generic drugs and has submitted a State Plan Amendment to the Centers for Medicare and Medicaid for approval.

Recommendation #84: Use co-pays for some Medicaid emergency room treatments.

- “Governor and legislature authorize the Department of Health and Hospitals to use co-pays up to ten dollars for emergency room treatment to the extent allowed by federal law and in a way that would encourage proper use of resources and discourage overuse of resources that may not be needed. Such co-pay shall not apply to services rendered for emergency conditions or services for children.”

An analysis of Medicaid policies in other states found that 28 states impose a form of cost sharing for non-emergent services rendered in hospital emergency rooms. Twenty-three of the 28 states have a co-pay ranging from \$1 to \$3. The maximum co-pay that can be assessed without an approved waiver is \$3. Five states have obtained waivers to impose a co-pay up to \$6. Administrative rulemaking and a state plan amendment will be required before this can be implemented in Louisiana.

In addition to children and emergency services, Section 1916 of the SSA and 42CFR 447.50 exclude certain populations (pregnant women and individuals residing in institutional settings) and services from cost sharing. The ultimate decision as to whether an emergency room visit is emergent or non-emergent is dependent on the judgment of the attending physician. DHH projects a modest decrease of two percent in ER utilization will result with the imposition of co-pays. Outreach and education for enrollees regarding the co-pay would be available by existing resources such as the 24/7 Nurse Advice Line provided to all Louisiana Medicaid enrollees, Chronic Care Management Program, and the Operation Redirect Emergency Room Diversion Project.

Recommendation #101: Maximize dollars for Graduate Medical Education.

- “The LSU Health Care Services Division be directed, to the maximum extent possible, to execute affiliation agreements with other hospitals that have high levels of Medicare patients and a commitment to resident training in order to receive additional money from Medicare for graduate medical education, which such additional monies are currently being left on the table because of low numbers of Medicare patients in the Charity Hospital system.”

Residency training for physicians creates additional costs beyond the normal costs of patient care for hospitals that choose to train residents – an important function to maintain the physician workforce. Hospitals incur direct costs, such as resident salaries, and indirect costs such as those associated with supervision of residents and management of the program. While both Medicare and Medicaid have provisions for reimbursing hospitals for these additional costs, the vast majority of this training is paid for by the federal Medicare program. To the extent that these training costs can be attributed to the care of Medicare patients, Medicare will reimburse the hospital “its share” of the costs. Hospitals with a high percentage of Medicaid patients therefore recover much more of their training costs and have to subsidize less of this training using other sources of funds.

Because the Charity Hospital System has a relatively low percentage of Medicare patients seeking services at their facilities, they are forced to subsidize the costs of training using State General Fund and other revenues. Studies have concluded that residents trained at other hospitals in Louisiana with high Medicare volumes draw down many times more federal funds than comparable residents do within the Charity system. Because the Charity system holds the bulk of residency slots in the state of Louisiana and because residency slots are capped within the state and fixed to specific institutions, the only way to maximize federal dollars for resident training is through affiliation agreements between Charity and private hospitals where residents “owned” by Charity actually train at other hospitals with more Medicare patients.

Recommendation #167: Explore transitioning from in-patient capacity at state hospitals to community-based care.

- “Inpatient capacity can be absorbed by the community hospitals in certain markets, with a renewed investment being made in outpatient and primary care access. These models should be evaluated immediately by Department of Health and Hospitals, Louisiana State University and Louisiana State University Health Care Services Division on a case by case basis in each community, and the study should be completed by December 31, 2010. In those communities where these models would be successful, the state should evolve the system to meet the needs of that community while optimizing the existing complement of non-public beds in that market. Huey P. Long Medical Center should be the first to be evaluated under this policy and an RFP should be written to outsource the acute and inpatient care for that Medical Center while planning for an outpatient clinic either within the current Huey P. Long Medical Center structure or using private providers using the DSH funds available in the future allocated between the inpatient and outpatient services.”

The public hospital system in Louisiana was implemented for the purpose of providing access to hospital services for Louisiana residents who do not have access to health insurance or other forms of payment. Additionally, the hospitals in Shreveport, Baton Rouge, and New Orleans have served as support institutions to the state’s medical schools – providing residency, medical, and allied health training. These hospitals, operating within the context of a state agency, have suffered terrible shortages of capital, leaving facilities both aged and in disrepair. Additionally, as was recently discovered by an outside firm, there is significant waste that has been identified in one of the major public hospitals with tens of millions of dollars spent unnecessarily.

Many of the smaller public hospitals that are not serving as major teaching institutions operate at a census far below their capacity, and in fact do not have the robust support of the specialists necessary to operate a full-service hospital in a competitive environment. In those markets, the community not-for-profit and investor-owned hospitals often accept patients, or the transfer of patients, for more intensive services. In most of these cases, the funds to pay for those services remain with the public hospital, and the hospital and physicians providing the service go without payment.

The ultimate purpose for many of these hospitals today resides in the access they provide for outpatient and primary care services. The Commission recommends the state explore more modern models of financing that may exist where in-patient capacity can be absorbed by the community hospitals in certain markets, with a renewed investment being made in outpatient and primary care access.

Pending reductions in the federal Disproportionate Share Hospital (DSH) program, combined with any national health care reforms that expand Medicaid and mandate health insurance coverage with premium subsidies for the poor, will place a major strain on the ongoing operation of many of our public hospitals. Consumers will be more likely to seek care in private or community hospitals, which are often closer to where they live. With such expanded coverage being made available, the purpose of the public hospitals is minimized. As such, the resources being expended by the state to keep these institutions open can be better used as a state match for Medicaid, or for other purposes that improve investment in the teaching programs.

Further, the Commission believes it is in the state's interest for our major teaching hospitals to be competitive, both nationally and in the markets where they operate. National competition exists with major teaching hospitals throughout the southeast and mid-west for residents, faculty, and high acuity services that provide both higher income and opportunities for teaching. The best, most competitive models of teaching hospitals are private, not-for-profit. These institutions can issue debt, establish long-term capital and business plans, utilize their depreciation, and make fundamental business decisions that are driven by the most rational approach for the success of the institution. The state should strongly consider other governance models for the teaching hospitals that permit them to operate in a competitive posture with other major academic institutions.

Education

Although higher education was statutorily outside the realm of the Streamlining Commission, members generated a number of recommendations to address PreK-12 education in Louisiana. Much of the debate focused on changes to the State's Minimum Foundation Program (MFP), the formula used to allocate funds to public elementary and secondary education. In Fiscal Year 2010, the total MFP appropriation was \$3.28 billion (recently revised upward to \$3.33 billion). The current formula is based primarily on the number of students enrolled in each district, with additional "weighted" funds provided to cover additional expenses associated with educating students with unique needs. The MFP is largely a "block grant" in that local school districts may budget and spend funds as they deem appropriate.

Still, given the tremendous financial value assigned to public education and its overriding importance to the future of the state, the Commission is compelled to make recommendations to both the Department of Education and local school districts to spend existing dollars more wisely.

Recommendations #83 and #201: Pursue student-based budgeting and require funding to "follow the child" to the classroom.

- "Direct the Department of Education and the Board of Elementary and Secondary Education to pursue student based budgeting."
- "State Board of Elementary and Secondary Education to restructure the Minimum Foundation Program so that the MFP, as well as the federal dollars follow the child and that 80% of the MFP funds are spent on the classroom as directed by the principal of each school."

With the exception of Type 2 charter schools, state MFP funds are allocated to school districts' central offices, which make decisions about budgeting, expenses, curriculum, and personnel. At least 70 percent of MFP funds must be spent on instruction, according to the annual BESE resolution. For Fiscal Year 08 (latest available), 27 school districts and charter schools did not meet this requirement, and there is no consequential penalty today, only a mandatory written explanation.

The Commission proposes that the Board of Elementary and Secondary Education adopt a new budgeting model – one that more closely aligns school funding to actual education costs, improves public accountability through transparency, and empowers principals to act as leaders of their schools. “Student-based budgeting” offers several advantages, including (1) more accurately and equitably determining the cost of education based on student characteristics and needs; (2) allowing funds to follow students to whichever public school they choose to attend; (3) a more predictable, transparent budgeting process; and (4) increased parental options. Such a model would increase the amount of MFP funds spent at the school and classroom level, reaching or surpassing the goal of 80 percent adopted by the Commission, as well as empower principals to allocate resources as needed to meet student needs and improve academic achievement.

Public Safety

Louisiana spends approximately \$540.43 million to incarcerate 40,100 people every year. The Pew Center again found this year that Louisiana has the highest incarceration rates in the world at 883 per 100,000. While 20,000 inmates are confined to state prisons, many parishes house individuals for the state for a per diem of \$24.39. Studies have found that the Department of Corrections compares favorably to neighboring states for the per prisoner cost of \$39.75 vs. \$52.90. Yet the Streamlining Commission feels strongly that Louisiana must address the fundamental issues of poverty, education, and rehabilitation in order to reduce the number of our citizens in prison to make them productive members of society and lessen the burden on the state.

Recommendation #143: Ensure that more prisoners are educated upon release.

- “Provide that a Louisiana state prisoner, who does not have a high school diploma or who has not passed the General Education Development test (GED) certifying that he has American high school academic skills, shall have made available to him a program designed to help him pass the GED.”

Reducing the chances that an offender will commit another crime after release will not only improve public safety, but will drive down prison populations and the associated cost for operations. Finding employment for a releasing offender – job training and basic education, including the attainment of a GED – are essential to this effort. Louisiana has recently begun to place a significant focus on re-entry programming in both state prisons and local jails, which includes drug rehabilitation, faith-based programming, and vocational training.

In addition to these efforts, the Department of Corrections has a GED program in place at all state correctional facilities. The current enrollment in the GED program is 1,744 offenders. These programs are available to all offenders housed in state institutions and participation is voluntary. There is a waiting list of 763 offenders to participate and the Department would expand the program to address the waiting list should resources be made available. It currently costs the Department \$2,485 per offender receiving a GED.

Recommendation #238: Reinvigorate the Sentencing Commission.

- “Direct the Louisiana Sentencing Commission to complete its work and provide the Legislature with recommendations for the 2010 Regular Session that will improve public safety and be cost effective to taxpayers.”

When examining the state’s budget, priorities, and impending shortfalls, it is important to consider the price for taxpayers to maintain current levels of incarceration. Corrections expenditures compete with and diminish funding for education, public health, public safety, and other programs that are designed to reduce the prison population. While any savings from changes in sentencing structures will not immediately reduce the prison population, this will potentially result in significant long-term cost savings to the state of Louisiana while maintaining public safety as a priority.

In 2008, Act 629 re-enacted the Louisiana Sentencing Commission, which is comprised of individuals appointed by the Governor, representatives of the Legislature, and members of the judicial system. Their charge is to review the state’s sentencing structure and report its findings to the legislature by March 2010. However, to date, the group has not convened.

In response, Commission members directed the Louisiana Sentencing Commission to complete its work and provide the Legislature with recommendations for the 2010 session that will improve public safety and be cost-effective to Louisiana taxpayers. The Commission’s analysis and recommendations should benchmark Louisiana against average sentences and alternatives across the country and vis-à-vis neighboring states.

This contemporary review of Louisiana’s sentencing laws should include, but not be limited to:

- An evaluation of the current classification and sentencing structure of non-violent felony offenses and recommendations for sentencing alternatives, particularly with regard to long-term supervision (59 percent of offenders in state custody are serving time for non-violent crimes);
- An analysis and recommendations focused on the state’s drug policies in relation to sentencing guidelines and prison population (78 percent of the prison population is serving sentences for offenses related to drug activity); and
- Recommendations on the diminution of sentence (“good time”) statutes with specific proposals for legislation to make it more consistent and less complicated.

Economic Development, Transportation, and Infrastructure

The Streamlining Commission feels very strongly that the state must do more to meet its infrastructure needs. While this is not an appropriate time to consider tax increases, there are steps the state can take to maximize its existing transportation dollars to prioritize the construction and maintenance of roads and bridges. The Commission made a series of recommendations to that effect.

Recommendation #52: Direct 60 percent of capital outlay to roads and bridges.

- “Require at least 60% of the money in Louisiana’s Capital Outlay Program be spent on road and bridge construction and maintenance through the existing priority program and at least

20% of the money in Louisiana’s Capital Outlay Program be spent on deferred maintenance of state buildings, including colleges and universities, for each year of the next five years.”

The “discretionary” capital outlay budget in Louisiana in Fiscal Year 2010 is \$1.48 billion, as appropriated in Act 20 of 2009. “Discretionary” capital outlay can be defined as General Obligation Bonds, State General Funds (including surplus), statutory dedications, re-appropriated bond proceeds, and re-appropriated cash. (Federal funds are excluded because their purpose is typically mandated, and fees and self-generated funds are excluded because they also have a specific use.) Of the total, \$489.5 million is for transportation, or 33 percent. Deferred maintenance makes up just \$28 million or 1.9 percent. Other significant investments include \$290 million for coastal restoration projects, approximately \$100 million for higher education campuses, \$85 million for stadium improvements for the New Orleans Saints contract negotiations, \$50 million for the LSU Medical Center in New Orleans, and \$43.9 million for hurricane repairs in state buildings, including higher education.

Commission members discussed the \$12.5 billion backlog in highway needs in the state of Louisiana. Only when the state prioritizes dollars for roads from all available infrastructure funding sources will the needs begin to be met. Capital outlay is no exception, and the Commission urges the administration and the Legislature to consider 60 percent of capital outlay for road and bridge construction and maintenance in the 2010 regular legislative session.

Recommendation #139: Eliminate four state ferry routes.

- “Department of Transportation and Development eliminate four ferry routes (Melville, White Castle, Reserve and New Roads).”

Ferry services are among the most costly transport services provided by the state with an operating cost per vehicle ranging from \$8.55 to \$153.07, according to the fiscal note. DOTD estimates the annual estimated collective cost savings to the users of the White Castle ferry, for example, is \$48,460, while the state expends \$1.3 million to operate it, which is offset by just \$10,124 in toll collections. While the ferries provide a valuable service, the Commission believes that the cost-benefit is simply not justified to continue this program. The legislative fiscal office reports a savings in the Transportation Trust Fund (TTF) of \$6.1 million and 41 positions to eliminate the four ferry routes at Melville, White Castle, Reserve, and New Roads. The Commission recommends re-directing these dollars to road and bridges construction and maintenance.

Recommendation #144: Consolidate DOTD districts.

- “Reduce the number of Department of Transportation and Development districts by at least two districts.”

In addition to the main office, DOTD provides services through nine district offices – New Orleans, Lafayette, Bossier City and Shreveport, Monroe, Lake Charles, Alexandria, Chase, Baton Rouge, and Hammond. The total district operating budget is \$236.1 million annually and 1,998 positions – all funded with TTF.

The Commission believes it is in the best interests of the state of Louisiana to consolidate two districts offices in order to eliminate senior management positions and decrease back-office costs. Preliminary estimates indicate 31 positions could be immediately consolidated for a savings of \$2.27 million that would be re-directed to road and bridges construction and maintenance. The state must put aside territoriality and maximize every dollar to meet critical infrastructure needs.

Recommendation #148: Outsource at least 80 percent of DOTD design.

- “Department of Transportation and Development outsource at least 80% of its design engineering to the private sector, with emphasis on the large jobs. The 20% of design engineering retained would involve small bridge and turning lane jobs.”

According to the Legislative Fiscal Office, DOTD spent \$3.2 billion on 970 design engineering services between July 2007 and July 2009. \$2.2 billion (67%) was outsourced and \$1.1 billion (33%) was handled by Department engineers in-house. The Streamlining Commission believes that DOTD should move to an asset management agency and away from a service provider role. As such, the members recommend that this percentage be increased such that the Department outsource at least 80 percent of design engineering to the private sector.

Recommendation #145: Outsource DOTD laboratories.

- “Department of Transportation and Development outsource all testing labs to private labs outfitted to perform all testing.”

All nine DOTD districts operate a laboratory for materials testing and conformance for a total cost of \$5.4 million in TTF and 94 positions. In response to the Commission’s recommendation, the Department has agreed to issue a Request for Proposals to evaluate potential cost savings to privatize one lab in the northern half of the state and another in the south. In addition, district consolidation could generate savings across laboratories.

Full List of Recommendations from the Streamlining Commission

Recommendation Number	Description
1	Reduce total number of state-owned automobiles to 2004 level over a 12 month period.
2	Reduce total number of automobiles by 20% and convert many agency fleets to rental over a 12 month period.
3	Hold department heads accountable for poor safety performance by department employees.
4	Hire a safety consulting firm, where necessary, to train poorly performing department personnel to prevent work-related accidents.
5	Develop coordinated plan for consolidated collection of accounts receivable where feasible.
6	Require non-resident contractors to include tax ID number on each permit and proof that contractor has completely registered to do business in Louisiana.
7	Department of Revenue increase number of auditors through employee definitions to increase compliance.
8	Move department of Social Services printing and mail operations to private company.
9	Department of Health and Hospitals transition Medicaid to integrated delivery system with care coordination.
10	Department of Health and Hospitals solicit qualified providers to partially privatize centers for the developmentally disabled by transferring residents to private centers or transitioning them to community based services. Further recommends the department consolidate state run centers. These solicitations should be competitively based on cost and quality experiences and the contract should contain incentives to reduce costs and compliance with regulatory requirements.
11	Department of Health and Hospitals implement a competitive bid process to redirect services from public health units to local providers (such as FQHC's & RHC's).
12	Department of Health and Hospitals consolidate operated in-patient health services in Greater New Orleans area.
13	Department of Health and Hospitals review RFP to privatize community homes, independent living clients and extended family living.
14	Department of Public Safety & Corrections, Corrections Services review RFP to outsource all aspects of food services.
15	Department of Natural Resources review RFP to outsource data entry for archiving lease records.
16	Department of Natural Resources implement a pilot program to change inspection of wells by self-reporting affidavit with appropriate penalty for non-compliance.
17	Require electronic reports by energy producers to the Department of Natural Resources.
18	Issue an RFP to look at the possibility of outsourcing the workers' compensation claims management process to a private company and eliminate fraud by getting rid of the on-line claims system.
19	Louisiana Workforce Commission eliminate Second Injury Fund over time.
20	Department of Social Services should implement on average a 1:8 supervisor-employee report ratio.

- 21 Place jurisdiction over all receivables by all departments in Louisiana state government with the Cash Management Review Board and require that the State Receivables Report be compiled and published no later than 60 days after the end of every quarter.
- 22 Direct the Division of Administration to determine the value and the "highest and best use" of each state-owned property, and develop opportunities for the state to enter into public-private development partnerships with private and non-profit public partners, chosen by competitive bid, in order to develop and manage state-owned real estate in a manner that achieves the "highest and best use" of the property, increases cash flow for taxpayers, meets smart growth principles, and satisfies the highest standards of design and environmental sustainability.
- 23 Develop cooperative arrangements with Arkansas and Mississippi which would identify and explore creative, synergistic opportunities to make the operation of state government and the provision of state government services more cost effective and efficient.
- 24 Sunset and abolish all special funds in the State Treasury and the statutes establishing such special funds, with some exceptions, as of June 30, 2011, after a full comprehensive review by the Joint Legislative Committee on the Budget by December 31, 2010.
- 25 The governor and the legislature authorize and direct the LSU Health System to adopt the recommendations of Alvarez and Marsal for the operation of the interim Charity Hospital in New Orleans. The governor and legislature direct every other charity hospital in Louisiana to contract for a similar financial and operational assessment with a third party private sector consulting firm, such as but not necessarily Alvarez and Marsal, that specializes and has a proven track record in turnaround management, corporate restructuring and performance improvement for institutions and their stakeholders.
- 26 The governor and the legislature are urged to utilize and strictly apply the criteria of Act 842 of the 2008 Regular Session with eligibility for funding being limited to organizations that are accredited or certified by the Louisiana Association of Nonprofit Organizations or nationally certified or accredited and following the content of the existing executive order which content should be made statutory. Further the Legislative Auditor and Inspector General should have ample tools and mandates to oversee these funds with all due diligence.
- 27 Louisiana Workforce Commission write an RFP to privatize the issuance & distribution of certificates to one-stop participants.
- 28 Department of Environmental Quality issue the RFP for the outsourcing of the DEQ Laboratory Services Division and eliminate an administrator position as part of the outsourcing of lab services.
- 29 Department of Environmental Quality lease office & warehouse space at reduced rates from the Department of Agriculture and Forestry.
- 30 Department of Environmental Quality cease operations of its library.
- 31 Department of Environmental Quality reduce the workforce TO by 20 through ongoing streamlining opportunities as determined by the Secretary.
- 32 Department of Wildlife and Fisheries consider consolidating the litter hotline from DEQ.
- 33 Department of Wildlife and Fisheries consolidate the marine, inland, and wildlife facilities at the Lacombe Hatchery.
- 34 Department of Public Safety and Corrections - Public Safety Services outsource background checks.
- 35 Department of Public Safety and Corrections - Public Safety Services outsource the Hazardous Materials 24-hour hotline.
- 36 Department of Public Safety and Corrections - Public Safety Services implement a

- vendor-operated mail room, and print and mail systems.
- 37 Department of Public Safety and Corrections - Public Safety Services consider outsourcing commercial fleet registration for interstate jurisdictions.
- 38 Department of Public Safety and Corrections - Public Safety Services, Department of Health and Hospitals and Department of Veterans Affairs automate time and attendance systems.
- 39 Department of Public Safety and Corrections - Public Safety Services consider outsourcing the centralized call center to a location in Louisiana.
- 40 Department of Veterans Affairs consider consolidating pharmacy services at the veterans homes through an RFP.
- 41 Department of Veterans Affairs consider outsourcing the physician services at the veterans homes through an RFP.
- 42 Department of Veterans Affairs re-negotiate the competitive therapy services at the veterans homes.
- 43 Department of Veterans Affairs evaluate outsourcing or re-negotiate the food contracts at the veterans homes.
- 44 Legislation be enacted to allow reverse auctions.
- 45 Continue the implementation of the LaGov (ERP) project.
- 46 Consolidate the state's data processing assets to move to a centralized data environment.
- 47 Continue the implementation of e-mail as a statewide shared enterprise service.
- 48 Implement an IT spend analysis/agency efficiency scorecard.
- 49 Review, modernize and consolidate management of IT procurement.
- 50 Implement a single infrastructure for external health care initiatives.
- 51 Continue implementation of a management of enterprise network infrastructure.
- 52 Require at least 60% of the money in Louisiana's Capital Outlay Program be spent on road and bridge construction and maintenance through the existing priority program and at least 20% of the money in Louisiana's Capital Outlay Program be spent on deferred maintenance of state buildings, including colleges and universities, for each year of the next five years.
- 53 Require non-elderly, non-disabled recipients of any affordable housing or housing assistance program offered through the Louisiana Housing Finance Agency to obtain formal employment in the private sector or government, and require that those recipients who claim they cannot find employment to participate in a supervised job search or in educational job training program that assists people to obtain employment or perform community service.
- 54 Direct all boards and commissions, except those boards responsible for administering Louisiana's retirement systems, to file electronically, on or before February 1 of each calendar year, with the Commissioner of Administration of the state of Louisiana, the Speaker of the Louisiana House of Representatives and the President of the Louisiana Senate, a financial statement setting forth in detail the assets and liabilities, including unencumbered and encumbered cash on hand, of each board and commission. Further direct all money which is not needed by these boards be subject to appropriation for any lawful purpose by the Legislature.
- 55 State government create a website modeled after the "Where the Money Goes: Window on State Government and Transparency at Work in Texas" website provided by the Texas Comptroller of Public Accounts which is a user friendly website containing a database on state spending searchable by state agency, payee and category of expense, and which includes a virtual check register updated daily and available twenty-four hours a day. Louisiana state government also assimilate into this new

- website the best practices and user-friendly nature exhibited by the state of Utah's "transparent.utah.gov" website, which is dedicated to the transparency and accountability of Utah's government finances.
- 56 Make pretrial mediation of disputed claims filed with the Office of Workers' Compensation voluntary, which will eliminate the need for six attorney mediators at that office at an average annual savings of \$75,000 for each mediator.
- 57 The Department of Revenue be authorized and directed to establish provisions on its website so that taxpayers may ask questions about tax notices and receive answers online, through email, and that allow taxpayers to file an appeal of an alleged delinquency online.
- 58 Urge departments and agencies of state government to contract with the Department of Revenue to have their document and remittance processing performed by that department until that department's equipment is used as close to 100% of the time as is practical and possible.
- 59 The Louisiana Workforce Commission audit program for unemployment insurance taxes be transferred to the Department of Revenue and that no more than 75% of the monies spent by the Louisiana Workforce Commission to perform this service be appropriated annually to the Department of Revenue to perform the service.
- 60 Transfer the audit functions and responsibilities of the International Registration Plan currently administered by the Department of Public Safety and Corrections to the Department of Revenue, which currently performs audits for the International Fuel Tax Agreement, and require that no more than 75% of the monies spent by the Department of Public Safety and Corrections to perform these services be appropriated to the Department of Revenue to perform the services.
- 61 That inefficient and circular flows of tax payments and tax credits be eliminated by having the state make a direct payment to the local government or entity levying the tax or surcharge for which tax credits are taken.
- 62 All departments and agencies of Louisiana state government to the maximum extent possible contract with the Department of Public Safety and Corrections for prison labor to perform cleaning and janitorial services.
- 63 Direct the Department of Health and Hospitals to immediately and fully implement the provisions of LRS 22:1065 et seq., better known as the "Baby Bill," as well as the Louisiana Health Insurance Premium Payment Program, and report to the Legislature on a semi-annual basis its results to fully implement these two provisions of Louisiana law.
- 64 The fixed-site scale responsibilities of the Department of Transportation and Development be transferred to the Louisiana State Police, and that the State Police be directed to achieve a savings of at least 25% in the second year through the consolidation of the responsibilities.
- 65 The Department of Revenue contract with willing local political subdivisions to have the department, while it is auditing for state sales taxes, to also audit for local sales taxes and be paid a reasonable fee to be negotiated between the two entities.
- 66 Establish single location for information technology help desk functions for all state agencies and its employees.
- 67 Develop plans to further integrate services of the Department of Social Services and the Louisiana Workforce Commission, especially those services where shared clientele is realized.
- 68 Expand current efforts to reduce unused nursing home bed capacity.
- 69 Develop pilot program for long-term care services for the elderly and people with adult-onset disabilities.
- 70 Transfer Independent Living, Community & Family Support, and Traumatic Head and Spinal Cord Injury Trust Fund programs from the Department of Social Services,

Louisiana Rehabilitation Services to the Department of Health and Hospitals, Office of Aging and Adult Services.

- 71 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 a final judgment as to an account receivable in favor of the state.
- 72 Perform a system-wide analysis of behavioral health needs of high risk children within the child welfare and Office of Juvenile Justice systems to maximize the use of Medicaid funding. Such analysis shall be performed in-house by state employees.
- 73 Merge Capitol Police from within the Division of Administration into the Department of Public Safety & Corrections, Public Safety Services.
- 74 Governor's Office on Homeland Security and Emergency Preparedness work with Louisiana's congressional delegation to identify and utilize federal funding for establishing additional shelter-capacity in-state for Louisiana residents who cannot self-evacuate and shelter during emergency periods.
- 75 Consolidate eligibility and enrollment functions for citizens needing services or support from Department of Social Services or Department of Health and Hospitals at no additional cost.
- 76 Automate Department of Natural Resource's oil and gas permitting and reporting processes under the Office of Conservation.
- 77 Transfer appropriate rehabilitation service functions in the Department of Social Services to the Department of Health and Hospitals and the Louisiana Workforce Commission.
- 78 Board of Elementary and Secondary Education study the use of digital textbooks in state schools and to report to the Legislature prior to March 2010.
- 79 All Louisiana public school students who have been suspended from school for more than five days in a school year or who have more than ten unexcused absences from school in a school year may be required to enroll in the Louisiana National Guard Youth Challenge Program or alternatively, be placed in the Louisiana Department of Education's Jobs for America's Graduates Program, at the discretion of the principal. Pay for increased enrollment in the Youth Challenge Program and/or the JAG Program with Minimum Foundation Program funds. Change Louisiana law to prohibit students from dropping out of school until they have reached 18 years of age.
- 80 Except as required by the federal government, the Louisiana Constitution, or court order, limit State General Fund appropriations in FY 10-11 and FY 11-12 for operating expenses 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.
- 81 Request an independent study of "Charity Hospital" to evaluate the overall plan and report findings to the legislature before convening of the next regular session.
- 82 The Department of Health and Hospitals may, to control expenditures, negotiate supplemental rebates for the Medicaid pharmacy program in conjunction with the preferred drug list. In these negotiations, the preferred drug list may be adjusted to reduce costs by revising the state maximum allowable cost methodology for generic drugs, and should then require manufacturers to compete for placement on the preferred drug list based on cost when there is more than one brand in a class.
- 83 Direct the Department of Education and the Board of Elementary and Secondary Education to pursue student based budgeting.
- 84 Governor and legislature authorize the Department of Health and Hospitals to use co-pays up to ten dollars for emergency room treatment to the extent allowed by federal law and in a way that would encourage proper use of resources and discourage overuse of resources that may not be needed. Such co-pay shall not apply to services

- rendered for emergency conditions or services for children.
- 85 The Board of Regents, in collaboration and consultation with the postsecondary education management boards, study the consolidation of purchasing functions among the campuses to increase purchasing power.
- 86 Department of Wildlife and Fisheries write an RFP to outsource control of aquatic plants.
- 87 Department of Public Safety and Corrections – Corrections Services expand its partnership with Louisiana State University Health Sciences Center - Shreveport to provide the more costly medications to inmates in the Shreveport region.
- 88 Direct the Office of Juvenile Justice to privatize health care services in secure care through an RFP.
- 89 Direct the Office of Juvenile Justice to privatize pharmacy services in secure care through an RFP.
- 90 Office of Juvenile Justice consider privatizing laundry services in secure care through an RFP.
- 91 The Military Department consider outsourcing billeting on their installations through an RFP.
- 92 The Military Department consider outsourcing utilities on their installations through an RFP.
- 93 The Military Department consider outsourcing fixed charge services on their installations through an RFP.
- 94 The Military Department consider outsourcing upgrades/replacement of sewerage treatment and waste water collections on expanding bases through an RFP.
- 95 The Military Department consider outsourcing and improving fleet utilization through an RFP.
- 96 The Department of Health and Hospitals 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.
- 97 The Department of Health and Hospitals, Office of Aging and Adult Services implement a needs-based allocation of services in the Elderly and Disabled Adult Waiver Program and the Personal Care Attendant Services Medicaid Option by the end of FY 2009-2010.
- 98 The Department of Health and Hospitals implement a competitive procurement process for Personal Care Services to reduce the number of providers in each department administrative region.
- 99 The Department of Health and Hospitals write an RFP to privatize secure residential services for persons found "Not Guilty by Reason of Insanity" and the "Lockhart" population.
- 100 The Department of Insurance be given permission to buy its own telephone system, which will be an improved system, and also save \$250,000 each year, beginning with the second year after the purchase.
- 101 The LSU Health Care Services Division be directed, to the maximum extent possible, to execute affiliation agreements with other hospitals that have high levels of Medicare patients and a commitment to resident training in order to receive additional money from Medicare for graduate medical education, which such additional monies are currently being left on the table because of low numbers of Medicare patients in the Charity Hospital system.
- 102 The Department of Health and Hospitals consider reducing the administrative costs of the Louisiana Medicaid Program by at least 5%.

- 103 Develop plan to remove the state of Louisiana from the leasing of buildings and office space.
- 104 Create a privatization and outsourcing unit within the Division of Administration having appropriate experience and expertise and provide that such unit is a resource for all departments and agencies considering or implementing privatization or outsourcing regardless of which department controls the asset or the service being privatized or outsourced. The unit will serve as a center of functional excellence for privatization and outsourcing.
- 105 Every department and agency be required to: (1) Organize itself structurally for the delivery of services along uniform regional boundaries as determined by the state; (2) Shift transactions with the public to an electronic online capability as appropriate; and (3) Support regional Government Services Centers under a "mall concept" whereby citizens may go for all government services and processes that could be accessed electronically or with the help of skilled specialists. Department and agency field offices be consolidated to such centers and surplus buildings and personnel be addressed.
- 106 Each state department is to prepare and provide a review or an analysis of what could be changed, modified, consolidated, eliminated, streamlined, improved, and/or enhanced to ultimately permanently reduce or eliminate continuation costs or expenses in their respective department, agency, board or commission. Provide financial incentives for implementation of permanent sustainable savings.
- 107 Office of Juvenile Justice partner with the Department of Social Services and other stakeholders to better implement the Families in Need of Services Program with a goal of preventing youth from entering the costly juvenile justice system.
- 108 School districts should work with the Office of Juvenile Justice to forward local Minimum Foundation Program (MFP) funds to OJJ for students transferred to state custody and are no longer in local schools, eliminating the "double payment" for each student's education by the state and so that MFP dollars follow the student.
- 109 Develop, plan and explore efficiency opportunities for consolidating field sampling programs within the departments of Health and Hospitals, Environmental Quality and Wildlife and Fisheries.
- 110 Department of Health and Hospitals to study appropriate role and determine best future use of Villa Feliciana (VF) Medical Complex either as a medical facility or otherwise.
- 111 Develop, plan and explore efficiency opportunities for consolidating/leveraging of the Department of Health and Hospitals and the Department of Environmental Quality drinking water programs for testing and monitoring and transfer Lead-based Paint Program from DEQ to DHH.
- 112 The Department of Natural Resources should restructure the Office of the Secretary, Management, and the Atchafalaya Basin.
- 113 The permitting teams of the departments of Natural Resources, Wildlife and Fisheries, and Environmental Quality should be co-located.
- 114 The Office of Coastal Protection and Restoration should promote cost savings by holding unfilled positions open and restricting travel.
- 115 The Public Service Commission should be subjected to the criteria of full cost recovery.
- 116 The Public Service Commission should reduce the number of telephone lines and delete voice mail.
- 117 The dues and subscriptions for the entire Public Service Commission that no longer serve the agency's needs or which are too costly should be eliminated.
- 118 The Public Service Commission should consolidate the number of copiers and electronic devices throughout the agency.
- 119 The Public Service Commission should reduce the number of vehicles and implement

- the use of “pool vehicles”.
- 120 The Public Service Commission should use one purchasing source with all purchase orders issued from a central location; additionally the agency should make efforts to buy in bulk, maintain an adequate inventory of supplies and equipment, and implement a requisition system for issuance statewide.
- 121 The Public Service Commission should reduce agency membership in professional regulatory organizations.
- 122 The Public Service Commission should continue to move toward electronic documentation and filing requirements to reduce paper, office supplies, postage, and other associated costs.
- 123 To the extent possible, the Public Service Commission should consolidate multiple investigations within a single subpoena request to reduce enforcement costs.
- 124 The Public Service Commission should maintain and retain information obtained through the subpoena process in a database to avoid duplication of requests for records that must be purchased.
- 125 The Office of Coastal Protection and Restoration should continue to integrate the state's existing coastal restoration, hurricane, and flood protection efforts.
- 126 The Office of Coastal Protection and Restoration should continue utilizing the support, staff, science and legal services of other agencies to avoid duplication and retain efficiency.
- 127 The Office of Coastal Protection and Restoration should continue to develop a prioritization tool to guide funding decisions and to identify the best opportunities to restore the ecosystem and protect Louisianians from hurricane and storm damages.
- 128 The Office of Coastal Protection and Restoration should initiate a study to determine the appropriate roles and responsibilities of levee districts, parish governments, the state, and federal agencies involved in hurricane protection and coastal restoration efforts.
- 129 The Coastal Protection and Restoration Authority should ensure that the Office of Coastal Protection and Restoration engages in the third party, project-level technical review known as Independent Technical Review (ITR) that provides recommendations concerning project plans and designs.
- 130 The Office of Coastal Protection and Restoration should continue to pursue the strategic deployment of mitigation funds to provide quicker start and faster completion of projects.
- 131 The Office of Coastal Protection and Restoration should continue to reduce the time it takes to complete the contracting process.
- 132 The Office of Coastal Protection and Restoration should work with federal partners to improve the project development and implementation process, focusing on a reduction in the time which elapses between the initiation of a concept to completion of the project.
- 133 The Office of Coastal Protection and Restoration should continue to improve the new project budgeting and management system.
- 134 The legislature should require that all institutions of higher education bring their Tables of Organization on budget, to the extent and in the same manner followed by other executive branch agencies.
- 135 The Office of Workforce Development and the Department of State Civil Service should begin discussions now, in anticipation of a reduction in the state workforce, to develop a plan for easing the transition of the employees from state service to private employment.
- 136 Each statewide elected official should determine, as of October 2, 2009, the number of unfilled positions authorized for the agency in its Table of Organization, Appropriated

Table of Organization Full Time Equivalent (T.O.FTEs) approved by legislative appropriation, eliminate approximately 50% of those unfilled positions, and return the funds appropriated therefor to the state. In addition, each statewide elected official should not, unless otherwise approved by the Commissioner of Administration, exceed the number, considered the ceiling of occupied Non-T.O. FTEs that existed on October 2, 2009, for the remainder of the fiscal year and return any subsequent savings to the state. Collectively the number of occupied Non-T.O. FTEs for statewide elected officials (Schedule 04 and Schedule 06) was 325 on October 2, 2009.

- 137 Create Office of Behavioral Health within Department of Health and Hospitals to replace the current Office of Mental Health and Office of Addictive Disorders.
- 138 Department of Transportation and Development eliminate its airplane.
- 139 Department of Transportation and Development eliminate four ferry routes (Melville, White Castle, Reserve and New Roads).
- 140 Department of Public Safety and Corrections – Corrections Services outsource their pharmaceutical services.
- 141 Department of Public Safety and Corrections – Corrections Services outsource the collection of probation and parole fees.
- 142 Governor's Office of Homeland Security and Emergency Preparedness explore outsourcing commodity inventory while maintaining the same quality of emergency preparedness.
- 143 Provide that a Louisiana state prisoner, who does not have a high school diploma or who has not passed the General Education Development test (GED) certifying that he has American high school academic skills, shall have made available to him a program designed to help him pass the GED.
- 144 Reduce the number of Department of Transportation and Development districts by at least two districts.
- 145 Department of Transportation and Development outsource all testing labs to private labs outfitted to perform all testing.
- 146 Department of Transportation and Development outsource maintenance operations to the private sector and sell production equipment not used except for emergency equipment.
- 147 Department of Transportation and Development employ the fleet management program to eliminate 20% of its cars and pickup trucks.
- 148 Department of Transportation and Development outsource at least 80% of its design engineering to the private sector, with emphasis on the large jobs. The 20% of design engineering retained would involve small bridge and turning lane jobs.
- 149 Department of Transportation and Development reduce work-related accidents by 50%, from a total of 7% to 3.5%.
- 150 Department of Transportation and Development approve more projects for value engineering.
- 151 All departments and agencies in Louisiana state government be required to obtain the approval of the Joint Committee on the Budget of the Louisiana Legislature in order to retain a management consultant in a contract equal to or greater than \$50,000 per year. The personal appearance or written application for approval of the Joint Legislative Committee on the Budget shall explain the following: (1) Why the department or agency needs to hire an outside consultant. (2) How the service provided by the outside consultant conforms to the mission of the department or agency. (3) Why the service of the outside consultant cannot be performed by a regular employee or employees of the department or agency. (4) How the outside consultant was selected. (5) What action the department or agency will take to satisfy the need that the outside consultant is being hired to address if the Joint Legislative Committee on the Budget does not approve the contract. (6) The number of employees who will be

working under the contract, by head count, full time equivalence and qualifications. (7) The number of hours and amount of compensation, including salary and benefits, paid to all employees under the contract. All information shall be provided in a format prescribed by the Joint Legislative Committee on the Budget.

- 152 The Department of Natural Resources field audit program for royalties be transferred to the Department of Revenue and that no more than 75% of the monies spent by the Department of Natural Resources to perform this service be appropriated annually to the Department of Revenue to perform the service.
- 153 State agencies, including higher education and state public hospitals, are directed to explore adoption of LEAN principles to improve efficiency, increase productivity, eliminate waste in system processes and save money.
- 154 Requests the Division of Administration to evaluate various alternative IT funding models.
- 155 Research outsourcing print and mail infrastructure across all agencies and departments.
- 156 Research outsourcing imaging and content management services for ERP integration.
- 157 Explore cost-benefits of utilizing managed print services.
- 158 Enable contracting methodology for value added services that transform the way employees work and improve constituent services.
- 159 Reduce the state automobile fleet by at least 10% prior to December 31, 2009; reduce at least an additional 10% of the 11,484 vehicles remaining prior to December 31, 2010; reduce at least an additional 10% of the 10,336 vehicles remaining prior to December 2011; emphasize pooling and convert many agency fleets to rentals.
- 160 Eliminate certain unfilled positions within the executive branch of state government in response to Executive Order No. BJ2009-11.
- 161 Modernize the procurement statutes across all procurement areas.
- 162 Create a database of commodity based procurement to include services across the state in order that the state can make more strategic decisions in developing contracts.
- 163 Require the Division of Administration to pursue the development of "enterprise contracts" and require state agencies to utilize these contracts.
- 164 Requests the Division of Administration to develop a program to effectively monitor the performance of vendors who do business with the state.
- 165 Requests all state agencies, regardless of statutory or delegated authority to process their own contracts, to provide the Division of Administration information on those contracts not in the state's contract financial management system.
- 166 Requests all agencies to engage in a thorough review of private contracts to identify underperforming and low-priority contracts.
- 167 Inpatient capacity can be absorbed by the community hospitals in certain markets, with a renewed investment being made in outpatient and primary care access. These models should be evaluated immediately by Department of Health and Hospitals, Louisiana State University and Louisiana State University Health Care Services Division on a case by case basis in each community, and the study should be completed by December 31, 2010. In those communities where these models would be successful, the state should evolve the system to meet the needs of that community while optimizing the existing complement of non-public beds in that market. Huey P. Long Medical Center should be the first to be evaluated under this policy and an RFP should be written to outsource the acute and inpatient care for that Medical Center while planning for an outpatient clinic either within the current Huey P. Long Medical Center structure or using private providers using the DSH funds available in the future allocated between the inpatient and outpatient services.

- 168 Request the Division of Administration develop a web based system for management and reporting by agencies of space utilization of state leased space as well as space utilization and maintenance efforts in state owned facilities operated and maintained by agencies outside the division.
- 169 Governor and legislature consider converting state-owned enterprises and assets from dormant physical capital to financial capital which can be used for pressing needs.
- 170 Certain government services and processes be identified as activities to be funded in whole or in part through "full cost recovery" of expenses by the user or customer; that the criteria for setting the amount of cost recovery be established in consultation with the Society of Louisiana Certified Public Accountants; and 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.
- 171 Directs the Board of Elementary and Secondary Education to broadcast and archive its meetings online.
- 172 Each agency and department shall engage in a thorough review of its contracts and shall reduce the Fiscal Year 2009-2010 and Fiscal Year 2010-2011 cost of such contracts by ten percent each fiscal year, subject to exceptions submitted to and approved by the Commissioner of Administration. Each exception shall be reported to the Commission on Streamlining Government. Each agency and department shall report on such review and contract cost reductions to the Commission on Streamlining Government by December 1 of each year through 2011. The word "contracts" as used in this recommendation, shall not include contracts let pursuant to the Public Bid Law, contracts let pursuant to the Procurement Code, or contracts required by state or federal law. Statewide elected officials, the State Board of Elementary and Secondary Education and the Legislature are directed to reduce expenditures for private contracts with agencies by at least 10% from FY 2010 levels. Such reductions should target professional services contracts, under-performing contracts, and contracts funded exclusively with state dollars. All agency heads should review private contracts and identify underperforming and low-priority contracts, determine whether the contract is productive and fulfills an agency mission, whether the activity can be performed in-house with existing staff and budget, or if the activity should be completely eliminated. Agency heads should take immediate action and publish online an overview report at least thirty days before the 2010 Regular Session convenes. All new and renewed contracts with agencies should include information from the private entity as to the number of private sector jobs and the hours associated with each job that will be created or maintained under the contract.
- 173 Any proposal of a separation package, whether it takes the form of an early retirement program, a retirement incentive, a buyout plan in exchange for voluntary separation, or a severance package for involuntary separation, should be carefully analyzed to ensure that the total projected expense of the plan, including any actuarial costs to retirement systems or increases in the premium amounts paid for group health insurance, does not outweigh the savings to the state; specifically the recurring savings of the state should pay for the costs of the package within five years of implementation. Additionally, the state should route up to 50% of the annual savings resulting from the severance of employees receiving the separation package to the retirement system and the group health insurance provider to help fund the additional direct or indirect costs, if any, associated with implementation of the separation package. Further, the inclusion of provisions prohibiting reemployment of the voluntary participants and requiring elimination of positions held by all employees severed from employment should be strategically included in the package design to avoid "double dipping" and to maximize savings.
- 174 Each agency head should consider furloughs for employees as a cost-saving measure to help delay or eliminate the possibility of layoffs. Agency heads should give due consideration to the timing of such furloughs, seeking opportunities to maximize the savings while avoiding significant adverse effects on the delivery of services. For example, a regular work day immediately following or preceding a holiday seems a

promising choice as many state employees take leave on those days, and many agencies experience reduced demand for services.

- 175 To the extent that agencies employ the retirement incentive layoff avoidance measure of Civil Service Rule 17.9, the agency should abolish the position vacated by each retiree or the agency should abolish other positions which provide the same savings that would be gained from abolition of the vacated position.
- 176 The legislature should consider allowing members of the Louisiana State Employees' Retirement System to purchase service credit to be used for purposes of eligibility by paying the full actuarial cost; the legislature may choose to restrict this to members who have attained the age at which they would be eligible to retire but who lack five years or less in service credit to become eligible, and to require the member to retire within 30 days of such purchase.
- 177 The legislative committees on retirement should continue meeting jointly to study the possibility of altering the design of the retirement plan benefit structure of the four state retirement systems to provide for decreased risk to the employer agencies and the state, increased predictability of costs, and greater portability of benefit. The committees should be cognizant of the state's exemption from social security participation and the effects of any change in that exempt status on employees as well as the state. This study should specifically include consideration of a defined contribution structure. The Commission on Streamlining Government should review any report issued by the committees as part of its ongoing duties pursuant to the provisions of Act 491 of the 2009 Regular Session.
- 178 The legislature should protect the provisions of Act 497 of the 2009 Regular Session which provide for application of excess investment earnings toward reduction of the unfunded accrued liabilities of the retirement systems for teachers and state employees and should capitalize on opportunities to provide additional payments when funds and circumstances allow.
- 179 The legislative committees on governmental affairs should meet jointly to study the current Civil Service rules and state laws governing leave accrual and accumulation and to determine whether the current structure supports the overall employment and compensation policies of the state of Louisiana. Particular emphasis should be given to a determination of whether disability insurance may be used as a substitute for or as a supplement to sick leave accrual and accumulation, and the cost, if any, of the current law and rules allowing leave balances to be converted to retirement credit.
- 180 The legislature should consider adopting a special, earlier prefiling date for legislation related to retirement to allow adequate time for fiscal and actuarial analysis of the effect of the proposed legislation.
- 181 The legislative committees on governmental affairs, retirement, appropriations, and finance should undertake a comprehensive study of the state's policies related to the employment and retention of state public servants, the compensation package offered to those public servants, the extent to which the combination of salary and benefits supports the employment and retention policies, and the adjustments, if any, to the compensation package that may be more successful in furthering employment and retention policies; after the study is complete, it is recommended that the committees present a joint report to the House of Representatives and the Senate detailing the committees' findings and recommending proposals for any changes the committees deem necessary or prudent. The Commission recommends that the joint report be issued at least thirty days before the convening of the 2011 regular legislative session.
- 182 The legislature should require each agency receiving state funding or operating with self-generated funds derived from fees and other assessments or interagency transfer to evaluate and justify its staffing level as part of the state budgeting process. Each agency head should consider engaging in strategic workforce planning and using that strategic plan in presenting staff justification to the legislature. An agency's strategic workforce plan should be subject to internal review and amendment at regular intervals

not to exceed three years.

- 183 All executive branch agencies, including higher education entities, should be required to report all employees to the Department of State Civil Service and the legislature, including "T.O." and "non-T.O.", full-time equivalents, work-as-needed, "when-actually-employed," part-time, seasonal and temporary, and the head count and full-time equivalent for employees working under contract. The reporting of these additional groups of employees to Civil Service shall be at the same time, in the same manner, and to the same extent reported now or as Civil Service may require. The report to the legislature shall, at a minimum, be made as a part of the annual budgeting process; however, the legislature may require such report to be made more frequently.
- 184 The legislature should determine whether an agency's unclassified managers receive pay increases even if they have not complied with the requirements applicable to classified managers regarding completion of the performance reviews of the employees supervised.
- 185 By February 1, 2010, the Department of State Civil Service should hold mandatory education and training for all upper level management (whether classified or unclassified) and human resources staff of executive branch agencies to inform or refresh them regarding the current rules and procedures for layoffs, layoff avoidance measures, salary flexibility, and other workforce management tools. By March 15, 2010, the Department of State Civil Service and the upper level management, whether classified or unclassified, and human resources personnel of each agency should schedule and hold in-depth discussions regarding the particularized personnel needs of the agency and the tools, processes, and rules by which Civil Service can help the agency meet those needs. To the extent the current practices of Civil Service do not meet the needs of the agency, Civil Service should consider rule changes.
- 186 The Department of State Civil Service should coordinate with the Division of Administration to eliminate any duplication in training programs and to ensure there are no gaps in the training programs offered.
- 187 The Department of State Civil Service shall adopt appropriate national, regional, or state testing or certification programs that may be used in lieu of the civil service exam to determine qualifications for classified positions. The department should give due consideration to ACT WorkKeys as well as to any similar testing or certification programs. The department should balance the positive aspects of each program against any increased costs to the state as an employer or to the prospective employee as an applicant. The department should consider whether an applicant who already has a rating or certification from a public or private national, regional, or state entity should be allowed, on an individual basis, to have that certification substitute for the civil service examination.
- 188 The Department of State Civil Service, with the support of the Legislative Auditor, should examine the supervisor-to-staff ratios, within each program in executive branch agencies and determine whether the ratio is appropriate based on the particularized circumstances and data from the industry. The department should report annually to the State Civil Service Commission, the division of administration, the Joint Legislative Committee on the Budget, and the Commission on Streamlining Government as to the programs examined, the ratio, and the propriety of that ratio. If possible, the data should be maintained in the Integrated Statewide Information System (ISIS) or any successor data information system.
- 189 The State Civil Service Commission should not consider an employee whose annual performance review shows he or she "meets expectations" for any pay increase which purports to be based on meritorious service or performance.
- 190 The Department of State Civil Service should annually report to the Joint Legislative Committee on the Budget regarding the turnover rate in state agencies and the cost associated therewith; the report should provide data on specific job classifications where the turnover rate is especially high or the cost to the state is great.

- 191 The legislature and the Department of State Civil Service should continue efforts to enlarge the pay bands, to provide opportunities for flattening agencies' organizational charts, to encourage use of pay-for-performance initiatives, and to widen the utilization of the dual career ladder. Additionally, the department should monitor the current performance evaluation process to ensure each agency conducts the evaluation activities in a manner that is objective and consistent, both internally and in comparison to other agencies. If the department finds that objectivity and consistency are chronically lacking, the department should inform the State Civil Service Commission and the legislature so that rules or laws may be formulated to assist the agencies in achieving objectivity and consistency in performance evaluation.
- 192 As a part of continuing assessment of whether the state's employment practices are meeting the goals and policies of workforce attraction and retention, it is of paramount importance to know why employees separate from service. Currently, the costs of turnover are quite large. The Department of State Civil Service should encourage each agency to conduct exit interviews with employees who sever employment and to record the reasons for the separation in the Integrated State Information System (ISIS) or other utilized personnel records system. If possible, the department should work with the Division of Administration to revise the turnover reasons in ISIS to make the data more meaningful and valuable. The department should include the turnover information, including reasons for separation, as a part of its reports. At least once a year, the department should report to the State Civil Service Commission, the Joint Legislative Committee on the Budget, and the Commission on Streamlining Government regarding turnover rates, reasons for separation, any recommendations for decreasing the turnover rate, and any other information the department deems important for an overall understanding of state employee turnover and the reasons for separation.
- 193 All executive branch agencies should be encouraged to utilize the maximum allowable probationary period of two years for employees hired on or after January 1, 2010. The Civil Service Commission should consider whether the minimum probationary period should be lengthened, perhaps to the current two-year maximum.
- 194 The Department of State Civil Service should encourage state agencies to take full advantage of existing special pay and rewards and recognition policies to provide employees with both monetary and nonmonetary rewards for outstanding performance. This should take place in conjunction with the implementation of the new annual pay increase system based upon the employee's annual performance review. Where the department perceives an agency to be underutilizing these tools, the department should contact the agency directly to schedule a discussion about the appropriate use of special pay, rewards and recognition, and pay-for-performance options.
- 195 The Deferred Retirement Option Plans of the Louisiana State Employees' Retirement System, the Teachers' Retirement System of Louisiana, and the Louisiana School Employees' Retirement System should be closed effective January 1, 2015. Any state employee whose membership in the Louisiana State Employees' Retirement System is governed by Act 75 of the 2005 Regular Session should not be permitted to participate in the plan. Any person who enters the plan applicable to his or her system on or after January 1, 2013, should sever employment upon completion of participation in the plan. Any person who is eligible to enter the plan on or before January 1, 2015, and who has not submitted an application to enter the plan on or before January 1, 2015, should be prohibited from participation in the plan. The retirement systems should provide for early application to enter the plan for those members whose eligibility begins near the termination date of the plan but who may wish to begin participation on a date after January 1, 2015, but in no case shall such participation extend beyond the legally permissible time limitations.
- 196 Each manager responsible for engaging in the Performance Planning and Review process should use the PPR forms to track each employee's productivity and level of performance by using objective information to measure actual performance against expectations.

- 197 The Department of State Civil Service should lower the number of classifications to 800 by December 31, 2010, and further lower the number to 600 by December 31, 2011.
- 198 Each agency should consider using furloughs to keep costs down. Each agency should furlough every employee one day each quarter of the 2010-2011 fiscal year. Determination of timing of furloughs is left to the agency; however, where possible the agency should consider furloughing all employees in a particular location on the same day to capture additional savings from such things as non-use of utilities.
- 199 The Department of Health and Hospitals should study the use and feasibility of telemedicine.
- 200 Department of Education to reduce the paperwork required of each school district for annual Pupil Progression and Advancement Plans and School Improvement Plans to "net change" documents instead of redoing the entire report yearly.
- 201 State Board of Elementary and Secondary Education to restructure the Minimum Foundation Program so that the MFP, as well as the federal dollars follow the child and that 80% of the MFP funds are spent on the classroom as directed by the principal of each school.
- 202 Ensure that terminated, deceased or retired state employees do not get their active employee pay inappropriately.
- 203 Restructure teacher pay to provide incentives for education graduates to seek secondary education positions.
- 204 Align Department of Education contracts to the highest priority education initiatives, and cancel the other contracts that are not in the top priorities. But in any event, the department is to cancel at least 10% of all contracts.
- 205 The Department of Natural Resources should automate data entry and privatize record archiving for the Office of Mineral Resources.
- 206 The Department of State Civil Service should investigate whether savings could be achieved by the coordination of recruitment efforts by state entities at individual events or locations.
- 207 The governor and the Legislature support and pass the Louisiana New Start Education Tax Credit Program which would (a) provide a \$4,000 refundable state income tax credit per child to parents who have a child attending a Louisiana public school that is deemed to be "academically unacceptable" by the Louisiana Department of Education and who assume the cost of their child's education in a private or parochial school in Louisiana, and (b) provide a \$4,000 state income tax credit to any Louisiana taxpayer that donates \$4,000 to a nonprofit, scholarship-granting organization recognized by the Louisiana Department of Education which, in turn, uses the money to provide scholarships to families of children who are attending "academically unacceptable" schools in Louisiana and who elect instead to send their children to a private or parochial school in Louisiana.
- 208 Department of Public Safety and Corrections eliminate all but one of the principals supervising teachers in its education program and return the remaining principals to classroom teaching positions.
- 209 Centralize the hosting of current and future compatible geographic information system and "volume buy" GIS software and licenses, including local government in such purchases where appropriate.
- 210 Merge and assign the administration of the State Board of Elementary and Secondary Education's block grant program focused on pre-kindergarten programs for at-risk four-year-old children into the Department of Education's Cecil J. Picard LA 4 Early Childhood Program.
- 211 Primary responsibility for adult education resides with the Louisiana Community and Technical College System and the responsibility and funding of the Department of

- Education's Division of Adult and Community Education should be transferred to the system.
- 212 Require the State Board of Elementary and Secondary Education to terminate the pre-GED (Graduate Equivalency Diploma) Skills Options Program and direct local education agencies to re-direct funds supporting the program to approved dropout prevention programs modeled after Jobs for America's Graduates.
- 213 Department of Public Safety and Corrections, Public Safety Services eliminate the Oil Spill Coordinator's public outreach program.
- 214 Department of Revenue charge based on full cost recovery private businesses, groups or individuals for issuing private letter rulings.
- 215 Each agency must review its historical vacancy and attrition rates and shall make strategic reductions in positions by five percent, first looking at layers of management and clerical staffing, each year for three years. Furthermore each agency should review process re-engineering and unit consolidation while preserving critical services such as public safety and direct patient care. Reductions can be achieved through outsourcing privatization and program elimination where feasible and cost effective. Each agency must report to the Commission on Streamlining Government by December of 2010 and 2011 the achieved reductions and explanation of why the target was not met. Finally, state personnel who learn new skills or increased scope of responsibility should be reviewed for pay increases using savings from staff reductions.
- 216 Department of Health and Hospitals continue implementation plan to sell and/or lease the John J. Hainkel Home and Rehabilitation Center.
- 217 Direct the Office of Group Benefits to write an RFP to consider consolidating and outsourcing state employee group medical benefits under a single administrative provider to more effectively leverage critical mass and improve efficiency, and report the results back to the Commission on Streamlining Government. Multiple options/levels can be offered through a single provider.
- 218 Scale down the Louisiana Teacher Assistance and Assessment Program.
- 219 Eliminate the workforce grant program in the Department of Economic Development as the Louisiana Fast Start program is operational.
- 220 Reduce the Entertainment Workforce Program in the Department of Economic Development.
- 221 Provide, by statute, that one of the options for the use of excess revenue should be a recurring (permanent) tax cut for individual and corporate taxpayers, which should be budgeted.
- 222 Should a reduction in force through voluntary or involuntary separation become necessary, whether applicable only to targeted programs or budget units or implemented across most agencies, the design process of the staff reduction plan should include discussions of a separation package which may take the form of an incentive or severance package. Prudence dictates that the details of such a package should be determined only after designation by the appropriate entity of programs to be reduced or eliminated or positions to be emptied. However, any such separation package may include three basic components: (1) a lump-sum payment, (2) provision for health insurance, and (3) provision for education or training. If the package is offered as an incentive for voluntary separation, any employee taking the incentive should be prohibited from employment with the state or from entering into a contract to provide services on behalf of the state for a period of thirty-six months. If the person is reemployed or enters a contract within the prohibition period, the person should reimburse the state the proportionate value of the incentive package. Any separation, whether voluntary or involuntary, to which a separation package applies should trigger the abolition of the position from which each employee is separated; however, if the position is critical to the mission of the agency, the agency should be permitted to abolish another position or combination of positions that represent the elimination of

- the same amount of salary and benefit costs from the agency's budget.
- 223 Convert all agency advertising notices to electronic notification where feasible.
- 224 Department of Public Safety and Corrections - Public Safety Services, outsource Information Technology applications and services where appropriate to improve operating efficiencies and realize savings.
- 225 Department of Social Services eliminate the Earned Income Tax Credit technical support program since it is not within the core competency of the department.
- 226 Require that the FAIR and COASTAL Plans be administered pursuant to the laws governing the plans that were in effect before the adoption of Act 1133 of the 2003 regular legislative session creating the Citizens Property Insurance Corporation, and that Citizens cease all operations after its debts are paid off and if private insurance and/or the FAIR and COASTAL plans are established.
- 227 Require that the retirement plan benefit structure for the four state retirement systems be changed to a defined contribution plan for all new employees hired after July 1, 2010.
- 228 Reduce the site-specific fund in the Department of Economic Development, which is used to cover project-specific expenses related to business retention and recruitment efforts.
- 229 Change the supporting guarantees for Small Business Loan Guarantee Program in the Department of Economic Development.
- 230 Provide that the annual budget for the Crescent City Connection Division of the Department of Transportation and Development can be no more than the amount of annual tolls collected by the Crescent City Connection, which tolls cannot be raised without a two-thirds vote of the legislature.
- 231 Require any revisions to the final business plan for the proposed new Charity Hospital in New Orleans previously approved by the Joint Legislative Committee on the Budget in 2007 to be resubmitted for approval to the Joint Legislative Committee on the Budget prior to the sale of bonds by the governing corporation or the State.
- 232 Provide that no vendor whose contract with the state has been cancelled for nonperformance shall be eligible to contract with the state for 5 years.
- 233 The governor and the Legislature increase no state tax or fee to deal with the current budgetary shortfall.
- 234 To provide that annual spending per secure commitment bed in the Office of Juvenile Justice be reduced to the Southern average, as long as the reduction does not interfere with the transfer or implementation of the Missouri Model.
- 235 Provide that the span of control in all departments shall be a minimum of one manager per ten employees. Highly technical, policy or non-repetitive functions may have a span of control as low as one manager per five employees with the permission of the Joint Legislative Committee on the Budget.
- 236 No NGO shall be eligible to contract with a department or agency to which the same or similar function is being provided by a department of agency, if an appropriation for that NGO has been vetoed by the governor, unless strictly for budgetary purposes, and has not been overridden by the Legislature. The prohibition shall exist for a period of one year after the governor's veto message.
- 237 Require the Department of Public Safety and Corrections, Corrections Services to explore legislation and rule making to identify any administrative efficiencies and potential cost savings.
- 238 Direct the Louisiana Sentencing Commission to complete its work and provide the Legislature with recommendations for the 2010 Regular Session that will improve public safety and be cost effective to taxpayers.

