

Commission on Streamlining Government

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NOTICE OF MEETING

December 1-2, 2009

9:00 a.m.

Room A-B

REVISED AGENDA

Revised 11/30/09

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

November 17, 2009

IV. PRESENTATIONS

Mr. Bill Fenstermaker
Blueprint Louisiana

Mr. Dan Doonan, Labor Economist
Department of Research and Collective Bargaining Services, AFSCME

V. RECEIVE ADVISORY GROUP RECOMMENDATIONS

Civil Service and Employee Benefits:

AGCS #33 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 ten years of implementation. Additionally, the state should route 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.

- AGCS #34** 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.
- AGCS # 35** Any plan for reducing the number of full-time state employees for the purpose of providing permanent reduction of the state budget and staffing should include specifications regarding elimination of positions and restrictions on reemployment of individual employees and should apply to positions of both classified and unclassified employees; however, such a plan should also provide for a review panel with the authority to allow an agency head to request that the position not be eliminated or that the person not be restricted from reemployment.
- AGCS # 36** 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 rules changes.
- AGCS # 37** 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.
- AGCS # 38** 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 should 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.

AGCS # 39 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.

AGCS # 40 The Department of State Civil Service should investigate the extent to which national, regional, or state testing or certification programs 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.

AGCS # 41 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.

- AGCS # 42** 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.
- AGCS # 43** 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 monthly to the State Civil Service Commission and the Joint Legislative Committee on the Budget as to the programs examined, the ratio, and the propriety of that ratio. The data should be maintained in the Integrated Statewide Information System (ISIS) or any successor data information system.
- AGCS # 44** The State Civil Service Commission should consider carefully whether an employee whose annual performance review shows he or she "meets expectations" should be eligible for any pay increase which purports to be based on meritorious service or performance.
- AGCS # 45** 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.
- AGCS # 46** All agencies should engage in a thorough contract review to find the "least cost method" of providing the service or activity, whether through insourcing or outsourcing; further before implementation of any layoffs, reduction in force, or layoff avoidance measures, the agency should make its best efforts reduce the FY10 cost of contracts by 2 to 10% (for a total contract cost reduction of at least 2%); additionally, no layoff, reduction in force, or layoff avoidance measure should be approved by the Department of State Civil Service unless the agency shows it has reduced the FY10 cost of its contracts by 2% or presents an explanation of why it has not done so.
- AGCS # 47** 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.
- AGCS # 48** 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.

- AGCS # 49** 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.
- AGCS # 51** 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.
- AGCS # 52** 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.
- AGCS # 53** The legislature should require each agency receiving state funding or operating with self-generated funds derived from fees and other assessments or from 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.
- AGCS # 54** 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.

- AGCS # 55** 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.
- AGCS # 56** 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 and to the Joint Legislative Committee on the Budget 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.
- AGCS # 57** 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.
- AGCS # 58** Each manager responsible for engaging in the Performance Planning and Review (PPR) 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.
- AGCS # 59** 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.

AGCS #60 The legislature should inquire during the budgeting process about the extent to which an agency's unclassified employees are required to meet the same standards as the classified employees in order to be eligible for any pay increase, whether it is a one-time payment or a permanent increase; in particular, 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.

VI. RECEIVE MEMBER RECOMMENDATIONS

Donahue #6 The Department of State Civil Service should lower the number of classifications to 1000 by December 31, 2010 and further lower the number to 800 by December 31, 2011.

Donahue #7 Each state agency should consider using furloughs to keep costs down. The Commission recommends that each agency 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.

Michot #03 Request the Department of Health & Hospitals to study the use and feasibility of telemonitoring in health care.

Kolb #02 No new or expanded programs should be implemented unless the Commissioner of Administration certifies that the program will result in an immediate cost savings. This moratorium should stay in effect until July 1, 2012.

Kolb #03 The Department of Health and Hospitals should amend the New Opportunities Waiver to provide for an individual cap of \$60,000 per person per year.

Kolb #04 The Department of Health and Hospitals should convert the Long-Term Personal Care Services optional Medicaid program to a waiver program to help stabilize the growth and limit the services to twenty-five hours per week.

Kolb #05 The Department of Health and Hospitals should amend the Elderly and Disability Adult Waiver Program to provide for an individual cap of \$25,000 annually.

Martin #28 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.

Martin #29 Restructure the MFP so that the "dollars follow the child" (student based budgeting) and that 80% of MFP funds are spent on the classroom as directed by the principal of each school.

- Martin #30** Ensure that terminated, deceased and retired state employees do not get their active employee pay inappropriately.
- Martin #31** Restructure teacher pay to provide incentives for education graduates to seek secondary education positions.
- Martin #32** Align Department of Education contracts to the highest priority education initiatives, and cancel the other contracts that are not in the top priorities.
- Martin #33** Provide that New Year's Day is an unpaid holiday for state employees for 2011 and 2012.
- Morris #01** The Department of Natural Resources should automate data entry and privatize record archiving for the Office of Mineral Resources.
- Morris #02** 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.

VII. PUBLIC COMMENTS

VIII. CONSIDERATION OF ADVISORY GROUP RECOMMENDATIONS

Benchmarking and Efficiency:

- AGEB#42** The governor and the Louisiana 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.
- AGEB #43** The Louisiana Department of Public Safety and Corrections eliminate all but one of the principals supervising teachers in their education program and return the remaining principals to classroom teaching positions.

Duplicative and Non-Essential Services:

- AGDNES #33** Centralize the hosting of current and future compatible geographic information system (GIS) and "volume buy" GIS software and licenses, including local government in such purchases where appropriate.

Outsourcing, Privatization & Risk Management

AGOPRM #41 Department of Transportation and Development restructure its top management level to eliminate at least three top level positions.

AGOPRM #47 Department of Transportation and Development shift maintenance responsibility of state highways located in municipalities to those municipalities having state highways within the municipal limits, particularly where the municipality has old unfunded accounts receivable with the department.

IX. CONSIDERATION OF MEMBER RECOMMENDATIONS

Donahue #03 Require that Mineral Revenue received by the state in excess of the amount allocated to the Rainy Day Fund shall be designated as nonrecurring and subject to the same restrictions on expenditures as other nonrecurring revenue.

Erwin #01 Require that local per pupil share of the Minimum Foundation Program (MFP) dollars follow students to any public school or program they attend, including such programs and schools as those administered by the Louisiana National Guard (LANG), the New Orleans Center for Creative Arts (NOCCA), the Louisiana School for Math, Science and the Arts (LSMSA), the Louisiana State University Laboratory School, the Southern University Laboratory School and certain Type-2 charter schools.

Erwin #02A Merge and assign the administration of the Board of Elementary and Secondary Education's (BESE's) block grant program focused on pre-kindergarten programs for at-risk four-year-old children into the Department of Education's (DOE's) Cecil J. Picard LA 4 Early Childhood Program (LA 4 Program).

Erwin #03A Primary responsibility for adult education resides with the Louisiana Community and Technical College System (LCTCS) and the responsibility and funding of the Department of Education's (DOE's) Division of Adult and Community Education should be transferred to LCTCS.

Erwin #04A Allow local school districts to fund, at their discretion, stipends for nationally board certified school counselors, psychologists, speech pathologists, audiologists and social workers using Minimum Foundation Program (MFP) or other dollars.

Erwin #05A Any increase in the Minimum Foundation Program (MFP) allocated to a school district and eventually allocated to a school within that district with a School Performance Score (SPS) of 75 or below shall be spent on effective dropout prevention and remediation programs for students attending such school. This shall not apply to that portion of an increase in MFP dollars that are statutorily obligated to be spent otherwise, such as for teacher salary. Annual growth in the MFP is 2.75%, approximately \$62 million.

- Erwin #06** Require all school districts to replace lower performing dropout prevention programs with strategies modeled after Jobs for America's Graduate (JAG) and fund such programs through existing revenue including the Minimum Foundation Program (MFP) funding. Tie any state funding of dropout prevention programs to performance.
- Erwin #07A** Increase the Minimum Foundation Program (MFP) instructional spending requirement from 70% to 80% and provide that the requirement applies at the school level.
- Kolb #01** The Department of Health and Hospitals should amend the Elderly and Disability Adult Waiver Program to an individual cap at the cost of the waiver, to be no more than the average cost for an individual in a nursing facility.
- Martin #15** Public Safety Services eliminate the Oil Spill Coordinator's public outreach program.
- Martin #16** Public Safety Services eliminate in-person hearings and only submit paper for DWI license suspensions.
- Martin #26** Department of Revenue charge private businesses, groups or individuals a standard cost for issuing private letter rulings.

X. ADVISORY GROUP RECOMMENDATIONS HELD OVER

Efficiency and Benchmarking

- AGEB #10** To direct state government to reduce the number of state government positions by at least 5,000 positions for each year of the next three years pro-rata by department through vacancies and attrition and without reducing the quality of products or services. Department heads are directed in their reorganization efforts to study and take into account layers of management, spans of control, clerical staffing levels, unit consolidation, process re-engineering restructuring, retraining for enhanced skills and headquarters staffing reductions. Department heads should increase productivity by providing training opportunities for employees who wish to learn new skills or improve old skills. To use twenty percent of the savings to increase compensation for employees taking on additional responsibilities.
- AGEB #21** To provide, by statute, for a Louisiana spending limit identical to the Oregon spending limit, known as the Oregon kicker law, with the exception that, under the Louisiana spending limit, excess revenues would first be deposited into the Louisiana Budget Stabilization Fund (the Rainy Day Fund) until that fund reaches its cap before any rebates are returned to individual or corporate taxpayers. The spending limit shall be cancelled or overridden in a particular year only by a two-thirds vote of the Louisiana Legislature, which shall be subject to veto by the governor.
- AGEB #40** The Louisiana Department of Health and Hospitals be directed to bid out Louisiana's Medicaid Program to a private health insurance company with the amount to be paid

by the state capped at \$4,000 per insured. If a private insurer agreed to insure all 1.23 Louisiana Medicaid recipients for an annual premium of \$4,000 per insured, Louisiana taxpayers would save \$539 million in health care costs and \$252 million in administrative costs. The Commission further urges Louisiana's Congressional Delegation to encourage the United States Department of Health and Human Services to give its consent to Louisiana to take this action within six months.

Duplicative and Non-Essential Services:

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

AGDNES #30 Department of Health and Hospitals to continue implementation plan to sell and/or lease the John J. Hainkel Home and Rehabilitation Center.

Civil Service and Employee Benefits:

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

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

Outsourcing, Privatization & Risk Management:

AGOPRM #36 Office of Group Benefits 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. Multiple options/levels can be offered through a single provider.

XI. OTHER BUSINESS

XII. ADJOURNMENT

THIS NOTICE CONTAINS A TENTATIVE AGENDA AND MAY BE REVISED PRIOR TO THE MEETING.

Senator Jack Donahue, *Commission Chairman*