
Commission on Enhancing Agency Outcomes

Initial Report to
the Governor, President Pro Tempore of the Senate,
and the Speaker of the House
State of Connecticut

Pursuant to Public Act 09-7
September Special Session

February 1, 2010



Commission on Enhancing Agency Outcomes

Members

By Virtue of Office

Senator Gayle Slossberg, Co-Chair
Government Administration and Elections
Committee Chair

Representative James Spallone, Co-Chair
Government Administration and Elections
Committee Chair

Senator Michael McLachlan
Government Administration and Elections Committee Ranking Member

Representative John Hetherington
Government Administration and Elections Ranking Member

Senator Toni Harp
Appropriations Committee Chair (or designee)

Representative John Geragosian
Appropriations Committee Chair (or designee)

Senator Dan Debicella
Appropriations Committee Ranking Member (or designee)

Representative Craig Miner
Appropriations Committee Ranking Member (or designee)

Senator John Kissel
Program Review and Investigations Committee Chair (or designee)

Representative Mary Mushinsky
Program Review and Investigations Committee Chair (or designee)

Secretary Robert Genuario
Secretary of the Office of Policy and Management (or secretary's designee)

By Virtue of Appointment

Representative Robert Megna
Speaker of the House Appointee

Representative Russell Morin
Speaker of the House Appointee

Senator Bob Duff
Senate President Pro Tem Appointee

Senator Gary LeBeau
Senate President Pro Tem Appointee

Chancellor Emeritus William Cibes
House Majority Leader Appointee

Shelley Geballe
Senate Majority Leader Appointee

Representative Vince Candelora
House Minority Leader Appointee

William Aniskovich
Senate Minority Leader Appointee

SECTION I

Introduction

The Commission on Enhancing Agency Outcomes was first established in February 2009 via legislation enacted to mitigate the FY09 state budget deficit (P.A. 09-2). Its legislative goal from the beginning has been to reduce state costs and enhance the quality and accessibility of state services. Its membership and certain responsibilities, however, have changed through subsequent legislation. It is currently composed of a 19-member panel of legislators, legislative appointees, and the secretary of the Office of Policy and Management (or designee).

This initial report, required by public act, identifies subjects for further study; it may be viewed as the commission's work plan for the year. Although the members of the commission believe all of the recommendations are worthy of consideration, probably no member endorses every concept. The commission is required to submit a full report on its findings and recommendations no later than December 31, 2010.

Background

After its original enactment in February 2009, the commission's authority and responsibilities have been amended twice – in the FYs 2010-2011 biennial budget bill passed on August 31, 2009, and effective September 9, 2009, and in one subsequent budget implementer, passed on October 2, 2009.

Original enactment: February 2009
P.A. 09-2 (Sec. 9) ¹

As first enacted, the commission was, and still is, directed to:

- identify functional overlaps and other redundancies among state agencies; and
- promote efficiency and accountability in state government by:
 - identifying ways to eliminate such overlaps and redundancies, and
 - making such other recommendations as the commission deems appropriate.

These activities are to be done with the goal of reducing costs to the state and enhancing the quality and accessibility of state services.

Originally, the commission also was directed to consider the merger of state agencies to further the goals of the commission. Two specific mergers were suggested for consideration in the legislation: 1) the Departments of Mental Health and Addiction Services and Social Services; and 2) the Connecticut Commission on Tourism and Culture, portions of the Office of Workforce Competitiveness, and the Department of Economic and Community Development.

¹ P.A. 09-2 An Act Concerning Deficit Mitigation Measures for the Fiscal Year Ending June 30, 2009

The commission's original 17 members included: the chairs and ranking members of the Government Administration and Elections Committee (GAE), the chairs and ranking members of the Appropriations Committee, the secretary of the Office of Policy and Management (OPM), and eight legislative appointees. The GAE chairs are the chairs of the commission.

GAE administrative staff and nonpartisan legislative staff were to serve as administrative staff to the commission. The commission was to report on its findings and recommendations no later than July 1, 2009, to the governor, the house speaker, and the senate president, and terminate on July 1, 2009, or upon receiving the report, whichever was later.

***First amendment: August 2009
P.A. 09-3 June Special Session (Sec. 56)²***

Two actions in the biennial budget bill passed in August 2009 affected the commission. First, the reporting requirements and the termination date of the commission were changed. The commission was to submit an *initial* report, still no later than July 1, 2009, on its findings and recommendations, but also periodically submit additional reports. The commission's termination date was set at June 30, 2010.

Second, under the August 2009 biennial budget act, general fund lapses in both FY10 and FY11 were attributed to "Enhancing Agency Outcomes"-- \$3 million in FY10 and \$50 million in FY11.³ The apparent intent is that the commission is expected to achieve at least those amounts in savings as a result of its work.

***Second amendment: October 2009
P.A. 09-7 September Special Session (Sec. 49)⁴***

In a bill implementing the biennial budget passed in October 2009, the commission's responsibilities, membership, reporting requirements, and duration were further amended.

In terms of the directives to the commission related to agency mergers, the references to specific agencies for possible merger were deleted. The commission is still required to consider the merging of state agencies generally, as well as streamlining state operations to further the goals of the commission.

The act also added the co-chairs of the Legislative Program Review and Investigations (PRI) Committee to the commission, increasing its total membership to 19. The PRI Committee is required to assist the commission, within existing budgetary resources, as determined by the PRI Committee. This provision refers to the PRI Committee making available some of its full-time permanent, nonpartisan professional staff resources to assist in carrying out the commission duties.

² P.A. 09-3 June Sp. Sess. An Act Concerning Expenditures and Revenue for the Biennium Ending June 30, 2011

³ The total lapse amount for FY10 was \$473,293,794, and for FY11, \$530,363,090.

⁴ PA 09-7 Sept. Sp. Sess. An Act Implementing the Provisions of the Budget Concerning General Government and Making Changes to Various Programs

The commission's required reports now include this initial one, due by February 1, 2010, to identify subjects for further study; and a full report on the commission's findings and recommendations due no later than December 31, 2010. The commission's termination date was extended to December 31, 2011.

Activities to Date

During its initial work phase, from March through May 2009, the commission sought and collected ideas for reducing state costs and streamlining government from many quarters. The commission's first meeting was held on March 18, 2009.

An IBM representative and a consultant connected with IBM presented information to the commission on April 24, 2009, about electronic approaches to state government infrastructure, cost savings, and efficiency improvements, as well as to enhancing human services efficiency and effectiveness. On May 27, 2009, the Office of Child Advocate made a presentation entitled *Lessons From Across the Country: Improving Human Services Delivery*, which included a case study of the Allegheny County (PA) Department of Human Services. The commission held two evening public hearings in April, one in New Haven and one in Danbury. The commission requested by letter certain information from state agencies including whether they conducted administrative hearings; how contracts were negotiated; and if they issued permits or licenses. Related data was also requested. Inquiries about state printing facilities, interagency or outsourced printing, and agency mailing activities also were made. Responses were received from a number of agencies.

After the long biennial budget process for FYs 2010 and 2011 finally concluded, on November 30, 2009, the newly constituted commission met. Commission members received a document called Proposed Areas of Focus, which was a preliminary list of all the ideas gathered by the commission to date, requiring further review. On December 14, 2009, the commission held a public hearing in Hartford to seek both feedback on its preliminary list and additional ideas for savings and service improvements.

The commission met on January 22, 2010, to review the preliminary Proposed Areas of Focus list, re-organized by topic area to facilitate the review. That list combined with ideas from the December 14 hearing is the basis for this initial report identifying subjects for further study. The approach the commission took to evaluate the list is explained below.

Approach Used to Identify Subjects for Further Study

At the commission's January 22, 2010, meeting, each Proposed Area of Focus was assessed as to how soon a proposed idea (or part of it) might be implemented, using the following timeframes:

- Immediately (during the 2010 legislative session)
- Short-term (by 18 months)
- Long-term (three to five years)

No areas of focus were eliminated from the list.

Section II contains the results of this review process, organized by these topic areas:

- Personnel/Agency or Function Consolidations or Mergers
- Regulatory and Procedural
- Contracting and Purchasing
- Administrative
- Revenue Maximization: Federal and State
- Information Technology/Automation
- Medicaid and Other Large Budget Areas

In addition to the estimated implementation timeframe for each item under the topic area, information about support and opposition voiced during the December 14 public hearing is provided. Appendix A contains a full listing of all persons and organizations that testified or submitted written testimony to the commission at all three of its public hearings.

The tasks the commission anticipates would have to be completed and/or the additional information necessary to move forward on implementing the proposals also are presented for each topic area. Cost savings are noted for some of the proposed areas of focus, but the basis for most of these cost-savings is unclear. Therefore, except in the few cases where the cost information source is identified, no specific savings are attached yet to any proposals. It is anticipated that potential savings will be determined as proposals are further explored and refined. It is expected that the nonpartisan staff offices—Program Review and Investigations (PRI), Office of Legislative Research (OLR), and Office of Fiscal Analysis (OFA)—would develop more accurate savings estimates collaboratively.

The commission expressed interest at the January 22 meeting in following up with the agencies that did not testify at or submit testimony to the December 14, 2009, public hearing, which might further refine proposals.

Next Steps

The commission understands this initial report encompasses many ideas to achieve its overall goal of reducing state costs and enhancing the quality and accessibility of state services. At its January 27, 2010, meeting, the commission acknowledged that this effort needs to go beyond generating ideas and issuing proposals, to actual implementation. Without an overall strategy to achieve implementation, the commission is concerned that the report will just “gather dust”.

Thus, in order to accomplish its savings goal and meet its final report deadline, the commission after submitting this report on February 1, 2010, will take the following next steps.

- The commission co-chairs shall review the tasks outlined in each area and assign those tasks in accordance within its authority.

- The commission co-chairs shall meet with the General Assembly majority and minority leaders, and representatives of the executive branch, to determine which immediate and short-term ideas will be included as legislation in the 2010 General Assembly session. The co-chairs shall report back to the full commission on or before February 17, 2010, with which ideas will be submitted to the relevant committees as legislation.
- The commission co-chairs shall lay out a work plan for fully exploring each short-term and long-term idea no later than February 26, 2010. The co-chairs shall review these work plans with the commission and update the commission on the status of the short-term legislation no later than March 5, 2010.
- The commission shall create a specific plan to save \$3 million in FY 2010 and \$50 million in FY 2011 as specified by the adopted biennium budget. The commission shall approve a specific plan for FY 2010 savings no later than February 26, 2010, and for FY 2011 savings, no later than April 16, 2010.

In addition, it was also suggested that the legislative members of the commission work with their leaders to support and assist the commission's efforts.

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SECTION II

This section outlines an ambitious work plan for the Commission on Enhancing Agency Outcomes to be carried out over the next several months. As described in the previous section, the work plan is organized into seven broad categories with all the proposals under consideration by the commission contained under the relevant category. The work plan also contains the anticipated time frame for the proposal to be implemented, and a brief explanation regarding the time frame designation. The work plan also highlights support or opposition for the proposal based on testimony (oral or written) submitted at the commission's December 14, 2009, public hearing. Finally the work plan summarizes the tasks that will be necessary to research and structure the proposal for implementation, if that is what the commission determines. The work plan also recognizes that more definitive cost-savings estimates will be developed at the stage when proposals are more formalized.

The seven categories contained in the work plan are: I) Personnel/Agency or Function Consolidations or Mergers; II) Regulatory and Procedural; III) Administrative; IV) Contracting and Purchasing; V) Information Technology and Automation; VI) Revenue Maximization: Federal and State; and VII) Medicaid and Other Large Budget Areas.

I. PERSONNEL/AGENCY OR FUNCTION CONSOLIDATIONS OR MERGERS

IMMEDIATE TO SHORT-TERM

Proposal #1:

Streamline economic development ***agencies, processes and functions*** for simpler access, greater focus and reportable outcomes, and explore other opportunities for consolidations such as the merger of Cedarcrest and Connecticut Valley Hospital, and the consolidation of 23 agencies into six state agencies (See Appendix B for Senator Debicella's and Senator McLachlan's proposals).

Proposal #2:

Move additional state agencies to DAS SMART Unit for administrative functions

Explanation. Proposal #1 could be done this legislative session; the governor's budget called for a merger during the 2009 session. The 2009 program review study on economic competitiveness recommends a merger of the Connecticut Development Authority and the Connecticut Innovations Inc., and a transfer of some business development functions from the Department of Economic and Community Development to the merged authority. Savings potential short-term from rents and other expenses about \$1 million; longer-term from not refilling positions. Most of these savings are not from state budget, since these are quasi-public but savings could translate to more funding to businesses, and less to agency operations.

Proposal #2 could also be done on an immediate to short-term basis, as the Department of Administrative Services is open to the idea (per its December 14, 2009 testimony).

SHORT-TERM

Proposal #3:

Review delivery of state human services focusing on being more consumer-driven, efficient, accountable and transparent.

- a) ***Consolidate administrative functions*** including fiscal operations, human resources, payroll, central office legal, information technology, communications, public relations, quality management, rate setting and rate enhancement and may include other areas.
- b) ***Programmatic changes*** (see Long-term below)
- c) ***Enhance internal operations***
 - consolidate training – maximize federal funding
 - online applications systems (see broader recommendations in Category V)
 - consolidate contracting

Proposal #4: Consolidate and execute the “steering” function⁵ – across existing state agency lines – for: (A) health care; (B) services to persons with disabilities; (C) education and job training; (D) integrating institutionalized persons back into the community; (E) supporting innovation and entrepreneurs and other economic development; (F) housing; (G) sustainable resource management; (H) transportation and infrastructure; and (I) public safety, corrections, and homeland security. A “steering function” in each area could use funding streams to provide services from the most effective and efficient providers. It could also facilitate the consolidation of “back-office” administrative functions such as personnel/human resources, payroll, affirmative action, fiscal/budget/accounting, and contract management from the relevant agencies.

Alternative ways for consolidating and executing a “steering” function include, but are not limited to:

- ***Add a “Deputy Chief of Staff” for each function*** in the Governor’s Office, or a “Secretary” of each function, above the Commissioner level, or a divisional head at OPM in charge of each function. Such positions would be supported by a Cabinet composed of Commissioners of relevant agencies.
- ***Review the role and function of the Office of Policy and Management (OPM)***, addressing this responsibility for coordinating policy, planning and

⁵ The idea is from Osborne and Hutchinson, The Price of Government, Chapter 5, “Consolidation.” In their view, “steering” – setting policy and direction – focuses on doing the right thing. “Rowing” – service delivery and compliance operations – focuses on doing things right. The best option, according to Osborne and Hutchinson, is to consolidate funding streams and steering authority, but not the organizations that do the actual rowing. Using consolidated funding streams, steering organizations can purchase results from any rowing organization (provider) they consider best equipped to provide them. The benefits: more effective steering and more competitive service delivery.

implementation throughout state government, perhaps realigning state employee positions to better equip OPM to perform these functions.

- ***Require the creation of Interagency Steering Committees*** (similar to one created by Executive Order 15 in 2007) made up of Commissioners of relevant areas (sub-groups of A through I above) to meet at least quarterly to report to the governor and/or the secretary of OPM on how these “steering functions” are being implemented. Commissioners would be required to attend.
- ***Meetings of the Interagency Steering Committees would be public*** and, as much as possible, televised on Connecticut Network (CT-N). (Washington State does this as a way of making government more transparent, elevating the planning/coordination function to a high level, and adding a substantial degree of accountability). If obstacles exist, like funding streams, commissioners should have authority to come to resolution.

Explanation. The commission discussed how the steering function might be implemented at its January 27, 2010, meeting, and concern was expressed that introducing cabinet level or secretary positions may be perceived as adding another layer of bureaucracy and that other ways of achieving the coordination by functional area should be explored. Alternative approaches are listed above and are considered short-term as much could be accomplished through executive directives to consolidate such functions. In fact, the interagency steering council for responsible growth areas has already been created by executive order but needs to be reactivated; a similar approach is recommended for education and workforce development in the state economic strategic plan (issued September 2009).

Savings from a back-office consolidation among agencies serving persons with disabilities were estimated by the Program Review and Investigations staff in 2003 at \$8 million annually, based on analysis of savings of 10 percent of the administrative costs then. Current analysis would be applied to current administrative costs in agencies to estimate savings now, but analysis should include an assessment of reductions that may have occurred in these areas since 2003. Also, any reorganization that calls for reductions in staff will have to consider both the current “no layoff” agreement in place, and restrictions in the current SEBAC agreement with state employees.

LONG-TERM

Proposal #5: *Programmatic changes* required under agency consolidations of human services agencies (or others)

Proposal #6: Explore *modifying state employee pension plans* and other state employee post-employment benefits (OPEB), like *retiree health care costs*.⁶

⁶ See, especially, the analysis by the Pew Center on the States, *Promises with a Price: Public Sector Retirement Benefits*, 2007, at <http://www.pewcenteronthestates.org/uploadedFiles/Promises%20with%20a%20Price.pdf>

Proposal #7: *Apply cost-benefit analysis to the delivery of state services by state agencies and private providers and utilize the principles of results-based accountability (RBA) for both state agencies and state-contracted service providers and vendors.* (RBA means the method of planning, budgeting, and performance measurement for state programs that focuses on the quality of life results the state desires for its citizens and that identifies program performance measures and indicators of the progress the state makes in achieving such quality of life results in addition to the programs and partners that make a significant contribution to such quality of life results.)

Public Hearing Testimony on Agency or Function Mergers and Consolidations

Support for Proposal #3 from Connecticut Business and Industry Association. Connecticut Non Profit Human Services Cabinet support for aspects of Proposals #3 and #4 consolidating administrative functions like contracting and data collection, and using clear and consistent guidelines, but skeptical of creating a behemoth agency. “Keep The Promise Coalition” (Amdur) suggests making human services more “population focused”, but cautions against a mega-agency. The Connecticut Community Providers Association supports Proposal #4 but suggests community providers be involved.

Community Health Resources (Gates) suggests separating administrative and support functions from regulatory functions before consolidating or reorganizing.

Senator Debicella (Sen. District 21) testified that additional consolidations and mergers are possible—suggests 23 agencies can be merged into 6 new agencies, and Cedarcrest and Connecticut Valley Hospital can be merged, and suggests no more than three layers (in agency organizations) exist between Commissioners and line staff.

The Department of Public Health opposes Proposal #3 consolidation of (backoffice) administrative functions, especially accounting and contracting, but thinks there may be value in cross-training. Department of Administrative Services is open to Proposal #2 – additional agencies under SMART program.

Tasks To Develop and Refine Proposals

- Need to ***determine refill rates***, types of positions approved/not approved – should there be approval only of line or direct service and not on administrative or managerial?
- Need to determine number of ***retire/rehires***
- Related longer term – examine need to build in an incentive for managers to ***keep*** personnel (and other ***costs***) ***down*** – no incentive for that now
- Need to determine the number and percent of state employees in ***hazardous duty positions*** – additional benefits—how do percent and benefits—compare with other states?
- ***Examine state employee pension plans, health care benefits, and unfunded liability.*** How do benefits compare with other public pension and health care plans? What actions have other states taken to address?

- **Consider other potential proposals:** other *consolidation opportunities* – and consolidation of administrative functions (not just for human services agencies) and other similar functions.
- **Review SEBAC agreement** and other collective bargaining agreements to better determine restrictions, as well as determine barriers that exist because of information technology and databases.
- **Determine cost-savings estimates** for refined proposals.

II. REGULATORY AND PROCEDURAL

IMMEDIATE TO SHORT-TERM

Proposal #8: Implement lean processes in all executive branch agencies

Explanation. This was considered immediate, at least for some state agencies, since this has already been implemented at the Department of Labor and some areas of the Department of Environmental Protection. It could be done without legislative action, and there are state employees already trained in the concept and application of the processes.

SHORT-TERM TO LONG-TERM

Proposal #9: Streamline licensing and permitting processes

- a. business to state government including but not limited to DOT, DRS and DEP (e.g., water permits, human service providers)
- b. general commercial activity
- c. consumers

Proposal #10: Overhaul DMV functions focusing on consumer needs (esp. reducing lines at DMV) that would improve efficiency, accountability, and transparency

Proposal #11: Expand online applications statewide (also recommended in Information Technology/Automation section) and ***expand satellite locations*** where residents and businesses may obtain licenses, permits, and apply for assistance. ***Provide clear instructions on agency websites*** as to what information and documentation will be needed no matter how the application is made.

Explanation. Proposal #10 and aspects of Proposal #9 were identified as short-term as the most problematic processes and functions would first need to be identified; then ways to streamline and expedite the processes would need to be implemented, including determining alternative locations for processing state transactions. The commission members also discussed that one of the problems that could be addressed immediately is more predictability about state processes, which can be provided by clearly informing people about what the requirements are and what documentation and information they will need to produce online and/or in person to successfully complete the transaction.

However, commission members discussed that any approaches to application or issuance of state licenses, permits, or assistance must consider the confidentiality and protection of information and records. Further, any regulatory streamlining must be done without imposing additional risk on public health or safety or the environment (i.e., the underlying need and criteria for license or permit), which may be more long-term.

Public Hearing Testimony on Regulatory and Procedural Issues

DEP indicates streamlining licensing and permitting (Proposal #9) is important, and DPH has had success with on-line licensing and is working on one behavioral health license. The Connecticut Community Providers Association supports establishing one overarching licensing protocol for community providers. The Connecticut Business and Industry Association supports any streamlining that will help promote business development and thereby enhance state revenues.

CBIA supports LEAN processes (Proposal #8), as does DEP. TTT Transformations LLC, a private consulting firm, also testified in support of LEAN and other quality improvement processes.

Tasks To Develop and Refine Proposals

- Require each agency to identify its one most problematic regulatory process.
- Identify one or two main processes at DMV that impact the most state residents to target for improvements and/or cost savings, including exploring opportunities to expand services to outside agencies.
- Work with business groups to identify most problematic regulatory processes impacting economic development in the state.
- Analyze processes to determine where bottlenecks or duplication are occurring, and develop structured proposals for streamlining, including better local/state coordination.
- Work with Blue Ribbon Commission on Municipal Opportunities and Regional Efficiencies (MORE) to assess what proposals it is implementing that will streamline regulatory processes and improve efficiencies.
- Determine time and cost savings to customers (e.g., businesses, providers, individuals).

III. ADMINISTRATIVE

IMMEDIATE TO SHORT-TERM

Proposal #12: *Require “direct deposit” of all state payroll checks*, unemployment compensation checks, and workers’ compensation checks, to eliminate printing and mailing costs. Confirming information can be available online through CORE-CT.

Proposal #13: *Require a centralized, uniform electronic process for recording and transmitting state employee time records* throughout state agencies

SHORT-TERM

Proposal #14: *Consolidate administrative hearings* and/or use judge trial referees to provide administrative hearings for all agencies, as is recommended for CHRO. A **pilot program** might be established where certain administrative areas would be consolidated with hearing officers assigned with expertise in that area, addressing the concern that such hearing officers have knowledge in that area.

Proposal #15: *Printing* within state agencies

- a. consolidate printing centers*
- b. introduce and expand paperless processes*

Explanation. These proposals were identified as short-term, with the commission suggesting that an immediate pilot program to consolidate hearings might be undertaken. While requiring “direct deposit” appears more immediate, it would require notice to both employees and the public of the change. Also, there may be issues because some banks charge a fee for electronic deposit, while some individuals may not have accounts where direct deposits can be made.

Public Hearing Testimony on Administrative Issues

The Commission on Human Rights and Opportunities supports Recommendation 14, while the Departments of Public Health and Environmental Protection oppose it, stating that hearing officers need expertise in the specific area. CBIA supports Recommendation #12, and suggests immediate implementation, while State Comptroller Wyman opposes it, indicating it might cost more money than it saves.

Pitney Bowes testified that using better software and implementing better document management for both printing and mailing would be beneficial.

Tasks To Develop and Refine Proposals

- Determine the agencies and personnel involved in conducting administrative hearings now.
- Determine the subject matter areas of the administrative hearings and decisions, and current workloads.
- Determine the vacancies in these areas, and the number of refilled (or rehired retirees) positions.
- Determine where and how a pilot program to consolidate administrative hearing might be most feasible and effective, as well as the feasibility for longer-term implementation.
- Identify all various processes for recording of time and attendance and obstacles to making uniform, consistent, electronic process, and costs/savings estimates (personnel and other) from one process.
- Determine the costs (printing and personnel) throughout state government of paper checks, and statements.

- Determine the costs and obstacles to direct electronic deposit, and confirm that there would be savings (printing, personnel, etc.)
- Determine the printing needs, including reporting, of state agencies, and where and how that is done, and explore areas where that can be reduced or done electronically. Estimate cost savings from refined administrative proposals.

IV. CONTRACTING AND PURCHASING

IMMEDIATE

Proposal #16: *Enforce use of p-cards* (review audit findings)

Proposal #17: *Expand the use of reverse auctions for purchasing*, and also use for services.

Explanation. These were determined to be immediate as they could be implemented administratively within the executive branch agencies without legislation or other mandates, except that **legislation would be required to extend reverse auction use to services.** The reverse auction proposal (#17) was not among the list of preliminary proposals but was discussed at the January 22 and 27, 2010, commission meetings, and proposed its expanded use among agencies, towns, as well as for services and products. The practice is already used in some state agencies, including at the Office of Policy and Management for the purchase of energy used by the state.

SHORT-TERM

Proposal #18: *Mandate “managed competition”* – among both internal state government and external providers – for most services (excluding functions involving state-sanctioned violence (e.g., prisons and police), those which protect due process rights, those which handle sensitive security and privacy issues, and those that require absolutely fair and equal treatment (courts)).⁷

Proposal #19: *Cooperative Purchasing Opportunities – create and/or join* cooperative purchasing venture to allow certain eligible entities to purchase goods, certain services and utilities from state/multistate contracts. Greater volume allows for better price. (see Minnesota)

- Requires legislation to define joint powers/governmental entities that may join program. Includes municipalities, school districts as well as other entities – certain tax exempt, non profits and charitable organizations
- And/or join multistate cooperative purchasing organization – see for example **www.USCommunities.org**; other cooperatives allow participating government entities to avoid the time-consuming competitive bid process that involves

⁷ See David Osborne and Peter Hutchinson, The Price of Government, Chapter 7, “Buying Services Competitively.”

formulating and issuing requests for proposal, evaluating vendors, and negotiating contracts. Each participating government entity adds an addendum to the original contract, slightly altering the contract's terms and conditions to meet its own purchasing requirements. Since all purchasers are working off one contract, instead of the contractor having to maintain thousands of contracts across the country, they only have to maintain one. By us streamlining our side, [vendors] can provide the products and prices at a much lower cost than they could otherwise.

- Enforce bulk purchasing rules for higher education (see audit)

Proposal #20: *Join Multistate Contracting Alliance for Pharmacy* purchases – (see Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP), created in 1985, a voluntary cooperative purchasing group that combines the purchasing power of its members to receive the best prices available for pharmaceuticals, hospital supplies, and related products. MMCAP contracts with over 160 pharmaceutical manufacturers, and also has contracts for distributors (to support the pharmaceutical contracts), hospital supplies, returned goods processing, flu vaccine, and vials and containers. MMCAP's niche is to provide, through volume contracting and careful contract management, the best value in pharmaceuticals and related products to its members - eligible governmental health care facilities. Currently, MMCAP has membership agreements with 45 states and the Cities of Chicago and Los Angeles - 43 Participating Entities and over 5,000 eligible facilities.

Proposal #21: *Effectively utilize Eastern States Contracting Alliance* modeled on Western state alliance (WSCA) created in 1998 by the State of New Mexico. The WSCA are four contracts with PC manufacturers to provide, through volume contracting and careful contract management, the best value in PCs to the participating entities in 41 states that currently use these contracts. In January 2004, administration and management of these contracts was transferred to the Materials Management Division. Sixteen contracts, based on solicitations issued by Minnesota since February 2004, have become effective at various times since September 2004.

Proposal #22: *Share services/purchasing with neighboring states* (see Minnesota and Wisconsin-savings identified \$10m each state); see for example backing up each other's databases, investing together in communications systems for law enforcement and purchasing products from each other.

Explanation. Proposals #18 through 22 were all determined to be short-term, although the commission determined some aspects of Proposal #18 have the potential for being more long-term. The commission determined that all could be implemented by executive branch agencies and would not require statutory changes. In the case of the purchasing agreements, the Department of Administrative Services indicates (December 14, 2009, public hearing) that it already engages in several purchasing alliances for the state (and some municipalities).

The Department of Administrative Services indicates it already belongs to the Eastern States Contracting Alliance, which is part of the larger National Association of State

Procurement Officials (NASPO), but DAS states it need a legislative change granting it authority to purchase off an already existing contract, as DAS needs to be part of the group that develops the specifics for each procurement contract.

LONG-TERM

Proposal #23: Master contracting

- business to state government
- internal within state government
- intergovernmental
- consumers to state government
- municipalities

Explanation. The master contracting and all the subcategories listed in Proposal #23 were determined to be a long-term initiative. This would entail clarifying the definition of what a master contract actually means, what agencies and areas might be subject to it, and what the obstacles would be. Further, some aspects of Proposal #18 in mandating managed competition for some services could be longer-term if they have implications on personnel issues with SEBAC or other collective bargaining contracts.

Public Hearing Testimony on Contracting and Purchasing

The Department of Administrative Services indicated it would need further clarification on “master contracting”; in some cases DAS indicates it already does this. TTT Transformations LLC, supports a standard contracting process, and the Commission on Children supports master contracting, if it is implemented by “issue”. AFSCME Council 4 suggested implementing a contract services budget, and convening of the Contracting Standards Board.

CBIA supports Proposals #19-22, on group and cooperative purchasing and the Comptroller indicated that in some cases these cooperative arrangements work and in other cases they are not as successful. UCONN and the State University system indicated they are already doing cooperative purchasing, but UCONN indicated it should retain its purchasing authority because of unique higher education needs.

DAS stated it would need further clarification on the use of the **p-cards (Proposal #16)**, and the Comptroller supported their use, with scrutiny.

Tasks To Develop and Refine Proposals

Re: Contract Types and Aggregate Expenditures

- Identify all major types of state contracts and categorize:
 - Purchase of service agreements
 - Personal service agreements
 - Procurement Contracts
 - Other
- Identify which agencies oversee contracts

- Determine total dollar amounts
- Status of budget provision calling for reduction in contracts

Re: Individual Contractors and Contracts

- Identify individual contractors and non-profits
- Determine contracted amounts and services provided
- Determine continued need for contract
- Identify administrative expenses of contractors/non-profits
- Determine status and impact of budget provision calling for reduction of \$95 million in state contracts in each of FYs 10 and 11
- Determine the status of the State Contracting Standards Board
 - Determine potential obstacles to “managed competition”, including collective bargaining provisions
- Determine what other states have done to address contracting in current fiscal environment, and current best practices

Re: Purchasing

- Determine aspects noted above for all state purchasing activity, including the status of *Buy Smart-Buy Together*, a joint purchasing effort undertaken by the state a few years ago
- Inquire of Auditors the use of p-cards in state agencies, and review any audit findings.
- Determine states’ best practices for purchasing, and potential cost-savings if best practices are implemented
- Determine current status (extent and areas) of Connecticut’s involvement in multi-state alliance contracts, and potential for wider use and savings potential.
- Review plan for prescription drug purchasing by state agencies required by P.A. 09-206.

Re: Regionalization

- Determine what opportunities exist for regionalizing contracting, purchasing, and other services in the state, and what obstacles exist, and what is needed to eliminate obstacles.
- Identify ways of using state financial incentives or reductions to encourage implementation of regional contracting and purchasing.

V. INFORMATION TECHNOLOGY/AUTOMATION

IMMEDIATE TO SHORT-TERM

Proposal #24: *On-line applications system statewide* (example, Department of Motor Vehicles drivers’ licenses, and is also listed in Regulatory/Procedural Section)). Other agencies should include Departments of Higher Education, Social Services and Transportation. *Clients should be able to file an application for any social service with any social service agency.*

Proposal #25: *Use the Internet* to allow residents to determine the time and place of receiving services from state agencies (*self-service*) *including applications for licenses and permits* –and using the generated data to make services data to make services more responsive.⁸

Proposal #26: *Use the Internet to make processes more predictable* by informing residents and businesses of information, documentation needed to complete transaction or process.

Proposal #27: *Leverage the existing statewide state fiber network* to provide training to state agency personnel (such as DCF, DMHAS, DSS, DDS, affirmative action, etc.) by interactive video, rather than by travel to multiple locations with multiple presentations.

Proposal #28: *Make regulations for all state agencies accessible online* and other relevant information such as rules, policy guidelines.

Explanation. These proposals were determined to be achieved in the short term since Internet capabilities would allow for these to be accomplished without creation of new systems, and some online applications, webinars etc. are already available and should be able to be expanded relatively quickly.

SHORT-TERM TO LONG-TERM

Proposal #29: *Consolidate data centers*

Proposal #30: *Use managed competition* for certain information technology services, such as email, file sharing, and database applications, and forms automation and processing, and explore use of open source software and enhancing interoperability.

Explanation. These proposals were determined to need further exploration before clear designation of a time frame for implementation, as it is not clear where all data centers reside, and what computer systems and data are compatible. It is possible that certain aspects might be accomplished in the short-term, but longer-term implementation is more realistic.

LONG-TERM

Proposal #31: *Designate a lead state agency to modernize statewide communication platform*

Proposal #32: *Facilitate the creation and use of statewide, interoperable electronics systems for state records, including an electronic health records system* (EHR) to reduce health care costs and improve quality of service.

Explanation. Proposals #29, 30 and 31, and aspects of #32 above will require significant research on what the current state systems provide, and what the obstacles are to modernizing

⁸ See Osborne and Hutchinson, *The Price of Government*, chapter 9, “Smarter Customer Service: Putting Customers in the Driver’s Seat.”

platforms and making systems interoperable. Creating and accessing electronic health records statewide should be more short-term. Although such an EHR is available free of charge from the federal Veterans Health Administration,⁹ potential state users of an EHR state that the VA system does not meet their needs. However, the Connecticut Health and Educational Facilities Authority (CHEFA) is writing a federal grant proposal that will be submitted through the Department of Public Health to access \$200 million in federal stimulus funds under Section 3014 of the American Recovery and Reinvestment Act (ARRA) to be combined with \$50 million in tax-exempt bonds to be issued pursuant to Section 10a-186a of the Connecticut General Statutes, for the purpose of creating interoperable EHR systems for Connecticut providers. Moreover, a collaboration is under way to secure up to \$43 million in federal Medicaid funding (100 percent of state Medicaid expenditures for this purpose), under Section 4201 of the ARRA, to support the adoption, implementation or upgrade of certified EHR technology by eligible hospitals in Connecticut. Both of these efforts should be supported by the General Assembly. Potential out-year savings in Medicaid costs: considerable.

Public Hearing Testimony on Information Technology and Automation

The Commission on Children supports online application (#24) for benefits with common applications. The Department of Information Technology supports data center consolidation, expanding statewide application processes, including licensing, but does not support the managed competition approach to information technology.

There was support for developing electronic health records (EHR) (#32) systems from various parties, including the Connecticut Community Providers Association, UCONN (which indicates it is already implementing), and the Department of Public Health, which supports the concept but not the VA system, indicating it does not encompass needs of all providers. The Connecticut Hospital Association supports the EHR proposal, but indicates the state would need to put up some state dollars in order to get a federal match.

CBIA supports modernizing systems, consolidating data centers, and managed competition in the information technology area. The Comptroller supports consolidation as well as virtualization of servers per CORE-CT, the state's automated business system for personnel, payments etc. DPH is concerned about confidentiality of client data if data centers are consolidated.

Tasks To Develop and Refine Proposals

- Require the Department of Information Technology (DOIT) to provide description of current information technology systems, what is provided by DOIT, and what state agencies perform.
- Determine what resources (staff, equipment, and other) are currently expended on information technology and automation currently.

⁹ See David Osborne, "Memo to the New President: Reinventing Health Care," January 15, 2009, on page 12 of the printed version, available at the website of the Public Strategies Group, specifically at: <http://www.ppionline.org/print.cfm?contentid=254877>

- Determine best practices (e.g., Digital Government) for state information technology and other processes, and what implementation would cost or save.
- To the extent possible, (and within available resources) work with outside consultant services (with no product or service to sell) to assess current systems and alternatives.

VI. REVENUE MAXIMIZATION: FEDERAL AND STATE

FEDERAL IMMEDIATE TO SHORT-TERM

Proposal #33: *Pursue a Section 1115 Medicaid waiver* for the SAGA program, while increasing reimbursements to providers. This action is already required by Section 17b-192(g) of the Connecticut General Statutes, but has not yet been implemented.

Proposal #34: *Seek new federal revenue* for existing Department of Mental Health and Addiction Services (DMHAS) (ACT, Supervised Housing services, Supported Housing services, Mobile Crisis) as Medicaid rehabilitation services.

Proposal #35: *Maximize federal revenue by billing Medicaid*, to the fullest extent allowed, for outpatient services by DMHAS state operated and contracted providers

Proposal #36: Take advantage of *federal assistance to veterans*, by requiring all state agencies to ask clients seeking assistance “Have you served in the military?” and forwarding name and addresses of veterans to the Dept of Veterans’ Affairs, which can then seek out all forms of assistance to veterans.

Proposal #37: *Maximize emergency TANF (temporary assistance) and Supplemental Nutrition Assistance Program-Employment and Training Reimbursement Program funding* (SNAP E&T, formerly FSET (Food Stamp Employment and Training))

Proposal #38: *Designate a person in each state agency* for maximizing federal funds and grants.

STATE IMMEDIATE TO SHORT-TERM

Proposal #39: Confer with the *Department of Revenue Services (DRS)* about what the agency needs to *promote full tax collections*, and consider whether adding auditor positions would increase tax collection.

Proposal #40: Impose a *\$75 fee for filing discrimination complaints* at the Commission of Human Rights and Opportunities (CHRO) to discourage the filing of frivolous complaints, and allow for a waiver if indigency is shown.

Explanation. The Commission on Enhancing Agency Outcomes concluded at its January 22, 2010, meeting that certain aspects of federal revenue maximization could be achieved immediately if a more aggressive approach was taken by executive branch agencies to seek out, research eligibility criteria, and apply for federal (and other) funding. The commission also believed that inquiring about veteran status could be implemented immediately if required of all executive branch agencies, although DMHAS testified that the information cannot be shared unless permission is granted. Other aspects of the proposals would be short-term but not immediate, as waiver applications or expansions would have to be explored, and some might require additional state money before Medicaid funds would reimburse.

The commission also determined that state collections could also be maximized, and in particular thought that DRS processes/resources could be reviewed for increasing collection of taxes owed. Using an idea brought forward at the December 14, 2009, public hearing, the commission thinks establishing a fee for CHRO complaint filings, as long as there is a indigency waiver, would be beneficial.

Public Hearing Testimony on Federal and State Revenue Maximization

The Connecticut Nonprofit Human Services Cabinet supports greater efforts at Medicaid reimbursement (#33) (and other funds); CBIA supports waiver for the SAGA program, as does the Connecticut Hospital Association, and the Connecticut Community Providers Association, but with “carve outs” for some services.

The proposals for seeking Medicaid funding for additional Department of Mental Health and Addiction Services (DMHAS) (#34) and other outpatient services (#35) were supported by various testifiers including the Connecticut Community Providers Association, the National Alliance on Mental Illness (NAMI-CT), and the Department of Mental Health and Addiction Services (although DMHAS noted that many services are not federally reimbursable). The “Keep the Promise” Coalition also supported #35.

Other revenue maximization proposals suggested at the public hearing were:

- adding auditor positions at Department of Revenue Services to garner taxes owed
- eliminate some tax expenditures (tax credits) that do not provide a public benefit
- impose a filing fee at CHRO, with a waiver for the indigent
- TANF and FSET funding (commission January 22, 2010 meeting)

Tasks To Develop and Refine Proposals

- Determine total federal dollars received in Connecticut, and how (and in what agencies) the state applies for federal dollars and/or federal Medicaid waivers.
- Identify human services that are currently 100 percent state-funded, and analyze whether there is potential for Medicaid (or other) federal funding.
- Determine how other states are organized for obtaining federal revenues (and what incentives are provide to agencies for seeking and obtaining), and whether consolidation or contracting out of this function makes sense.

- Discuss with National Conference of State Legislatures, Council of State Governments, and National Governors Association.
- Determine maintenance of effort issues around Medicaid, waivers, and state funding.
- Research whether state agencies should be allowed discretion to negotiate with persons to settle outstanding accounts for money owed to the state at lesser amounts than owed.
- Research number of DRS auditors/tax collection return amounts; find out if any other point in DRS process could be enhanced to increase collection of taxes owed.

VII. MEDICAID & OTHER LARGE BUDGET AREAS

MEDICAID IMMEDIATE to SHORT-TERM

Proposal #41: Fully *implement drug recycling* programs

LONG-TERM

Proposal #42: *Control long-term health care costs*

Proposal #43: State needs to *invest in appropriate planning capacity* to address issue of *long-term health care costs*.

Explanation. The commission determined there are many aspects to this broad proposal (Proposal #42), and therefore not much could be done immediately to control long-term health care costs. Many suggestions were proposed at the December 14, 2009 public hearing – from rebalancing the care system to provide more community-based care and expanding newer community initiatives like “Money Follows the Person”, to expanding waivers for current home care services and community-based services for the young mentally ill, and transferring more clients from state-run programs to community providers. However, one commission member cautioned at the January 22, 2010, meeting that the state, in its efforts to control costs, must be careful not to create two parallel, expensive entitlement programs.

Public Hearing Testimony on Controlling Long-term Health Care Costs

The Commission on Aging suggests rebalancing the system more towards home care, streamlining the home and community-based waiver systems and supports the “Money Follows the Person” initiative. CBIA also supports more care in the community and by community providers rather than state agencies and suggests a cost analysis of Southbury Training School. Senator Debicella also supports greater services by community providers rather than state agencies.

Other suggestions for controlling long-term health care costs were more administrative and may well lend themselves to the review of contracting and administrative segments of the work plan, for example, to develop a single application process for most social services, standardize data and reporting systems, and increase collaboration among nonprofits to offer and

coordinate more back office services. Some efforts at controlling costs might be able to begin immediately, like full implementation of drug recycling programs (#41), and fall prevention programs for the elderly.

Tasks To Develop and Refine Proposals

- Explore whether federal restrictions exist on state reducing optional Medicaid services.
- Determine capacity and occupancy rates of nursing homes, administrative costs of nursing homes, and potential ways of reducing the number of beds and/or homes.
- Explore obstacles to transferring additional services to community providers from state agencies (e.g., SEBAC and other collective bargaining agreements).

CORRECTIONS SHORT-TERM

Proposal #44: *Provide community services* to approximately 1,400 persons in prison with moderate to serious mental illness who are incarcerated ***ONLY for low-level, non-violent offenses***. If community services cost \$20,000 per person, vs. \$32,000 per incarcerated person, savings would be \$17 million annually. Medicaid reimbursement for community services could provide additional federal revenue of \$10 million or more.

Proposal #45: The state should carefully review the potential for saving money and improving public safety by ***enhancing*** its programs for ***community corrections*** as alternatives to incarceration for lower-risk-level, non-violent offenders, including in the weeks and months prior to release from prison – using proven risk-assessment methods and evidence-based supervision programs. Such programs have proved effective in states like Texas and Arizona, they cost far less than incarceration, and they improve outcomes (including protecting public safety, improving offenders’ reintegration into the community, and decreasing the rate of recidivism).¹⁰

Proposal #46: *Innovation and prevention, state corrections*

Explanation. The commission determined proposals # 44 and 45 could be implemented in the short-term because it believes there are evidence-based models out there that could be fairly easily replicated that have demonstrated to reduce recidivism and save money. One obstacle discussed was local opposition to siting community-based residential facilities.

CORRECTIONS LONG-TERM

Proposal #47: Explore the ***privatization of Inmate Medical Services in DOC***

¹⁰ See the analyses by the Pew Center on the States, including One in 31 (2009), and “Right-Sizing Prisons: Business Leaders Make the Case for Corrections Reform” (January 2010), both available at www.pewcenteronthestates.org

Public Hearing Testimony on Corrections

The Connecticut Business and Industry Association supports programs that cut the rate of recidivism like “character-based” prison models, alternatives to incarceration for non-violent offenders, and enhanced community re-entry services. The Capital Workforce Partners also supports prevention programs such as better alignment of employment and training services with client needs, and developing programs for high school dropouts and ex-offenders.

The Department of Mental Health and Addiction Services, NAMI-CT, and CCPA, and CNPHSC, the nonprofit human services cabinet, all support enhanced community services in the corrections area, but indicate that they must adequately address needs (like mental health) and cover costs.

MHM Correctional Services, a private firm in the area of correctional consulting and services supports privatizing some correctional services, and public/private partnerships in implementing other correctional programs.

Tasks To Develop and Refine Proposals

- Determine how Department of Corrections provides services (including medical) now, and what evidence-based models exist for these services to be privatized and/or provided in community.
- Explore obstacles that might exist to privatizing services, (e.g., security issues like locked units).
- Review Pew Center on the States Report entitled One in 31 cited in footnote 10.

DEPARTMENT OF CHILDREN AND FAMILIES SHORT-TERM

Proposal #48: *Enhance community prevention and intervention efforts by DCF*, to support and preserve families, keeping children at home when safe, and using foster care, rather than congregate care, when children must be removed from their families. Short-term savings result because foster care board and care payments should be less than per child costs for congregate care. And there should be longer-term savings because kids are far more likely to get adopted out of foster homes than congregate care.

Explanation. The commission determined that this proposal could be implemented in the short term, recognizing that many of these programs already exist in the state have been demonstrated to be less expensive and in many cases more effective. The use of these less costly alternatives could be expanded within the executive branch.

Public Hearing Testimony on Department of Children and Families

The Commission on Children supports prevention programs for children

Tasks To Develop and Refine Proposals

- Determine how DCF provides child welfare and prevention services now, what are the determining factors and what evidence-based models exist for these services to be privatized and/or provided in community?

EDUCATION COSTS SHORT-TERM TO LONG-TERM

Proposal #49: *Promote regionalization of elementary and secondary education* to more efficiently use state education funding.

Tasks To Develop and Refine Proposals

- Work with Blue Ribbon Commission on Municipal Opportunities and Regional Efficiencies (MORE) to assess what proposals it is exploring that would promote regionalization of elementary and secondary education.

STATE OWNED MENTAL HEALTH FACILITY IMMEDIATE

Proposal #50: Use City of *Middletown to provide water service* to Connecticut Valley Hospital (CVH)

Tasks To Develop and Refine Proposals

- Discuss idea with the Department of Mental Health and Addiction Services to understand DMHAS concerns.

SOCIAL SERVICES DELIVERY LONG-TERM

Proposal #51: Undertake *rigorous cost/benefit analysis of transferring most or all social services clients from state institutions to not-for-profit private providers and closing state institutions*. Agencies including the Department of Developmental Services and the Department of Mental Health and Addiction Services will be reviewed to determine the timetable and savings from transferring clients to the private providers.

Miscellaneous (Suggestions from December 14, 2009 Public Hearing)

- Do not rebid contracts with nonprofits; already providing services at less than state services
- Accept suggestions from SEBAC members on providing more effective and efficient services
- Eliminate the Connecticut Resources Recovery Authority

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Appendix A	
Persons/Organizations That Testified or Submitted Testimony at	
Commission on Enhancing Agency Outcomes Public Hearings	
April 27, 2009 New Haven	
	Cynthia Clair
	Fritz Jellinghaus and Ann Scheffer
	Helen Higgins
	John Herzan
	Larry Bingaman
	Nancy Ahern
	Rachel Gibson
	Robert Dunne
	Ryan Odinak
April 30, 2009 Danbury	
	Jeffry Muthersbaugh
	T.H. Martland
	Tom Nelson
December 14, 2009 Hartford	
	Alicia Woodsby, NAMI-CT
	Alyssa Goduti, Community Providers Association
	Barry Kasdan, Bridges in Milford
	Brian Ellsworth, Connecticut Association for Hospice & Homecare
	Chancellor David G. Carter, Connecticut State University System
	CIO Diane Wallace, Department of Information Technology
	Commissioner Amey Marrella, Department of Environmental Protection
	Commissioner Patricia Rehmer, Department of Mental Health & Addiction Services
	Commissioner Robert Galvin, Department of Public Health
	Comptroller Nancy Wyman
	Connecticut Hospital Association
	Connecticut Nonprofit Human Services Cabinet
	Department of Administrative Services
	Elaine Zimmerman, Commission on Children
	Hal Smith, MHM Correctional Services, Inc
	Heather Gates, President & CEO of Community Health Resources
	Jon P. FitzGerald, Office of Public Hearings, Commission on Human Rights & Opportunities
	Julia Evans Starr, Commission on Aging
	Leigh Walton, Pitney Bowes
	Peter Gioia, Chief Economist, Connecticut Business & Industry Association
	Ron Cretaro, Connecticut Association of Nonprofits
	Sal Luciano, AFSCME Council 4
	Senator Dan Debicella, 21 st District
	Shelia Amdur, Keep the Promise Coalition
	Thomas Gullotta
	Thomas Nelson, TTT Transformations, LLC
	Thomas Phillips, Capital Workforce Partners
	VP & CIO Barry Feldman, University of Connecticut
	Brian Anderson

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Appendix B

Senator Debicella Proposals (12/11/09 Letter)

Senator McLachlan Proposals (4/23/09 Letter)



State of Connecticut

SENATE

STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

SENATOR DAN DEBICELLA
DEPUTY MINORITY LEADER
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RANKING MEMBER
APPROPRIATIONS COMMITTEE
HIGHER EDUCATION & EMPLOYMENT
ADVANCEMENT COMMITTEE
PUBLIC HEALTH COMMITTEE

MEMBER
REGULATIONS REVIEW COMMITTEE

December 11, 2009

Dear Senator Slossberg and Representative Spallone:

Per your request at the November 30th meeting of the Commission on Enhancing Agency Outcomes, I am submitting additional ideas for consideration. Having reviewed the preliminary ideas generated for consideration, I believe that many are worth pursuing. However, only a few of these ideas reach the fundamental type of government restructuring needed to address the fiscal crisis facing Connecticut in the next 3-5 years. Most of the ideas will result in savings of less than \$5 million, which will not make a dent in the multi-billion dollar deficit projected for FY11-FY14.

If our commission is to be more than just another political distraction, we must face the task of restructuring government to save money head-on. Therefore, I am offering several additional ideas that I believe our commission should adopt. Most of these ideas were discussed in the budget process of 2009, but require a multi-year effort to implement. I believe these are the types of long-term changes our commission should work to implement.

When taken together, the following recommendations would save over \$250 million per biennium (based on OFA estimates) without diminishing the quality of service provided by government. Most of the recommendations will result in a reduction of the state work force, as redundancies are eliminated and functions are transferred to more efficient providers. While the state work force cannot be reduced until FY11 at the expiration of the SEBAC agreement, I believe we need to start planning now.

This commission has an opportunity to reinvent government by changing how we operate—saving the taxpayers money while maintaining the outcomes we desire. Anything short of this approach will result in massive tax increases and additional borrowing. My hope is that we can join together in a bipartisan fashion to stand up to special interests, truly change how Connecticut government operates, and set us on a fiscally sustainable course.

Sincerely yours,

Dan Debicella
State Senator

Proposals for Reinventing Government

1) Transfer DDS and DHMAS Clients to Non-Profit Community Providers

Total Savings: \$100 million per year (post-SEBAC agreement)

Background: Currently, 80% of DDS and DHMAS clients are served by non-profit community providers, ranging from day services to full hospital care. The remaining 20% of clients are served by state institutions. Quality of care is widely recognized to be excellent at both community providers and state institutions. However, state institutions cost between 2-3 times more per client than community providers. While part of this is due to more severe cases being handled by the state, a large portion of the cost comes from higher labor cost and overhead in state institutions.

Proposal: Transfer all clients from state institutions to private providers (along with 50% per client funding) and close state institutions. Take a multi-year approach to the transfer to ensure community providers can build capabilities to handle the wider array of client needs.

2) Merge 23 State Agencies into 6 New Agencies, and eliminate unnecessary overhead

Total Savings: \$19 million (post-SEBAC agreement)

Background: As state government has grown, state agencies have developed with overlapping responsibilities and management structures. Management layers can be eliminated and redundant positions reduced by merging and streamlining agencies.

Proposal: Merge similar agencies and eliminate redundant managerial, supervisory, and front-line positions. Potential mergers are as follows:

- a. Move CI, CDA and CHFA into DECD
- b. Combine DPH, DCF, DDS, DMHAS and DSS into a Department of Human Services
- c. Consolidate all permanent and minority-based commissions into one new Commission on the Status of Protected Citizens
- d. Merge DPW into DOT and DAS
- e. Merge DMV into DOT
- f. Consolidate DOL into DECD
- g. Move DEMHS into DPS
- h. Merge Department of Aging into various agencies

3) Consolidate Cedarcrest Hospital with Connecticut Valley Hospital

Total Savings: \$8 million

Background/Proposal: With under-utilization of both hospitals, merging them and eliminating labor and overhead associated with hospitals would maintain client quality while saving costs.

4) Prohibit any state agency from having more than 3 layers between Commissioner and front line personnel, and have every manager responsible for at least four direct reports.



State of Connecticut

SENATE

STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

SENATOR MICHAEL A. McLACHLAN
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MINORITY WHIP

RANKING MEMBER
GOVERNMENT ADMINISTRATION AND ELECTIONS
COMMITTEE

MEMBER
FINANCE, REVENUE AND BONDING COMMITTEE
JUDICIARY COMMITTEE
LEGISLATIVE MANAGEMENT COMMITTEE
TRANSPORTATION COMMITTEE

April 23, 2009

Honorable Gayle S. Slossberg, Co-Chair
Commission on Enhancing Agency Outcomes
Legislative Office Building #2200
Hartford, CT 06106

Honorable James Field Spallone, Co-Chair
Commission on Enhancing Agency
Outcomes
Legislative Office Building #2200
Hartford, CT 06106

Dear Senator Slossberg and Representative Spallone:

I am writing to offer ideas for consideration by the Commission on Enhancing Agency Outcomes as we work to identify opportunities for operational efficiencies in state government. Clearly the challenge of any designing government reform and streamlining plan is to identify operational synergies that can foster departmental mergers. I present to you the following consolidation ideas for consideration by the Commission:

- Connecticut Innovations, Inc., Connecticut Development Authority and the Connecticut Housing Finance Authority consolidated into the Department of Economic and Community Development.
- Department of Labor consolidated into the Department of Economic and Community Development.
- Department of Public Health, Department of Children and Families, Department of Developmental Services, Department of Mental Health and Addiction Services and the Department of Social Services consolidated into a new created Department of Human Services.
- Department of Public Works consolidated into the Department of Transportation and the Department of Administrative Services.
- Department of Motor Vehicles consolidated into the Department of Transportation.

- Department of Emergency Management & Homeland Security merged with the Department of Public Safety.

The Commission on Enhancing Agency Outcomes should offer the General Assembly government reform plans that address long-term goals of reducing state government spending. Substantive consolidations as suggested above will demonstrate that government does not have to be a gigantic and inefficient bureaucracy and that an entrepreneurial spirit can truly transform our state government. I look forward to our deliberations over the next several weeks.

Sincerely yours,



Michael A. McLachlan
State Senator
Member - Commission on Enhancing Agency Outcomes

Cc: Commission on Enhancing Agency Outcomes Members
Honorable John McKinney, Senate Minority Leader
Honorable Leonard A. Fasano, Senate Minority Pro Tempore