



Everything New Orleans

## Streamlining panel tries to rein in state expenses

By Jan Moller, The Times-Picayune

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From the outsourcing of aquatic plant control (No. 86) to having the transportation department sell its airplane (No. 138) to issuing a \$4,000 private-school voucher for every child in a failing school (No. 207), the work of the **Commission on Streamlining Government**, was, if nothing else, comprehensive.

But as the panel prepares to issue its initial report this week, it remains to be seen whether the recommendations -- 238 in all -- will end up as a blueprint for a leaner government, or if the report will join the legions of well-meaning reform efforts that lie forgotten on dusty bookshelves.

It's also unclear whether the panel even achieved the basic goal outlined by Gov. Bobby Jindal: identifying \$802 million in savings that can be applied to the state's \$948 million projected budget shortfall next year.

The **Legislative Fiscal Office** is still sorting through the recommendations to determine their effect on the budget. But a tally using the streamlining commission's own cost-saving estimates shows that it would have a combined \$778 million impact on the state budget. That number appears optimistic, however, as much of the savings suggested by the panel are things that state agencies already are doing, such as closing the New Orleans Adolescent Hospital.

As of late Thursday, only 59 of the 238 recommendations had been analyzed by the fiscal office.

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While none of the recommendations carry the force of law -- they are suggestions to the governor and Legislature -- Sen. Jack Donahue, R-

Covington, the commission's chairman, said he expects the recommendations to be a useful tool as state officials try to balance the 2010-11 budget without raising taxes.

"I feel comfortable that we've given them a lot of information about how we can reduce the size of state government," Donahue said.

He said he expects the savings to add up to "over a billion dollars." But he acknowledged that the numbers are uncertain, and that some of the panel's recommendations might never see the light of day.

"I don't have any delusions that he (the governor) will like all the recommendations that we made," Donahue said. "But I'm hoping that some of them will make it into the budget."

Jindal, who identified the streamlining panel as one of his top priorities for the year, refused to be interviewed about the commission's work. Through spokesman Kyle Plotkin, Jindal said some of the recommendations "may be incorporated" into his administration's legislative agenda for 2010.



Ted Jackson / The Times-Picayune

The Commission on Streamlining Government has made 238 recommendations on ways to cut expenses.

Commissioner of Administration Angele Davis, Jindal's chief budget adviser and a member of the 10-person panel, said many of the suggestions will be reflected in the governor's 2010-11 executive budget.

"You have made my job easier," Davis told the commission.

But even though Jindal challenged the commission to be bold in its recommendations, some of the more sweeping proposals were either rejected, modified or never taken up for serious debate.

One case in point: a set of proposals by Maurice McTigue, director of the Government Accountability Project at the **Mercatus Center at George Mason University**, who served as an unpaid consultant to the panel. McTigue suggested a sweeping reorganization of state agencies that would eliminate the Department of Wildlife and Fisheries, take power away from statewide elected officials and consolidate certain government functions in new departments.

The proposals never received serious debate, which Donahue attributed to the short time frame the commission had to complete its work.

The panel also rejected several suggestions by state Treasurer John Kennedy, who suggested cutting the state's payroll by 15,000 workers over three years, reducing the number of outside contractors working for the state and forcing the Department of Health and Hospitals to eliminate low-priority services in the Medicaid program.

"We have made some solid recommendations, but on many critical issues we were entirely too timid and tentative," Kennedy said. He said any serious effort to reduce the size of government must reduce the cost of labor, contracts and health-care expenses.

Administration officials said they already are reducing the state workforce, and that steps are under way to overhaul Medicaid and oversee state contracting.

Other critics said the streamlining panel erred by only looking at spending cuts without considering whether revenue needs to be raised.

"Revenue needs to be a part of the solution," said Edward Ashworth, director of the **Louisiana Budget Project** for the Louisiana Association of Nonprofit Organizations. If spending cuts are the only thing being considered, the result will be deep cuts to social programs and higher education, he said.

Still other recommendations appear to conflict with the administration's priorities, or with other streamlining suggestions. For example, the panel proposed that the governor, through executive order, should require some state agencies to recoup the full cost of providing services from the customers they serve.

The Mercatus Center estimates "full-cost recovery" could generate up to \$180 million for state coffers. But it also would likely require the Legislature to raise fees on a broad array of services, such as hunting licenses or vehicle registration. Fee increases, in turn, require a two-thirds vote in the Legislature and would be unlikely to find support in the tax-averse Jindal administration.

Then there is streamlining recommendation No. 233, which urges the governor and Legislature to balance the budget without raising taxes or fees.

Other recommendations seem to fly in the face of administration policy. Davis, for example, has repeatedly said the administration wants to avoid across-the-board cuts in favor of a "strategic" approach to cutting spending. But one of the biggest cost-saving suggestions came from Donahue, and requires state agencies to keep doing exactly what they're doing now, only with 2 percent less money.

The move would save an estimated \$124 million, but also is the definition of the type of across-the-board cut the administration says it opposes.

Still other recommendations are almost sure to face major opposition from the Legislature. For example, the commission proposed saving up to \$43 million by privatizing some of the state-run developmental centers for the disabled and transferring residents to private institutions.

The six state-run centers care for some of the most severely disabled people in Louisiana and are paid higher per-diem rates than private institutions. But previous attempts to close developmental centers have

met with stiff resistance, as legislators jealously guard the ones in their districts.

Numerous other recommendations call on state agencies to privatize specific operations, such as printing or pharmacy services. But not all privatization efforts end up saving as much money as expected. The state Department of Public Safety and Corrections, for example, thought it could save \$1 million in the current fiscal year by outsourcing its food service operations. But when agency officials put the matter out to public bid, it found out that it would actually cost an extra \$1 million.

Barry Erwin, president of the nonprofit **Council for a Better Louisiana** and a member of the streamlining panel, said the long-term impact of the panel will be its ability to collect a large number of cost-saving ideas in one place for lawmakers to consider as they make spending decisions.

"Some of them are new, some of them are ones that we've talked about in the past but have not gained a lot of traction," Erwin said. "But they could save a lot of money."

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