

PRESENTATION
To
Interim Legislative Reorganization Commission

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Thank you Chairwomen Appel and Mascher for this opportunity to appear before this Interim Legislative Reorganization Commission.

As you are aware, Governor Culver and Lt. Governor Judge have been concerned about reducing unnecessary costs and making the delivery of state services more efficient since the beginning of their Administration, as outlined in Governor Culver's Inaugural Address.

Governor Culver has submitted and signed into law three balanced budgets. In his budget messages to the Legislature, he has identified, for instance, several off-budget fund accounts that should either be eliminated or transferred to the General Fund for better transparency. He also took the lead last December to reduce state government spending by implementing a 1.5% across-the-board cut and even earlier by placing controls on out-of-state travel, association memberships, and the filling of vacancies in Executive Branch departments. In Fiscal Year 2009, General Fund expenditures for out-of-state travel and association memberships have been reduced by approximately 30% in FY 2009.

This summer Lt. Governor Judge and Governor Culver directed the Department of Management in its annual budget guidance letter to request departments and agencies to submit status-quo budgets for FY 2011. Additionally, department directors have been managing to the expectation of declining state revenues and are looking at ways to further reduce their budgets. Finally, many departments are using LEAN to make certain processes, such as applications for permits, more efficient, as Teresa Hay McMahon of DOM will discuss later.

As part of his efforts to streamline government, Governor Culver recently initiated an Efficiency Review of Executive Branch agencies. As outlined in an August 17th joint letter to department directors from the Governor, Lt. Governor and the chairs of the Legislative Reorganization Commission, this effort will be carried out in concert with the work of the Legislature.

As a result of a competitive selection process, the Department of Management just awarded Public Works LLC a fixed-fee contract to work with the Governor's Office and the Department of Management to lead the Efficiency Review. As Mr. Schnurer will expand on in a few minutes, Public Works brings a neutral, fresh look at state government. It will be able to

provide staff resources dedicated to this process at a time when many state agencies are doing more with fewer resources because of the economy. Public Works has overseen similar reviews in several other states, including Colorado and New Mexico. The firm generally projects that it can help governments to achieve annual, recurring savings equivalent to at least 2 percent of general fund revenues. In fact, in many instances the savings realized have exceeded their projections.

Public Works is meeting regularly with the Governor's Office, the Department of Management, and departments to help identify opportunities for:

- Improved delivery of services (purchasing contracts would be one example of this);
- More efficiencies in the way of providing services and conducting process of government; and
- Elimination of unnecessary costs

The schedule of initial meetings with all department directors should be completed this week. Issues being discussed with directors include:

- Past or current internal performance review-like efforts in their agencies;
- Updates on the status of those efforts and impressions of their effectiveness;
- Important audit and performance reports from the last few years; and
- Department benchmarking sources

The Governor wants to work in a bi-partisan and collaborative manner on making lasting improvements to state government operations. He also wants to make this a transparent and open process. As an example, the Governor's Office is setting up a website for this efficiency review.

Thank you for this opportunity. Please let me know if you have any questions.