



Performance Reviews to Achieve Savings & Efficiency Gains

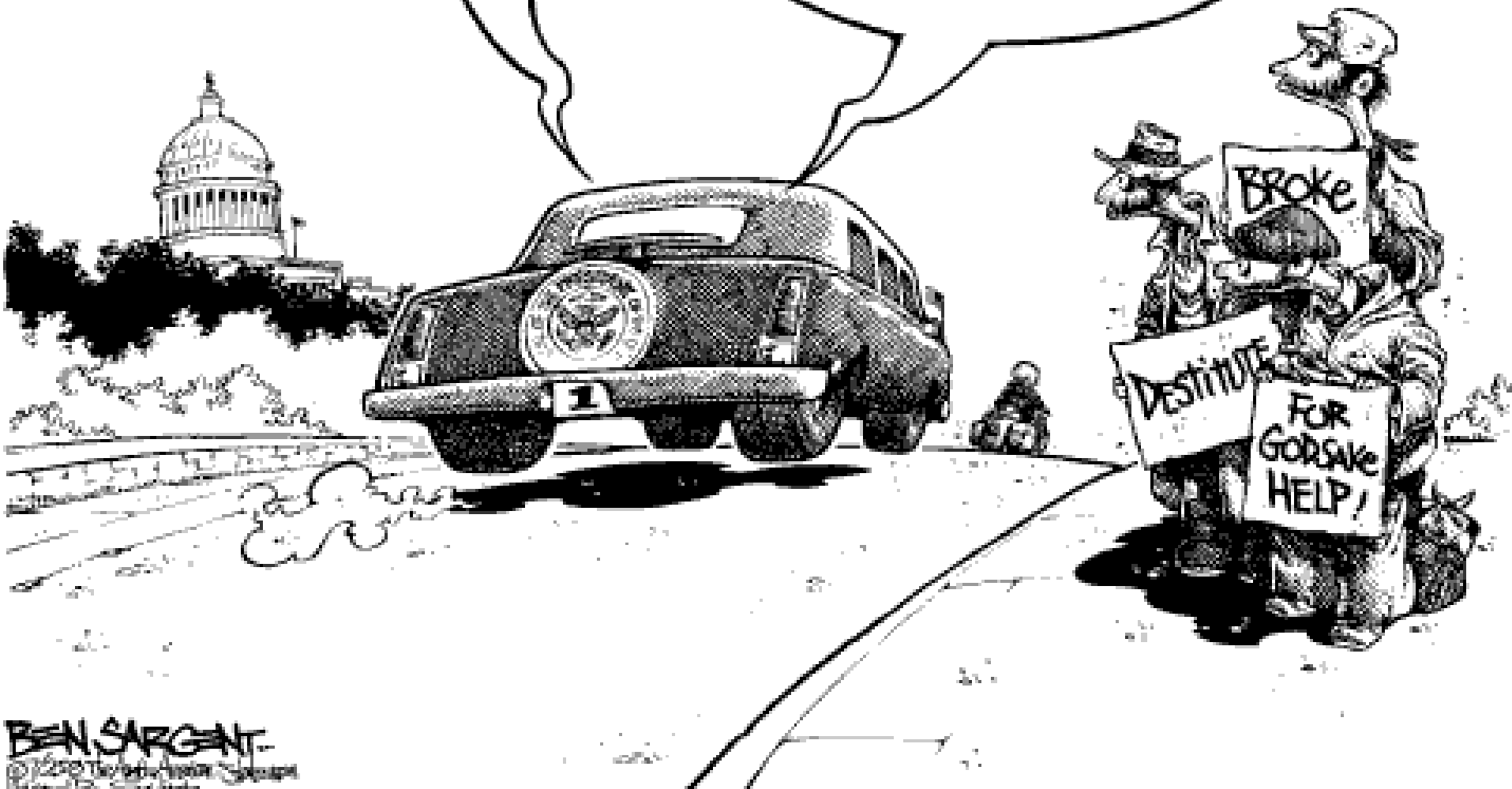
Center for State Innovation

October 29, 2008



CAN'T WE GET THESE
BUMS OFF TH' STREET?

I'M AFRAID THOSE ARE
ALL GOVERNORS, SIR.....



How Governments Usually Look at Finding Savings

“Bringing the issue down to reality, in order to save on the order of \$3.5 billion, the disinvestment would be the equivalent of:

- cutting ALL funding for the state’s universities and community colleges and eliminating ALL mental health services, or
- eliminating ALL health care programs for seniors and children living in poverty and releasing ALL 51,000 prisoners, or
- cutting \$2,000 in per pupil aid to public schools (a reduction of one-fourth or more in school support).”

Michigan’s Defining Moment:

Report of the Emergency Financial Advisory Panel

February 2, 2007

“Due to the economy, we’re going to have to let one of you go.”



Suze Orman Money Matters

Easy Ways to Save \$5,000 a Year

1. Change Is Good.

Save all your change. Every time you pay cash, put any change you get in a separate part of your wallet or purse. At the end of the day, put all that money into a special savings jar.

Every time I've had people commit to this for a month, they tell me they were able to save \$30 to \$60. That works out to \$360 to \$720 a year.

Painless savings: About \$500 a year.

2. Reduce Your Credit-Card Debt.

The average credit-card is 15 percent, and the average consumer has a \$9,000 balance. By paying the monthly minimum due and getting the rate down to 10 percent, you can save about \$150 a year during the shorter payback period.

For tackling your credit-card debt, you can transfer your balance to a card such as the Discover Platinum Card, which gives you a zero percent interest rate for one year and 9.9 percent after that.

Instead of paying more than \$1,400 in interest payments a year for the card with the 15 percent rate, all your payments go toward paying down the principal for that first year. Each month, paying 4 percent on your \$9,000 balance -- i.e. \$360 -- would reduce it to just \$4,680 at the end of one year. At that point, transfer your balance again to another zero-percent-rate card and keep paying the \$360 a month -- you'll be in two years.

(Almost) painless savings: \$1,163 (interest you won't pay on the 15 percent card in the first year).

3. Go for the Higher Insurance Deductible.

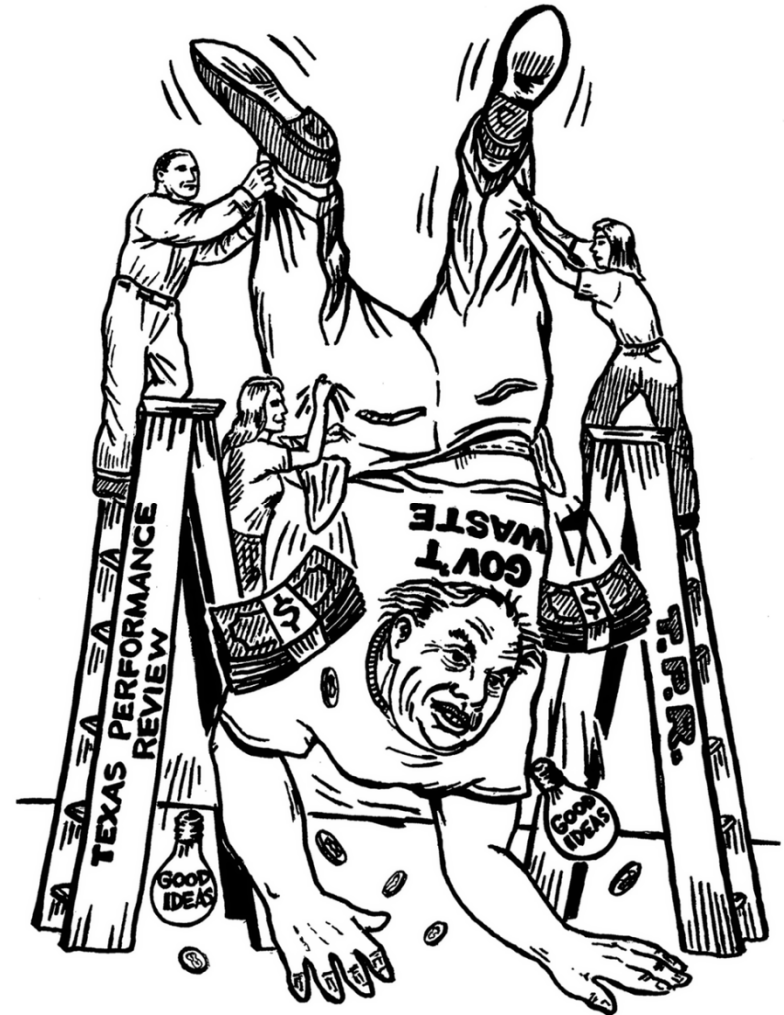
It's not smart to go for a low deductible on your car and home insurance. The odds are that you won't be making a claim. Moreover, you want to save insurance for big-ticket losses.

With a higher deductible -- say, at least \$1,000 on both car and auto -- you will be less likely to make those small claims. And the higher deductible can shave \$100 to \$200 or more off \$1,000 in insurance premiums. Bundle your auto and homeowner's insurance with the same insurer, and you can qualify for another 15 percent reduction in your overall cost.

Painless annual savings: \$300 or more each year.

That's What Performance Reviews Achieve

- NOT about cutting line-item cuts.
 - Everyone (particularly legislators/bureaucrats) says: "We've cut everything there is to cut."
 - We say: Don't cut budget items – cut inefficiency, savings follow (although there are programs that can be cut).
- Save money
- Increase efficiency
- Eliminate waste
- Improve customer service



Where It's Achieved Success

- Texas – The first in the nation
 - Saved more than \$4 Billion the 1st year
 - **Public Works** staff helped manage and served on the Texas Performance Review
- National Performance Review (Clinton/Gore)
 - Saved \$108 billion 1st year
 - Brought federal employment to lowest level since Eisenhower
 - TPR & **Public Works** staff helped



New Mexico Performance Review

- Worked with team from 22 state agencies
- A hotline and website for New Mexicans to weigh-in; e-survey to 16,000 employees
- Six months from start to publication
- \$100 million (5%) of annual non-educational general fund budget in 1st year
- Almost \$400 million over 5 years

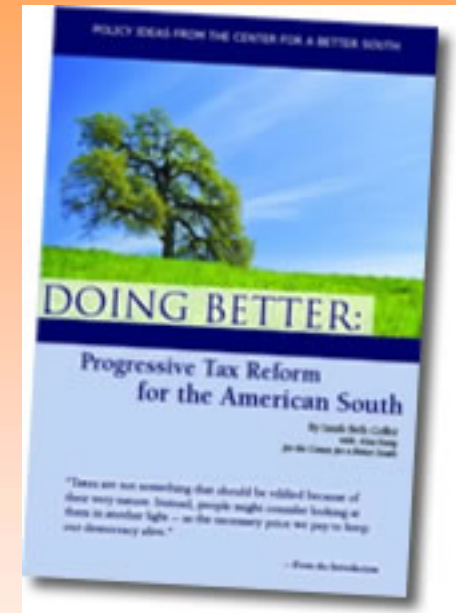


What They've Said

Commentary on the NMPR

Center for a Better South

“Each Southern state should conduct a comprehensive performance review to boost government efficiency, save money and improve customer service.... To fail to invest in a performance review fails taxpayers.”



New Mexico Performance Review

“New Mexico Gov. Bill Richardson established the New Mexico performance review by executive order in May 2003. The state Department of Finance and Administration, with the help of a private contractor, coordinated the work of eight teams made up of private-sector consultants and state employees.”

West Virginia Performance Review

- Examined 5 areas of state government
 - HHS, Transportation, Purchasing, Environmental Protection and Corrections
- First phase completed in 4 months.
- Projected \$60 million in 1st year, \$318 million savings over 5 years.
- Actual savings: \$77 million in first year.
- Now project \$389 million over 5 years.



What They've Said

Headlines from WV Press

“ What the firm’s president, Eric Schnurer, and his staff uncovered, in some respects, was mind-boggling.”

– Register-Herald Reporter



Government Cuts Are Long Overdue

Authored by Public Works LLC, the report is long on details and good ideas. It offers specific ways to cut expenses in a number of state divisions.



Study Finds Ways to Save Taxpayers A Few Dollars

Last week the governor revealed that the first phase of that study has been completed by Public Works, a consulting firm with offices in several cities. The company's suggestions, if implemented, should save state government big money. We commend [Governor Manchin] for commissioning the study and encourage him to implement its recommendations as soon as possible.

BILL RITTER

Colorado's Governor



GOV. RITTER LAUNCHES GOVERNMENT EFFICIENCY AND MANAGEMENT (GEM) PERFORMANCE REVIEW

Gov. Bill Ritter today launched the innovative Government Efficiency and Management (GEM) performance review, a top-to-bottom examination of how state government can more efficiently and cost-effectively deliver services to the people of Colorado. “The GEM review is not a line-item budget-cutting exercise,” Gov. Ritter said. “GEM is a bottom-up review that will result in long-term savings so that we can be as fiscally conservative with taxpayer dollars as possible. The GEM review will be led by public policy experts at **Public Works** along with a team of 20 state employees.



denverpost.com

THE DENVER POST

Ritter plans reforms to
streamline government,
cut costs

Rocky Mountain News.com

Ritter says efficiencies can
save \$145 million over 5 years

DENVER BUSINESS JOURNAL

Review IDs ways to improve
government efficiency

Recommendations Made Real

- **NMPR:** 90% implemented in Gov. Richardson's next budget

- **WVPR:**



\$500,000 becomes \$77 million for state

Officials initially estimated a first-year savings of \$67 million, but got an additional \$10 million.

- **CO GEM:**



State official: Money-saving measures are working

- **AR DOH Review:** Hostile agency implemented almost all recommendations



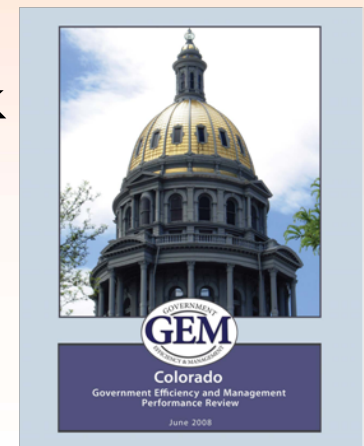
Audit right, health agency needs help, Boozman says

*BY NELL SMITH ARKANSAS
DEMOCRAT-GAZETTE*

"I have to say, I prepared myself for a proctology exam," he said, "and ended up with really a very pleasant experience."

Achieving Success: Examples

- Employ technology to fight Medicaid fraud – **NM/WV/CO**
- Implement Reverse Auctions – **NM**
- Calibrate salt spreaders to reduce ice removal costs – **WV**
- Eliminate most free postage for prisoners – **NM**
- Consolidate agency mail service – **CO**
- Combine Mining Commissions – **NM**
- Consolidate highway pipe types - **WV**
- Require doubled-sided printing – **NM**
- Add shifts at maintenance garage – **CO**
- Eliminate blank report pages – **CO**



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Chapter IV

Protecting Our Water and the Environment

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Improve Air and Water Quality Appeals Process

Appeals of decisions on air and water quality permits should be limited to the record of the original hearing instead of allowing a completely new hearing.

BACKGROUND

The New Mexico Air Quality Control and Water Quality acts require that hearings occur for air quality construction, air quality operating, and ground water discharge plan permits when there is both a request for a hearing and "significant public interest". The acts also require those hearings to be held before the Secretary of the New Mexico Department of Environment (NMED). When

(numbers in thousands)

Recommendation	2005		2006		2007		2008		2009		Cumulative	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Reduce State Landscaping Water Use	-	-	-	-	-	-	-	-	-	-	-	-
Conserve Ground Water: Evaluate Domestic Well Applications	-	-	-	(172.8)	-	147.2	-	147.2	-	147.2	-	268.8
Strengthen Long-Term Water Resources Planning	-	-	-	-	-	-	-	-	-	-	-	-
Improve Forest Conservation and Protection	-	-	(340.2)	-	(157.2)	-	(157.2)	-	-	-	(654.6)	-
Improve Air and Water Quality Appeals Process	-	-	8.5	-	8.5	-	8.5	-	8.5	-	34.0	-
Improve State Agency Environmental Performance	-	-	-	-	-	-	-	-	-	-	-	-
Require Results from Environmental Cleanup Contractors	-	-	-	34.8	-	34.8	-	34.8	-	34.8	-	139.2
Recover Cleanup Costs from Polluters	-	-	-	-	-	-	-	-	-	-	-	-
Reduce Environmental Cleanup Costs: Require Private Insurance	-	-	-	3,000.0	-	3,000.0	-	7,500.0	-	7,500.0	-	21,000.0
Streamline Solid Waste Permit Hearings	-	-	1.5	-	1.5	-	1.5	-	1.5	-	6.0	-
TOTALS	-	-	(330.2)	2,862.0	(147.2)	3,182.0	(147.2)	7,682.0	10.0	7,682.0	\$ (614.8)	\$ 21,408.0

Fiscal Table

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- **Merge Mining Commissions.** The Mining Commission and the Coal Surface Mining Commission may once have had good reasons for existing as two separate state entities. If so, they no longer do. This report recommends doing away with the Coal Surface Mining Commission entirely and transferring its most essential operations to the Mining Commission. Consolidating these two commissions would save money and improve service without affecting accountability in the permitting and appeals process.
- **Abolish Interstate Natural Gas Office.** The Office of Interstate Natural Gas Markets was created in 1989 to develop marketing strategies for one of the state's most abundant natural resources. New Mexico's natural gas producers have shown that they can market their product effectively on their own. In the years ahead, the Governor should address any natural gas marketing issues if, and when, they arise. In the mean time, there's no need to maintain an outmoded bureaucracy. The Legislature should abolish the office.

Questions?





www.public-works.org

