

Optimizing State Services

In these stark budget times, significant savings cannot be achieved solely by purchasing fewer office supplies or traveling less. Mississippi has more than 100 agencies, many of whom offer similar services. All have directors and hiring departments that manage a small staff. We have a responsibility to taxpayers to avoid redundancy and wasteful spending. The consolidation of many boards and smaller departments into existing state agencies will reduce administrative costs and prevent unnecessary duplication of certain tasks. Agency consolidations will save money while providing more efficient services to taxpayers.

Even agencies that are wholly special fund agencies can be combined to achieve savings. For example, consideration should be given to what savings could be achieved by merging our three state public defense agencies.

My budget recommends discontinuation of state support for four entities, the Mississippi Technology Alliance, the Commission on the Status of Women, the Enterprise for Innovative Geospatial Solutions and the Mississippi River Parkway Commission. The bulk of work done by MTA (which is not a state agency) can be performed by the Mississippi Development Authority. The Commission on the Status of Women should be rolled into the Attorney General's Office. The functions of EIGS can be rolled into the existing university structure, and the Mississippi River Parkway Commission should be merged into MDA.

To ensure we are spending taxpayer money in the most efficient way possible, Mississippi will develop and implement a comprehensive program to achieve significant cost-savings through administrative initiatives, such as bulk purchasing, joint procurement, and consolidating back-room operations, preferably into a single office for all universities and community and junior colleges. The Department of Finance and Administration, in conjunction with the Institutions of Higher Learning and the Community College system, will carry out these consolidations.

Agencies such as the Tax Commission and Medicaid already have worked successfully to renegotiate state contracts. Their good example should be followed by every state agency that has contracts with an outside vendor.

Modernizing the state's technology capabilities

When I was first elected Governor, my top priority was to clean up the then-existing \$720 million budget shortfall. The Legislature enacted large parts of "Operation Streamline" to reduce costs. With your help, we were able to get Mississippi back into the black in only two and a half years, without raising anybody's taxes.

This time part of our strategy is to achieve increased collections of the revenue owed the state. To do so, we will provide additional funding to the Mississippi State Tax Commission, which becomes the Department of Revenue at the start of FY 2011.

Toward that end, I am proposing an increase of \$4 million for the MSTC to hire new auditors to reclaim a large portion of the estimated more than \$260 million in known liabilities owed to the state. Collecting taxes already owed the state is critical in today's budget environment. We must also realize that in addition to manpower, it is critical that our tax collection agency utilize modern technology in order to operate more efficiently and effectively.

Mississippi should employ the improved new technologies being utilized both in the private and public sectors to achieve cost-savings while also improving service. For example, as the Department of Information Technology Services rightly points out, significant cost-savings as well as improved performance could be achieved by consolidating duplicative IT hardware, software and personnel across all state agencies. Streamlined technology purchasing would improve state government operations. Additionally, we should arm the ITS Board with the authority to approve technology expenditures and only when the request is consistent with the state's IT plan.

To accomplish these innovative ideas, there will be initial one-time capital costs, particularly in the area of IT. We should spend any one-time revenue received by the state for the following one-time purposes:

- The Tax Commission reports a state investment of \$33 million for purchasing a new computer system will enable the MSTC to significantly enhance revenue collections. Since this is a top priority, if one-time money does not become available I am willing to issue short-term debt to pay for this system and pay back any debt with the increased revenues realized from the new system.
- Another needed technology upgrade is DFA's enterprise resource planning system, known as MAGIC. Providing dollars to these critically needed upgrades will not only save money, but will improve accountability and increase efficiency among all areas of state government.

Privatizing wine sales to increase revenue, improve service

During my January 2009 State of the State address, I committed to improving performance and saving money by contracting out parts of services performed by the Bureau of Alcohol Beverage Control. After analysis, I believe Mississippi can generate \$2.5 million in new revenue by privatizing the wine functions of ABC. The Tax Commission will arrange competitive bidding to ascertain that privatization will in fact increase net revenue to the state as well as improve service.

Effective Management of Natural Resources and Agriculture

Five years ago, I suggested combining the Mississippi Forestry Commission and the Department of Agriculture and Commerce as a way to streamline services and share

expertise. I renew and expand that proposal for FY 2011 as we look off a budgetary cliff. Mississippi is one of only seven states managing its forestry program as a stand-alone state agency. Other states oversee forest management through agricultural, university, environmental or natural resources departments. Folding several other smaller, independently budgeted agencies – the Soil and Water Conservation Commission, the Board of Animal Health, the Fair Commission, the Board of Registered Foresters, the Egg Marketing Board, and the Board of Veterinary Medicine – into one department should result in administrative savings for all aggregate functions. Creating a new Mississippi Department of Agriculture and Forestry will save the state more than \$4 million in FY 2011 with greater savings in FY 2012. The newly formed department must be free from the restrictions of the State Personnel Board, as should all other departments and agencies during the next two years.

Streamlining Business Services

The Department of Banking and Consumer Finance should be consolidated into the Secretary of State's Office. The Secretary of State's Office currently regulates and monitors businesses in Mississippi through registration, licensing, and periodic and for-cause examinations and enforcement proceedings, particularly in the securities, charities and nonprofits areas.

The Department of Banking and Consumer Finance fits well into the Secretary of State's Office because the Secretary of State already audits broker dealers and other financial advisors. Savings would be achieved by consolidating common functions within the Secretary of State's Office. Auditors and examiners would be cross-trained when possible to enhance enforcement of financial regulatory laws and allow possible reorganization of personnel. Education, publications and outreach programs would be consolidated into the existing division at the Secretary of State's Office. Administrative functions would be combined within the Secretary of State's Office resulting in the reduction or re-assignment of personnel.

Further, placing an emphasis on online or electronic filings would result in significant longer-term savings, as would combining the filing and finance divisions of the agencies. The executive director would become an Assistant Secretary of State.

I propose moving the Grand Gulf Military Monument operations to the Department of Archives and History. The agencies' missions are aligned and should be operated under the same administrative structure.

Keeping the Public Safe

The first function of government is to ensure the public's safety, and we can do this while achieving lesser savings at public safety agencies than by others.

- The inmate population at the Department of Corrections has fallen by 1,300 people this fiscal year, which means there are empty beds and partially utilized prison units. MDOC will review its capacity and find savings;
- Additional savings must be made in the cost of inmate healthcare;
- The 30/30 Trusty Time program which allows a trusty who meets eligibility requirements to earn a 30 day reduction of sentence for each 30 days of trusty work, should be expanded to allow additional inmates to participate in the program which will save additional monies; and
- The reimbursement rate for local confinement should be reduced by 33 percent. State inmates provide a valuable source of labor for Mississippi counties and benefit the local communities, and that should be reflected in reimbursements rates.

The Department of Public Safety will reduce its non-law enforcement workforce and contract employees. I propose shifting the Department of Transportation Enforcement Division to DPS. Officers in both agencies perform similar functions, and there is no reason for such duplication. This will improve the public's safety on the state's highways and roads. We have as many troopers at the highway patrol as when I took office in 2004. As much as I would like to increase the number of new troopers, I do not believe the state can afford a trooper school in the coming year.

Ensuring the continued safety and justice for our citizens means the state has a responsibility to maintain adequate funding for the judiciary. My budget exempts district attorneys and trial judges from any cuts, and I have recommended lesser cuts of 6 percent for Supreme Court Services and the Court of Appeals. While all areas must find efficiencies, we cannot shortchange the state judicial system and its mission to help law enforcement entities put criminals behind bars.

Maximum Flexibility for Department Heads to Right-Size Agencies

State government must deliver services in the most efficient and effective manner, especially in these unprecedented tight budget times. Our managers in state government must be afforded more flexibility to manage alignment of their services to the needs of the people – and the money available.

From a historical perspective, we know this type of flexibility works. In recent years, the Legislature granted maximum flexibility and exemption from Personnel Board rules to the Departments of Corrections and Agriculture, which has saved taxpayers \$60 million and \$49 million, respectively, since the reorganization. This restructuring was done without a decline in the quality of services provided. To weather these budget constraints, every agency should be allowed out from under the restrictions of the State Personnel Board for at least two years, which will allow directors to right-size their organizations.

In addition to freeing our agencies from State Personnel Board restrictions, I also recommend a 12 percent reduction in the \$140 fee per PIN charged to state agencies to fund State Personnel Board operations. By reducing this fee to \$123, we are aligning the fee structure to reflect the 12 percent reduction that most of state government will see in FY 2011, as well as providing our agencies with some budgetary relief.

Budget flexibility by awarding “lump sum” appropriations should be the standard to allow needed flexibility to move funds as circumstances dictate. It is time to give maximum budgetary and right-sizing flexibility, but I will support limitations on pay raises as a condition for this flexibility.