

GOVERNMENT EFFICIENCIES CAN SAVE TAXPAYER DOLLARS, PRESERVING FUNDS FOR VITAL SUPPORTS FOR FAMILIES AND CHILDREN

In difficult economic times, every dollar counts. Outlined below are effective solutions that state elected officials can implement to save scarce state funds, easing budget pressures that can erode vital services for vulnerable children and families and other critical state services.



States are now experiencing the largest decline in state tax revenues on record. In 2010, at least 46 states have experienced shortfalls totaling \$194 billion. States are taking drastic steps to balance their budgets, cutting crucial services to families such as education, health care and services to the elderly and disabled. Deeper budget cuts are expected for fiscal year 2011. ***By streamlining government operations, policymakers can save taxpayer dollars, avoid some budget cuts and preserve much needed supports for children and families.***

Promote Efficient Government Operations

- **Make Flexible Performance Agreements with Agencies.** [Ohio](#)'s governor executed performance agreements with state agency directors to achieve the goals of the governor's agenda by setting performance targets and rigorously reporting the results. Agencies have met or exceeded many goals, ranging from increasing the earnings of displaced workers, to increasing the time volunteers spend with youth, to reducing auto fatalities. The agreements were a key component of FY 2008 cost reductions that totaled \$679 million – savings that may have otherwise been achieved through cuts to programs.
- **Apply Corporate Efficiency Models to Streamline Bureaucracy.** Cash-strapped states from Maine to Minnesota are streamlining bureaucratic processes by utilizing the “kaizen” system that involves all employees in efforts to continuously improve all functions and reduce waste. In [Ohio](#), kaizen sped up the identification of Medicaid overpayments. The state collected \$27.6 million in FY 2009 instead of the projected \$11 million. In 2006, the [Iowa](#) General Assembly authorized the Department of Management to lead the expansion of “lean” efforts, based on kaizen, to reduce the time required to make decisions and eliminate redundant processes. The Department of Human Services, for example, reduced delays in the interstate placement of children for adoption by 79 percent, assuring that more children had permanent homes more quickly.

- **Adopt a Four-Day Work Week.** At least eight states have switched some employees to shorter work weeks. [Utah](#) moved to a four-day work week for 17,000 state employees – about 80 percent of the government workforce. Employees work from 7 a.m. to 6 p.m., Monday through Thursday. The state expects to cut utility costs by 20 percent annually and to improve customer service by offering extended hours. Seventy percent of employees surveyed in 2009 said they prefer the shorter work week.

Use Technology and Energy Efficiency

- **Consolidate IT Functions.** [Michigan](#)'s consolidation of IT operations allowed the state to provide the same level of service to state departments. Spending was reduced from \$466 million in 2003 to \$351 million in 2005. Similarly, in [Indiana](#), the state Office of Technology consolidated networks, e-mail, payroll and help desk functions across 70 state agencies, saving more than \$14 million annually.
- **Lead by Example on Energy Savings.** The [North Carolina](#) Utility Savings Initiative for State Facilities has saved \$62 million in energy consumption costs by state and public university facilities. The initiative required state agencies and universities to develop and implement energy management plans, and a commission explored ways to cut energy consumption. The program now is expanding to the community college system and providing technical assistance to public schools and local governments.

Improve Contracting and Procurement

- **Scrutinize Purchases and Expenditures.** [Georgia](#)'s Secretary of State reports that a monthly line-by-line review of her agency's \$40 million budget yielded a \$2.6 million savings in FY 2008. Purchases of supplies and other items fell by 90 percent after she limited the number of employees authorized to use state-backed purchase cards. The agency saved thousands of dollars in storage facility rental fees by destroying 15 tons of old forms and pamphlets.
- **Renegotiate Contracts.** [New Mexico](#) saved approximately \$1.5 million in FY 2009 when it consolidated cell phone contracts with a single contractor. [Minnesota](#)'s use of data-driven "strategic sourcing" has saved the state more than \$100 million during the past several fiscal years. The state conducts purchase transactions electronically and requires procurement training for all employees who make purchases.
- **Use Innovative Contracting.** [Delaware](#)'s Government Support Services Office issues bids that ask vendors to propose innovative, cost-saving solutions. The state also uses performance standards, contract/penalty clauses and a vendor/contractor scorecard. In 2006, when energy was deregulated, a single one-year contract saved \$13 million by leveraging the purchasing power of state agencies in partnership with school districts and local governments.

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