MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY COMMITTEE

The meeting was called to order by Chairperson Mike Burgess at 3:30 p.m. on Tuesday, February 7, 2012 in Room 546-S of the Capitol.

All members were present except:
>   Rep. John Grange - Excused
>   Rep. Charles Roth - Excused
>   Rep. Louis Ruiz - Excused
>   Rep. Kay Wolf - Excused

All Committee staff was present except Julian Efird.

Conferees appearing before the Committee:
>   Secretary Karin Brownlee, Kansas Department of Labor
>   Rick Gudenkauf, CFO Kansas Department of Labor
>   Steven Anderson, Kansas State Budget Director

Others in attendance:
>   See attached list

Secretary Karin Brownlee began her presentation (Attachment 1) by sharing with the Committee steps that have been taken in everyday processes to become more efficient in addition to implementing the Management Information System (MIS). Staff was reduced by 85, which included classified and unclassified in order to have money at the end of the fiscal year. Payroll expenses exceeding $850,000 per pay period in January 2011 are currently $500,000 (40% decrease). There were 615 employees one year ago, and now there are 412.

At the end of January, quarterly wage reports were backlogged, and employer report forms and newsletters were delivered electronically, which reduced postage by $39,000 and paper expense by $1,000. IT licensing contracts were renegotiated with savings over $500,000 and a new phone system saved over $180,000. Other cost savings and efficiencies resulted from reducing contract employees, streamlining mainframe computer processes and storage, scanned paper forms to electronic format then shredding the scanned items, consolidating agency departments into agency-owned property that reduced rent expense, reduced employee travel expense by 25%, and encouraged employees to train through webinars. Secretary Brownlee added that other initiatives are underway to save additional monies. She added the real key is to listen to employees for ways to improve processes and be more efficient.

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Mr. Rick Gudenkauf, CFO, Kansas Department of Labor, demonstrated by PowerPoint (Attachment 2) the Management Information System (MIS). MIS takes information from the core applications and provides the cost to perform specific tasks or functions. It also acts as a catalyst for management to ask questions regarding processes and cost structures, as well as acts as a communication and planning tool. Each department identifies between 4 and 11 tasks that could be measured. The tasks vary by department, and the Secretary of Labor receives dashboard reports for all measured tasks within the agency. An example was given for industrial safety inspections giving employee cost per output.

Mr. Steven Anderson, State Budget Director, added that Kansas is the first state to use MIS and this is an ongoing project. In talking to other budget directors from other states, they indicate this is not doable, and he added, that maybe once perfected, this State of Kansas product may be sold to other states.

Secretary Brownlee said employees will be rewarded for their efforts. Rep. DeGraaf suggested that the Secretary talk to the Department of Administration about the employee recognition program for which no funds have been paid to state employees.

The Chair thanked Secretary Brownlee and Rick Gudenkauf for their presentations. The Committee was very impressed with these cost efficiencies and savings.

Steven Anderson, State Budget Director, then presented a handout (Attachment 3) noting that good data makes for good decisions and discussed the MIS system for governmental entities. He noted the intent has always been to measure sources and uses. The extraction of management information from accounting data is difficult because of differences between governmental units and varying software, cost associated with packaged MIS, and differences in management philosophies. The low cost and flexible approach of MIS provides an Excel platform for data dumps and dash boarding, provides ability to build in flexibility for your management group, and allows management to identify key revenues and expenditures, and to think about the process and product.

Stage 1 of the program gave us cost per unit of output, Stage 2 gave cost per unit of output per employee, Stage 3 is cost per unit of output per intradepartmental overhead, and the latter is where the organizational structure gets measured and where you can often cut costs without impacting outputs and outcomes. Stage 4 identifies hidden costs and can compare if outsourcing costs can be changed to in-house for functions that qualify. Stage 5 is cost per client contact and

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whether changes could be made to improve citizen/government relationships while dropping costs. There is a continuing evolution to tie performance outcomes to the outputs (consider bonus or other compensation rewards).

Chair Burgess thanked Mr. Anderson for his presentation. Tomorrow, Dave Trabert of the Kansas Policy Institute will speak promptly at 3:30 p.m. so he can go to another meeting.

There being no other business, the meeting adjourned at 4:43 p.m.