

# 2011 Recommendations



**Total Taxpayer Savings Identified:**  
**\$822.7 MILLION to**  
**\$856.7 MILLION**

# **Agriculture/Outdoors/ Department of Natural Resources and Transportation**

## **Recommendations**

**Taxpayer Savings Identified: \$11.3 Million**

### **Agriculture**

- 1. Allowing for electronic records and filing to replace currently printed documents and records, including but not limited to the Brand Book, inspection reports, invoices and purchasing orders**
  - a. Legislative action required on some
  - b. Estimated Savings: \$2,000 annually
- 2. Tort reform limiting the number of times a farmer can be sued due to nuisance complaints**
  - a. Legislative action required
  - b. Estimated Savings: Unknown

### **Department of Natural Resources**

- 1. Allowing for electronic records and filing to replace currently printed documents and records, including but not limited to general permits and other day-to-day tasks**
  - a. Legislative action required
  - b. Estimated Savings: Unknown
- 2. Ending the diversion of money from the State Land Survey Fund to the administration of the Department of Natural Resources, possibly by moving the fund from the purview of the department**
  - a. Legislative action required
  - b. Estimated Savings: Unknown
- 3. Streamline government by moving the permitting processes currently in the purview of the Department of Natural Resources to the Department of Economic Development**
  - a. Legislative action required
  - b. Estimated Savings: Unknown

# Transportation

- 1. Repeal the mandatory binding arbitration in tort cases**
  - a. In 1997, the Legislature passed a bill that if a plaintiff wanted to go to arbitration MODOT was required by law to take the case to arbitration. It is the only state agency required to go to arbitration
  - b. Legislative action required (SB 33)
  - c. Estimated savings to highway funds<sup>1</sup>: \$2 million
  
- 2. DWI Fix and Open Container Fix in order for Missouri law to be compliant with federal law in order to direct federal funds to our highway fund**
  - a. Legislative action required
  - b. Estimated savings: Unknown
  
- 3. Establish a new Retirement Investment Board to manage the investment decisions for both MPERS and MOSERS**
  - a. Legislative action required
  - b. Estimated Savings: \$339,930 various funds

# Miscellaneous

- 1. Allowing divisions and departments to seek bids for Information Technology services and projects**
  - a. Legislative action required
  - b. Estimated Savings: Unknown

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<sup>1</sup> The monies saved from the passage of this legislation will revert to the highway fund. These monies are not included in the total savings. The Missouri Department of Transportation's Highway Funds are set by the Constitution. The funds MODOT receives from General Revenue go to Amtrak, Transit, Ports and Aviation. Therefore, most recommendations will be savings for highway funds.

# Courts/Corrections/ Department of Public Safety

## Recommendations

### Taxpayer Savings Identified: \$51 Million

- 1. Sentencing Reform: Getting the right mix in our state prison system.**
  - a. Provide sentencing alternatives for non-violent offenders such as expanded use of drug courts
  - b. Remove incentive for counties to send certain offenders to state prison for the sole purpose of triggering state reimbursement for time served in the county jail by agreeing to pay counties for housing state prisoners for short periods
  - c. Include a line item in the Dept. of Corrections (DOC) budget that will authorize a certain number of “bed days” in the state prison system and require DOC, Probation and Parole, the courts and prosecutors to adjust the number of individuals incarcerated accordingly
  - d. Establish county limits for non-violent, first-time felony offenders, counties would pay for offenders beyond the cap
  - e. Ask the Probation and Parole Board to evaluate currently incarcerated offenders to assess likelihood of re-offending with an eye to reduce head count
  - f. Lowering the prison head count could lead to the closing of an older, expensive and less-efficient prison facility
  - g. Legislative action required as well as through the budget process
  - h. Estimated Savings: \$13 million
  
- 2. Increase Criminal Fines**
  - a. Criminal fines have not been increased since 1979
  - b. Provides a low-cost alternative to expensive incarceration
  - c. Legislative action required
  - d. Estimated Savings: \$27 million
  
- 3. Merge Water Patrol/Highway Patrol**
  - a. Current headquarters building could be vacated, saving money
  - b. Water Patrol employees would be moved to the Highway Patrol headquarters
  - c. Legislative action required
  - d. Estimated Savings: \$500,000





#### **4. Merge Division of Alcohol, Tobacco Control/Dept. of Revenue**

- a. Efficiencies would result from combining the ATC with the DOR since currently applicants must apply to both in order to gain necessary business licenses
- b. Legislative action required
- c. Estimated Savings: \$500,000

#### **5. Attacking the Public Defender Quandary**

- a. Provide prosecutors flexibility to charge certain nonviolent offenses as infractions, thus removing the constitutional need to appoint a public defender
- b. Create provisions allowing and encouraging prosecutors to establish diversion programs for certain nonviolent offenders to avoid burdening the public defenders and courts while still providing defendants with treatment and victims with the possibility of restitution
- c. Legislative action required
- d. Estimated Savings: Unknown

#### **6. Increasing revenues from the prison “canteen” fund**

- a. Increasing by 10% the mark-up on certain items purchased at the prison canteen fund by inmates with the additional monies going to GR
- b. Legislative action required
- c. Estimated Savings: \$10 million

#### **7. Consolidate certain administrative law judge and departmental hearing officer positions**

- a. Legislative action required
- b. Estimated Savings: Unknown

#### **8. Create a permanent Internet-based system for state employees to submit suggestions for reducing waste and increasing efficiency**

- a. Can be done internally
- b. Estimated Savings: Unknown

#### **9. Create incentives for counties to cooperate and combine public services**

- a. Legislative action may be required
- b. Estimated Savings: Unknown

#### **10. Combine state services for children (Children’s Division/mental health services) under the Division of Youth Services:**

- a. Legislative action required
- b. Estimated Savings: Unknown

# Education

## *Recommendations*

### **Taxpayer Savings Identified: \$136.5 Million**



- 1. Change to the Foundation Formula**
  - a. Ensure that no school district would receive more than double what it should receive through the formula
  - b. Legislative action required
  - c. Estimated Savings: \$31.9 million
  
- 2. Consolidation of K-12 School services**
  - a. Consolidate services such as interscholastic sports, transportation, administration and payroll
  - b. Legislative action may be required
  - c. Estimated Savings: Unknown
  
- 3. Consolidation of Services for Higher Education**
  - a. Merging duplicative services and majors and streamlining programs
  - b. Legislative action may be required
  - c. Estimated Savings: Unknown
  
- 4. Merge Department of Elementary and Secondary Education and Missouri Department of Higher Education**
  - a. Requires Constitutional Change
  - b. Estimated Savings: Unknown
  
- 5. Department of Elementary and Secondary Education Voluntary Cap on Early Childhood Services**
  - a. Legislative action required
  - b. Estimated Savings: Up to \$50 Million

## **DESE**

- 1. Examine the ratio of school administrators to teachers and the ratio of administrators compensation to teacher compensation**
  - a. Legislative Action needed<sup>2</sup>
  - b. Can be done internally<sup>3</sup>
  - c. Estimated Savings: Unknown

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<sup>2</sup> New statutes would be needed to limit compensation.

<sup>3</sup> MSIP and DESE rules currently identify suggested ratio of teachers to administrators.

# K-12

## **1. Consolidate School Districts**

- a. Explore the opportunity to reduce operating costs
- b. Can be achieved through local efforts
- c. Current law allows for consolidation procedures
- d. Estimated Savings: Unknown

## **2. Establish a Merit Pay system**

- a. Legislative action required<sup>4</sup>
- b. Estimated Savings: Unknown

## **3. Study School Vouchers**

- a. Can be done internally<sup>5</sup>
- b. Estimated Savings: Unknown

## **4. Cooperate with bus routes to achieve efficiencies**

- a. Can be achieved through local efforts
- b. DESE transportation formula provides guidelines
- c. Estimated Savings: Unknown

## **5. Allow school districts to share administrators**

- a. Can be achieved through local efforts
- b. Currently nothing prohibits this action, however enabling legislation has been filed in the past
- c. Estimated Savings: Unknown

## **6. Increase monitoring of school districts fund balances**

- a. Can be done internally
- b. Estimated Savings: Unknown

## **7. Examine the proficiency level of students in core subjects**

- a. Can be achieved internally
- b. State Board of Education has rulemaking authority with MSIP
- c. Estimated Savings: Unknown

## **8. Tenure Reform**

- a. Legislative action required
- b. Estimated Savings: Unknown

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<sup>4</sup> St. Louis already has the authority.

<sup>5</sup> Legislative action is required to establish school vouchers as a program.

**9. Establish Performance Pay**

- a. Legislative action required
- b. Estimated Savings: Unknown

**10. Continually monitor the use of Social Promotion**

- a. Legislative action required
- b. Estimated Savings: Unknown

**11. Virtual Education**

- a. Authority already exists through 162.1250, RMSo
- b. Estimated Savings: Unknown

**12. Grant local boards the ability to sponsor Charter Schools**

- a. Kansas City and St. Louis school districts currently have this authority through 160.400, RSMo
- b. Legislative action is required for all other districts
- c. Estimated Savings: Unknown

**13. Re-examine school district boundaries and the transportation of students**

- a. Currently boundary changes can be achieved locally
- b. Legislative change is required for the state to affect this change
- c. Estimated Savings: Unknown

**14. Place the ideal amount of students within a district**

- a. Can be achieved through changing the boundaries of school districts or consolidating districts
- b. Can be achieved locally
- c. Estimated Savings: Unknown

## Higher Education

**1. Academic Review (reorganize higher education degrees, programs, missions and specializations)**

- a. Can be achieved internally
- b. Estimated Savings: Unknown

# Foundation Formula

## **1. The “Small School District Hold Harmless” Calculation**

- a. Legislative action required (163.031, RSMo)
- b. Estimated Savings: \$6.5 million

## **2. The “Super Rich” Hold Harmless Calculation**

- a. Legislative action required (163.031, RSMo)
- b. Estimated Savings: \$31.9 million

## **3. Stop Payments based on the 2nd preceding year**

- a. Legislative action required (163.036, RSMo)
- b. Estimated Savings: \$16.2 million

## **4. Repeal the Summer School “Bump”**

- a. Legislative action required (163.037, RSMo)
- b. Estimated Savings: Unknown

# Miscellaneous

## **1. Re-evaluate the current public school retirement system**

- a. Legislative action required
- b. Only the PSRS has a statutory cap on contributions (169.030, RSMo.)
- c. Estimated Savings: Unknown

# General Government/ Office of Administration

## Recommendations

### Taxpayer Savings Identified: \$87.4 - \$110.4 Million

#### 1. Stop free maps/giveaways



- a. With new technology, most people do not use a hard copy map today. If they need a map, they can purchase one at a local convenience store. It was noted most of the construction maps are emailed to truck drivers on a daily basis.
- b. Can be done internally<sup>6</sup>
- c. Estimated savings to highway funds: \$1.5 million

#### 2. Abolish the State portion of the Missouri Development Finance Board (MDFB)

- a. Legislative action required
- b. Estimated Savings: None<sup>7</sup>

#### 3. End printing of State Manuals (Blue Books) and new volumes of Missouri State Statutes



- a. Legislative action may be required
- b. Estimated Savings: \$1.7 million

#### 4. Authorize all departments to purchase better priced supplies outside the GSA website

- a. Legislative action may be required
- b. Estimated Savings: Unknown

#### 5. Cancel all subscriptions across state government

- a. Can be done internally and through the budget process
- b. Estimated Savings: Unknown

#### 6. Shorten the length of the legislative session

- a. Constitutional amendment required
- b. Estimated Savings: Unknown

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<sup>6</sup> MoDOT has extended the current map for three years (2010-2012). A decision will be made in 2012 if they will resume printing in 2013.

<sup>7</sup> MDFB receives its funding through fees paid by applicants for its programs. No savings to GR would be realized.



**7. Assess facilities including lease consolidation & assessment of rent (per square foot)**

- a. Can be done internally
- b. Estimated Savings: \$3.5 million

**8. Cancel all membership dues**

- a. Can be done through the budget process
- b. Estimated Savings: \$3 million

**9. Renegotiate technology consulting contracts**

- a. Can be done internally
- b. Estimated Savings: \$6 million

**10. Temporary moratorium on all state travel**

- a. Can be done internally
- b. Estimated Savings: Unknown

**11. Reduce funding for Workforce Investment Boards**

- a. Legislative action may be required
- b. Estimated Savings: \$2 million

**12. Reduce funding for Missouri Job Development**

- a. Legislative action may be required
- b. Estimated Savings: \$15 million

**13. Replace Office of Public Council funding through fees**

- a. Can be done through the budget process
- b. Estimated Savings: \$1.2 million



**14. Reform Missouri Consolidated Health Care Plan by shifting to high deductible health insurance policies coupled with Health Savings Accounts(HSA)**

- a. Can be done internally
- b. Estimated Savings: 12-20% in the first year, 5-8% following years or \$35 - \$58 million

**15. Reforming the merit system for state employees**

- a. Legislative action may be required
- b. Estimated Savings: Unknown

**16. Enhance Department of Revenue collections of delinquent taxes**

- a. Legislative action required<sup>8</sup>
- b. Estimated Revenue: Unknown

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<sup>8</sup> Attempted in 2010 through Senate Bill 1016

**17. Charge rental, setup, and clean-up fees for organizations using the state capitol**

- a. Can be done internally
- b. Estimated Savings: Unknown

**18. Place a moratorium on advertising and sponsorships for all statewide elected officials, state departments, and programs**

- a. Can be done internally
- b. Estimated Savings: Unknown

**19. Compile a comprehensive list of all federal grants available to all departments and agencies and replace general revenue funding with federal grants where available**

- a. Can be done internally
- b. Estimated Savings: Unknown



**20. Stop and evaluate all automatic increases in the state budget**

- a. Can be done through the budget process
- b. Estimated Savings: Unknown

**21. The state would issue one license plate for motor vehicles**

- a. Legislative action required
- b. Estimated Savings: \$1 - \$1.5 million

**22. Departments and agencies throughout the state should use Office of Administration teleconferencing technology when able in an attempt to reduce travel expenses**

- a. Can be done internally
- b. Estimated Savings: Unknown

**23. Evaluate the ratio of deputy directors, assistant directors, middle managers, in relation to the number state employees, since downsizing and adjust accordingly**

- a. Can be done internally
- b. Estimated Savings: Unknown

**24. Require that all office employees would work four day work week 10 hours a day**

- a. Four days a week, certain state employees would work 10-hour shifts, allowing office buildings to be closed an additional day each work week
- b. Can do internally with exceptions<sup>9</sup>
- c. Estimated Savings: \$9 million

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<sup>9</sup> FTE for Merit employees is 40 hours a week, 7 days a week with exceptions as established by OA rule. Non-Merit employees could work four ten hour days, internally.

- 25. Departments should use interagency mail opposed to wasting postage on mail being sent to another department**
  - a. Can be done internally
  - b. Estimated Savings: Unknown
  
- 26. Departments should evaluate whether it is more advantageous to issue cell phones or reimburse state employees for use of personal phones**
  - a. Can be done internally
  - b. Estimated Savings: Unknown
  
- 27. Biennial budgeting and/or a process to allow state agencies the ability to carry over funding from one fiscal year to the next**
  - a. Legislative action required
  - b. Budgeting biennially can currently be achieved through appropriation bills
  - c. Annual carry over may be achieved internally
  - d. Estimated Savings: Unknown
  
- 28. Consolidation of counties, prosecutor system, judicial circuit system and school districts**
  - a. Constitutional change required for consolidation of counties
  - b. Legislative action required for consolidation of prosecutor and judicial circuit systems
  - c. Estimated Savings: Unknown
  
- 29. Consolidation and termination of property and office space that is leased by the state**
  - a. Can do internally
  - b. Estimated Savings: Unknown
  
- 30. Continuing to analyze state lease agreements to ensure maximum returns**
  - a. Can do internally
  - b. Estimated Savings: Unknown
  
- 31. Re-assessment of property (an extension of consolidation of counties)**
  - a. Legislative action required
  - b. Estimated Savings: Unknown
  
- 32. Reduce the cost of elections by limiting polling places and the number of elections per year**
  - a. Legislative action required
  - b. Estimated Savings: Unknown
  
- 33. Privatizing the state lottery**
  - a. Constitutional change required
  - b. Estimated Savings: unknown

**34. Combining the Gaming Commission and Lottery Commission**

- a. Legislative action required
- b. Estimated Savings: Unknown

**35. Evaluate the state's requirement that departments must purchase items through Missouri Vocational Enterprises**

- a. Legislative action required
- b. Estimated Savings: Unknown

**36. Reducing the number and frequency of state publications**

- a. Can do internally
- b. Estimated Savings: Unknown

# Social Programs

## Recommendations

### Taxpayer Savings Identified: \$97 – 108 Million

#### 1. State Habilitation Center Reform



- a. Close some centers and transition clients to community-based care
- b. Explore moving some client centers to a community waiver saving \$100/day per client
- c. Clients are continuously being transitioned into the community
- d. Estimated Savings: \$9 - \$20 million

#### 2. State False Claims Act – All Government/Medicaid Fraud

- a. Legislative action required
- b. Estimated Savings: Unknown

#### 3. Bring all Medicaid eligibles under Managed Care statewide

- a. Could expand pilot program to full program internally
- b. Legislation required to begin for Aged, Blind and Disabled
- c. Estimated Savings: \$23 million<sup>10</sup>

#### 4. Bring medical care only for the Aged, Blind and Disabled population under Managed Care

- a. Legislation action required Aged, Blind and Disabled
- b. Estimated Savings: \$40 million<sup>11</sup>

#### 5. Medicaid Cost Containment

- a. Legislative action required to realize cost savings
- b. Estimated Savings: \$8.1 million<sup>12</sup>

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<sup>10</sup> Savings will depend on the population moved to Managed Care.

<sup>11</sup> A recent study by Mercer found there would be little to no savings if the Aged or 65 and older (dual eligible) population was moved to Managed Care. However, this same study found there could be significant savings if medical care for the disabled and blind populations were moved to Managed Care. Estimated savings: \$40 million in state funds

<sup>12</sup> for FY 2011 (according to the TAFP SB 1007 fiscal note)

**6. Department/Division Consolidation Reform**

- a. Remove/consolidate duplicate roles & responsibilities (ie. Mo HealthNet under 3 departments)
- b. Single point of Entry (ie. assessments)
- c. Assessments for ILC – currently dual assessments
- d. Legislative and Constitutional action required
- e. Estimated Savings: Unknown

**7. Charge fees for licensing of daycare facilities, EMT/Paramedics, and others**

- a. More than 4,200 daycare facilities and reviewing building plans for construction or renovation of long term care facilities (FY10 – 188 plans reviewed)
- b. Legislative action required
- c. More than 17,600 licensed EMT Basic/Intermediate/Paramedic, ground and air ambulances, Emergency Medical Response Agencies, and accredited training entities
- d. Can be done by promulgating a rule per SB 177 (2005)
- e. Estimated Savings: \$4.8 million

**8. Child Support Enforcement**

- a. Charge fee
- b. Look at cost savings from privatization
- c. Could be done internally and through the budget process
- d. Estimated Savings: Unknown

**9. Include step-parent income when determining eligibility for MO HealthNet and/or other benefits**

- a. Could be done internally
- b. Estimated Savings: Unknown<sup>13</sup>



**10. Transfer state operated Department of Mental Health beds for acute psychiatric care to local hospitals, part of a complete inpatient redesign in the Division of Comprehensive and Psychiatric Services**

- a. This is currently being implemented
- b. Estimated Savings: \$12.1 million<sup>14</sup>

**11. Make each department assess the percentage of employees that can work from home (i.e. spend more than 50% of work day traveling as case worker)**

- a. Could be done internally
- b. Estimated Savings: Unknown

<sup>13</sup> There is a question as to whether federal regulations allow this action as it may conflict with the ARRA due to stricter eligibility guidelines.

<sup>14</sup> This amount includes fringe and FY11 and FY12 reductions.

**12. Potential Personnel Savings**

- a. 4-80 Fulltime Employees (FTE) – Accreditation Review, Department of Mental Health
- b. Child Support Enforcement Personnel (approx 300-500 FTE)
- c. Consolidation of departments and divisions including the Consolidation of MO HealthNet services as well as consolidation of divisions across state departments (i.e. Family Support, Children’s Division, and Youth Services)
- d. The first and second could be done internally or through the budget process, and the third would require legislative action
- e. Estimated Savings: Unknown

**13. Review options to control massive growth in the MissouriRx Program by reviewing other states’ programs**

- a. Legislative action required
- b. Program sunsets on August 28, 2011: unless reauthorized by Legislature
- c. Program costs for Fiscal Year 2010 \$20.2 million
- d. Estimated Savings: Unknown

**14. Review “on call” status of state employees**

- a. Can be achieved internally
- b. Estimated Savings: Unknown

# Tax Structure

## Recommendations

### Taxpayer Savings Identified: \$439.5 Million

- 1. Department of Economic Development Tax Credit Reform (Governor's proposal)**
  - a. Global cap on tax credits (capped at \$314 million)
  - b. Legislative action required
  - c. Estimated Savings: \$314 million over time
  
- 2. Rebalancing and reducing overall liability**
  - a. Legislative action required
  - b. Estimated Savings: Unknown
  
- 3. Interim Committee on Optimal Tax Policy to study the following:**
  - a. Flat Tax
  - b. Legislative action required
  - c. Estimated Savings: Unknown
  
  - d. Fair Tax
  - e. Legislative action required
  - f. Estimated Savings: Unknown
  
  - g. Streamlined Sales Tax Act
  - h. Legislative action required
  - i. Estimated Savings: Unknown
  
  - j. Close the "Geoffrey" Loophole
  - k. Legislative action required
  - l. Estimated Savings: Unknown
  
- 4. Quantify Sales Tax Exemptions**
  - a. All sales tax exemptions reviewed by Department of Revenue
  - b. Estimated Savings: Unknown
  
- 5. Timely-filed discount only received when businesses pay sales taxes electronically**
  - a. Legislative action required
  - b. Estimated Savings: Unknown

- 6. Enhanced Revenue Collection<sup>15</sup>**
  - a. Legislative action required
  - b. Estimated Savings: Unknown
  
- 7. Review Biodiesel and Ethanol Projects**
  - a. Legislative action required
  - b. Estimated Savings: \$0 - 37.5 million
  
- 8. The legislature should give serious consideration to the Tax Credit Review Commission's recommendations for restructuring and reallocation of tax credit programs to streamline processes and make such programs less cumbersome**
  - a. Could be done internally
  - b. Estimated Savings: Unknown
  
- 9. The corporate franchise tax is a form of double taxation and should be phased out in order for Missouri to remain competitive in job creation and business attraction**
  - a. Legislative action required
  - b. Estimated Cost: \$88 million annually

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<sup>15</sup> Attempted in 2010 through Senate Bill 1016