

MINUTES

JOINT PERFORMANCE REVIEW COMMITTEE

OCTOBER 16, 2017

The Joint Performance Review Committee met Monday, October 16, 2017 at 10:00 a.m. in Room A, MAC Building, Little Rock, Arkansas.

Committee members present: Senators Missy Irvin, Senate Chair, John Cooper, Jonathan Dismang, Jane English, Jim Hendren, Jimmy Hickey, Jr., Keith Ingram, and Terry Rice. Representatives Mark Lowery, House Chair, LeAnne Burch, Jack Fortner, Mickey Gates, Michelle Gray, John Maddox, Aaron Pilkington, Nelda Speaks, Dan Sullivan, and Clarke Tucker.

Other members present: Jeremy Gillam, Kim Hammer, Douglas House, Jack Ladyman, Roger Lynch, and David Meeks.

Call to Order

Senator Irvin called the meeting to order

Comments by Committee Co-Chairs

Senator Irvin described a National Conference of State Legislatures (NCSL) summit she attended. Presentations at the Summit outlined what other states are doing to improve business regulations and to implement government transformation. She believes it is important that when legislators attend government-related forums they bring back and share what they learn at these conferences.

Discussion of Regulatory Reform Tools, Including Transformation Models and the LEAN Project Team [Exhibit C]

Senator Irvin gave a PowerPoint presentation that outlined what Colorado and Arizona are doing to improve their business regulations and to introduce new government transformations. She discussed programs both states have implemented:

- Colorado reviewed 15,000 rules, and 2,000 rules were repealed
- 6,000 rules were modified by including stakeholders from 100 business and community groups for input

The Office of Governor, Colorado, is working to reduce government regulations in these areas:

- Economic and infrastructure development
- Environment and energy
- Health quality
- Government services
- Workforce development and education

Colorado measures its success through conducting an annual certification process of the state's governmental departments who have certification authority. Each department is required to certify the rules they promulgate and include stakeholders in the process.

Colorado implemented the Lean Six Sigma program, which has improved the quality of more than 600 projects statewide. Examples are:

- A Lean project reduced the time needed to obtain a pharmacy license from 115 days down to 25 days by utilizing technology and simplifying the process
- A Lean project enabled coroners, funeral homes, and physicians to file death certificates electronically

Arizona implemented the Arizona Management System, an intentional, results-driven methodology that includes:

- Measuring performance
- Training state leaders and managers
- Disciplined problem solving

Senator Irvin discussed the definitions in each category, the roles within the sectors, and how individuals work together to achieve their goals. She outlined who the customers are in each sector:

- The private sector includes investors, boards of directors, CEOs, vice presidents, and includes products and services
- The non-profit sector includes donors, boards of directors, executive directors, program managers, products and services, and consumers of non-profit entities' services
- The public sector includes tax payers, the legislature, the governor, agency directors, plus permits, approvals, reviews, applicants, regulated communities, and end users

Representative Lowery recognized Amy Fecher, Executive Vice President of Operations, Office of Transformation, Arkansas Economic Development Commission (AEDC). Ms. Fecher gave an overview of the new Arkansas Office of Transformation, which was established by Governor Hutchinson in December 2016. The Office focuses on implementing state efficiencies and streamlining state operations. Prior to the creation of the Office of Transformation, the Arkansas Policy Foundation initiated the Efficiency Project in 2015. A report on 21 Arkansas state agencies was compiled by the Policy Foundation. The report contained the summary of interviews and questionnaires completed by state agencies and contains suggestions for possible efficiencies. The full 75-page report is on the Policy Foundation's website and includes 181 recommendations. The Office of Transformation implemented a number of the recommendations found in the report and continues to implement recommendations. In February 2017, Governor Hutchinson appointed members to the Transformation Advisory Board. It is a 14-member volunteer board drawn from both the public and private sector. The Board makes recommendations pertaining to projects being implemented by the Governor and the Office of Transformation.

Ms. Fecher outlined some of the projects that have been completed under Governor Hutchinson:

- A statewide hiring freeze, which resulted in 1,000 fewer jobs in the executive branch
- A revamp of the state pay plan was performed
- Thirteen mergers of small agencies, plus the merger of the Arkansas Economic Development Commission, the Arkansas Department of Rural Services, and the Arkansas Science and Technology Authority into one agency
- Act 781, passed in the 2017 legislative Session, implemented improvements in the rules and regulations process
- Tax reductions of over \$100 million were realized across the state
- A 1% cut to state agency budgets was implemented, saving over \$7 million annually

Ms. Fecher gave highlights of ongoing projects the Office of Transformation project team is coordinating with state agencies:

- The Arkansas Department of Finance and Administration (DF&A) hired a consultant to evaluate a process that uses an E procurement model to establish an online marketplace
- The Arkansas Department of Emergency Management (ADEM) is leading a work group that includes the Arkansas Wireless Information Network (AWIN) to improve and coordinate better communication between local, state and federal agencies
- The Arkansas Crime Laboratory began its implementation of the Lean Six Sigma, a performance-based process that helps improve performance.

Cindy Moran, Assistant Director, Arkansas State Crime Laboratory, gave highlights of the efficiencies the Crime Lab has achieved through implementation of the Lean Six Sigma project, which is a data-driven methodology for measuring processes:

- The Toxicology section has been able to reduce its backlog and has improve the turn-around time to obtain results from 100 days down to 30 days
- The Digital Evidence section, which processes mobile devices and computers, has been able to reduce the turn-around time on its analyses to less than 30 days on mobile devices and less than 60 days on computers
- The Firearms Section has been able to reduce a backlog of 500 cases down to 160
- White boards are used to communicate statistics to their staff by the agency analysts who enter information on cases and schedules for the processing of samples

Tim Kaine, Director of Compliance, Arkansas Department of Environmental Quality (ADEQ), told committee members that he is the Chief Transformation Officer at ADEQ. Mr. Kaine gave an overview of the implementation of the Lean Six Sigma project at ADEQ:

- In August 2016, Director Becky Keogh took a team from ADEQ to the Arizona Department of Environmental Quality where they studied the management system used in Arizona
- In January 2017, Director Keogh formed an efficiency team with a focus on the implementation of Lean Six Sigma at ADEQ
- Cindy Moran and Rebecca Mullen with the Arkansas Crime Laboratory, assisted ADEQ in facilitating its first Lean project

Mr. Kaine then gave highlights of a Lean project that ADEQ and the Crime Laboratory helped co-facilitated at the Arkansas Department of Human Services (DHS) regarding the foster care application process:

- A project team was formed, including Division of Children and Family Services (DCFS) employees, a foster parent, and two members of the CALL, a voluntary organization that recruits foster parents
- The team collected baseline data, which reflected the nine-month timeframe needed to complete the foster care application process
- The team set a goal of reducing the timeframe from nine months down to five months by November 2017
- On February 1, 2017 the team completed the defined phase of the project, which included finalizing the project charter, mapping the current processes, and developing a metric collection plan for the measurement phase of the project. The measurement phase of data collection took three and half months to complete

Discussion of Security Breaches at the Arkansas Department of Correction Facilities

Senator Irvin recognized Wendy Kelley, Director, Arkansas Department of Correction (ADC). Ms. Kelley gave an overview of actions the ADC is taking to address security issues at their facilities:

- A new correspondence policy went into effect in August 2017 after they learned that synthetic marijuana was found by the Arkansas Crime Laboratory through the testing of paper products being mailed to inmates. Inmates now only receive copies of correspondence, with the exception of legal mail
- The disciplinary policy has been changed to allow for punitive time when an inmate commits the same infraction within thirty days
- A new electronic tablet program was launched on October 4, 2017, which allows an inmate's family members to lease a tablet that provides access to e-mail programs such as anger management, and includes practice tests for the General Educational Development Test (GED)
- Plans are to renovate recreation areas by adding and upgrading security equipment throughout the facilities, particularly at access points
- Future plans include conversion of 400 detention cells into restrictive housing
- Future plans include a request to the legislature to approve the hiring of a designated prosecutor

Discussion of Efficiency in State Government

Senator Irvin recognized Dan Greenberg, President, Advance Arkansas Institute. Mr. Greenberg gave a presentation on efficiency in government. He referenced reports issued by the Arkansas Division of Legislative Audit in 2001 and 2007, which concluded:

- Boards and commissions in Arkansas are created inefficiently
- Public dollars could be saved through consolidation of more than 50 boards and commissions. A single entity could perform the administrative work for several boards and commissions
- A follow-up report, released in 2007 by the Division of Legislative Audit, showed the number of commissions had multiplied instead of being consolidated as had been recommended in 2001. The Report showed that the state was spending \$28 to \$30 million and could realize substantial savings through the consolidation of administrative services
- There are 72 regulatory boards, all of which have administrative, licensing, and accounting needs, but all operate autonomously
- 17 of the regulatory boards employ staff that investigate and review complaints
- All boards have similar functions regarding their hearing processes
- Consolidation of the boards could eliminate duplication of service, streamline processes, plus provide adequate separation of financial duties

Mr. Greenberg discussed various state agencies that have similar functions with separate administrations, which could be consolidated administratively:

- Arkansas Department of Workforce Development
- Arkansas Department of Career Education
- Arkansas State Police
- State Capitol Police
- Arkansas Game and Fish Commission Wildlife Officers

Mr. Greenberg discussed recommendations he believes will make state government more efficient and improve the state's economy:

- Modify the approval process for rules and regulations, which was established in Act 1258, to allow the legislature to oversee the approval process using the same method legislation is approved
- A general de-regulation or lessening of the burdens of licensure to make jobs more accessible and decrease costs to taxpayers

Marjorie Greenberg, Advance Arkansas Institute, was recognized. Ms. Greenberg discussed performance measures within state agency budgets based on their outcomes. She used the example of the Arkansas Department of Career Education who has specific goals established by the legislature. By using the budget process, the legislature could set the number of two-year certificates as a goal for the agency to achieve. Ms. Greenberg believes setting outcome goals for state agencies would help the agencies to focus and improve.

Senator Irvin discussed the feasibility of allowing state agencies to monitor state vehicles using a technology-based tracking system, similar to businesses such as the United Parcel Service (UPS) uses to track their delivery vehicles. She told committee members that the State of Mississippi established a statewide system to monitor and maintain its fleet of vehicles, resulting in saving money and providing efficiencies in state government.

Senator Irvin told committee members that the Arkansas Division of Legislative Audit will be asked to provide information on the reports Mr. Greenberg referenced in his presentation.

There being no further business, the meeting adjourned at 12:00 p.m.

DRAFT