

Billions and billions of state dollars could be saved

BY PETER GIOIA

What if there were ways to save the state billions in taxpayer dollars, provide top-quality services and help people live better lives? What if we could start working on them right away?



Good ideas to help state government work better and cost less are in fact very close at hand. We need them, because the state is facing a tough combination of billions of dollars in budget shortfalls and a slowly improving economy for the foreseeable future – and it only makes sense to spend our state dollars wisely.

Halfway through this legislative session most budget talk has fallen short of viable long-term solutions. With little willingness to change the way the state provides services and nothing to indicate that fiscal conditions are going to improve, there's little hope for a miraculous solution.

Connecticut's budget crisis demands responsible, long-term solutions that will cost less while maintaining or even improving state services. Here are four solutions that fit the description and could be implemented over the next few years if we make them priorities and act now:

Long-term health care

Shifting the emphasis from institutional care to in-home care could save

the state hundreds of millions of dollars a year – and deliver on what most people want. Connecticut's population continues to gray, with the number of people age 65 and above expected to increase by 40 percent over the next 15 years. If no changes to elderly care are made, annual Medicaid spending on long-term care will explode to \$5.8 billion – an increase of more than \$3 billion from today. The Connecticut Regional Institute for the 21st Century says if we were to run our long-term care as Oregon does, we could save \$600 million with no cuts in services.

Prison reform

Prison expenses account for a major part of Connecticut's budget and another area in which prudent savings could be made. The state recently was able to close the small Webster Correctional Institution. With more innovation and a continuing focus on preparing state inmates for a successful re-entry into society, it may be possible to close more facilities. What's more, the state could reduce the rate of prison recidivism through:

- Character-based prison models
- Alternatives to incarceration for nonviolent offenders
- Effective services for treatment, job training and reintroduction into communities.

Nonprofit agencies

The state of Connecticut administers hundreds of programs that provide much-needed and generally high quality social ser-

vices for many people. State-run programs are startlingly more expensive compared with the same or similar services provided by nonprofit organizations. The services of state-employee caregivers often more than double the cost of comparable services provided by those in nonprofit agencies. Shifting client care to private facilities would result in substantial savings without reducing services or quality of life.

Leaning government

The Government Administration and Elections Committee approved a proposal (SB-467) that would require all state agencies to adopt lean techniques to operate more efficiently and effectively. Changing the way state government operates is critically important, and the committee's forward-looking proposal could be a big step forward in providing better quality services at lower cost. Currently, just a few state agencies are using lean techniques, but the process could be widely expanded. Manufacturers in Connecticut are using lean processes to realize cost savings of 50 percent and more.

Controlling state spending and making government work better are key ways to avoiding harmful tax increases that will hurt families, businesses and the state's economy. Addressing some of these specific spending areas now could produce much-needed economic dividends as Connecticut seeks to recover.

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Economy's 'new normal' cries out for new budgeting approach

Make state government more efficient, cost-effective

BY PETER GIOIA

Connecticut's recovery is beginning, but the recession's impact continues because of deep structural changes that have resulted in a "new normal" for our economy and a new reality for state budgeting. Members of the Governor's Economic Advisers agree on those points as well as this one: State government has to change the way it operates, because we can't afford it not to.

While recovery is under way, it's likely that the 100,000 jobs we've lost will not come back soon, perhaps not until the end of 2014. It's significant that many jobs that do "return" actually won't be the same high-paying jobs we've lost. The recession wreaked havoc on certain industries, such as financial services, which traditionally have been major bulwarks of Connecticut's economy. In the recovery, new jobs may be lower-paying, more service-oriented jobs.

Then there's our graying population,

1. Streamline government processes and improve quality.
2. Rebalance the way long-term care is delivered.
3. Reform prison and corrections practices.
4. Change mode of service delivery for community living arrangements.
5. Reopen and renegotiate compensation contracts for state employees.

Lean to streamline

Senate Bill 467 is a good start toward improving the way state government operates. This forward-looking proposal calls for all state agencies to adopt the lean business practices that Connecticut businesses have used to streamline, cut costs and stay competitive. Implementing lean practices, along with results-based accountability, will help the state provide better quality services at lower cost. Policymakers should start with the biggest and most costly agencies, such as the Department of Transportation.

\$15,000 and \$18,000 per person per year, versus \$32,000 to \$40,000 in prison), as called for in SB-475.

- Develop character-based prison options similar to Florida's, which have a 7 percent recidivism rate over three years, vs. Connecticut's 67 percent.
- Explore best practices in other states to reduce recidivism and implement pilots as soon as possible.

Nonprofit community providers

House Bill 5245 calls for the state to switch to nonprofit providers for all community services, and that's a good thing because there is a dramatic cost difference between community-living-arrangement services provided by nonprofits and by state employees. One study showed that state-employee-provided services were 2.7 times as expensive as nonprofit-provided services, with no discernable difference in quality.