



A New Way of Doing Business: Reforming Government to Save Taxpayers an Estimated \$450 Million

During these challenging economic times, so many New Mexico families are forced to tighten their belts and do more with less – and Diane Denish believes state government must do the same. As Governor, Diane will immediately implement cost-saving reforms and bring about a new way of doing business in Santa Fe.

Diane has proposed a series of bold reforms to make government more efficient and accountable – saving taxpayers millions of dollars. Diane would drastically cut the number of political appointees, implement strict accountability measures, consolidate government departments, eliminate at least 4 Cabinet level positions, reform the capital outlay process and institute a culture of customer service in state government. In total, these reforms could save New Mexico taxpayers an estimated \$450 million over the next 5 years.

New Way of Doing Business: Reducing political appointees and creating incentives to reduce the state's payroll to save taxpayers millions

As Governor, Diane Denish will take quick and decisive action to end the special breaks and insider deals that continue to exist at the expense of taxpayers. Nobody will be guaranteed a job and only qualified, dedicated public servants will have a place in a Denish Administration. Immediately after taking office, Diane would implement the following reforms:

- Cut political appointments: Denish would cut an additional 100 political appointments (exempt positions), which would return the exempt employees to below 2002 statutorily authorized levels.

Savings: \$8.8 million dollars a year and \$44 million over the next 5 years. (Source: State Personnel Office estimate of average employee salary and benefit package calculated at \$88,000/yr)

- One-time voluntary buy-out of public employees: Offer a targeted, one-time voluntary buyout to reduce the size of the state workforce. This targeted effort would focus on employees who are not in high-demand positions or in hard-to-recruit areas in an effort to avoid compromising front-line services to citizens, especially in the area of public safety. Classified employees with more than 5 years of service would be offered a \$1,000 incentive for every year of state service that will not exceed \$20,000. For example, an employee with 10 years experience would be eligible for a \$10,000 one-time incentive when leaving a job. As part of this package, employees would not be eligible to apply for another state job for 3 years and any employee seeking to return to work before the three-year time period would have to pay back the incentive.

Savings: If just 2% of state employees accept the buy-out, the state could save from \$24 to \$32 million in the first year and up to \$160 million over 5 years. Any employee seeking to return to work before the three year time period would have to pay back the incentive money. (If 500 employees took the bonus for \$5,000 it would cost \$2.5 million - 1st year, if 500 took the bonus at \$20,000 it would cost \$10 million - 1st year)

New Way of Doing Business: Performance Reviews and Accountability

Particularly during these difficult times, there is simply no room for government inefficiency or waste. Diane Denish will require department heads, programs and agencies to meet strict performance standards, and when something is inefficient, it will be eliminated. She firmly believes that government must be accountable – and with today’s technology, New Mexico taxpayers should be able to see exactly how their money is being spent in real time, so they can hold their elected officials accountable. As Governor, Denish would push for the following:

- Tax credit accountability: Companies that take advantage of tax incentives, rebates and other state benefits should be held accountable for results in the form of real public benefits, such as investment in infrastructure, number of jobs, employment hours, or wage rates in a specific amount of time. Companies who do not meet their commitments should pay back the state and taxpayers. Twenty other states already have such provisions which ensure accountability from private sector entities that utilize public monies.

Saving: The state currently issues roughly \$111.2 million a year in tax credits. If after the review, 3 percent of the tax credits did not lead directly to job creation, the state would save \$3.3 million per year or \$16.5 million over five years.

- Tax credit transparency: We need increased disclosure on who is taking advantage of jobs tax credits and how many jobs are being created as a result of the credits (this information once collected can be placed on the state of New Mexico Sunshine Portal).
- Sunshine portal implementation and expansion. When Denish signed the Sunshine Portal into law in March 2010, she spearheaded a huge victory for government openness and accountability, but it was only a first step. Now the state’s checkbook will be online so taxpayers can see how their money is spent. As Governor, Denish will oversee the implementation of the Sunshine Portal and then push for its expansion so it also includes a statewide See-Click-Fix function where citizens can report waste or issues that need immediate attention.
- Chief performance and accountability officer: Denish would consolidate all agency inspectors general and fraud and abuse staff in one Office of Government Accountability led by a Chief Performance and Accountability Officer. This person will answer to the Governor and be charged with eliminating fraud, waste and abuse in state government. By taking existing inspector general staff out of their agencies and placing them in an independent office, taxpayers will have an internal watchdog

for taxpayer funds that is unbiased and not beholden to departmental personalities or loyalties.

- Workers compensation reform: Denish would reform the Workers Compensation Administration to allow for a full review of worker's compensation laws and rates, rooting out the inequities that harm New Mexico's employers. For example, worker's compensation rates for office work should not be similar to rates for more dangerous jobs such as oilfield work and construction. Too many small businesses are being taken advantage of by unfair worker's compensation rate structures. Denish would also increase the fraud and abuse investigatory power of the Workman's Compensation Administration.

New Way of Doing Business: Government Consolidation and Efficiency

During these tough economic times, government must stretch every dollar further – and consolidate wherever possible in order to be more efficient with taxpayer dollars. That's why, as Governor, Diane Denish will consolidate multiple agencies, eliminate at least 4 Cabinet-level positions (and their associated exempt staff), cut or consolidate at least 100 boards and commissions and reduce the state's car fleet.

1. Consolidate agencies and cut cabinet positions: By cutting administration and consolidating leadership functions, the state can maximize its limited resources on the front-line programs and employees who are serving the people of New Mexico on a day-to-day basis. This puts taxpayer dollars where they will do the most good. As Governor, Denish would:

- Consolidate the Department of Tourism, the Department of Cultural Affairs, State Parks and the Department of Economic Development into the new Commerce Department (eliminating two cabinet-level positions).

Savings: Estimated \$490,000 a year and \$2.4 million over five years, based on consolidating 8 positions and other administrative efficiencies.

- Consolidate the General Services Department and the State Personnel Office into the Department of Finance and Administration (eliminating two cabinet-level positions).

Savings: Estimated savings of \$880,000 a year and \$4.4 million over 5 years, based on consolidating 10 positions and other administrative efficiencies.

- Consolidate all departmental human resources staff into one Office of Personnel, which would be located in the Department of Finance and Administration.

Savings: Estimated savings of \$402,000 a year and \$2 million over 5 years, based on consolidating 4 positions and administrative efficiencies.

- Move the Office of Natural Resources Trustee, which has investigatory power, into the new state Government Accountability Office.

2. Cut the state car fleet: Denish would reduce the state car fleet by 10% by using a Zip-Car model for the state motor pool. If an employee has a meeting, he or she can check a car out of the state motor pool and return it upon completion of the trip. This reduces the use of state cars for commuting, encourages ride sharing and saves both tax-payer dollars and energy.

Savings: Reducing the state car fleet by 10% would save \$500,000 a year or \$2.5 million over 5 years.

3. Increase technology and video conferencing: Increase the use of video conferencing for meetings. This would increase employee efficiency by cutting down on travel, saving overall travel expenses and reduce per diem expenses for board members. Most of our local colleges and universities have video conferencing capabilities. We should utilize existing public infrastructure where available and strategically install video conferencing centers where they will be most cost effective.

Savings: Estimated \$3.5 million a year or \$17.5 million over five years (minus the cost of one-time installation) according to the Department of Information Technology.

4. Cutting boards and commissions: Denish will set a goal to eliminate or consolidate at least 100 state boards and commissions over the next 5 years.

Savings: Estimated \$1 million over the next 5 years.

5. Incentivize state employees to maintain healthy lifestyles: Give state employees who do not smoke, control their weight, cholesterol and blood pressure a break in prices on what they pay for health insurance. Just like rewarding good drivers with lower car insurance premiums makes sense, so does rewarding employees who keep themselves healthy. More than 50 corporations across the country, including Lovelace Health System in New Mexico are using this model to provide employees incentives to stay well and stabilize health costs. The Centers for Disease Control (CDC) estimates that 75% of healthcare dollars are spent treating conditions that are lifestyle related and largely preventable. Wellness efforts have been proven to reduce annual medical costs significantly and make our workforce more productive. By implementing an incentive based wellness system similar to the model being used by the private sector, it has been estimated that New Mexico could save \$58 million over the next 5 years and still maintain the same level of benefits for employees.

6. Review of state building leases: Denish would implement a thorough review of all state leased office properties in an effort to negotiate better rates and end leases that are not financially advantageous to the state.

New Way of Doing Business: Capital Outlay Reform

Diane Denish believes that when used wisely, capital outlay funds can go a long way towards stimulating the economy, generating new commercial developments, improving schools and modernizing New Mexico. However, the current process gives direct control to state elected officials for every dollar spent, resulting in some good projects being under-funded while stagnant or premature projects receive millions of dollars that could be better spent elsewhere. Additionally, Diane believes capital outlay is best spent on shovel-ready projects, reasoning that capital outlay money sitting in a fund is not being spent out in our communities creating jobs.

Therefore, Denish believes we must dramatically reform the state's capital outlay process by taking the following steps:

- Institute a strict use-it-or-lose-it policy where unused capital outlay funds revert if not accessed after 2 years on the books. This would reinforce the need for local governments and other entities to get their matching funds together and make sure their projects were ready to break ground upon funding. After all, if capital outlay money is sitting idly and not being spent, it's not creating jobs.

Savings: According to some estimates, there is a roughly \$1.4 billion backlog in capital outlay funds. If just 10 percent of those funds languished for two years, the state could retain \$140 million.

- Create a state Capital Outlay Planning Board charged with drafting and maintaining a five-year comprehensive capital outlay plan to ensure all communities strategically receive the resources they need when they need them. This board will be made up of members of the Legislature, the Executive, private citizens and representatives from local governments. All capital outlay requests would funnel through this process so that projects are approved in a strategic manner that focuses on key infrastructure needs and economic development opportunities. This process would also serve to prioritize shovel-ready projects.
- Prohibit using long-term bonds to finance assets with life spans shorter than the life of the bonds. For example, computers and furniture should be financed with available funds from the general fund rather than through selling bonds that take ten years to pay off. This will ensure the state's bonding capacity is used correctly and in a fiscally responsible manner.
- Focus and prioritize the state's local government division within the Department of Finance & Administration to improve performance of its capital outlay work, eliminating the unit's role in other non-core activities that distract from the main mission of making sure our dollars are well spent.
- Establish a minimum project size to qualify for Severance Tax Bond and General Obligation Bond funding. Setting a project size minimum would ensure the state's priorities are strategically funded first, benefiting all citizens across the state.
- Help local governments prioritize which projects they request capital outlay funding for, limit the number of prioritized projects they can request to 3 per year, and require funded local-government projects meet clear benchmarks and show tangible progress before any additional requests are made.
- Peg matching-fund requirements to the size of the community so that smaller, rural communities have increased opportunities to qualify for funding.

New Way of Doing Business: Instilling a Culture of Customer Service in Government

When Diane Denish was growing up in Hobbs and working at her father's small business, she learned

the values of customer service: responsiveness, courteous service and always treating the customer with respect. She believes these same principles must be applied to state government, where the taxpayers of New Mexico are the customers.

State employees work hard to serve New Mexicans every day and their dedication is unquestioned. But, Diane believes everyone can use a refresher on the basics of customer service.

To further develop our culture of customer service in state government, Diane will implement the following new protocols:

- Mandatory customer service best-practices training upon the hiring of all new state employees who work directly with the public as well as a customer service refresher course for current employees. This would include a “Get Back to Basics” training where New Mexico businesses with exceptional customer service records will be invited to speak and train state employees through a public-private partnership to improve the service New Mexicans receive.
- Shifting some agency hours so that they are open at times when the public can more conveniently access them. For example: Motor Vehicle Department, unemployment and public health offices opening earlier, closing later and potentially having weekend hours.
- A Public Service Heroes award where the public can nominate state employees who have gone above and beyond so that these employees can be honored, showcased and rewarded to set an example of excellence for all other employees.

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