

## OREGON INITIATIVES FOR REDUCING COSTS AND IMPROVING SERVICES

### Retargeting Government Programs

Better targeting of government programs requires that both methods of providing services be changed and less essential services be reduced or eliminated.

We have modified our Aid to Families with Dependent Children (AFDC) Program to establish standards so that someone on assistance would not be any better off financially than if working at a minimum wage job.

We have established a state Jobs Program to provide both the incentive and tools to help individuals find work as an alternative to public assistance. We were also one of the first states to apply for and receive approval for a Work Incentive Program (WIN) demonstration project to integrate this program into our public assistance program.

We have redesigned our state financed day-care program to eliminate the subsidy for many people who could afford day-care on their own and revised the program to provide subsidy to those who need it to avoid dependency upon public assistance.

We proposed eliminating public assistance for two-parent families for the half of each year when employment is most available. The Legislature, instead, eliminated the program for the entire year. We did not abandon these people, but established a state financed program of emergency assistance and job services to help in the transition from the public assistance rolls.

We have made other changes in our public assistance programs that, individually do not have the impact of the items listed above, but reinforce the concept that public assistance is not a preferred option to a job. We have reduced our public assistance caseloads from over 120,000 persons in 1977 to under 80,000 today. Our caseloads have declined over the last two years in spite of a worsening economy. We have:

- Reduced the allowance for shelter costs in "children only" grants where the child is living with a relative or another adult who is providing shelter.
- Adopted a two-month prospective budgeting concept to use more of the client's income in the initial two months to fully offset grants by anticipated income.
- Eliminated cash assistance for single pregnant women with no other children during the time they are still able to work.
- Tightened eligibility in our state General Assistance program to require individuals to be unemployable for at least sixty days before qualifying for assistance.

We have found holding down costs in our medical assistance program to be the most difficult. We only offer categorically needy services, whereas, almost 70 percent of the states provide both categorically needy and medically needy services. To hold down medical costs we have:

- Eliminated payment for optional surgical, laboratory, and x-ray procedures which exceed basic needs.
- Limited adult dental services to emergency only treatments.
- Required that services be prior authorized in both our General Assistance and Title XIX Medicaid programs for drug and alcohol treatment.
- Required that clients enroll in drug or alcohol treatment programs as a condition of eligibility for cash assistance.

We have made a concentrated effort to reduce nursing home care costs through alternatives. In 1979, we initiated a pilot project to expand community based care and intensified our efforts to screen clients to assure appropriate nursing home placements. We were the first state to receive a waiver under Title XIX to use this funding for community programs. This enabled us not only to reduce the costs of care, but improve the appropriateness of care.

We have reduced costs through expanding in-home and adoptive services as an alternative to substitute care for children.

We have substituted parent training as an alternative to preschool classroom instruction for mentally retarded children through age three.

We have redirected our vocational rehabilitation services for the handicapped to short-term vocational training and away from long-term college programs.

We have saved money and improved service through a pilot project to make cash payments in lieu of issuing food stamps. We are currently moving to expand these efforts.

We have closed our work release centers for parolees and substituted cash grants and other services to help parolees find jobs and live in their own communities instead of where our centers happened to be.

We have stopped doing testing in our public health laboratory that did not relate to public health and could be done at patient expense in a private laboratory.

We have redirected mental health resources to provide community care in lieu of state hospital inpatient care for those who can be appropriately treated by alternative care.

We have streamlined our higher education programs with their help and support by:

- Eliminating unnecessary program duplication.
- Placing emphasis on programs to meet current employment demands in high technology industries.

### Operating Government Like a Business

We have provided managers with the tools to enable them to manage effectively and allowed them the flexibility to manage. We have developed new operating policies, business strategies and management practices, and have implemented private business concepts in many of our agencies. These have not only resulted in savings to the taxpayers, but to the direct consumers of state products.

We have also looked at our financial resources and the way we manage our money. We have improved cashflow and created greater equity between those who pay for and benefit from services.

We have eliminated or reduced automatic cost-of-living increases to help hold down inflation.

We have established new fees or increased existing fees to match the costs of programs where services benefit both identifiable groups as well as the general public. We have:

- Established day-use fees for state parks.
- Established fees for laboratory tests at our state public health laboratory.
- Established fees for participating in diversionary programs for persons charged with driving under the influence of liquor.
- Established fees for home studies in privately arranged adoptions.
- Increased fees for copies of vital statistics records.
- Increased various permit and licensing fees to fully finance costs of the service.

We have established general fees or taxes dedicated to the particular service or problem which is related to the subject being taxed. We have:

- Established marriage license fees to fund shelter homes for victims of domestic violence.
- Increased fire insurance premium taxes to fund state fire prevention programs.
- Established a telephone tax to fund emergency communication services.

We have recognized that all ongoing capital improvement and construction needs could not be met during the period of revenue shortfalls and have deferred all construction not related to life and safety improvements.

- In our highway program, we have emphasized safety and road preservation and deferred maintenance of lower priority.
- In order to retain parks we now have, we have eliminated new park development and improvement.
- We have reevaluated our capital equipment replacement strategies and increased the life of existing capital equipment through improved maintenance.

We have made major improvements in our cash management systems which have both increased the timeliness of our cash flow and interest earnings. We have:

- Expanded audit and collection staff in our Department of Revenue to improve equity for all taxpayers.
- Increased the interest penalty for delinquent taxes closer to market levels.
- Required corporate excise and income taxes to be paid quarterly instead of annually.
- Scheduled tax relief payments to counties three times a year instead of annually.
- Changed our Basic School Support fund payments to school districts from annually to monthly.
- Changed the schedule for insurance premium taxes from annually to quarterly.
- Required that dividend and interest income taxes be paid quarterly instead of annually.
- Required withholding payments to be deposited within 15 instead of 45 days.
- Required disputed tax amounts to be paid pending resolution of the tax appeal.

We have undertaken an aggressive risk management program to reduce the costs of insurance to the state. We have instituted safety programs to cut our workers' compensation insurance costs. We have consolidated state insurance programs and strengthened our loss control functions. We have saved money by using a single agent of record instead of individual bids, increased our catastrophe coverage at a premium savings, and eliminated duplication of policies for further savings.

We have cut back on our subsidy of publications, conferences, and employee membership dues throughout state government.

We have reduced energy consumption and costs by retrofitting our buildings and placing a lid on travel mileage.

We have a statewide program to review our use of telephone lines for computer terminals and have drastically reduced costs.

We have eliminated over 2,400 positions through organization improvements, reducing technical assistance, eliminating layers of management, and increasing standards of performance at all levels.

We have evaluated equipment and supply inventories and made major cost savings while still maintaining a high service level.

We have developed measurable performance specifications for competitive bid purchases. We have also taken advantage of such things as manufacturers' rebates and promotions.

We have adjusted our price agreements to take advantage of declining markets and prices through the use of deescalator clauses.

We have implemented a central mail presort program which has saved approximately 1.7 cents postage on each first class letter.

We have intervened successfully in two separate telephone rate hearings resulting in a cost avoidance of almost \$10 million.

We have improved our telephone management reporting system to assure that the least costly systems are used to the maximum.

We have gone to regional telephone service networks to reduce our long distance charges.

We have consolidated our copy centers while still meeting our needs.

We have established new systems for managing both our state-owned and private rental space.

We have improved our economic analysis and revenue forecasting systems.

#### Making Government More Productive

We made productivity part of our everyday business. As part of their 1981-83 budget request, state agencies were required to report actual cost reductions in operations and cost avoidances through productivity improvements. We have found that productivity is a concept that not only applies to business and industry, but is equally applicable to government services. Improvements come from better paperwork systems, consolidation of operations, workload scheduling, and changes in procedures, reports, records, and filing systems.

We have eliminated unneeded regulation. We have moved to registration and self-certification systems with enforcement on a complaint basis.

We have adopted a modified zero-based budgeting process and automated our budget system.



We have made extensive use of the telephone instead of travel for making client contacts and conducting other business. We have increased the productivity of our hearings function by over 50 percent in both our Department of Revenue and Department of Human Resources Employment Division through the use of telephone hearings and other procedural changes.

We have made good use of high technology resources to reduce labor costs. We have successfully married data processing and word processing technologies.

We have both merged and linked separate computer systems to improve utilization and efficiency.

We have developed programs which enable us to make greater use of volunteers to supplement paid staff.

We have decentralized the state personnel function to allow agencies more flexibility in managing their human resources.

We have established an Employee Suggestion Awards Program which has already produced major savings and increased employee morale.

We are developing cutback management training programs to help agencies deal with the issues of a shrinking workforce.

We have an ongoing program to improve organization of government in Oregon. We have eliminated layers of government, combined similar programs, and established new organization units to focus on critical programs.

We have consolidated the statewide court system.

We have an active program to share technical resources and professional skills between state agencies.

We have been number one in conserving fuel through enforcement of the 55-mile per hour speed limit even with reduced staffing.

We have used value engineering clauses in all highway project construction bids.

We have pioneered efforts to implement private sector "Quality Circles" concepts in state government. This has increased the involvement of first line employees in improving quality of service and productivity.

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