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Op Ed: Opportunity to Restructure State Government Never Better

by Doug Wacek

In late 2003, Governor Douglas appointed seven private citizens to undertake an independent review of Vermont's largest employer - state government. As a result, the Vermont Institute on Government Effectiveness was created as a non-profit organization with private funding. Its mission was to recommend ways to improve state government's overall effectiveness, understanding that this complex organization represented (in 2005) 9,800 employees with 62 business units and annual expenditures in excess of \$3.6 billion.

After more than 18 months of program review and interviewing managers of numerous programs within state government, as well as the state employee labor union, the Institute issued its report in September 2005. The fundamental conclusion reached by the Institute was: *"The greatest operational opportunities for meeting Vermont's growing resource needs for providing services are principally through the adoption of a contemporary technology infrastructure and enterprise wide management model."*

This recommendation encompassed a fundamental transformation of how state government works by embracing and deploying new technologies and empowering state employees. To finance this effort, the Institute highlighted a once-in-a-lifetime opportunity: "Over the next 10 years nearly half of the state workforce will become eligible for retirement."

The report noted that leveraging this upcoming retirement bubble by investing in new technologies and implementing new ways of providing services was an opportunity of a generation. Three primary areas were highlighted:

1. Reorganize the state's fragmented information technology functions into a contemporary enterprise-managed framework to improve quality and availability of service, reduce inefficiencies and duplication, and create future capacity for change and innovation. This effort alone was estimated to provide from \$20 to \$30 million in annual savings.
2. Further develop "e-government" to allow Vermonters' access to significantly more information and services via the Internet as a means to expand and improve service and reduce costs.
3. Given an average cost per employee exceeding \$60,000, incorporate the "retirement bubble's" historic opportunity to transform the state workforce. This should be done through reengineering how services are provided and by flattening the managerial, processing and bureaucratic layers of state government by incorporating workforce attrition, departmental reorganizations, and smarter technology.

So where are we today – three years later? As a member of the Institute, I know that the executive branch was very open to our ideas as we conducted our research and drafted the report. It moved ahead on several of the recommendations, especially some of the "low hanging fruit" in the information technology areas. And while the Institute's report received an audience in front of various legislative committees, I am unaware of any follow-up by the legislature or actions taken.

Change is difficult in all bureaucracies and especially so in government. Will the economic climate and backdrop of looming deficits and hard economic times finally create an environment where we can seize this opportunity? The opportunities highlighted in the Institute's report remain, but this effort cannot be accomplished by the executive branch alone. It will require a major buy-in and commitment by the legislature, one that will transcend the current fiscal crisis.

So the real question in my mind is this: Can there ever be agreement to really restructure state government in the manner envisioned by the Institute? Can the executive and legislative leadership forge a partnership to bring the level

of cooperation and commitment needed to plan, design and then implement a new structure for the 21st century? On the other hand, how can we afford not to?

-30-

Douglas J Wacek served as Vermont's commissioner of finance, first appointed by Governor Richard Snelling in 1991 and subsequently by Howard Dean, until 1994 when he left following the retirement of the 1990/1991 state deficits. Wacek has served as a director and officer of the Vermont Business Roundtable since 2002. The Vermont Institute on Government Effectiveness report is available through the Vermont Business Roundtable at www.vermontinstitute.org/static/vermontinstitute/index.php