Alabama Management Improvement Program

Final Report

"... this business and government partnership will help us achieve unparalleled efficiency and effectiveness in state government."

STATE OF ALABAMA

PROCLAMATION

BY THE GOVERNOR

WHEREAS, I, Guy Hunt, Governor of the State of Alabama, signed Executive Order Number 6 on March 30, 1987 establishing the Alabama Management Improvement Program designed to evaluate state departments and agencies to provide essential governmental services in the most economical, effective, and efficient manner; and

WHEREAS, prominent and outstanding leaders of business and industry in this state gratuitously volunteered assistance in a joint effort with Alabama state government personnel in carrying out the comprehensive Alabama Management Improvement Program.

NOW, THEREFORE, I am honored to proclaim the success of the **Alabama Management Improvement Program** and accept the final report of its findings and such recommendations as were developed with the departments and agencies.

GIVEN UNDER MY HAND, and the Great Seal of the Governor's Office at the State Capitol in the City of Montgomery on this the 25th day of October, 1988.

Guy Hunt

GUY HUNT

September 1988

The Honorable Guy Hunt
Governor
State of Alabama
State Capitol
Montgomery, Alabama 36103

Dear Governor Hunt:

We are pleased to present to you this final report of the board of directors of the Alabama Management Improvement Program. The mission of this program was to study state government, using the combined knowledge and efforts of state employees, private sector loaned executives, and consultants; and to devise methods to help state government serve the citizens of Alabama more efficiently, enhance revenue where possible, and spend state funds more effectively. From the inception of the program, the emphasis has been on implementation of recommendations, rather than merely devising a set of recommendations to be placed in a report.

For that reason we wish to emphasize that this final report is like a snapshot at one point in time during a continuously moving process. The AMIP studies are complete, but the implementation process continues. It will likely continue for years as recommendations are implemented, leading to more improvement in the entire state government operation.

We are grateful for the vision of leaders of business, both large and small, who gave thousands of hours of executives' time and donated more than $1.5 million to fund the Alabama Management Improvement Program. The accomplishments of the AMIP will serve Alabama and its citizens well as the state moves forward in the development of its economy.

We endorse the recommendations in the document and we appreciate having had the opportunity to participate in this important project.

Sincerely,

W. Houston Blount
Chairman

Wallace R. Bunn
Vice Chairman

John W. Woods
Vice Chairman

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Overview

OVERVIEW

Shortly after his inauguration in 1987, Governor Guy Hunt announced that he was creating a program to study and analyze state government through a process that would blend the experience of state government managers and private sector employees. The effort Governor Hunt initiated, the Alabama Management Improvement Program (AMIP), is documented in these pages from the beginning to the present.

Goals

The AMIP was created to reach several related goals:

—Impact the budget by identifying short-term, cost-saving opportunities.
—Institutionalize change by exposing managers to new management approaches and business methods.
—Maintain and improve effectiveness in the delivery of services while enhancing the efficiency of departments and agencies.
—Obtain active involvement by key stakeholders to ensure implementation.

The AMIP was designed to start a dynamic process, capable of continually bringing improvement and savings to state government in a way that benefits all citizens. For that reason, this document is not a final report of results, but rather a description of the activities, recommendations and results at this point in the history of the program.

Guiding Principles

The program was conducted in two phases—the Short-Term Studies and the Long-Term Studies. The Short-Term phase was to generate immediate cost-saving opportunities to improve management practices. The Long-Term phase was to examine issues requiring more in-depth analysis that surfaced during the studies. Key to the entire effort was the determination of all involved to build in an implementation phase to ensure that adopted recommendations actually result in changes in organization, systems and delivery of services.

One strategy of AMIP was to create credibility through a near-term impact on the budget process. The program also sought to build ownership in change by involving those people most capable of assessing the programs and making decisions about the types of changes necessary.

The resources required to carry out this study were enormous. The program required 25 co-consulting teams, each working six to ten weeks. Each team was comprised of two to three private executives, six to ten governmental managers, and one or two professional consultants. About 20 man days were required of each private executive.

Approximately $1.5 million was needed to fund the short-term and long-term studies. Approximately 150 state employees and 75 business executives were required to complete the studies.

By February 1988, the AMIP Short-Term Studies had been completed. The 22 short-term studies, which included a review of 17 major departments and agencies, four studies of issues that cut across department and agency boundaries, and one study of a series of special functions, proposed 1,063 recommendations.

Methodology

The program used consulting methodologies that required input of governmental managers and allowed for discussion of optional approaches. Process consultants were responsible for ensuring that evaluation was done in a logical manner resulting in well-conceived, recommended changes.

Co-consultant teams, as they were called, were composed of managers who knew their organizations and private executives who could intelligently challenge the current state of affairs. The program was designed to make decision making systematic. AMIP allowed the co-consultant teams to take a comprehensive view and to consider the broad impact of decisions and minimize risk.

A creative process such as AMIP, with emphasis on the free upward flow of ideas from employees and industry volunteers, generates a wide range of suggestions, not all of which deal with management issues. The AMIP management process in a governmental environment requires the acknowledgment of political and social issues and, therefore, all proposed recommendations were retained throughout the draft stages.

After much deliberation, nine recommendations were deemed inappropriate or of insufficient merit and were deleted. Of the 1,054 remaining recommendations, some, of course, ultimately may also prove to be impractical or inadvisable. Final determinations regarding this will be made as each department or agency considers the implementation requirements of each recommendation.

Most of the adopted recommendations in the Short-Term phase can be implemented through administrative or departmental actions. More than ten percent cannot be implemented immediately because they require additional research by the departments. Over one-half of the recommendations concern ways to improve management or personnel practices to promote efficiency and effectiveness of the state's operations. Some of the benefits include improved employee morale, management development of employees, elimination of redundant procedures, and overall improved management of the state's resources. Many of these recommendations will lead to cost savings that cannot be quantified accurately.

Some of the recommendations, when implemented, will result in additional revenues for the state. The departments took a hard look at the cost of providing services to various users versus the fees being charged. In many cases the fees had not been changed in many years even though the cost of services had increased. By implementing reasonable increases, the departments and agencies found a ready source of revenue and were also able to recover a portion of operating costs. Some of the license and fee rates are established by law; in these cases, the rate changes are dependent on legislative action.

A number of recommendations will reduce the operating costs of the departments and agencies and lead to a direct budget reduction. The review process enabled the departments and agencies to identify a number of ways to reduce costs such as eliminating redundant processes, automating procedures, reducing the number of forms, and reducing payroll expenses through better management of overtime hours.

Program Impact

The expected economic impact of implementing recommendations has been estimated, where feasible, by each department. Every attempt has been made to make the estimates as accurate as possible, though it has been assumed that not every estimate will prove correct. The projected benefits have been categorized as benefits in the year of implementation and annual benefits. The benefits in the year of implementation are projected at $121 million and include the combined effects of revenue increases and cost savings that are expected to be realized as a one-time benefit. This figure was derived by subtracting first year estimated implementation costs of $41 million from the $162 million in projected first year benefits.

The annual benefits, projected at $88 million, will result in ongoing revenue enhancement and cost savings beyond the year of implementation. The cost to implement the recommendations has also been estimated. The estimates do not include such incidental expenses as supplies and minimal staff time because of the difficulty of isolating these expenses. The $88 million is a result of netting the projected annual benefits of $99 million against an estimated $11 million annual implementation cost.

The Long-Term Studies, which have been completed, focused on seven key issues. The issues are multidisciplinary and may have impact on major fiscal policies. Implementation will take place over the next several years, so the exact amounts and full financial impact of the studies are not known.

The benefits of the Alabama Management Improvement Program cannot be quantified only in terms of dollars. The effects of the program are far-reaching and represent a commitment by the governor, the state's employees and the business community to make Alabama a better state.

We can take pride in the fact that Alabama's citizens will ultimately benefit from this experience, not only from improved and more efficient state services, but also from the immeasurable benefits derived from a state environment more conducive to business and growth.

Organizational Chart, Board of Directors, Contributors

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XEROX CORPORATION

AMIP
Short-Term Studies—The Process

AMIP SHORT-TERM STUDIES
The Process

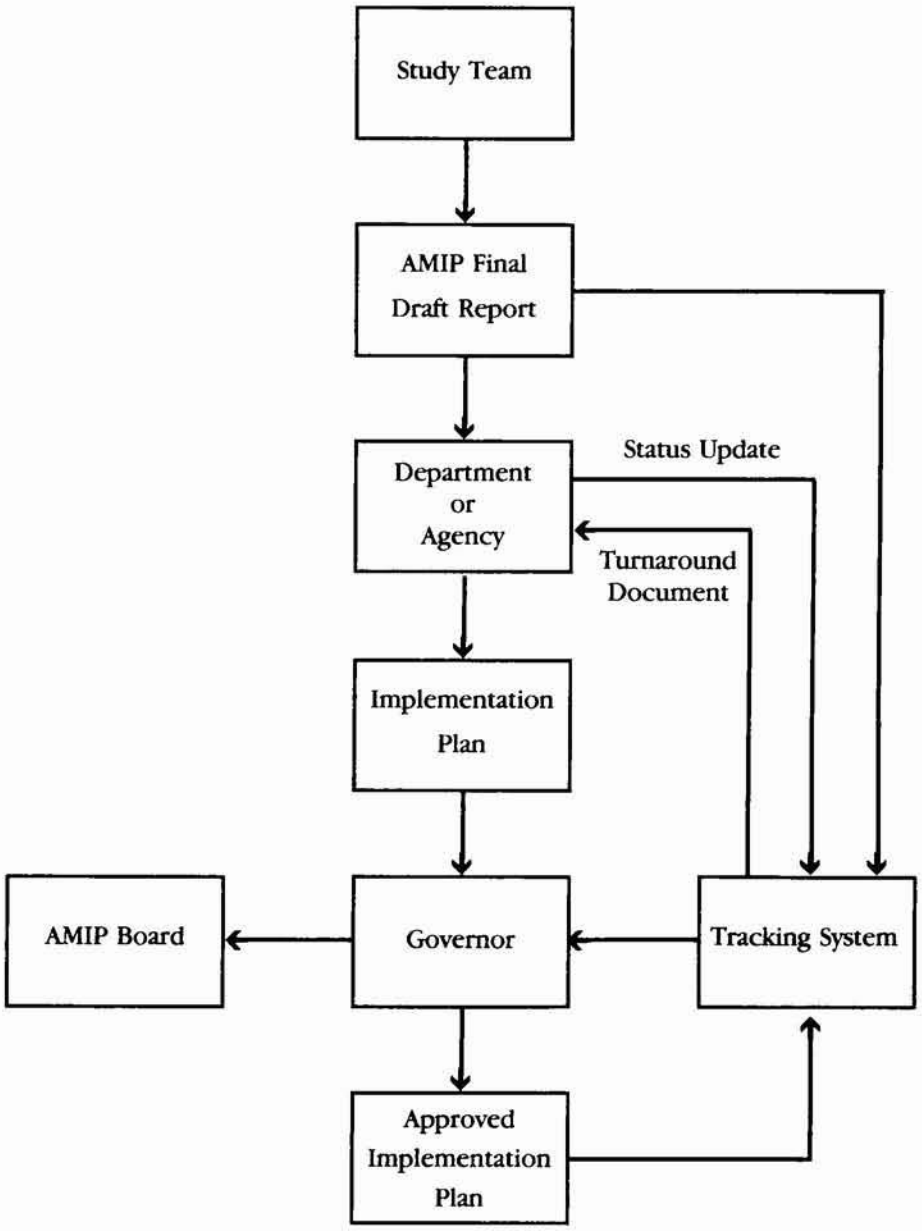
The Short-Term phase involved studies of 17 major departments and agencies, four studies of issues that cut across department and agency boundaries, and one study of a series of special functions. The studies focused on assessing the general operational and organizational effectiveness and efficiency of each department and agency.

A Short-Term Studies Coordinating Committee administered the programs on a day-to-day basis. The committee was directed by Herbert Sklenar, president and CEO of Vulcan Materials Company and a member of the AMIP Board, and included a representative of the Governor's Office, the state project director, and consultants.

Each short-term study was conducted by a team selected by the AMIP and appropriate department and agency heads. The teams consisted of 8-12 public and private sector participants. During the course of the study, particularly when specific areas of the department or agency were being studied, other department and agency employees were called on to supplement the team.

The following chart provides an overview of the study process:

THE AMIP PROCESS



Short-Term Analysis Approach

Each department and agency review relied on a structured approach for analyzing the current organization and operations. A consultant was responsible for facilitating the analysis process in each study. Key elements of the approach were:

Data Collection. Data collection was critical because it provided a base of information for understanding the complexities of the department or agency. A general questionnaire was developed to solicit input from all employees on problems and opportunities for improvements. A second questionnaire was distributed to senior managers to obtain their input concerning goals, objectives, plans, and problem areas. Responses were reviewed and summarized by project team members.

Analysis. Information flow diagrams were created for major functional areas in the department or agency. These diagrams served as a vehicle for identifying labor and cost intensive processes, bottlenecks, redundant procedures, and revenue sources.

Results from the information analyses (budget and staffing criteria) were integrated to develop an initial set of problems and opportunities for the project team to explore. The team was led through an exercise to identify high, medium, and low priority issues relative to the project objectives.

Design/Recommend. Requirements for further analysis of each issue were developed by the facilitator, the subject matter expert, the team leader, and the senior industry representative. The project team was divided into sub-teams and specific analysis requirements were assigned. Sub-team analyses were reviewed by the project team for completeness and accuracy. The project team performed additional analyses and evaluated alternatives.

Draft Report Process. The study teams met frequently to review and coordinate activities. The draft report, which each team prepared following its analysis work, was reviewed by the department or agency head. A second draft was then prepared based upon that review, and sent to the AMIP Board. Following the board's review, a final draft was prepared and submitted to the governor for his review.

Once the Final Draft Report was reviewed and approved by the governor, a copy was sent to the department or agency in order for implementation planning to begin. The Implementation Plan for recommendations was then submitted to the governor and the AMIP for review. Once the plan was approved, the departments and agencies began to implement the recommendations following the step-by-step approach.

AMIP Short-Term Studies—Recommendations

SUMMARY OF SHORT-TERM RECOMMENDATIONS
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ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS AND THE ALABAMA DEVELOPMENT OFFICE

INTRODUCTION

The Alabama Department of Economic and Community Affairs (ADECA) was created by the Alabama Legislature during 1983. The department effectively consolidated five separate agencies—the Office of Employment and Training, the Office of Highway and Traffic Safety, the Office of State Planning and Federal Programs, the Alabama Law Enforcement Planning Agency, and the Alabama Department of Energy. The department's mission evolved from the purpose of the five consolidated agencies, particularly the Office of State Planning and Federal Programs. The mission is to promote the development of the state's human, economic and physical resources and to promote the health, safety, and general welfare of its citizens by providing comprehensive statewide planning and federal assistance oversight.

The Alabama Development Office (ADO) was created within the Office of the Governor by the Alabama Legislature in October, 1969, and was formed by merging the Alabama Program Development Office and the State Planning and Industrial Development Board. In 1979, the Office of State Planning and Federal Programs (OSPFP) was detached from the ADO and made a separate agency of state government. The ADO is the principal staff agency of the Executive Branch for industrial development. The ADO seeks to create jobs for Alabama citizens by inducing businesses and industries to locate in the state and by encouraging existing businesses and industries to expand their operations in the state. In addition, ADO works to assist local communities with their industrial development programs.

In July, 1987, at the beginning of the Alabama Management Improvement Program study, ADECA and ADO were combined administratively. Therefore, some of the recommendations which follow address a combined organization while some deal only with one department.

STUDY TEAM

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RECOMMENDATIONS

1. **Combine or coordinate administrative activities of ADECA and ADO.** ADECA/ADO

   Both departments have separate administrative and support services personnel. Combining and coordinating administrative activities would reduce staffing for potential savings of up to $300,000 annually, increase efficiency of operations, and improve coordination between departments.

2. **Establish a General Service Unit within the Accounting Section of the Administrative Division.** ADECA/ADO

   Historically, there has been a lack of supervision that has resulted in inefficient operations. Coordination of functions under one unit would better serve the requirements of the departments and improve utilization of personnel.

3. **Create and fill merit system classifications.** ADECA/ADO

Most of the division chiefs are political appointees. Turnover in these positions has caused management problems within ADECA and ADO. Merit positions could improve efficiency in management, improve morale, and enhance continuity. Estimated cost is $8,000.

4. **Restructure the personnel function.** ADECA/ADO

No one is performing a comprehensive departmental human resources function. The personnel section is viewed as a reactive, paper-processing organization. A restructured function could centralize training, manage personnel issues, and facilitate communication. Estimated cost is $40,000.

5. **Reorganize the Legal Division of ADECA.** ADECA

The legal section has only one attorney because the contract attorney recently resigned. The legal section does not meet the needs of the department. Reorganization would improve efficiency and morale and provide proper protection for the department. Estimated cost is $25,000.

6. **Eliminate the Graphic Arts Section.** ADECA

Graphic design is a general service that should be available to all divisions; however, its function is not fully utilized due to an apparent lack of coordination and management. Provision should be made for the retention of capabilities, but excessive overhead should be eliminated by aligning these functions with units that can utilize existing personnel. A cost savings of $30,000 could be realized.

7. **Consolidate and reorganize the ADECA/ADO library.** ADECA/ADO

The ADECA library system is not fully utilized due to disorganization, poor response time, and limited availability of publications. Consolidation and reorganization would result in an improved information resource, provide more effective utilization, and potentially reduce costs.

8. **Transfer responsibility for the ADO mail room.** ADO

The Research Division is responsible for the mail room. Transfer of this function to the Administrative Division would place it with other support services.

9. **Monitor and evaluate the satellite offices.** ADECA

Satellite offices resulted from a reorganization of previous regional economic development agencies. They are operated by the Southern Development Council under a grant from ADECA. Previous performance of these offices was widely divergent from the regulations.

10. **Retain the Law Enforcement Planning/Highway Traffic Safety (LEP/HTS) Division in ADECA.** ADECA

This program, due to federal regulations and guidelines, is best located within ADECA, isolated and at arms length from any subgrantees. Cross-training would ensure that the division has a well-trained, competent staff that can function in either the LEP or HTS programs. It would also ensure continuity.

11. **Eliminate the Telecommunications Unit within the ADECA Planning and Economic Development Division.** ADECA

This function does not support the economic development mission of ADECA and duplicates services provided by the Departments of Public Safety and Public Health. Elimination would result in savings in salaries, benefits, office space, and ADECA support services of $92,000.

12. **Transfer the Land and Water Conservation Grant program from the Department of Conservation and Natural Resources (DCNR) to ADECA.** ADECA

The Department of Conservation and Natural Resources is a major applicant and recipient for Land and Water funds. It maintains an ongoing conflict-of-interest position with the federal programs. Transfer to ADECA would result in a more efficient grant management program, a more comprehensive planning program, and greater impact for recreation planning on the DCNR State Strategic Plan. It would also eliminate the potential for conflict-of-interest.

13. **Transfer the ADECA State Occupational Information Coordinating Committee (SOICC) to the State Department of Education.** ADECA

SOICC functions are not consistent with ADECA's mission. Previously, they were under the management of the Department of Education and the Department of Industrial Relations. Transfer of SOICC would match the agency with its mission and produce savings to ADECA of $13,000 annually.

14. **Implement a state planning process.** ADECA

The Planning and Economic Development Division is not providing assistance to state agencies in the development of long-range plans. Planning assistance is part of its mission. Historically, this division has reacted to available federal grants rather than state goals for planning and economic development. A state planning process would assist departments and agencies in long-range planning and improve morale, service and coordination. Estimated cost is $375,000.

15. **Conduct energy audits of all state department facilities.** ADECA

The Science, Technology and Energy Division has conducted audits of state facilities in the past with little implementation of its recommendations. No written energy management guidelines have been developed or provided to state agencies. Energy audits could yield potential energy savings of approximately ten percent of current energy costs.

16. **Develop and maintain a list of certified consultants and contractors.** ADECA

In numerous instances, consultants and contractors have not fulfilled their obligations to ADECA grantees. A list of certified consultants could help assure that consultants and contractors are competent, and that grant monies produce direct economic benefits. There would be less frequent need for ADECA to provide costly audit assistance.

17. **Develop a Request for Proposals process.** ADECA

There are certain federal grant programs that allow discretion in the awarding of federal grant funds by the ADECA director or division chiefs. Programs and activities would be utilized more effectively or efficiently if Requests for Proposals were issued as requirements for priority programs. This should encourage competition between potential deliverers of services, allow divisions to receive innovative program models from these deliverers, and reduce criticism of the funding process.

18. **Seek assistance from ADECA grant writers and managers at the beginning of the project development process.** ADO

ADO project managers are assigned to develop and manage industrial prospects. If assistance from ADECA is not secured early in the project development process, there is a possibility that approval time for grant awards may expire before the prospect is able to receive federal grant assistance. This delay could result in monies not being applied to the project. Early assistance would provide ADECA with additional lead time to seek and obtain maximum available funding to assist in locating industry.

19. **Redefine the duties of the Employment and Training Division—Contract Management Section, Monitoring Unit.** ADECA

Review of client eligibility and enrollment records is accomplished by the Management Information Systems Central Records staff in addition to a monthly transfer of records by computer. This is an overlap of functions because both units review identical records for omissions and errors.

Redefined duties would enable monitors to review more programs on site, to perform pre-contract reviews, and to reduce administrative costs by an estimated $2,500.

20. **Allow counties or municipalities of any size to participate in the Prepared Cities/ Counties Program if they meet the criteria.** ADECA

Some county and municipal officials believe their jurisdictions should be included in the Prepared Cities/Counties Program and that the 20,000 population limit was arbitrarily determined.

Participation would develop stronger relationships between local and state governments, improve preparedness for economic development, and serve as a marketing tool for industrial development.

21. **Target grant funds and technical assistance to fewer communities.** ADECA

Federal and state funds and technical assistance are thinly distributed throughout the state which results in numerous small grants that often have minimal impact. Fewer grants in larger amounts would result in increased benefits.

22. **Review the usage of temporary employees in the Management Information System Section and the Contract Management Section Monitoring Unit.** ADECA

The Employment and Training Division has nine temporary employees whose salaries often exceed those of permanent employees. Utilization of merit system employees would save an estimated $63,000 per year.

23. **Evaluate and train the existing engineering staff.** ADECA

Because the staff does not have the required skills, outside contractors are hired. Additional training of the staff would cost approximately $8,000 and possibly eliminate or reduce the cost of outside engineering consultants by $45,000.

24. **Review current mail room procedures.** ADECA

No policies and procedures exist to assist personnel in determining the most efficient method of mail classification. Clear procedures would result in more efficient service to divisions.

25. **Appoint a Management Information Systems Steering Committee.** ADECA/ADO

There is little or no coordination of data processing activities. A steering committee would provide opportunity for user input, improve coordination of activities, and improve utilization of information systems resources.

26. **Phase out the ADO Burroughs XE-520 System and maintain software on the ADECA IBM System/38.** ADECA/ADO

Burroughs software does not meet the requirements of ADO, and some of ADO's hardware is antiquated.

The ADECA system allows industry-compatible peripherals. If ADO could make use of this system (estimated cost of $300,000), the department would avoid the estimated $98,000 cost of upgrading its present system.

27. **Utilize a programmer from ADECA or Data Systems Management Division, Department of Finance, to correct immediate programming problems at ADO.** ADO

ADO has been without a professional computer programmer for approximately one year. Programmer services would cost $13,000 annually but would allow for full use of current system programs, potentially decrease downtime, and relieve other employees from computer operation responsibilities.

28. **Acquire computer software to facilitate the development of budget requests and operation plans.** ADECA

All budgets and operations plans are manually prepared.

29. **Typeset printed materials within ADECA with the IBM System/38.** ADECA

Duplication of effort occurs when material entered into the IBM System/38 Text Management Word Processing System must be retyped by the typesetter. Typesetting with the IBM System/38 would increase efficiency and eliminate redundancy.

30. **Coordinate with the Department of Finance for direct access to pre-payroll data.** ADECA/ADO

Direct access by ADECA and ADO payroll personnel to pre-payroll data maintained by the Department of Finance would save labor hours associated with correcting the printout received by the departments. Additionally, it would shift the data entry update responsibility from the Department of Finance to the benefiting agency. Payroll data entered into the accounting records would be interfaced rather than manually entered.

31. **Secure information and update industrial site data file.** ADECA

Although the building data file is adequately maintained, the industrial site data file is incomplete and inadequate.

Improved and more comprehensive information on vacant buildings and industrial park infrastructures would enhance the economic development and expansion capabilities of ADO and assist ADECA in targeting resources to infrastructure gaps.

32. **Evaluate and install a new telephone system for ADECA and ADO.** ADECA/ADO

The telephone vendor is out of business and unable to provide the required service. ADECA and ADO need a more efficient, reliable telephone system. Estimated cost is $2,200

33. **Purchase a letter-quality printer and a copier in the Private Industry Council Support Section.** ADECA

A new printer and copier would improve uitlization of personnel and equipment. The total cost would be approximately $7,000.

34. **Develop and implement a comprehensive marketing plan for Alabama.** ADO

A strong need exists for an aggressive, well-defined program to market Alabama rather than react to crises and inquiries. There is no marketing plan. A comprehensiave marketing plan would improve the image and marketability of the State of Alabama. Estimated cost is $40,000.

35. **Evaluate and upgrade ADO project manager classifications.** ADO

Classifications and functions do not accurately reflect the requirements for project managers who can effectively market the State of Alabama. In addition, salary levels are an impediment to securing the most qualified personnel. Estimated cost is $361,000.

36. **Reorganize the Research Division to form a superior competitive marketing research function.** ADO

This division does not provide proactive, state-of-the-art research to assist in the development of industrial prospects for the State of Alabama.

A superior research function would provide improved support and information to ADO personnel and local communities. Estimated cost is $65,000.

37. **Study the practicality and requirements for forming venture capital funds and innovative loan or loan guarantee programs.** ADECA/ADO

There is an apparent need to provide financial assistance to the above-average risk businesses that are having difficulty securing operating capital. Alabama lost approximately five new industries in 1986 due to a lack of venture capital.

38. **Revise the functions of the Audit and Financial Review Section.** ADECA

During fiscal year 1986, audits and financial reviews resulted in more than $1.4 million in questioned costs, despite the fact that only 13 percent of the contractors were checked.

The Administrative Division should be revised to include the internal audit and review of ADECA's internal operating procedures. This revision would enable an independent review of the effectiveness of various ADECA program operations. Estimated cost is $70,000.

39. **Begin and continue independent audits that review ADECA and ADO.** ADECA/ADO

A recent audit by the Examiners of Public Accounts was limited in scope to financial compliance. An independent audit would have a broader scope and would help overcome the perception that funds are not properly managed. Estimated cost is $100,000.

40. **Take positive steps to raise the morale of employees.** ADECA/ADO

Low morale appears to be due to constant changes in management and management methods. Positive steps could increase productivity, improve the atmosphere at ADO and ADECA, and promote team spirit.

41. **Make promotions from within ADECA or ADO.** ADECA/ADO

There is a perception that employees are not given the opportunity to compete for higher job classifications. Employees who have reached the highest level and perform above and beyond normally expected levels receive little recognition. Promotion from within could improve employee morale, improve productivity, and provide more experience at top-level management.

42. **Provide new employees with departmental orientation, initiate quarterly department-wide meetings, and review the department Policies and Procedures Manual.** ADECA

Orientation and training programs are not held on a regular basis for all employees. The procedures would increase understanding and improve efficiency and morale.

43. **Provide cash advances to state employees for approved travel.** ADECA/ADO

Employees are required to spend their own funds to cover travel expenses incurred while on official state travel. Cash advances would lessen the financial burden on employees.

44. **Assign merit system employees to proper job classifications.** ADECA/ADO

Employees are functioning outside of their assigned job classifications because of the merger of several departments into ADECA. Classification and realignment of job classifications would provide increased efficiency and improve morale.

45. **Develop policies addressing the use of state vehicles.** ADECA/ADO

Eight departmental vehicles were authorized for commuting with no apparent work-related basis. A clear policy would ensure proper use, result in cost savings, and extend the life of departmental vehicles.

46. **Develop a comprehensive policies and procedures manual for ADO.** ADO

ADO has no policies and procedures manual. There is a serious need for written policies and procedures to ensure proper operation under its legislative authority and to improve effectiveness and efficiency. Estimated cost is $30,000.

47. **Develop a policy for administrative leave.** ADECA/ADO

There is no provision in the **Rules of the State Personnel Board** or in the department's personnel policy that addresses administrative leave. An established policy would improve morale and productivity.

The following recommendations for ADECA/ADO resulted from the Information Systems Crosscut Study. Implementation of the recommendations will be carried out by this department.

48. **Develop and implement a disaster recovery plan.**

Adequate preparation could prevent catastrophic disruption of service. The mission-critical information systems used by the department to provide service are indispensible. It is imperative that adequate disaster recovery processes and procedures be established in the event of a sustained power outage.

49. **Develop a comprehensive information systems plan with users.**

A formal plan will allow management to compare the direction of the department with the general policies and guidelines promulgated by DSMD. The internal review process will increase management's awareness of the proposed activities of the information systems personnel and allow adequate planning for the allocation of resources to accomplish the priority goals.

50. **Select and implement a Systems Development Methodology (SDM).**

There is no established method for accomplishing the various tasks involved in the systems development process. Efficient and effective data systems project management requires an adequate, comprehensive SDM.

51. **Establish a steering committee to allocate data processing resources.**

Information systems and data processing resources are allocated to provide service and meet the information needs of the department and other users. Consequently, users should be involved in the decision processes which result in the allocation of information systems data processing resources. Communication between users and information systems personnel would substantially improve the service and products provided.

52. **Analyze and evaluate the paycheck processing for the Mobile Job Training Partnership Act program.**

All Mobile Job Training Partnership Act participants' paychecks are processed and printed by a local data processing service firm. Montgomery and Jefferson Counties use the department's computer to process participants' paychecks.

53. **Define and evaluate media requirements for printed output.**

ADECA has a large amount of historical printed output that could be transferred to microfiche. The severe shortage of space is compounded by the volume of printed output that must be retained.

54. **Analyze form processing for the Summer Job Training Program.**

Approximately twenty people (usually school teachers) are hired each summer to assist with administrative duties for the Summer Job Training Program. They fill out forms and manually process information at a temporary (for the summer) off-site location. This information is later entered into the ADECA central office computer which causes duplicate processing of the same information and increases the potential for errors.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
ALABAMA STATE DOCKS DEPARTMENT

INTRODUCTION

The Port of Mobile ranks among the most modern, efficient seaports in the nation and offers shippers savings both in time and money.

The Alabama State Docks Department provides complete service for shippers including warehousing, loading and unloading rail cars and trucks, bulk cargo handling, and security. The State Docks Department provides piers and warehouses with shipside railway tracks and an adjacent interchange yard connected to four major railroads serving the Mobile port.

In addition to 27 general cargo piers, which constitute the original facilities, the Docks operate a modernized bulk materials handling plant, giant grain elevators, one of the finest coal export handling facilities in the world, a containerport, and a modern Roll On/Roll Off dock.

The Alabama State Docks system also includes 11 strategically-located inland ports. The Tennessee-Tombigbee Waterway System brings added importance to Alabama's inland docks, and provides economical and efficient barge service from the nation's heartland to the Port of Mobile. Connecting some 16,000 miles of navigable inland waterway routes to the Gulf of Mexico, the State Docks Department serves as a vital link between mid-America and world markets.

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RECOMMENDATIONS

55. Formulate a clear and concise mission statement.

The Alabama State Docks Department (ASD) historically has been viewed as a service agency of state government with a primary mission to facilitate the flow of commerce into and out of the State of Alabama, with particular emphasis on supporting those industries within the state which are dependent upon import or export activities. There has been a growing confusion among ASD employees as to the mission of ASD. Resolution of confusing and conflicting opinions, in light of the current deregulated and competitive profit-oriented environment within which the ASD operates, would result in more focused and effective operation of the Alabama State Docks.

56. Establish a board of directors nominated from the business community and appointed by the governor.

The establishment of a board of directors, appointed by the governor based upon nominations from the business community, which in turn would appoint the director of the Alabama State Docks, would create a buffer for the director in dealing with external influences and pressures. This would minimize the effect of changing administrations on ASD operations and employees. The AMIP Board strongly believes that if this recommendation is adopted, appointments to the ASD Board should be made by the governor. Estimated cost is $10,000.

57. Recover the cost of major service obligations.

The Alabama State Docks historically has absorbed the cost of major obligations sustained solely as a service to the state and to local governments, which has seriously detracted from its ability to operate as a self-sustaining enterprise. With cost recovery for these services, the ASD would be better able to operate profitably and generate sufficient funds for facility and equipment improvements. Estimated cost is $2,000.

58. Revise the organizational structure.

Individual operating areas have acquired a disproportionate level of authority and each has risen to a direct reporting relationship with the director. A revised organizational structure would increase the efficiency and effectiveness of ASD operations, decrease direct reporting relationships to the director, decrease autonomy of operating areas, and promote better coordination and cooperation.

59. Establish a marketing function.

Historically, ASD has not maintained a marketing function nor aggressively pursued opportunities through any type of long-term planning. The establishment of an overall marketing function, focusing on long-term, industry-specific strategic planning, would provide significant benefits through increased cargos, a more efficient and effective sales function, improved internal coordination, increased cooperation from local industries, and a better overall image of ASD. Estimated cost is $150,000.

60. Change the staffing and office structure of the sales force.

The sales function consists of little more than an information gathering operation. On this basis, it is not economically feasible to maintain the London or Hong Kong sales offices. Based on these changes, savings could be as high as $347,000 with no significant impact on current cargo revenues or service levels.

61. Evaluate tax incentives to state industries utilizing the Alabama State Docks.

Many of the significant cargo movements from industries located within Alabama have begun to be handled through port facilities other than the State Docks. Tax incentives would increase revenues for ASD, increase benefits to Alabama industries, and increase taxes paid to the state by local industries and communities. Estimated cost is $2,000.

62. Establish a Central Personnel function.

The personnel function of ASD consists of little more than a mechanism for handling the transfer of required forms and paperwork to and from the State Personnel Department. Establishment of a Central Personnel function would provide consistent programs, establish equitable personnel practices, increase awareness of equal employment opportunity, relieve operating managers of difficult personnel-related responsibilities, and provide training programs for ASD employees. Estimated cost is $66,000.

63. Establish a Central Billing function.

The billing function is highly decentralized and is controlled separately by each of the operating managers. Establishment of a Central Billing function would provide more accurate and timely billings, increase control and accountability over billings, reduce pressure on ASD billing employees, and potentially reduce billing staff resulting in potential savings of $45,000.

64. Establish a Central Maintenance function.

Each operating area of the ASD maintains its own maintenance function, including personnel and equipment. Decentralization has resulted in significant duplication of personnel and equipment and in an overall poor utilization of the ASD maintenance resources. Establishment of a Central Maintenance function would increase effectiveness in overall maintenance, develop standard procedures, establish a continual preventive maintenance program, and realize savings of up to $1,265,000. Estimated cost is $15,000.

65. Establish a Central Real Estate function.

ASD has no coordinated efforts for managing its real estate properties, obligations, and revenues.

Establishment of a Central Real Estate function would eliminate favoritism in lease arrangements and provide expertise and consistency in real estate activities. Estimated cost is $47,000.

66. Request an attorney from the Office of the Attorney General, or hire an attorney.

During fiscal year 1986, ASD incurred legal expenses of approximately $390,000. Review of the services indicated that a significant

portion could be adequately handled by an in-house attorney. Establishment of an in-house legal counsel could reduce legal expenses by $100,000, provide readily-available legal advice, and increase monitoring and control of legal expenses, particularly outside legal expenses. Estimated cost is $60,000.

67. Change the ASD Internal Audit function.

The ASD audit function has no formal authority, charter, or plan. The function suffers from inadequate resources and inaccessability to appropriate areas and materials. A revised internal audit function should be undertaken with a mission to develop proper management controls, determine the reliability of financial and accounting data, recommend improved methods, and determine ASD compliance with government reporting regulations. Estimated cost is $42,000.

68. Establish a Central Purchasing function.

The purchasing activities of ASD are decentralized. Numerous individuals are engaged daily in purchasing activities utilizing a variety of purchasing procedures. A Central Purchasing function would lower costs for goods and services, eliminate "special" favoritism arrangements, provide greater control over ASD funds used for purchases, and improve record-keeping. Estimated cost is $52,000.

69. Evaluate obtaining protection services through privatization.

ASD maintains a 40-man protection staff at an annual cost of over $1 million. The force is inadequately trained in standard police procedures including the use of firearms, does not have search and arrest authority, and meets no minimum physical standards for health or physical fitness. Use of contract protection services would increase effectiveness through better trained and equipped personnel and reduced operating costs of $3,138,000. Estimated cost is $400,000.

70. Establish an Electronic Data Processing (EDP) Steering Committee.

The ASD EDP function is responsible for providing ongoing information systems support to all operating and administrative areas of ASD. However, the EDP function must accomplish this mission with limited personnel and equipment. Establishment of an EDP Steering Committee would provide better allocation of data processing resources, increase understanding of information systems needs, and reduce pressure on the data processing manager.

71. Abolish the Terminal Railway extra payroll.

The extra payroll historically has been used as a mechanism for circumventing the merit system and for hiring individuals in positions which were not formally justified.

Abolishing the extra payroll would increase equity in hiring practices, reduce risk of litigation, and improve morale. Estimated cost is $32,000.

72. Develop a comprehensive program of preventive maintenance.

Although ASD annually spends more than $6.2 million for maintenance, there is no established program for preventive maintenance to attempt to lower these costs. Development of a comprehensive program of preventive maintenance would reduce maintenance costs by up to $2.4 million, lower insurance rates, and increase equipment life. Estimated cost is $1,000,000.

73. Establish a procedure to report corruption anonymously.

In the recent past, ASD unfortunately has been the scene of several instances of identified, prosecuted corruption. The establishment of a procedure for employees to report anonymously wrong-doing or corruption would ameliorate this problem, reduce losses in revenue and property, and improve employee morale.

74. Adopt a policy requiring that any ASD employee indicted for wrongdoing involving the Alabama State Docks in any way be relieved of duties and suspended without pay pending investigation.

In the last three years, at least two employees who were convicted of corruption, and were either sentenced or fined, have returned to work and are still employed at ASD. This policy would establish the perception that ASD management intends to eliminate corruption.

75. Adopt a policy covering alcohol and drug use on ASD property.

The operation of ASD involves the use of heavy equipment and activities which, by their nature, place employees at some physical risk. A policy would reduce risk and liability from employee use of drugs or alcohol and result in safer, more productive operations.

76. Establish an ongoing program of basic supervisory training to prepare ASD employees for supervisory responsibilities.

This type of training would enhance the performance of all ASD personnel involved, and would have a significant impact on the efficiency and effectiveness of ASD operations. Estimated cost is $20,000.

77. Develop an on-going program of improved communication throughout ASD.

Historically, ASD has suffered from a lack of recognition of the importance of effective communication. An ongoing communication program comprised of an Employee Action Committee and communication media would improve morale and cooperation, and promote clearer understanding of goals, objectives and employee concerns. Estimated cost is $1,000.

78. Develop a manual of standard ASD operating procedures.

ASD has no written policies to guide and govern the performance of duties or to serve as a reference when a practice is questioned. Establishment of a set of standard practices would eliminate inequities in interpretation of policy, promote better, more efficient work habits, and result in higher productivity and morale. Estimated cost is $2,000.

79. Assess user damage of ASD facilities and enforce collection.

The tariff specifies that any party causing damage to any ASD facility is required to repair the damage at its own expense, or to reimburse ASD for these repairs. However, ASD has not aggressively enforced these regulations and, through an evolutionary process, has absorbed responsiblity for repairing all damages. Enforcing the tariff would reduce damage, result in longer life of ASD facilities, and yield cost savings of up to $150,000.

80. Reduce the overall housekeeping costs of ASD.

The tariff of the Alabama State Docks specifically states that each person intending to use an ASD facility must restore that facility to a condition described as "broom clean", or reimburse ASD on a "cost plus 25 percent" basis for its cleaning. However, this tariff has not been enforced consistently. Proper enforcement of tariffs would save up to $197,000 annually, reduce ASD housekeeping staff, and provide better cleaned and serviced facilities.

81. Sell cargo pallets.

Only two percent of the cargos handled through ASD require pallets. As a result, the maintenance of the pallets has become an excessive burden and expense. Selling cargo pallets would eliminate $90,000 of maintenance expense, produce revenue from their sale, reduce staff, and increase cargo storage space.

82. Install meters and lock-type water valves.

ASD maintains water facilities for use by vessels in port. Water consumed through these facilities is expected to be accounted for and, when appropriate, billed to the appropriate party. Installation of meters would increase accountability for water consumption. Estimated cost is $16,000. Estimated annual revenue is $200,000.

83. Increase control over tools inventory.

ASD maintains thousands of tools representing a significant dollar investment. Each year ASD suffers significant losses due to theft of smaller tools and negligence in handling more costly equipment. Proper inventory control would reduce tool loss due to theft and reduce damage due to negligence. Estimated cost is $1,000.

84. Change the Cash Management system of ASD.

ASD maintains significant balances in various accounts and does not aggressively pursue opportunities to increase revenues through proper management of these funds. Management of ASD funds could improve return on bank balances by approximately $130,000.

85. Abolish the practice of allowing employees to take vacation during scheduled days off in order to receive overtime pay.

Because vacation is a paid absence, and is recorded in the same manner as hours worked, an employee can receive overtime rates for the remaining days in the period, even though no actual overtime was involved. Thus, vacation, sick leave, holidays and other compensated days should not be considered time worked for purposes of designating the point at which overtime rates begin. Eliminating this practice will reduce overtime paid, particularly at the grain elevator operation.

86. Establish a separate revenue category for recording credits.

Revenue credits are issued with little or no approval and with no analysis to assess their overall impact. This practice distorts the true revenue reporting picture and potentially provides the opportunity for improper reductions in billing. Establishment of a separate

category would increase control over revenue credits and eliminate potential for improper reduced billings.

87. Install a conveyor scale for receiving coal.

Net tonnages are based on information obtained from the customer and the carrier; therefore, the resulting billings for tons handled are dependent on the accuracy of this information. Installation of a conveyor scale would reduce possible inaccuracies in billings and increase revenue by $400,000. Estimated cost is $150,000.

88. Install a certified truck scale at Truck Control.

ASD prepares invoices based on volume information supplied by outside companies. These estimates frequently are understated and result in inadequate billings. Installation of a truck scale would assure accurate billings and eliminate dependency on outside parties to verify truck weights. Revenues could increase by $200,000 at an estimated cost of $60,000.

89. Establish controls for processing payroll time cards.

Under ASD procedures, employees who feel that hours worked, as reported on their paycheck, are incorrect, resolve the issue with the data entry person in their area. These inquiries should be handled with supervisors. Formal guidelines would promote more accurate, equitable resolution of disputes and eliminate undue pressure on data entry personnel.

90. Date all invoices with date job is completed.

Billings, particularly in the wharves and warehouses area, are not prepared until the movement of the entire lot of cargo is completed, or the end of the month, whichever comes first. As a result, ASD may not actually submit invoices for services performed until several weeks later. Exact dating of invoices will improve cash flow through a shorter receivables cycle.

91. Provide central storage facility for real estate documents.

There is no central location for real estate documents. They are distributed among various locations, and it is highly questionable whether all documents could be located if required. Central storage would fulfill the legislative obligation to maintain appropriate records of state properties; provide safer, more accessible storage; and increase ease in locating and managing documents. Estimated cost is $8,000.

92. Assign responsibility for each ASD vehicle in use.

Many of the vehicles in use at the docks do not receive proper maintenance. Assigning responsibility will increase the useful life of ASD vehicles, lower repair and maintenance costs, and increase safety with properly maintained vehicles. Estimated cost is $5,000.

93. Provide a basketweave fendering system on both river-end piers.

Vertical pilings at the docks typically have an expected life of five years as opposed to the expected life of 20 years of a basketweave system. This renovation will provide improved facilities, more adequate work area, an improved fendering system, and increased life expectancy.

94. Implement specific data processing staffing and software development.

Effective automation support for ASD operations is a major factor in the port's ability to remain competitive in the Gulf market. A disproportionate amount of time is spent in maintaining programs instead of developing new systems. Implementing data processing recommendations would result in more effective automation support and better maintained systems. Estimated cost is $52,000.

95. Study the privatization of wharves and warehouses.

ASD maintains a complete operation including the handling of cargos into and out of ASD facilities. This has an important impact on the overall rate charged for moving cargo through ASD facilities. This study will provide a firm basis to make critical, long-term operating decisions regarding wharves and warehouses.

96. Study the operation of the International Trade Center.

Initial examination of available revenue and expense information indicates a potential annual loss of $100,000 to ASD. The study could indicate ways of preventing such losses from occurring. Estimated cost is $10,000.

97. Study the handling of containers by ASD.

The handling of container cargos requires both a prime wharfage area, exclusively allocated to container operations, and an expensive container handling crane which has limited

use for other cargos. The initial examination of the expenses and revenues associated with the ASD container business shows it to be, at best, a break even operation. This study could result in potentially increased revenues through more effective location and handling of container operations or the handling of other cargos using container facilities.

98. Change the Terminal Railway Switching operation.

ASD maintains its own terminal switching operation, through which rail cars are delivered, unloaded, and removed by ASD personnel. This is a large-scale operation, handling at some times over 1,400 rail cars per month. The initial research indicated that inefficiencies in the placement of cars at the operating areas are a major problem within ASD. This could eliminate over $86,000 in expense and increase efficiency, effectiveness, and productivity of ASD operations.

99. Evaluate privatization of switching operations in zones 2 and 3 including maintenance of track and structures.

Initial review shows that the ASD switching operation in zones 2 and 3 is unprofitable. Privatizaion could result in elimination of losses from zone 2 and 3 operations, increased efficiency and effectiveness in these zones, and better maintained track and facilities.

100. Study job classifications.

ASD has critical inequities in staffing levels and associated workloads. As a result, motivated employees take on responsibilities outside of their assigned job classifications, while others uphold less, or no more, than their assigned duties. This study could result in more equitable and balanced workloads, higher productivity and morale, and more effective and efficient operations.

ALABAMA MANAGEMEMT IMPROVEMENT PROGRAM
ALCOHOLIC BEVERAGE CONTROL BOARD

INTRODUCTION

The Alcohol Beverage Control Board (ABC) controls the manufacture, possession, sale, consumption, importation, use and delivery of liquor, alcohol, and malt and brewed beverages. It issues permits to manufacturers selling distilled liquors to the Board, and it may issue, suspend, or revoke licenses and permits to those who purchase and sell alcoholic beverages. It also controls the nature, form, and capacity of all packages used as containers for regulated beverages and requires stamps, labels, or other markings for identifying articles sold or distributed through state stores.

The Board buys and sells alcoholic beverages; controls the possession, sale, transportation, and delivery of alcoholic beverages; and may operate distilleries to manufacture alcoholic beverages. The Board leases, furnishes and equips real property necessary for its operations; determines the localities for state liquor stores; and operates such stores subject to liquor-approved elections and local zoning ordinances. It determines the number of stores in counties of over 25,000 population. It is charged with enforcing laws pertaining to intoxicating liquors, malt beverages and wine; the rules and regulations of the board; the prohibition laws in dry counties; and the drug laws of the State of Alabama. The board also maintains a warehouse for alcoholic beverages and controls deliveries from the warehouse. It makes an annual report to the governor and is subject to regular examinations by the Examiners of Public Accounts.

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RECOMMENDATIONS

101. Expand the Internal Audit Function.

The Board's audit function is limited to a review of inventory controls and procedures. The expanded audit function should include general ledger, purchase discounts, accounts receivable, cash receipts, shipping, accounting for liabilities, and data processing. Estimated cost is $50,000.

102. Separate the licensing function duties.

Separation of license distribution from data entry, and cash receipt and recording will provide increased control and protection of ABC funds.

103. Record and audit all fines and penalties.

Fines and penalties currently levied as the result of board and commission action are not reflected on the ABC books. Therefore, ABC assets are understated and the collections of fines is not sufficiently controlled and monitored. This recommendation, when implemented, would provide an accurate reflection of ABC assets and would increase control on follow-up efforts.

104. Compare actual pallets on hand with pallet book inventory.

A physical inventory of pallets is not conducted. The ABC Board has no mechanism to determine if actual pallets on hand are sufficient to satisfy the number of pallets owed to distillers. A comparison process will determine potential pallet liability and allow for proper accounting for this liability.

105. Screen all agents hired by the Enforcement Division.

To select the most qualified individual for the job, suitable screening should be instituted. Agents can be a potential liability to the state if they are not physically and mentally capable of handling the responsibilities associated with this job. Estimated cost is $7,000.

106. Develop store staffing criteria.

Staffing is based on sales per month and is not related to customer traffic flow nor daily and weekly workload. Potential profit improvement can be achieved through efficient staffing of stores, by an estimated $1,060,000 in the first year with $3,000,000 annually.

107. Implement a new store deposit procedure.

Deposits called in, verified with polling reports, and then called into the state treasurer's office will eliminate the use of certain forms and reduce the number of days to get deposits verified and in the state treasury. Additional revenues of $273,000 are estimated.

108. Eliminate wholesale stamps.

Wholesale stamping is a high-cost, labor-intensive process that provides little, if any benefit. Immediate annual savings of $40,000 in stamp costs could be realized and eventually store man-hours could be reduced.

109. Eliminate transfers by district supervisors.

The present procedure of transferring delisted or close-out merchandise within a district requires supervisors to transport personally the merchandise in their cars between stores.

Using the regular procedure for transferring merchandise outside a district would provide quicker shelf exposure, more efficient use of supervisory personnel, better security, and potential savings in transportation costs of $29,000.

110. Balance the shipping schedule.

The imbalanced shipping schedule creates bottlenecks and idle time so that utilization of staff is inefficient. A balanced shipping schedule would allow for more efficient use of warehouse staff and reduced cost of contract service by an estimated $17,000.

111. Evaluate in-bound freight costs.

Presently 60 percent of shipments into the warehouse are FOB shipping point. Negotiating for more reasonable freight allowances and receiving more goods FOB destination could reduce freight costs by $132,000.

112. Take advantage of all available purchase discounts.

The ABC purchasing function lost potential discounts in fiscal year 1986 due to lack of discount controls. This recommendation requires implementation of proper controls. Cost savings of $350,000 to $500,000 are estimated.

113. Terminate the lease agreement on outdated equipment.

New remote job entry equipment was acquired to replace outdated equipment. Both systems are being leased simultaneously. Termination of the lease on the old equipment will yield cost savings of over $72,000 per year.

114. Change special order procedure.

Special orders are a costly procedure. ABC is required to process special orders due to Board regulations. Making the recommended changes would improve efficiency and reduce paper work. Estimated cost savings are $7,000.

115. Change the license renewal process.

The current person-to-person process involved in renewing licenses is extremely costly. A 90 percent reduction in person-to-person renewals would save approximately $103,000 in mileage expense a year and approximately 28,000 man-hours.

116. Implement a cadet agent program to attract qualified agent recruits.

A cadet program should result in higher retention rates and cost savings of $13,000 per position—an estimated cost savings of $100,000.

117. Establish a data processing steering committee.

Many users do not understand and therefore do not follow data processing procedures. User involvement in planning and acquisitions may eliminate confusion and provide a means to resolve misunderstandings.

118. Provide training for new data processing applications.

Training and education are vital to the success of any new project. ABC Board policy restricts out-of-state travel for education. Therefore, no training was conducted on the new Honeywell system resulting in costly delays.

119. Establish project management procedures in data processing.

There is no project management mechanism in place in the data processing division. Lack of project management in data processing has

been very costly to ABC, both from a cash flow and effectiveness standpoint.

120. Develop policies and procedures in the Data Processing Division.

The Data Processing Division has a poor image due to the lack of sound policies and procedures.

If enforceable policies and procedures were in place, the Data Processing Division would enjoy a more positive and professional image.

121. Evaluate office automation needs.

The ABC Honeywell System has office automation with word processing capabilities which are not being utilized. The system can provide office automation to those who do not have it.

122. Collect, audit, and distribute local beer tax.

Most local governments do not have capabilities to audit wholesalers, and therefore, must accept the amounts wholesalers choose to pay. It is feasible to audit local tax in conjunction with routine audits for state taxes. This procedure would simplify reporting and payment of tax by wholesalers, generate additional revenue in administrative fees by $750,000, and produce better sales data. Estimated cost is $3,500.

123. Disallow transfers of beer and alcohol licenses.

Person-to-person transfers are inequitable because a licensee is paying for the same privileges but at a greatly reduced price. By requiring licensees to apply for a new license, revenue to the state would increase by approximately $240,000 a year. Estimated cost is $3,500.

124. Increase transfer fees.

The transfer fee of $50 is too low to cover board expenses. Based on an average of 25 location-to-location transfers a year, the board would experience an increase of $2,500 per year. Estimated cost is $3,500.

125. Increase filing fee to cover administrative costs.

The board is currently losing money processing applications. Raising the fee would yield a net increase to the board of $300,000 a year. Estimated cost is $3,500.

126. Increase license fees.

While counties have recently raised license fees, the state has not raised fees in six years. Based on last year's actual license fees, an increase of 100 percent for wholesalers, manufacturers and importers and 25 percent for all others would yield approximately $685,000 a year in additional revenues. Estimated cost is $3,500.

127. Charge a fee to licensee for an appeal hearing.

Hearings are often conducted in instances where licensees are well aware that they were in violation. A $100 fee, refundable if the violation is removed, would discourage licensees from demanding a hearing for such cases. Fee revenues are estimated as $27,000. Estimated cost is $3,500.

128. Purchase modems for stores.

The board is leasing modems from DSMD for 151 stores at $48 a month per modem. The same modem could be purchased for a $1,035 suggested retail price. The board could avoid costs of approximately $87,000 a year after a break-even point of 1.8 years. Estimated cost is $9,000.

129. Eliminate financial disclosure forms.

The financial disclosure form for licensees has no value as a part of the filing process. Eliminating the form would simplify the filing process.

130. Review shipping frequency to small stores.

The board ships to all stores once a week, regardless of the volume. As a result, some stores are receiving deliveries of less than 20 cases. By shipping once every two weeks, both shipping and personnel costs could be reduced.

131. Study the current point of sale system.

The point of sale system does not provide for perpetual store inventory and sales analysis reports. A better point of sale system would produce a long term reduction of operating costs and improve sales analysis capability. Estimated cost is $6,000.

132. Update the records retention schedule.

The approved schedule is outdated, does not provide adequate guidelines for all records, and does not reflect consideration of the statewide General Records Retention Schedule. An optimized retention schedule will provide more practical and efficient handling of retained records.

133. Improve guidelines and procedures for disciplinary action.

Procedures to produce necessary disciplinary action are not always followed. Many cases presented have not been properly documented. Improved procedures could improve the quality of documentation and increase the number of successful cases.

134. Improve image of ABC stores.

The most often mentioned problem/opportunity by division heads is poor image. Improving image through facilities, courtesy, service, and merchandise could increase sales and public acceptance.

135. Adopt new organizational structure.

The new organizational structure should include expanded audit responsibilities, in-house legal counsel, merchandising function, management training function, and reduced management levels in enforcement. The proposed structure should improve communications and provide a better operating environment.

136. Improve the inventory control system.

It is believed that the level of sales and service can be maintained while decreasing inventory. This will have bottom line impact with moderate increases in efficiency. With an emphasis on generating sales with less inventory, an increase in the turnover rate from 4.2 turns to 6 turns would generate a savings in inventory in excess of $500,000.

137. Establish specific listing criteria for products.

The ABC uses no established listing criteria. The board does not have sufficient information to make well-informed listing decisions concerning new products.

138. Establish specific delisting criteria.

There are no established delisting criteria used by ABC. The Board cannot properly identify products that should be delisted or make well-informed delisting decisions concerning those products. Delisting criteria would identify products that should not remain in the system. Utilizing criteria would reduce inventory from the system.

139. Evaluate the current strategy regarding table wine.

Table wine currently accounts for less than one percent of sales and profits. A long term strategy should be determined concerning table wine and the Board should periodically evaluate the relative costs and benefits of staying in the table wine business.

140. Establish a cost accounting system.

There is no viable system for performing a cost analysis for functions being performed. By knowing what it costs to do business, more informed decisions can be made concerning new and existing business activities.

141. Establish criteria to evaluate store performance.

Implementation would provide better data for making decisions and identifying problem stores. The most important element of this recommendation is the development of internal managerial financial reports for evaluating the profitability of each store.

142. Revise method of reporting net profit of individual stores.

Internal management reporting should be readily available for judging store performance, and a more accurate reflection of store performance should be made available in the annual report. This recommendation also includes re-evaluating the current methods of reporting the Title 28 ten percent tax. **NOTE:** If these stores exist for the controlled distribution of products, then profits are not an issue. However, if their existence is to provide a source of revenue to the state, then profits must be a consideration.

143. Initiate a comprehensive budgeting system.

There is no valid, controlled system for formulating budgets. Budgeting places a premium on accurate revenue projections, encourages better planning, and expands awareness of fiscal responsibility.

144. Separate wholesale and retail stores.

There is no mechanism to determine the actual costs involved in the wholesale and retail functions. Separating these functions would allow for a structured, detailed cost analysis of wholesale and retail sales not presently available.

145. Hire in-house legal counsel and legislative liaison.

Several divisions in the ABC board would benefit from in-house legal counsel. During fiscal year 1986, approximately $174,000 was spent on legal fees and another $44,000 on legislative liaison. An in-house legal counsel (at a cost of $82,000) could provide continuity, accessibility and a voice in the legislative process, and save significant legal fees.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
COMMISSION ON THE AGING

INTRODUCTION

The Commission on the Aging is required by Alabama state law and by the federal Older Americans Act of 1965 to develop and implement a service system for older Alabamians, including planning supportive services, nutrition services and senior citizens centers, in order to provide maximum independence and dignity in the home for those capable of self-care; remove barriers to economic and personal independence; and provide special care for these elderly who require it.

STUDY TEAM

State Participants

Angela Blalock
Fleetwood G. Hollinger, III
Clara J. Lover
Oscar Tucker

Industry Members

Michael Rose—Baptist Foundation

RECOMMENDATIONS

146. Reorganize operations of the commission.

Develop a comprehensive organizational structure which clearly shows reporting responsibility, duties, and responsibilities. This should come from an outside management analysis organization in order to be objective and thorough. Cost savings are estimated at $50,000 to $55,000 annually.

147. Develop a policy and procedures manual.

The commission should develop a comprehensive policy manual and procedures code which complies with the Alabama Administrative Procedures Act. Included in this code should be procedures for accounting for investment of funds and resources to insure objective, economical and efficient distribution of commission money, including discretionary funds.

148. Promote greater participation of commission members.

Commission members have had limited involvement in the business of the commission. Greater participation would enhance the effectiveness of the commission.

149. Evaluate the commission's performance.

The commission should develop an objective standard to annually evaluate the accomplishments of the commission against its stated objectives. Estimated cost is $3,000.

150. Institute a public relations campaign.

A public awareness campaign should be developed and implemented to gain statewide support for the problems of the elderly.

151. Improve communications with area agencies on aging.

The commission should encourage continued and expanded contact between the thirteen area agencies on aging to advance ideas and raise the opportunities and services available to Alabama's elderly. Estimated cost is $7,000.

152. Obtain alternate sources of funding.

The commission should explore the development of nontraditional sources of revenue to support services for the elderly and use pilot programs at the area agency level to test innovative projects. Revenue increase is estimated at $50,000 to $100,000.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
DEPARTMENT OF ARCHIVES AND HISTORY

INTRODUCTION

The Alabama Department of Archives and History (ADAH) has a stated mission to promote efficient records and information systems in state and local government, to ensure the accessibility and preservation of Alabama's historical records and artifacts, and to promote a better understanding of Alabama's past and present.

This Department is governed by a board of trustees consisting of members from across the state and the governor. The trustees appoint the director, who manages the department. The department consists of 55 employees and five divisions: Administration, Records Management, Arrangement and Description, Reference Services, and Museum and Education Programs. The department has spent the past few years in reorganization and coping with the massive task of cataloging the holdings of the department. The department's budget request for fiscal year 1987-88 was $1,876,350 and included $166,440 from federal grants. The 1987-88 budget represents a 28.4 percent increase in state funding from the previous year.

STUDY TEAM

State Participants

Industry Members

Archives and History

Edwin C. Bridges

Robert C. Baird—Amsouth Bank
Ida George—Management Consultant
H. F. Levy—South Alabama Distributors
Jan Miller—Leon Kelly, CPA
Theda B. Tankersley
Pat Williamson

Records Management

Nace Fresco
Deborah Skaggs
W. F. Willett

Preston H. Darland—City of Birmingham
Bob R. Holloway—Maxwell Air Force Base

RECOMMENDATIONS

153. Review and reassess the department mission.

A review of the statutory regulations governing the department reveals the lack of enabling legislation that would clearly define the department's and director's duties in terms of state needs. The statutory statement of the department's mission lacks clarity and should be supported within the department by finite objectives and clearly stated priorities. This mission may not be possible to accomplish because of budgetary constraints, and the present tasks of the department may not be consistent with a contemporary, timely mission statement.

154. Install adequate accounting and management systems.

The accounting system prohibits the ability to manage in a financially-oriented fashion and provides no means to determine cost-effectiveness of the department's many projects. A wide range of management tools would assist in determining departmental effectiveness and efficiency. Estimated cost is $50,000.

155. Establish and maintain a quality state history museum.

The history museum associated with the department has existed and, until recently, changed very little since the establishment of the department. It is visited annually by tens of thousands of students and tourists. A first-rate museum facility could create a sense of this state's historical importance and unique identity among both the citizens of Alabama and the tourists who visit Alabama. Estimated cost is $500,000.

156. Determine the most effective use of current and future technology to preserve, maintain, and access archival records.

Rapid changes in records media—from cassette tapes, films, and videotapes to computer tapes, disks, and other machine-readable formats—require great changes in the mechanisms for appraising, storing, preserving, and using archival records. This issue presents opportunities not only for cost-effective management but also for prevention of irreplaceable losses of valuable documents.

157. Upgrade data concerning the Reference Services Division.

Statistics regarding the use of the Reference Services Division have little meaning and present no opportunities for analysis of efficiency and effectiveness. Individual users may be counted more than once under the present method of statistical formulation.

158. Remove non-ADAH materials.

Some materials housed in the Department of Archives and History Building are not owned by ADAH. These materials and those that are permanently closed to public access should be removed from the custody of ADAH.

STATE RECORDS MANAGEMENT PROGRAM

The following recommendations resulted from a separate study of records management. Responsibility for implementation of these recommendations has been assumed by the Department of Archives and History and are included in this section. Records Management provides economy and efficiency in the creation, organization, maintenance, use, retrieval, and disposition of records.

159. Promote good records management practices in the state.

There is a general lack of awareness of good records management practices in state government. The Department of Archives and History has no group within state government to advocate and promote the establishment and administration of effective records management programs at the agency level.

160. Continue and support the state micrographics committee.

Lack of systematic records management programs has led to the proliferation of micrographics programs. Agencies have frequently microfilmed records with short retention periods or filmed others that are eligible for destruction. Agencies also have purchased improper equipment for specific filming applications. Recently, state micrographics specialists organized a State Micrographics Program.

161. Establish a systematic and cost-effective review mechanism for purchasing records storage equipment.

Although records are essential for any agency, most state departments are unable to estimate the percentage of their budget and total funds that are assigned to records maintenance. State agencies purchase unneeded, expensive storage equipment for records that should be destroyed according to state regulations. Cost savings are estimated at $100,000, with implementation costs of $50,000.

162. Establish a centralized state records center.

In a 1985 study, state agencies estimated that they maintained over one million cubic feet of records stored in offices and makeshift storage areas, often under dangerous and insecure conditions. The only state records center is a temporary one in the Department of Archives and History Building which is severely limited in capacity. Estimated cost is $1,000,000.

163. Include a professional records manager on the State Records Commission.

The State Records Commission has the legal authority to determine the retention and disposition of all state records. The Commission consists of seven members: the director of the Department of Archives and History who serves as chairman, the chief examiner of public accounts, the attorney general, the secretary of state, the commissioner of the Department of Revenue, one historian from the University of Alabama, and one historian from Auburn University. The commission should include a professional records manager from a state agency other than ADAH.

164. Hire or appoint agency records management professionals.

The responsibility for the establishment and maintenance of records and files in various departments is left largely to clerical personnel. Agencies should hire professional records managers or appoint a staff member with higher level administrative authority to supervise the administration of records and to work with the Department of Archives and History and the State Records Commission.

165. Revise state laws to enforce the authority of the State Records Commission.

The Department of Archives and History and the State Records Commission do not have the authority to require the creation of records retention schedules by state agencies, to establish records liaisons in state agencies, or to foster communications within state government about records matters.

166. Gain positive regulatory and enforcement powers for the Department of Archives and History.

Without a centralized, comprehensive records management program, state agencies are left on their own to define solutions to their records management problems. Virtually all records are retained or records are prematurely destroyed.

167. Establish a forms management committee within each agency.

Forms management is basic to a good records management program. A systematic forms management program could eliminate duplicate forms, reduce the cost of handling and mailing forms, and set procedures for the number of forms to be filed and possibly microfilmed.

168. Assign the records management micrographic systems function to professionals.

Most state agencies utilize micrographics to some extent, but few agencies have a comprehensive program. The potential savings and other benefits of micrographics systems are too great for their use to be handled in a haphazard manner.

169. Place emphasis on the utilization of micrographics systems.

Other office automation technologies frequently are used where micrographics is the more appropriate and cost effective solution.

170. Utilize fully existing micrographics capabilities.

The state has a wide range of micrographics capabilities available, though they are concentrated in relatively few agencies. When feasible, agencies should use the services of other agencies on a contract basis instead of purchasing equipment that cannot be fully utilized.

171. Microfilm files at the earliest possible time in their life cycle.

Savings can be realized from microfilming at the earliest feasible point in the lifecycle of records.

172. Evaluate the cost effectiveness of specialized micrographic systems.

Agency personnel and the State Micrographics Committee should carefully evaluate a system before it is purchased to assure that it is necessary, appropriate, and cost effective. Specialized systems include optical disk systems, strip cameras, image transmission systems, and updatable microfiche systems.

173. Revise state purchasing procedures with regard to micrographics.

Often there is a lapse between the expiration of the old state contract for micrographic supplies and the effective date of the new contract which results in considerable hardship for state agencies in maintaining adequate supplies without encountering shelf life problems. Alabama is one of few states which does not have microfiche readers on a state contract; the state pays considerably higher costs for this common piece of equipment.

174. Reevaluate the use of Computer Output Microfilm (COM) to achieve maximum cost reduction and fully integrate COM in records management programs.

COM is often the most cost effective method of obtaining output from computer systems. The Department of Industrial Relations (DIR) owns the only COM in state government. DIR makes excess time available to all state agencies (and other levels of government) on a contract basis. Most state agencies utilize DIR COM service to some extent. However, some agencies do not use the service at all and most do not use it extensively.

175. Retain COM within the records management function of the Department of Industrial Relations.

DIR can fully justify its COM equipment based on only one of its records management applications. The equipment was purchased with federal funds for this purpose. The DIR COM operation is properly placed in the records management function within DIR which includes a centralized micrographics operation.

176. Involve the Records Management Division, ADAH, in the management of electronic records.

Over one-third of Alabama's state agencies are

creating records in a computerized format, and others are planning the conversion of paper records to such systems. State agencies may not recognize these automated records as public records which are subject to public records laws. These computerized records are not being properly evaluated for creation, retention, and use within the context of the agency's overall records management program.

177. Encourage participation in professional organizations.

Participation in professional organizations at all levels in the records management function should have a high priority. These organizations promote professionalism, provide training opportunities, and provide opportunities for those engaged in the record management function to meet and discuss common problems and solutions.

178. Obtain appropriate shredding equipment for use by state agencies.

Many of the records maintained by state agencies are confidential in nature. This confidentiality is mandated and protected by various state and federal laws, rules, and regulations.

The methods employed by state agencies to destroy retired records, records which have been microfilmed, and retired microfilm, are totally inadequate—especially for those records that contain confidential information. Estimated cost is $10,000.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
STATE BANKING DEPARTMENT

INTRODUCTION

The State Banking Department was created as a separate agency in 1949. It is responsible for the regulation and supervision of Alabama's state chartered banks and savings and loan associations, with the primary goal of maintaining a safe and sound state banking system. Within the department is the Bureau of Loans which supervises and regulates finance companies in the state for the purpose of enforcing consumer credit laws.

The State Banking Department is self-supporting and does not receive any appropriation from the State General Fund. Operating funds are received from the banks which are regulated through the collection of assessment fees and examinations fees.

Program priorities facing the Banking Department relate to the necessity for maintaining an adequate and well-trained staff of bank examiners. Such an objective is important because the Federal Deposit Insurance Corporation (FDIC) is seeking to withdraw from the examination program and give states more examining authority. The state examines 60 percent of the banks and the FDIC 40 percent. The FDIC has asked the state to increase its share. Law requires that each state bank receive at least one examination per year.

STUDY TEAM

State Participants

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Judith A. Kamnikar—Auburn University at Montgomery
Charles Kroncke—Auburn University

RECOMMENDATIONS

179. Do not hire additional personnel at the present time.

There is a high probability that revenues, earned by assessments on state chartered banks, will decrease significantly after the implementation of interstate banking on July 1, 1987. With the Alabama Interstate Banking Laws a reality, the number of state chartered banks that are regulated by the department may be reduced through merger with out-of-state holding companies and the departmental workload may be reduced.

180. Establish a supervising examiner position.

The Banking Department proposes a new position of supervising examiner to report to the deputy superintendent of banks. The supervising examiner will be responsible for review of bank examination reports and conduct liaison with FDIC examiners, duties which previously were handled by the assistant superintendent. Having a continuously employed professional overseeing these areas should result in more effective and more consistent performance of duties.

181. Complete the financial analysis prior to the start of audit field work.

The financial analysis of a bank is conducted by the examiners as part of their on-site work after the bank examination commences. The supervising examiner could do a comprehensive financial analysis of the bank which should identify any problem areas for the bank examiners. This would assist the examiner to determine the appropriate audit procedures and concentrate efforts in needed areas rather than use time on analysis or on areas where only minimal procedures would have been required. This pre-examination analysis should reduce the on-site time per bank.

182. Schedule all audit engagements by the supervising examiner.

The district supervising bank examiners schedule audit engagements in their respective areas and use or assist examiners in other districts when requested. The supervising examiner has the primary contact with the FDIC and the Banking Department. There would be a more effective use of manpower by having one person scheduling. This would probably eliminate the conflict of opinion among the examiner's staff as to the need for increased staffing at the examiner level.

183. Evaluate the need for fulltime legal counsel.

Legal counsel for the Banking Department does work for the State Securities Commission due to the relatively few legal needs of the Banking Department.

184. Use microcomputers and FDIC software.

On-site bank examinations are being conducted without the use of computer technology. The department has proposed $60,000 for the purchase of microcomputers and training of examiners for fiscal year 1987-88. This effort should be accelerated because it could result in fewer man-hours per bank and faster report preparation. This would also reduce the need for additional examiners.

185. Increase the educational requirements for the loan examiner position.

Loan examiners have been hired based on their work experience in the consumer finance industry rather than educational level. There is the potential for loan examiners to be too sympathetic to the finance companies' interest because of their narrow job experience and lack of broad conceptual knowledge. Requiring a college degree for consideration for employment would be one way to remedy the situation.

186. Evaluate personnel to identify promotable staff.

The top administration of the Banking Department and several staff members are near retirement age with no potential replacements noted. During the interviews with staff, comments were made that policies and procedures for promotion in grade were unclear and were not consistently applied by supervisors. Given the potential retirements, this process should be given more consideration in order to identify the most qualified individuals for promotion.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
STATE OF ALABAMA BUILDING COMMISSION

INTRODUCTION

The State of Alabama Building Commission was created under Title 41, Article 6 of the **Code of Alabama, 1975,** as amended. Its membership consists of the governor, the state health officer, the director of finance, the state superintendent of education, four members from the senate to be elected by that body at each regular session of the Legislature and four members from the house of representatives to be elected by that body at each regular session of the Legislature. The governor serves as chairman. The budget officer of the state Department of Finance serves as the secretary, but he is not a member.

The commission has full power and authority to acquire lands by purchase, condemnation or otherwise; to plan buildings and designate the location; to plan and provide for the improvement of all property owned; and to construct, repair, equip, remodel, enlarge, renovate, furnish, refurnish, improve and locate such buildings, structures and facilities for the use of the State of Alabama or any of its institutions or agencies.

The State of Alabama Building Commission maintains a full-time staff headed by the director. Presently there is a technical staff of 24 members with three under professional service contract. At the present time the position of deputy director is not filled. The staff varies in size in proportion to construction projects in progress.

STUDY TEAM

State Participants

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Industry Members

M. Taylor Dawson, Jr.—Andrew and Dawson
Charles E. Humphries—Pearson, Humphries, and Jones

RECOMMENDATIONS

187. Meet more frequently.

The commission should meet at least once every 90 days.

188. Hire full-time legal counsel.

Because the construction industry has become highly technical and legalistic, the technical staff should have access to timely legal advice through an attorney or through authority to retain an outside attorney. Timely legal advice based on construction law expertise is not available on a first priority basis, if at all. Estimated cost is $40,000.

189. Define lines of authority.

To whom the technical director responds is somewhat vague and over the years has been inconsistent. The present system of close coordination with the vice-chairman (finance director), who assumedly is in constant coordination with the chairman (governor), is an essential part of maintaining continuity within the Building Commission.

190. Consolidate personnel positions.

The staff should have a chief architect. Combining the deputy director and chief architect positions will result in savings to the state.

191. Expand the director's authority.

The Building Commission, through its director, should have the authority to interpret the building code in situations not covered by the code. Such code authority is available to all jurisdictions except the Building Commission. Needless expense and frustration are caused by this limited authority.

192. Give Building Commission authority for cost-saving review.

There are no provisions or guidelines with respect to economy of construction in school design. This enables some county school systems to build very expensive buildings or buildings which are costly to maintain. The State Building Commission should be instructed to review for cost efficiency and

design in coordination with owners, as well as the Department of Education where applicable. Implementation would require procedural changes within the Building Commission's manual. Cost savings are estimated as $1,000,000.

193. Eliminate duplication of functions.

All of the state agencies are not cooperating with the Building Commission. Several institutions have their own mini-building commission, which results in duplication of expense.

194. Modify the retainage law.

The retainage law needs to be revised to enable the commission, through its director, to reinstate retainage up to ten percent in the event a contractor does not make any effort to bring a project to a timely completion. The commission cannot apply financial pressure to contractors to induce them to complete contracts in a timely manner.

195. Reduce the number of documents submitted to the Alabama Public School College Authority and the Budget Office.

The workflow is so time-consuming and so difficult that state law and contract terms rarely stay in compliance. The Department of Finance account clerk, who keeps the books and processes Building Commission vouchers, should be housed in the Building Commission offices. All record keeping should be computerized.

196. Retain the current organization structure.

The reporting relationships, with the exception of the technical director, are well-defined. A clear line of reporting exists and is effective for good management.

197. Evaluate the use of sales tax exemption on construction projects.

The questionable authority of state agencies to establish themselves as "purchasing agent" in routine construction contracts—and thus escape sales tax—is being used more and more often. This approach has been utilized at the university level and by industrial development boards for a number of years, and now is being used by local school boards.

The review team recommends the law be clarified to prohibit this practice or simply make the tax nonapplicable to such projects so that the total seven percent savings may be realized.

198. Review and rewrite general conditions and related documents.

The review team recommends the technical staff rewrite and reorganize its standard general condition and related documents to make them more usable and legally correct, to eliminate poor practices, and to reduce the legal exposure of the techical staff, contractors, and architects.

199. Change the Public Works Bid Law.

The $1,000 bid minimum for requiring bonds needs to be increased to at least $20,000. This would increase competition for smaller contracts and save taxpayer dollars on bond premiums. Additional study needs to be done; the federal government approach of not requiring bonds on projects of less than $25,000 may serve as a guideline. The intent is to make the system easier and less burdensome in contracting for small projects.

200. Clarify and Change Alabama law:

Title 39-2-2
Title 39-2-3
Title 39-2-5
Title 39-2-6 (c)
Title 39-2-9
Title 39-3-12 (b)(c), Code of Alabama 1975, as amended.

Clarification and guidelines are needed to improve the efficiency of operations pertaining to public works projects.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

INTRODUCTION

The mission of the Department of Conservation and Natural Resources (DCNR) is to promote and protect Alabama's wildlife; supervise state parks and monuments; control certain public lands; form and administer game and fish laws; and manage marine resources.

Funding is generally accomplished through user-generated fees, excise taxes and rental fees, with minimal receipts from the General Fund. The revenue sources include boat registrations, fishing and hunting licenses, hunting and fishing permits, waterfowl stamp fees, and federal matching fund allocations collected from users.

Some additional funds are provided through federal grants or matching programs, such as the Land and Water Conservation Fund, Economic Development Administration, U.S. National Marine Fisheries, and the Federal Emergency Management Agency. The federal funds are earmarked for specific purposes or programs relative to the user resource producing the funds.

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RECOMMENDATIONS

201. Study the feasibility of acquiring and designating additional lands for public usage.

The cost of acquiring public lands continues to increase as available land decreases. DCNR should review land requirements and assess its current and future reponsibility to provide land for public use. Land acquisition will be at considerable cost ($700,000) to the state and will probably require new funding sources and/or increases in present user fees. Additional revenues are estimated as $780,000.

202. Improve management information systems (MIS) capability.

DCNR has taken a piecemeal approach toward hardware and software purchases which has resulted in incompatible systems and inefficiencies. The department needs to establish a MIS Steering Committee made up of a representative from each division and administrative section. This MIS Committee should be responsible for developing a MIS Plan and developing a set of standards for the acquisition of word processing and computer hardware and software.

203. Revise user fees and licenses.

Some licenses and fees have not been revised or increased since 1915. Revised fees and licenses should provide additional revenue to DCNR to better protect resources and assist in maintaining the self-sufficient status of the various divisions within the department. The increased revenue from revised fees is estimated at approximately $3,800,000.

204. Reorganize for efficiency.

The divisions and administrative sections operate independently of one another. Reorganization can provide improved communication, cooperation and responsiveness and improved efficiency and effectiveness in the use of available resources.

205. Reorganize the Administrative Division.

Information systems and data processing are not centrally coordinated which results in ineffective resource allocation and inefficient use of automated information systems. Also, the Recreational Planning Section, a part of the State Parks Division, should serve a broader role through reorganization into the Administrative Division.

206. Revise the organizational and operational structure of the State Parks Division.

Having section chiefs report directly to the Parks Division director should alleviate bottlenecks by allowing the supervisors to consult directly with the director of the division. This also will establish the director position as a working part of the system or division rather than a political figurehead as it has traditionally been. Reorganization would provide cost efficient operations and needed stability to the State Parks Division. Estimated cost is $13,000.

207. Reorganize Parks Division's Management and Analysis Section.

Fiscal management in the State Parks Division is becoming critical due to shortfalls in funding and annual growth. To upgrade the Accountant I position to an Administrative Analyst I would allow this section to expand its duties, and perform proper evaluation of the receipt and allocation of revenues. The implementation cost is estimated as an additional $5,000 annually.

208. Reorganize the Parks Operations and Maintenance Section.

This section is understaffed and incapable of providing satisfactory direction and control of 21 state park division operations and maintenance activities.

Improved management will result in more efficient operations and maintenance programs. These will, in turn, reduce operational costs and generate savings in equipment purchases because of better maintenance. The additional annual personnel costs will be approximately $57,000 including benefits.

209. Reorganize and incorporate strategic planning.

Historically and currently, Alabama state parks have functioned without any specific long-range plans for future development. This lack of planning has resulted in an uncoordinated development of major state park recreational facilities based on political expediency rather than a scientific market or environmental analysis of state park needs. Redefinition and redirection would provide much needed mission and development plans of state parks as a whole.

210. Cease all new acquisitions and planned expansions of facilities with a cost projection of $100,000 or more until a complete feasibility study is completed.

Due to low funding of the parks, the State Parks Division is experiencing difficulty in properly maintaining or staffing the present facilities. To add facilities that were not thoroughly analyzed and investigated and that may produce a loss could widen this gap and eventually force the closing of some parks or facilities. Prior to an expansion or addition of new facilities, an outside objective feasibility study should be conducted to include an in-depth analysis of all factors necessary for a sound management decision.

Potential cost savings are substantial if recommendations are carried out properly and facilities are not built which produce a loss.

211. Hire one additional attorney.

The staff, because of other demands, is unable to devote the time required to legal matters relating to oil and gas leasing activities. This is a critically important area, and an attorney is needed to insure that the state's interest is adequately protected. The cost of implementation is approximately $30,000 for salary.

212. Conduct an in-depth study of the Engineering Section.

Such a study offers the opportunity to reduce costs, expand services, and improve effectiveness of the Engineering Section.

213. Change the current accounting functions and procedures.

There are no consistent accounting functions throughout the department. Guidelines and procedures are not established for the uniform treatment of accounting functions. The estimated cost savings are $54,000 from the elimination of two data entry positions and elimination of one and one-half accountant functions. While the existing hardware appears to be sufficient, there is a potential cost of additional computer equipment.

214. Enter purchase order requisitions electronically.

There is no automated method available to employees to allow the requesting section to verify available funds immediately and begin a tracking process of requisitions. It is estimated that an automated system would allow for a more efficient operation and estimated cost savings of $8,000.

215. Electronically enter license information.

An Account Clerk I manually completes a spreadsheet to track licenses sold, and manually posts agent license receipts once a month. These spreadsheets are then given to data processing to be keyed into the computer. Automation would eliminate duplication of effort at an estimated cost savings of $7,000.

216. Improve the collection methods of license fees.

License fees from probate judges and license agents are not deposited into state accounts on a timely basis. Total license receipts represent approximately $10 million of which a significant portion is not earning interest for the State of Alabama. Revised procedures can increase the availability of monies in the revolving fund and also increase interest earned through more expedient deposit methods.

217. Develop a comprehensive employee training program.

No continuing education or training program is provided for law enforcement officers or for clerical personnel. The expected benefits are improved efficiency of the departmental functions by established standards through training, improved employee relations and supervision, and reduced law enforcement situational liability.

218. Create positions to meet specific needs and fill positions based on merit and qualifications.

In the past, positions have been created and filled for reasons other than need. Many job qualifications have been tailored to the individual person to be appointed rather than to the job requirements. Improved employee morale would increase efficiency and productivity of the department.

219. Request that the State Personnel Board take steps to alleviate the inequities of the merit system and pay system.

One possible step is to eliminate the veterans preference points in the merit system examination ratings from those veterans who have retired from the military. This would allow consideration of qualified and experienced persons (veteran or non-veteran) who are seeking a first time career in state service. Secondly, remove the two-step annual merit raise ceiling cap. Numerous morale problems have been created because average employee performance receives the same pay raise as exemplary employee performance. Third, develop continuity between pay ranges. The spread between the pay scales for the field jobs and the various section chiefs is diverse.

220. Amend the 40-hour work week for law enforcement officers.

Officers are not allowed to work overtime because there is no funding for overtime or compensatory time. The concentration of work hours for enforcement falls during the period of Friday through Sunday. Changing the first day of the work week to Friday would allow officers to better manage the 40 hours they are required by law to work.

221. Require drivers licenses to be shown prior to issuing hunting licenses.

It is estimated that each year numerous non-resident hunters illegally purchase Alabama resident licenses. It is estimated that properly issued non-resident licenses would result in additional revenue of approximately $150,000 annually to the Game and Fish Division.

222. Provide forest regeneration funds.

The forest stocking (trees per acre) is approximately 50 percent of normal stocking. The estimated cost of implementation is $150,000 per year for 15 years to achieve 100 percent stocking on 15,000 acres, and $50,000 per year thereafter to maintain full stocking on 30,000 upland acres.

Annual timber revenue would increase from $200,000 to $500,000 from the 30,000 upland acres. Implementing the separation of regeneration work from timber sales contracts would result in an additional $100,000 annual revenue, an increase in total timber revenue of $400,000, annually. Also, approximately $4 million worth of biologically over-mature timber that should be liquidated in the first five years of this process could generate an additional $800,000 per year.

223. Hire an additional auditor.

There is one auditor for mineral leases. Each lease may be audited only once every two or three years, which is totally inadequate. Audits of various State Lands Division leases have

recovered over $300,000 in the past two years. The cost to hire an additional auditor, plus travel expenses, would be approximately $50,000 per year.

224. Utilize law enforcement personnel more effectively.

During certain times of the year, the work load for enforcement officers increases dramatically, making it difficult for many officers to meet the demands of their job without working overtime. This peak workload may also be the slack time for enforcement officers in other divisions. Increased cooperation between the divisions would provide for better and more efficient enforcement.

225. Process boat registration certificates at the point of sale.

Approximately 300,000 boat registration certificates are typed manually at the point of sale. The same data is later keyed into the mainframe computer. Certificates are then sent to the department Accounting Section to be manually counted, batched and sent to the Marine Police Division. Eliminating manual counting would save data entry time. Estimated cost savings are $24,000 with an implementation cost of $8,000.

226. Analyze the workload of the Marine Police Division Maintenance Shop.

The current work load at the Marine Police Division Maintenance Shop may not warrant the need for four employees. Personnel savings and increased efficiency by the reduction in maintenance staff may be achieved.

227. Reduce required number of physical inventories.

State law requires all state equipment that had an acquisition cost of $100 or more to be physically inventoried twice each year. It appears that one thorough inventory per year would be sufficient and would result in considerable savings to the State of Alabama. The cost savings to DCNR is estimated as $40,000 annually in reduced travel, printing and mailing of inventory sheets, and salaries.

228. Update the current reservation system.

The State Parks Division takes reservations for all state parks. Reservations are made by contacting the resort directly or by telephoning a toll-free telephone number that is answered by two employees at DCNR headquarters in Montgomery.

Approximately 10,000 calls per month to the toll-free information number are unanswered, either due to busy or unmanned lines. The increased revenue by adding lines and personnel would more than offset the cost. The annual increase in revenue is estimated to be in the range of $405,000 to $1,350,000 at an annual cost of $26,000.

229. Improve DCNR's management of license agents.

Approximately 50 percent of the license agents do not report their sales in a timely manner. This increases the time required for collections and creates a longer time before state funds are received. Approximately one day per month is spent sending approximately 350 shortage/overage notices for errors in reports. If feasible, penalties and fines could be instituted for late filing and/or improper reports (estimated revenue of $35,000).

230. Review the funding of the State Lands Division (SLD).

The Legislature reduced the oil and gas management fee to be retained by SLD Asset Management Program from ten percent to one percent. The one percent allocated to the Lands Fund was divided arbitrarily among all the DCNR divisions. It is estimated that the division needs five percent to provide adequate management.

231. Make effective use of outside consultants by monitoring and controlling their activity.

Consultants have been hired and left to do their work with insufficient guidance or monitoring. More effective use of consultants would assure that better services are provided.

232. Study the feasibility of moving the Patent Records, currently maintained by the Secretary of State's office, to the State Lands Division (SLD).

DCNR's SLD is responsible for maintaining a record of all state-owned land. These patent records for the state also are maintained in the Secretary of State's office. These two functions are closely related and in some cases constitute a duplication of effort. If Patent Records become the sole responsibility of SLD, it will be necessary to incur the expense of the salary of one attorney.

233. Take advantage of advanced registration and reservation discounts for out-of-state air travel.

The state may not be taking advantage of potentially up to 50 percent reduction in out-of-state air travel costs.

234. Provide a mechanism for pre-payment of certain expenses.

The state could take advantage of significant cost savings for certain types of expenses which allow discounts.

235. Improve management of the *Alabama Conservation Magazine*.

This magazine is the only official state-sponsored publication of its kind offering news, information, and entertainment on conservation topics. It is recommended that a photo journalist be hired at an annual cost of $25,000 annually. Overall improvement in timeliness and quality offers the potential for a superior publication to advertise the State of Alabama, thus improving the image of the state.

236. Evaluate the statewide two-way radio system of the DCNR.

The two-way radio system is antiquated and costly to maintain. Long-term costs may include the expense of a new statewide two-way radio system. Eventually this will be necessary because the present system will be obsolete.

237. Study the need to establish a standardized audit reporting system for natural resource sales and parks' concessionaire contracts.

There is no comprehensive audit reporting system. Department contracts and leases involve millions of dollars and these transactions may not be adequately audited.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
DEPARTMENT OF CORRECTIONS

INTRODUCTION

The mission of the Department of Corrections (DOC) is to administer and exercise control over penal and correctional institutions throughout Alabama.

The department's legislative authorization is provided in Act 83-69 of the First Special Legislative Session of 1983. The Commissioner is appointed by the governor and is responsible for the direction of all departmental operations.

The DOC has approximately 2,711 employees working in 16 major correctional institutions, 12 work release centers, the Supervised Intensive Restitution (SIR) Program, and the central office (Montgomery). Of these employees, approximately 1,942 are correctional officers; 769 employees serve as administrative and support staff. There are approximately 12,300 inmates serving sentences in Alabama. The average ratio of correctional officers to inmates is 1:6.3.

The primary concern of the DOC is overcrowding. Based on the increase in the number of inmates from June 1986 through July 1987, the average number of inmates in Alabama correctional facilities will be well over 15,000 by 1990.

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RECOMMENDATIONS

238. Reassign employee grievances to the Personnel Division and inmate grievances to each correctional institution.

The process of handling employee and inmate grievances is performed by a special division within the DOC. This process leads to circumvention of top level management within the state DOC as well as top level management at the institutions.

Reassignment of these responsibilities would eliminate duplication of efforts, provide meaningful information to appropriate management, and expedite the grievance process. Reassignment would allow reduction of five staff and elimination of operational costs resulting in a $110,000 savings annually.

239. Decentralize the Free By Choice (FBC) Program and place it under control of correctional institutions.

The FBC Program is a program whereby inmates go to schools, churches, and civic groups to speak on life in prison resulting from problems with substance abuse.

The FBC Program is centralized in Montgomery and is comprised of five correctional officers who have three vehicles assigned to them. Because requests for FBC inmates come in from all parts of the state, each correctional officer must spend a great deal of time traveling to these various locations. A decentralized approach would allow more correctional officers and inmates to participate in the

program and relieve the backlog of FBC requests. Expected savings would be $112,000 annually in salaries, $5,000 annually in operational costs, and $30,000 in vehicles.

240. Reassign the position of Law Service Coordinator to the Legal Services Division.

The major duties of the Law Services Coordinator are to maintain the law libraries at each institution, and to provide basic paralegal training to selected inmates. Reassignment of this position to the Legal Services Division would consolidate all legal functions into one division and provide cross-functional support between Law Services and Legal Services.

241. Establish an Information Systems Steering Committee to prioritize and monitor the development, implementation, and maintenance of data processing hardware and software systems.

By monitoring the information system needs and resources of DOC, the committee would be able to prioritize the development and implementation of new applications in a systematic and timely manner.

242. Develop a detailed information system plan that addresses the department's data processing needs and the human and financial resources required to meet those needs.

Because of limited human resources and numerous automation requirements of DOC, maintaining existing systems has taken priority over software development. Several applications are critical to the daily operation of DOC and are in need of enhancement or development. Estimated cost is $90,000.

243. Eliminate the position of environmentalist.

The two primary functions of the environmentalist, monthly kitchen inspections and inspections of sewage and water treatment plants, are being performed or will be performed by an outside agency. The department can realize cost savings through the reduction of one staff position at $30,000 annually for salary and benefits.

244. Consolidate Central Records and Central Classification under one director.

State law requires that DOC maintain records on each state inmate for legal purposes. The legal functions performed by Central Records and the classification functions performed by Central Classification often overlap. The functions were previously administered effectively by one director. The reduction of one director would result in savings of approximately $30,000 annually in salary and benefits.

245. Reassign those inmates working on community projects from the Receiving Unit to other institutions.

Presently, the DOC Receiving Unit houses approximately 50 inmates who are used on various community project assignments. These inmates occupy bedspace that is designed for receiving inmates from the county jails.

246. Establish a single statewide Food Service Supervisor.

DOC employs three regional Food Service Supervisors responsible for planning, quality control inspections, sanitation, and other common problems associated with industrial food service. The workload does not require three positions to function efficiently.

Eliminating three positions can produce cost savings of approximately $87,000 annually in salaries, benefits, and vehicle and related expenses.

247. Reorganize the Personnel Division and reduce to seven positions.

There are 14 employees assigned to the Personnel Division. Several functions performed by this office could be handled at the institutional or regional level. Reorganization can reduce the duplication of effort and produce a cost savings of approximately $215,000 annually in salaries and benefits.

248. Reinstate the third Institutional Coordinator position and assign institutions by region to a specific coordinator.

By dividing the institutions and work release centers into three regions with each region headed by an institutional coordinator, a well-defined, formal line of authority would be established, policies and procedures could be more uniformly applied, and duplication of effort would be eliminated. The cost to hire the institutional coordinator would be $72,000 annually for salary, benefits, vehicle and clerk. However, a reduction of other staff could result in approximately $180,000 annual savings in salaries, benefits, and vehicles.

249. Revise the organizational structure of the department.

Under the Institutions Section, the major changes include the consolidation of the work release centers and major correctional facilities under the control of regional institutional

coordinators and the relocation of a portion of the maintenance personnel to various facilities. Implementation of this structure will give greater control and responsibility to the heads of various institutions and promote consistency in implementing and managing policies.

The changes to the administration area deal primarily with making data processing the responsibility of the associate commissioner of administration. By implementing this change, the major users of data processing such as Personnel, Training, Accounting, and Procurement would all be under the same management.

250. Disband the three regional Institutional Service Engineering and Maintenance offices.

The three regional institutional coordinators are responsible for directing and coordinating the regional maintenance personnel in the provision of both required and preventive maintenance for the various correctional facilities. By taking a decentralized approach to providing maintenance services to the facilities, all maintenance staff should become cross-trained in a number of areas, and therefore more valuable to DOC. This recommendation would result in an improved maintenance program with a cost savings of $352,000 annually through staff reductions, and $260,000 in vehicle replacement and maintenance.

251. Transfer the Board of Pardons and Paroles, statutorily, to the department.

There are many divisions and sections within the Board of Pardons and Paroles and DOC that are duplicative and repetitive in nature. By combining the two departments, the state would realize a significant savings by eliminating the duplication of effort.

252. Reassign the Communications Division to the associate commissioner of institutions.

The Communications Division is responsible for the operation, purchase, and maintenance of communications equipment used for security purposes at the major institutions and work release centers. The associate commissioner of institutions is responsible for the administration of DOC correctional institutions. The institutions would be better served if the Communications Division were placed under the responsibility of the associate commissioner of institutions.

253. Take a pro-active, positive approach to providing educational information to the news media and employees through the Public Information Office.

News media coverage consists primarily of negative occurrences rather than positive occurrences such as community service projects. Publishing the employee newsletter on a timely basis with in-depth, informative articles would greatly improve the perception of the DOC.

254. Credit the interest earned on the Industries Revolving Fund back to the department.

All interest earned by the state treasury by law is credited to the State General Fund.

255. Establish a policy regarding the use of state housing by employees.

There is no consistent, equitable policy for providing housing to employees at the rank of captain and below. Because of the lack of policy, housing has been provided to correctional employees in an inconsistent manner which has caused significant morale problems within DOC as well as unnecessary costs to the state. Establishment of a policy regarding the use of state housing by employees would eliminate the confusion and morale problems associated with this issue.

256. Assign the Personal Development Instruction (PDI) sessions for inmates to classification personnel instead of correctional officers.

The purpose of PDI is to prepare inmates for entering the free world through instruction in social skills, habits, and lifestyle. Because correctional officers have been used to conduct these sessions, institutional security has suffered. Reassignment of PDI to classification personnel could enhance institutional security.

257. Consolidate the laundry service operations at three regional locations.

Consolidating the laundry services in the southern region at Holman Prison would centralize and standardize laundry equipment and procedures in that area. The consolidation of the central area laundry operations at Tutwiler could be accomplished with no additional construction. The laundry facility at Bullock could be the central laundry for Bullock and the proposed prisons at Clayton and Clio in Barbour County.

Centralizing the laundry services would allow a reduction in staff at savings of approximately $35,000 in salary and benefits.

258. Develop a policy regarding the use and assignment of state vehicles.

State vehicles are assigned and used without consideration of need or necessity of use. Vehicles are used by employees for commuting without regard to "on-call" status. Enforcement of a policy regarding vehicle usage would result in a significant cost savings to the state as well as improvement in overall employee morale.

259. Require only one signature by the Classification Division Central Review Board (CRB) to finalize initial classification actions and to approve lateral transfer of inmates.

Procedure requires that three members of the five member CRB approve the majority of classification changes of inmates. Because the timely placement of inmates is critical, only one CRB signature should be required to finalize these actions. Many lateral transfers are between institutions of similar security levels. The requirement of three signatures for lateral transfers is excessive and should be reduced to one. Implementation of this recommendation would result in better utilization of CRB members' time and allow reduction of the staff by one CRB member for an annual savings of $23,000.

260. Increase the transportation charge to work release inmates for commuting to work from $.50 to $1.00 each way.

The $.50 transportation charge was implemented approximately seven years ago. Increasing this charge would bring the cost up to public transportation costs, and would also help cover the cost of maintaining the vehicles used to provide this transportation. Implementation of this recommendation would increase the contribution to the DOC operating fund by $169,000 to $200,000.

261. Provide additional bed space.

There has been a dramatic increase in the inmate population since the passage of the Habitual Offender Act and the Correctional Incentive Time Act in 1980. These two laws have had a synergistic effect on increasing the inmate population. Capital outlay of an undetermined amount will be needed for expansion projects.

262. Enact legislation to allow the sale of products and services provided by the Division of Agriculture and Industries to non-profit organizations.

The law does not permit the Division of Agriculture and Industries to sell to non-profit organizations. The division could realize gross sales of approximately $1.2 to $3.2 million from the sale of products and services to non-profit organizations. The division would be able to provide meaningful work to a larger number of inmates.

263. Consolidate all legal responsibilities within the Legal Services Division.

The Legal Services Division currently handles approximately one-half of all the legal services for the department with a staff of three staff lawyers and a legal research aide. The Attorney General's Office handles the other half of the workload with four attorneys. The present arrangement often causes confusion as to which attorneys should handle a particular case and results in delays. Although no exact figures can be applied, the cost of increasing the legal staff could be partially offset by reducing the use of contract legal services. This consolidation would produce improved litigation procedures and improved utilization of legal services personnel. Estimated cost is $90,000.

264. Purchase three dogs trained for the detection of narcotics.

The use of drugs and the transfer of drugs inside institutions continue to be severe problems. By providing major institutions with drug dogs, much of the transporting of narcotics into the institutions could be prevented. The estimated cost to implement is $25,000.

265. Fund the maintenance of the law library at each major institution from the inmate welfare fund.

The state is required, by law, to make law books accessible to inmates for their use. DOC is bearing the cost of funding these libraries. The inmate welfare fund is primarily maintained by profits realized from canteen sales. The potential savings to DOC is $120,000 annually.

266. Market Division of Agriculture and Industries products and services on quality and value.

Expansion of markets would serve to increase revenues and provide meaningful work for more inmates. The increased revenues cannot be estimated.

267. Re-evaluate the staffing levels of security staff.

A tremendous hardship is placed on a penal institution when correctional staff and managers must meet the obligations of advanced training and military leave. All posts must continue to be manned while a portion of the staff is on leave. The cost of implementation depends on projected additional security needed to cover these posts adequately.

268. Establish a revolving fund for the Division of Agriculture and Industries.

If all costs and revenues were maintained within a revolving fund, management would be better informed as to the profitability of the division.

269. Establish a policy for taking advantage of the use of vehicle core replacement parts as trade-ins for new parts.

DOC has a large fleet of vehicles, and as a result, a large number of parts that could be replaced under a core replacement policy. DOC is required to declare as surplus all used parts and to sell the parts by weight. A change in policy would reduce the cost of replacement parts.

270. Develop a system of effective quality control to ensure that inmate records are preserved.

Quality control has not been a priority issue in the microfilming of inactive inmate files. If active inmate records were microfilmed and original files shredded, the integrity of the original documents would be preserved as well as possible on film.

271. Maintain or file inmate records by Alabama Inmate Systems (AIS) number.

Each inmate is assigned an AIS number unique to that inmate. Inmate records are maintained alphabetically by inmate commitment name. With the size of the current population and the use of alias names, it is important to maintain these files numerically.

272. Deliver inmates, with commitment papers from county jails, directly to the Receiving and Central Classification (RCC) Unit.

These inmates are brought directly to the Central Records Office located approximately 11.2 miles from the RCC Unit. An AIS number is issued and the inmate is transported to the RCC by the county agent. The process of issuing an AIS number and registering the inmate could be performed at the RCC more efficiently than by the current method.

273. Increase the entry level standards and salary levels of Food Service stewards to more accurately reflect the responsibilities of those positions.

Stewards are in constant contact with inmates and supervise activities in the kitchen where inmates have access to knives and other dangerous utensils. An increase in standards and salary for stewards would serve to increase the quality of applicants, and ultimately make the institution more secure. The cost of upgrading these positions would be approximately $88,000 annually.

274. Permit the department to purchase items directly from contractual vendors.

The purchasing process, for items directly on contract, could be expedited by permitting DOC to purchase items directly from the contract vendor and to bypass the state purchasing system. These contracts have been approved through the bid process; therefore, these purchases would still comply with the bid law.

275. Procure items of less than $2,000 directly.

Under the present procedure, almost all items purchased, regardless of price, go through the competitive bid process. Requests for purchases through the current system must go through seven processing steps. Direct procurement would reduce the state purchasing workload and reduce procurement time for items of less than $2,000.

276. Add new product lines to the Division of Agriculture and Industries.

By increasing the use of the Division of Agriculture and Industries for data entry services and by utilizing the division for modular inmate housing construction, the state, as well as DOC, would realize significant cost savings. The estimated net revenue is $2 million by expanding product lines.

277. Conduct a study to analyze the Department of Correction's extensive involvement in the agriculture business.

Agriculture historically has played a significant role within the Department of Corrections. Its original purpose, to enable inmates to feed themselves, may be impractical in today's agri-industrial environment and requires further study. In fiscal year 1986, the DOC appropriated $2 million from the State General Fund for farming operations. Without considering personnel costs involved, the net revenue for fiscal year 1986 farming operations was only $27,000. The potential cost savings are $3,700,000.

278. Conduct a study concerning the impact of long-term sentencing which results in the overcrowded conditions within the prison system.

Because more inmates are being confined for longer periods of time, bed space is critical. The cost of this study is dependent on its composition of experts, time to complete, and

resources utilized. The state must have an effective plan to house the ever-increasing number of inmates in the prison system.

279. Conduct a study to determine the feasibility of consolidating the DOC Fleet Management Division within the Division of Agriculture and Industires.

Both the Division of Agriculture and Industries and the department have fleet management operations. Possible consolidation could provide significant savings to DOC and the state by utilizing inmate labor in maintaining and servicing vehicles.

280. Conduct a study to determine the future methods, guidelines, and content of employee training.

DOC requires all employees to go through a significant amount of training. Some of the extended, annual training for non-security employees may be too repetitive and not as effective as it could be. Training needs should be evaluated.

281. Conduct a study to explore ways of providing a more equitable distribution of employee subsistence hazardous duty pay.

Given the work that must be performed by employees of the DOC and the associated risks involved with working with inmates, these employees deserve subsistence pay. The cost to provide subsistence pay to the DOC correctional officers only would be approximately $3.5 million.

The following recommendations for the Department of Corrections resulted from the Information Systems Crosscut Study. Implementation of these recommendations would be carried out by this department.

282. Develop a comprehensive information systems plan.

During the review of the DOC, an information systems plan was not available. The Review Team is concerned with the inevitable increase in cost to the DOC if it continues in the present direction. Specific areas of concern are:

—The DOC has divorced itself from the DSMD for both data communication and data processing.

—For a department its size, there is relatively little information systems support. Virtually no automation has been installed to meet the information processing needs of the institutions and work release centers.

—There is no office automation strategy for the institutions, work release centers, or offices in Montgomery.

—The hardware needs for the next five years were unknown. The apparent direction is toward a Unisys (Sperry) mainframe system, which is a direction where the DSMD can provide virtually no support.

—The data communication network and a series of local area networks are being designed by data processing personnel with little or no experience in communications network design, installation, and management.

—There is inadequate staff to meet present requests and development requirements.

283. Develop and implement recovery plan.

There is no disaster recovery plan which predefines the steps which would have to be taken to ensure that the department would be able to continue to process its data in the event a disaster occurred.

284. Select and implement a Systems Development Methodology (SDM).

There is no established method for accomplishing the various tasks involved in the systems development process. Efficient and effective data systems project management requires an adequate and comprehensive SDM.

285. Establish a steering committee to allocate data processing resources.

Information systems and data processing resources are allocated in order to provide service and meet the information needs of the department and other users. Consequently, users should have access to the decision processes which result in the allocation of information systems data processing resources. Communication between users and information systems personnel would substantially improve the service and products provided.

286. Develop and utilize an on-line, integrated, automated financial management system capable of providing financial data in accordance with generally accepted accounting principles.

There is no electronic connection between Corrections' system and the state Data Center. Consequently, all interfaces between the Department of Corrections accounting system and the system operated by the State Comptroller's Office require manual intervention in both places. Estimated cost is $100,000.

287. Develop a managerial accounting information system.

The computer system is so inadequate that a manual production control system has been instituted to serve the needs of the Montgomery office of the Division of Agriculture and Industries. The production control system, by virtue of its manual processes, is not available to the fourteen industries located statewide.

The cost accounting capabilities of the DOC limit the amount of usefulness of the information available to make management decisions with respect to the industrial operations of the department. Estimated cost is $300,000.

288. Evaluate the design of the proposed system for automation of the institutions and work release centers.

The proposed network design would consist of local area networks (LANs) at the institutions with communication to the System 80. The Review Team is concerned with the design of the system because of the lack of experience of the data processing personnel within the DOC in the areas of design, installation, and support of LANs and communication networks.

289. Develop an office automation strategy for the Montgomery area offices.

The DOC does not have an office automation strategy to meet the needs of its Montgomery offices. In the absence of a strategy, ad hoc solutions are being developed which result in incompatibility between offices and divisions.

290. Use the state DSMD commmunication network.

The DOC maintains its own data communication network. DSMD has a statewide communication network established using the most cost effective media and routing. Departments do not have the communication design and maintenance expertise to maintain data communication networks. A department cannot afford data comunication networks that can operate at the speeds of the DSMD "backbone" network using T1 lines.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
STATE DEPARTMENT OF EDUCATION

INTRODUCTION

The State Department of Education (SDE) was established in 1919. In earlier years, the State Board of Education members were appointed and the State Superintendent was elected. A constitutional amendment passed in 1970 permitted an elected State Board and gave the Board the responsibility of selecting and appointing the State Superintendent. The State Superintendent executes educational policy authorized by law and as adopted by the State Board.

The SDE is comprised of approximately 1,400 employees who are organized into functional divisions. One thousand of these employees are involved in specific client-related services provided by the Division of Rehabilitation and Crippled Children Service and the Disability Determination Division. The total work force of 49 percent professional, 40 percent clerical, and 11 percent technical has a high degree of program and professional freedom, but a relatively low level of financial and administrative decision freedom. The staff is employed through the State Personnel Department except for appointed positions.

This staff has the primary job of rendering services to the 130 local education agencies (LEAs) in Alabama. The services consist of general services, technical assistance, monitoring, and auditing. The emphasis is to improve the quality of instruction and the support of services to students.

Two of the divisions, Disability Determination and Rehabilitation and Crippled Children Service, provide direct services to the children and adult citizens of Alabama who have disabilities. Services provided are counseling and guidance, vocational and medical diagnostic evaluations, hospitalization, medical treatment, vocational training, and job placement.

There are many specific regulations, policies, and laws that must be implemented and most of these relate to a variety of funding sources such as federal, state, local, and special. The annual allocation of the Alabama Special Educational Trust Fund monies must be negotiated.

There are a number of stakeholder organizations. These include colleges and universities, teacher education programs, state two-year colleges, teacher organizations, business and industry, parent-teacher organizations, school administration organizations, parent advocacy groups, and other advisory groups. The local boards of education are the primary stakeholders served by the SDE.

STUDY TEAM

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Consultants

Kermit Eide—Organizational Initiatives
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RECOMMENDATIONS

291. Develop a mission and strategy statement.

Limited understanding of the SDE mission and scope of services has made it difficult to assign priorities and contributes to the perception of crisis management. The frequent reorganization and relocation of staff has contributed to the increasing lack of focus for the organization.

292. Conduct an organization design study.

An effective organization design would provide a clear division of responsibilities, efficient use of resources, and consistency between the formal and informal organization.

293. Develop guidelines for professional development and in-service training.

Knowledge of state-of-the-art technologies and the latest developments in the field of education are essential to the ability of individuals in the SDE to deliver services.

294. Develop an overall human relations program.

This program should include an SDE-wide communications plan, a plan for employee recognition and rewards, a system to effectively communicate policy and procedures, and space requirements for the new SDE office.

The following recommendations for the State Department of Education resulted from the Information Systems Crosscut Study. Implementation of these recommendations would be carried out by this department.

295. Develop adequate security to prevent unauthorized access to the data base.

The security procedures are inadequate to prevent unauthorized access.

296. Develop a disaster recovery plan.

There is no disaster recovery plan which predefines the steps which would have to be taken to ensure that the department would be able to continue to process its data in the event a disaster occurred.

297. Develop with users a comprehensive information systems plan.

During the review of the Department of Education it became apparent that a comprehensive plan was not available. The Review Team is concerned with the inevitable increase in costs to the state if the present direction of using the Honeywell equipment is continued.

298. Select and implement a Systems Development Methodology (SDM).

There is no established method for accomplishing the various tasks involved in the systems development process. Efficient and effective data systems project management requires an adequate and comprehensive SDM.

299. Establish a steering committee to allocate data processing resources.

Information systems and data processing resources are allocated in order to provide service and meet the information needs of the department and other users. Consequently, users should have access to the decision processes which result in the allocation of information systems data processing resources. Communication between users and information systems personnel would substantially improve the service and products provided.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
ALABAMA EMERGENCY MANAGEMENT AGENCY

INTRODUCTION

The Alabama Emergency Management Agency (AEMA) was established by the Alabama Legislature because of the existing and increasing possibility of the occurrence of disasters or emergencies of unprecedented size and destruction resulting from enemy attack, sabotage or other hostile actions, or from fire, flood, earthquake or other natural disasters. Man-made or technological disasters or events were also a concern.

The broad mission of AEMA includes the coordination of emergency management activities of state agencies and local governments to ensure that maximum possible planning and preparation is made prior to a disaster and to provide necessary assistance in the event of a disaster.

STUDY TEAM

State Participants

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Industry Members

A. Bowen Ballard—Ballard Realty Co., Inc.
Ray Sitton—U.S. Air Force
Leonard Walker—U.S. Air Force

RECOMMENDATIONS

300. Relocate the present Emergency Operations Center (EOC).

The EOC should be relocated to a hardened site as soon as possible. The planning for the relocation of the agency and EOC to the new state office building should be continued. The estimated cost is between $20,000 and $30,000 to move to the temporary EOC location. The cost for the permanent EOC could be $700,000 to $2 million. Much of this amount may be funded by the Federal Emergency Management Agency if the criteria for an EOC are met.

301. Add two additional employees.

The hiring of a public information officer and a communication officer should be approved. Funds for these two positions are in the budget.

302. Introduce legislation for an Alabama Safe Dam Act.

An Alabama Safe Dam Act is needed to ensure that dams meet construction safety requirements and that inspections are being made of new and old dams to prevent loss of life and property.

303. Establish a state agency for training.

The state needs to establish an overview agency to coordinate hazardous/toxic chemical training. This training is divided among several departments.

304. Upgrade the Emergency Communication system.

Plan for upgrading the Emergency Communication system. Federal funds up to $5.7 million may be made available for a new system; otherwise, the state may have to pay $500,000 or more to upgrade the present system.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
ALABAMA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

INTRODUCTION

The Alabama Department of Environmental Management (ADEM) was created in 1982 by an act of the Legislature. ADEM is composed of divisions which were originally separate entities or affiliated with other departments, primarily the Department of Public Health. ADEM's divisions are Land, Air, Water and Field Operations—the responsibilities of each of the divisions are apparent from their names. The purpose of centralizing all environmentally-related activities under the aegis of one organization was two-fold: first, to streamline the application process for businesses (one-stop permitting), and second, to enhance coordination between the departments.

The duties of ADEM are fairly straightforward. ADEM formulates its own regulations, or promulgates regulations formulated by the Environmental Protection Agency (EPA), which dictate acceptable levels of various sorts of wastes that can be released into the environment. ADEM issues permits to companies and individuals to engage in activities which might have an adverse impact on the environment, and monitors those companies or individuals. ADEM also randomly monitors air, water or land, or monitors specific sites in response to citizens complaints about possible polluters. ADEM also is charged with securing compliance with its regulations and punishing violators.

A commission of seven members, appointed by the governor and serving terms of six years, has oversight responsibilities for ADEM. The commissioners' duties include appointing the director, promulgating regulations, and ruling on appeals of department actions including the issuance and denial of permits. It also has the obligation for general policy oversight of the department.

STUDY TEAM

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RECOMMENDATIONS

305. Impose annual inspection fee.

ADEM charges a one-time fee for a permit to discharge waste or perform other regulated activity. This fee does not cover the annual inspection and monitoring of such permitted facilities. The cost of these annual inspections is one of the major expense outlays of ADEM. Industry, rather than the state, should pay the cost of inspections. Legislation based on the Texas system would generate $1.5 million.

306. Impose a fee on hazardous waste disposal in Alabama.

Levy a fee of $4 per ton for waste generated in Alabama and $6 per ton for waste generated outside the state.

Law levies a fee of $1 per ton on all waste received at commercial disposal sites. This fee is used to finance monitoring operations at such hazardous waste sites.

Legislation to levy an increased fee would generate annual revenue of approximately $2 million for the operation of the department. This would enable the department to improve its services and reduce its reliance on the General Fund.

307. Increase fines and penalties on certain offenders.

A disproportionate amount of regulatory time and effort is spent on a small number of habitual or recalcitrant offenders. The legislation authorizing such fees and penalties provides that they are not to be used to generate revenue; however, at this point the cost of enforcement is still substantially greater than the total penalties assessed. Estimated annual revenue is $250,000.

308. Appoint permanent hearing officer(s).

Expenditures for hearing officers range from $1,200 to $5,600 per hearing, with an average hourly rate of $75. Legislation to establish permanent hearing officer(s) could reduce the

hourly rate from $75 per hour to $25 per hour, assure knowledgeable hearing officers, and generate savings up to $100,000.

309. Appoint an administrative law judge.

All administrative reviews of ADEM staff decisions should be vested in an administrative law judge rather than the ADEM Commissioner. The ADEM is now charged with the duty of both promulgating environmental regulations and acting as the forum of first impression on any dispute arising out of the administration or enforcement of such regulations. This gives rise to a number of problems and costs. Estimated cost is $75,000.

310. Locate hearing officer/administrative judge in new judicial complex.

Hearing officer(s) or administrative law judge(s) should eventually be housed in the proposed new judical complex to isolate them from undue pressures from the ADEM staff, and to enhance the appearance (and reality) of impartiality.

311. Adopt EPA regulations.

ADEM should be allowed to adopt the environmental regulations mandated by the EPA without requiring public hearings and steps required under the Alabama Administrative Procedures Act. Adoption of EPA regulations would save fiscal and personnel resources, keep pace with changing federal regulations, and eliminate a lengthy and expensive process.

312. Restructure the Coastal Program and the Alabama Surface Mining Commission.

The responsibility for the Coastal Program is shared between ADEM and the Alabama Department of Economic and Community Affairs (ADECA). The entire program should be assigned to ADECA because it does not fit in the general mission of ADEM.

The Alabama Surface Mining Commission has responsibility for enforcing safety regulations in strip mines and environmental duties concerning the replacement of overburden. ADEM should be given sole responsibility for water testing and other environmental aspects of surface mining, and the Surface Mining Commission should control the safety aspects of mining.

Restructuring the Coastal Program would eliminate duplication and overlapping, reduce liability, and save up to $40,000 annually. Elimination of duplicate management of mine site discharges would save up to $75,000 and ensure that enforcement of water standards is applied consistently.

313. Amend hiring procedures to reduce delays.

Authorize ADEM to administer tests and perform other personnel procedures to reduce the administrative delay in qualifying its applicants for entry-level professional positions.

314. Allow selection of entry-level professional employees from anywhere on the merit system register.

The State Personnel Board gives experience greater importance than education and overlooks the quality of the experience an applicant might have. The ability to select entry-level qualified professional applicants from anywhere on the register would aid ADEM in filling jobs.

315. Restructure factors used in merit system evaluation.

More emphasis should be placed on educational background with less emphasis on experience when hiring ADEM entry-level qualified professional employees. ADEM should be allowed to set more specific criteria for each job opening.

316. Extend the probation period of professional employees.

The probation period for new employees is six months. Following this period they become tenured under the Merit System, and it is difficult for them to be fired or demoted. The probation period for ADEM professionals should be extended to 12 to 18 months. A longer probation period would allow ADEM a better opportunity to judge the capabilities of such employees to work with complex legal and technical issues.

317. Provide additional economic incentives for professional employees.

The personnel system provides little flexibility to distinguish between outstanding and average employees. Due to the limited number of grades, numerous career employees are at the top of their pay grades with little opportunity for promotion.

Additional incentives would provide a financial reward for outstanding performance.

318. Expand salary ranges.

Salary compression contributes to the turnover of highly-trained and valuable personnel. ADEM should expand the current compressed

salary ranges to bring salaries more into line with those in the private sector.

319. Establish a contingency plan.

The department should establish a contingency plan to address the possibility of funding cutbacks. The department is funded by federal grants (55 percent), State General Fund (25 percent) and department funds (20 percent). Federal funding is directly related to matching funds. A substantial loss in funding would affect the department's ability to carry out its duties.

320. Create an Alabama Super Fund.

A state program complementary to the federal Comprehensive Environmental Response Compensation Liability Act, better known as the Super Fund, would clean up abandoned or inactive hazardous waste sites which may not qualify as significant from a national point of view.

321. Create a state policy on out-of-state solid and hazardous waste.

The Governor's Office and ADEM should develop a consistent policy toward the importation of out-of-state solid and hazardous waste to current and future disposal sites in Alabama.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
DEPARTMENT OF FINANCE

INTRODUCTION

The Department of Finance is an executive and administrative department which has general supervision of all matters pertaining to the finances of the state. The duties of the Department of Finance are:

(1) Manage, supervise, and control all matters pertaining to the fiscal affairs and fiscal procedures of the state except those that may, by the constitution or statute, be specifically required to be performed by the auditor, the treasurer, or the Department of Revenue.

(2) Manage, supervise, control, and insure all state property.

(3) Operate, manage, and administer the state insurance fund.

(4) Make the annual financial report of the state as soon as possible after the close of each fiscal year.

(5) Conduct studies, secure information and data necessary to make such reports, and furnish such information as may be required by the governor or the Legislature.

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RECOMMENDATIONS

322. Reorganize and rename the Department of Finance.

The span of control exceeds an acceptable level. Ten divisions of diverse nature currently report to one assistant director. Communication is impaired by this organizational structure. Two new non-merit positions are needed. Legislation is required to accomplish a name change and modify the organization. Cost is estimated at $120,000.

323. Establish an internal management analysis office.

The Department of Finance is the focal point of a large part of state paperwork and other activities. The department should hire a group of individuals who could study specific work functions and continue to identify ways to improve state government beyond what AMIP has accomplished. This group could be known as the Office of Management Analysis and would be responsible for follow-up analysis and reporting of the disposition of the AMIP recommendations. Cost is estimated at $300,000.

324. Install strategic and tactical planning.

The state organizations are more reactive than pro-active. Instead of following a predetermined workplan, activities usually follow requests for assistance and are initiated by problems. Strategic planning would determine the overall objective of the activity being planned. Tactical planning would determine the resource requirements for realization of the strategic plan. The planning procedure could be merged with the budgeting procedure.

325. Institute a separate budget section for one-time only appropriations.

Many departments and universities receive additional funds for a one-time purpose. In the next budget year, these one-time monies have a tendency to be combined with normal operating expenses. This inflates the budget and becomes the basis for increases in future budget years.

326. Study the benefits of contracting with a single travel agency for all state travel arrangements.

Savings may be realized by having a single source make travel arrangements.

327. Establish a continuing education and training program.

The need for additional technical and supervisory education and training was a major concern expressed by the Department of Finance personnel. There is a need for technical people to stay abreast of advances in technology and for supervisors to improve their management skills.

328. Continue to improve internal departmental communications.

One major complaint by employees that surfaced in the department review questionnaire was the lack of communication with, and recognition by, management. Positive employee reaction resulted from the "walk through" conducted by the finance director when he assumed office.

329. Initiate a participative budget process below the division level (sections).

Managers in charge of sections within divisions of the Department of Finance are seldom consulted during the budget process. These section heads are not provided the budgets within which they are required to operate.

330. Prepare and distribute a pamphlet explaining employee liability and the state's responsibilities.

There is a history of lawsuits directed against state employees. Employees are unaware of the protection afforded them by the state and are unduly concerned about litigation.

331. Study the feasibility of charging users for service provided by the Division of Purchases and Stores.

Some requisitioning departments haphazardly prepare purchase requisitions and pass their inefficiencies to the Division of Purchases and Stores. Billing users for purchasing services could encourage personnel to prepare requisitions properly. The billing of user departments for purchasing services would reallocate the costs of such service. Estimated charges are $70,000.

332. Pass legislation to allow all state departments and agencies to make changes in licenses and fees within defined parameters and in compliance with the Alabama Administrative Procedures Act.

Simple and reasonable changes in licenses and fees are difficult and sometimes almost impossible. The process requires that a revenue bill be passed by the Legislature. Most licenses and fees have not been changed in the past five years and some have not changed in 40 years.

333. Review of the fee structure every two years.

Many agencies are totally dependent upon the licenses and fees that they collect for funding their operations. An adequate level of licenses and fees is needed to enable these agencies to maintain the services they provide.

334. Establish a Licenses and Fees Oversight Committee with the members to be appointed by the Director of Finance.

A statewide coordinator of licenses and fees, who has the responsibility to influence necessary changes, is needed to update the licenses and fees structure and establish consistent statewide policies for the administration and collection of licenses and fees. The 80 state agencies which charge licenses and fees seek changes independently.

335. Publish a comprehensive list of state licenses and fees.

A written summary of the license and fee rates, the administrative procedures, and the legislative basis could improve enforcement, training of new employees, and provide readily available data for recommending changes.

336. Establish a training program methodology for establishing fees.

There are no standard procedures to establish the cost basis for licenses and fees.

337. Increase penalties associated with non-licensure, late renewal, or non-payment of fees.

In many instances, the penalties are so insignificant that there is no incentive to encourage compliance.

338. Enhance compliance using "reasonableness testing."

Some agencies collecting licenses and fees do not use a methodology to estimate the amount of licenses and fees that should be paid. The enforcement function may identify non-compliance, but no systematic method is used.

339. Establish a re-processing fee.

The burden of costs and expenses caused by omissions, errors, and oversights should be borne by those who caused the additional services to be rendered.

340. Charge an administrative fee to recover the cost of services for non-state entities.

Some state agencies are providing collection services for non-state entities at little or no charge. The state agencies are entitled to be reimbursed for the costs incurred in providing the collection service. It is estimated that $500 million ($460 million in sales tax for counties and cities and $40 million that is not sales tax) is collected by the state for non-state entities. For example, the Alcoholic Beverage Control (ABC) Board currently, collects the county ABC license portion along with the state's portion. One hundred percent of the county's portion is remitted to the county.

341. Require daily deposit of state monies collected by non-state and state agencies.

The state is entitled to earn interest at the earliest possible time on state monies. Estimated interest income is $150,000.

342. Require direct deposit into the General Fund.

Legislation provides that some General Fund revenue deposits be made into a fund other than the General Fund such as an escrow account or distribution account. Changing this procedure would eliminate unnecessary transactions in handling these funds.

343. Standardize all license application forms when possible.

Separate application forms for various similar licenses and fees are required by a single department or agency from a single business and results in duplicate effort by the agency and the licensee.

344. Centralize the departmental process for licenses and fees.

Many departments have different divisions involved in the collection, notification, issuance, and records maintenance of licenses and fees. Several departments including Public Safety, Department of Corrections, and Alabama Department of Environmental Management, could benefit from centralization.

345. Require the daily deposit of fines and fees.

Revenues collected by the courts are remitted once a month. Interest revenue could be enhanced by $100,000.

346. Reconcile deposits by state agencies on a timely basis.

Information provided by departments does not always agree with Department of Finance records due to delayed reconciliations.

347. Simplify the privilege license law.

The rate structure for privilege licenses is cumbersome and has no apparent equitable basis. Additionally, the law is over 40 years old and many of the listed businesses and occupations no longer exist. Many new businesses and occupations are not included. The current law is based on numerous attorney general's rulings interpreting the privilege license law.

348. Communicate the recommendations of the license and fee crosscut study group to the Tax Reform Committee of the Alabama Development Office (ADO).

Recommendations of the license and fee study group should be consistent with and aid in the broad goals of the Tax Reform Committee and should assist ADO in its goal of attracting new businesses to Alabama.

349. Assign a staff member to implement the license and fee recommendations.

A specific individual is needed to coordinate implementation because over 80 agencies are involved.

350. Establish a centralized review and approval system for agencies' indirect cost rates.

The amount of federal funds flowing into the state is significant and requires an efficient system to ensure that the State of Alabama maximizes indirect cost recovery.

351. Conduct a departmental/agency indirect cost rate survey.

The last statewide survey was completed in 1984; however, many of the recommendations have not been fully implemented.

DIVISION OF AIR TRANSPORTATION
DEPARTMENT OF FINANCE

INTRODUCTION

The Division provides air transportation to the Office of the Governor and other state departments and agencies. Aviation maintenance and related support are provided to other state aviation departments as required.

STUDY TEAM

See Department of Finance Study Team

Industry Members

A. Bowen Ballard—Ballard Realty Co., Inc.
Ray Sitton—U.S. Air Force

RECOMMENDATIONS

352. Reduce airplanes and staff.

One or possibly two airplanes could be eliminated. The reduction of aircraft should also include a reduction of staff. Estimated savings are $200,000 annually.

353. Increase the billing rates for flight service.

The Division of Air Transportation (DAT) charges users for flight service at a rate less than the actual cost of operating the division. Consequently, DAT relies on the General Fund to subsidize its operations. DAT could obtain more funds by increasing billing rates and becoming less dependent upon the General Fund.

354. Study the feasibility of placing DAT under the Office of the Governor.

DAT is a division of the Department of Finance, but the Office of the Governor has responsibility for approving all flights. This dual authority has raised questions as to proper organizational placement.

355. Review automobile assignments to DAT personnel.

There are fourteen operable motor vehicles available for use by DAT, of which twelve are assigned to individuals. Since DAT employs only 21 people, the ratio of motor vehicles to employees appears excessive as compared with other departments. The estimated cost savings is $5,000.

DIVISION OF CONTROL AND ACCOUNTS
DEPARTMENT OF FINANCE

INTRODUCTION

This division is supervised by the comptroller and is responsible for all financial records of the state. It performs a preaudit of claims against the state and issues warrants, insures compliance with state laws and procedures, and provides computer services, accounting records, and reports.

STUDY TEAM

State Participants

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RECOMMENDATIONS

356. Develop a comprehensive integrated central accounting system.

Many state departments, including virtually all of the larger ones, have developed their own accounting systems. These systems are separate from the central accounting system used by the Office of the Comptroller and the Executive Budget Office. Most of these systems have unique coding structures which require separate tables to be maintained on the mainframe computer to translate data from these systems into a format that is compatible. This complicates most of the major functions of the accounting system, including budgeting, journal entries, encumbrances, disbursements, and management reporting. Estimated cost is $830,000.

357. Study the current accounts payable processing system.

There is confusion over the responsibility for expending department's funds. The **Code of Alabama 1975,** as amended, states ". . . the department head is solely responsible for the expenditure of funds." The Code also states that the comptroller is also responsible for the expenditure of funds. Consequently, duplication of effort exists among the departments, the comptroller's pre-audit section, and the State Auditor's Office, involving the accounts payable system. The process takes an average of 21 days from invoice receipt date to issue a warrant. As a result, there are vendors who will not do business with the State of Alabama.

358. Update and distribute Fiscal Procedures Manual.

State departments indicate they do not receive timely notification of changes in procedures of the Department of Finance which causes delays in the processing of vouchers and other paperwork. In addition, the manual is out-of-date. Estimated cost is $7,000.

359. Modify the existing cash transfer process.

During fiscal year 1986, approximately 1,800 warrants were generated to transfer money between funds. It is estimated that another 1,800 warrants were produced to pay interagency charges. Automated fund transfers would eliminate numerous written warrants, thereby reducing repetitious bookkeeping entries.

360. Eliminate the required notarization of employee signatures on travel vouchers.

There were 195,000 travel vouchers paid in fiscal year 1986. Notarization of this magnitude represents considerable time which adds no value to the vouchering process. The **Code of Alabama 1975,** as amended, requires that travel vouchers be "verified by affidavit," which requires notarization. The process is ineffective because an "oath" is not officially administered and rarely does the notary actually observe employees signing travel forms.

361. Institute a capital budgeting system.

Few departments look beyond a two year time period to determine capital needs. Major capital expenditures should be coordinated and planned on a long-range basis (preferably five years) in order to provide for more stable long-range planning of capital appropriations.

362. Charge for-profit enterprises a fee for payroll deductions.

The number of companies requesting payroll deduction service has grown to the extent that the service has become a time-consuming burden on departments and the Comptroller's Office. There are a total of 180 different deductions to track, 24 of which are for-profit firms. Estimated revenue is $33,000.

363. Standardize state travel reimbursement laws.

There are multiple bases for payment of travel depending on the statute which created a particular sector of government. In addition, there are inconsistencies in the way the laws are applied. All employees should be reimbursed on the same basis.

364. Use electronic funds transfers for employees' payroll warrants.

Printing and handling of warrants require time and money. Both could be substantially reduced by electronic funds transfers.

365. Establish processing schedule.

Departments expressed dissatisfaction with the processing of warrants, warrant cancellations, journal entries, cash transfers, and contract information which is not done on a regularly scheduled basis.

366. Modify the warrant system.

The warrant payment system is limited to charging a warrant to only one fund out of one fiscal year's appropriation. Multi-funds and multi-years on one warrant would eliminate numerous additional warrants being issued. Automated record keeping provides the

capacity to account for multi-fund costing and fund accounting. Projected savings are $20,000.

367. Authorize reasonable latitude for correcting vouchers.

Vouchers which have minor discrepancies (many of which contain obvious errors) are returned to the department for re-processing. The comptroller should have authority and responsibility for making corrections and completing the processing.

368. Standardize approval limits and review procedures.

The same documentation approval, control, and audit is required for all levels and types of expenditure. Routine payments could be processed with less audit and review than non-recurring or extraordinary type expenditures. Accounting review procedures should provide acceptable controls while minimizing documentation and approvals.

369. Provide financial training courses.

State departments have indicated the need for continued training by both the Comptroller's Office and the Executive Budget Office regarding financial policy, procedures, issues, and legislation. The estimated cost is $5,000.

370. Modify the payroll acounting system.

The Comptroller's Office charges payrolls to departments based on the run date of the payroll instead of the warrant issue date. The accounting entries for the comptroller are made based on the run date. The department and the state treasurer are accounting for the payroll based on the warrant issue date. As a result, a significant amount of effort is required to balance the comptroller's books with the treasurer's books.

371. Review the methods of distribution of the financial management reports.

A tremendous volume of paper reports is generated daily, weekly, monthly, quarterly, and annually by the comptroller for financial management purposes. These reports are manually balanced, sorted, and distributed to state departments.

The detailed data used to generate these reports are maintained on the comptroller's computer files. With the data processing capabilities available to state departments, the transmittal of this data can be automated to eliminate paper reporting as much as possible.

372. Revise the Executive Budget Office (EBO) forms.

Many departments have expressed the need to revise several EBO forms involved in the budget request process. Certain information now required cannot be gathered with accuracy due to state record keeping limitations.

373. Automate the state budgeting process.

The budgeting process is totally manual. Financial data for actual prior year and current year budget are entered manually on budget forms. Requested amounts are manually calculated and entered on forms. Automation could save time in budget preparation, reduce errors, and provide for EBO verification.

374. Implement financial reporting in conformance with Generally Accepted Accounting Principles (GAAP).

The state uses a cash-basis method of accounting which means revenues are recorded when cash is received and expenses are recorded when cash is withdrawn (or warrants issued). Using GAAP, revenues are recorded when they are measurable and available and expenses are recorded when goods or services are received or performed. The modified-accrual basis method of accounting in conformity with GAAP would more accurately reflect the financial position of the state.

375. Revise fiscal procedures on encumbrances.

Departments, which rely on matching federal money for operating expenses, need relief from the requirement that state money be used to encumber not only the state share, but also the federal share of obligations incurred during a fiscal year. The federal matching share cannot be physically obtained until time of payment of the obligations. Due to certain federal restrictions on when money can be drawn by state departments, federal funds appropriated in the appropriation bill are not available to be encumbered.

376. Modify the voucher edit program.

The edit program validates the information contained in the voucher record but when the program detects an error, it does not continue the edit. Therefore, the departments can only correct the error that is detected and any additional errors remain undetected until subsequent edits.

377. Analyze the statewide central payroll function.

A massive flow of paperwork and duplicate information is passed among the comptroller, the State Personnel Department, and various departments several times to complete the payroll process. With the data processing technology of the state, the transmittal of this payroll information could be automated into a more efficient process.

378. Centralize administrative service functions.

A central administrative Service Center could include intra-department payroll, data processing, budgeting, personnel, purchasing, accounting, and administration.

The decentralized handling of these staff services causes an inconsistent application of procedures and disjointed coordination of data between the divisions. Centralization could facilitate a more efficient process for these staff services.

379. Automate the divisional accounting functions.

Many of the divisional accounting functions are performed manually or are semi-automated. Manual billing and posting of accounts receivable are not uncommon. Many functions could be handled in less time and more accurately with automated accounting systems.

380. Automate the annual report.

The process which produces the annual report is manual and involves accumulating, balancing, and reporting information which is already stored in departmental data systems. The information is gathered and keyed into a word processing package with no automated interfaces.

381. Perform a value-added service analysis.

Some services provided by divisional employees may be more cost effectively acquired from the private sector. A study should be conducted on these divisional services to determine if privatization is warranted.

382. Transfer non-functionally related tasks to the appropriate related agency.

Below are several examples of the 25 tasks performed by the Comptroller's Office which warrant consideration for transfer:

Transfer Tax Collector Settlements to Examiners of Public Accounts

Transfer Employees Liability Insurance to State Insurance Fund

Transfer Bonding of Public Officials to the secretary of state

Transfer Payment of the Board of Registrars to the secretary of state

Transfer Election Expense Payments to the secretary of state

Transfer Mental Commitments to Department of Mental Health and Mental Retardation

Transfer Payment of Transporting Absconding Felons to Department of Corrections

Transfer Feeding of the Prisoners to Department of Corrections

Currently, the Comptroller's Office performs many tasks that are not related to the function of the comptroller.

Although these approximately 25 tasks may seem insignificant because of the low volume, they require the equivalent of five full-time employees to perform the duties. The employees are mainly in accounting classifications and none are trained specifically for the performance of these tasks. The employees in the functionally related departments have more expertise in these fields.

383. Reorganize office tasks and physical plant.

Use the available resources to restructure task allocation and change the physical location of employees to improve efficiency.

384. Develop standard accounting and control procedures.

The exceptions to standard procedures cause an enormous workload because of management concerns about legal implications. The development of standard procedures, consistent with legal requirements, could ease the administrative process and result in consistent application.

The following recommendations for the Division of Control and Accounts resulted from the Information Systems Crosscut Study. Implementation of these recommendations will be carried out by this division.

385. Develop with users a comprehensive information systems plan.

Information systems and data processing decisions are made on an ad hoc basis. The lack of an information systems plan prevents managers from understanding the implications of resource allocation alternatives. The lack of a formal plan, including milestones for indicating progress, inhibits managers from holding data processing personnel accountable for the expenditures of the resources allocated.

386. Develop and implement a disaster recovery plan.

There is no disaster recovery plan which predefines the steps to be taken to ensure that the department would be able to continue to process its data in the event a disaster occurred.

387. Select and implement a Systems Development Methodology (SDM).

There is no established method for accomplishing the various tasks involved in the systems development process. Efficient and effective data systems project management requires an adequate and comprehensive SDM.

388. Establish a steering committee to allocate data processing resources.

Information systems and data processing resources are allocated in order to provide service and meet the information needs of the department and other users. Consequently, users should have access to the decision processes which result in the allocation of information systems data processing resources. Communication between users and information systems personnel will substantially improve the service and products provided.

389. Secure the computer room.

The design of the computer room does not provide for security from unauthorized entry. There are no locks on the doors. Estimated implementation cost is $25,000.

390. Provide sufficient and adequate training and education to staff and users.

There has been no formal training or education provided to the information systems staff in recent years. The extensive use of second generation code and file structure indicates the need to update the skill level of the information system staff and users. Estimated inplementation cost is $25,000.

391. Purchase or develop a new state level accounting (financial management) system.

The accounting system does not have a general ledger subsystem. This and other subsystems would improve financial management and reporting, reduce processing costs, and improve employee productivity.

392. Develop or purchase a mainframe-based integrated payroll and personnel system.

The payroll system is labor intensive and requires a continuous stream of paper between the payroll periods. The system is batch-oriented and has only a few automated interfaces with other agencies. Estimated cost is $150,000.

393. Evaluate all interfaces with state agencies and make any required improvements.

There are a significant number of manual or tape interfaces with other agencies. Due to a lack of coordination between information systems sections of other state agencies and the Division of Control and Accounts, necessary edits to validate data are not in place at the other agencies. This requires the division to return tapes with errors for correction. Estimated cost $50,000.

394. Evaluate the utilization of the System 38.

The System 38 was purchased primarily to replace old equipment and increase remote job entry capacity. More efficient and perhaps less expensive alternatives are available, and should be thoroughly investigated. The availability of the System 38 for data processing activities has influenced the staff to move the payroll system from a DSMD mainframe to the System 38. This works to their advantage, but to the detriment of those with whom they must interface.

DATA SYSTEMS MANAGEMENT DIVISION
DEPARTMENT OF FINANCE

INTRODUCTION

The Data Systems Management Division (DSMD) of the Department of Finance, under the authority of Title 41-4-220, **Code of Alabama 1975,** as amended, (Act 73-1299), is charged to "plan, control and coordinate state data processing activities in such manner to ensure the most economical use of state resources."

DSMD has centralized ownership of nearly all mainframe computer hardware which is standardized on one operating system. Almost all data processing activities of the state are conducted from a central data center, operated twenty-four hours a day, 365 days a year.

DSMD has a two-part mission. One is to provide service and to assure that elements are in place to control data processing activities in all state agencies. The other mission is to operate a central data center. DSMD has performed this latter mission extremely well. Most of the findings and recommendations which follow are related to service and control.

STUDY TEAM

State Participants	Industry Members	Consultants
Rod Benton	George Bargman—Vulcan Materials Company	Larry Jarvis—Ernst & Whinney
Dan Evans	Alvon A. Harris, Jr.—Protective Life	Clay Powell—Ernst & Whinney
Danny L. Floyd	Richard L. Lechtenberger—Protective Life	Bill Stephenson—Ernst & Whinney
Ken Givens	Vernon Owens—Southern Progress Corporation	Bob Stoutenberg—Ernst & Whinney
	Raymond B. Wells—Auburn University at Montgomery	

RECOMMENDATIONS

395. Prepare the organization for the changing environment.

The DSMD should be reorganized to eliminate duplicate structures and diffusion of responsibility and to focus responsibility and authority for the two major areas of service and operations. In each of these areas, comparable functions in data processing and telecommunications (for example, customer liaison) should be combined.

The Review Team does not suggest a specific organizational structure. This should be left to the discretion of the director of the DSMD.

A substantial number of individuals within the top structure of DSMD are working out of their job classifications. They should be reclassified by the State Personnel Department and placed in job classes more accurately reflecting their duties and responsibilities within the new organizational structure.

396. Complete a comprehensive five year information systems plan.

The Statewide Information System Plan, developed by DSMD in 1982, had a five year life. That plan has expired and needs to be updated. In addition, the technological advances in the last five years have added significantly to the complexity of the information systems environment.

397. Issue a statement of policy.

DSMD should issue a clear statement of policy and provide guidance for the departments and agencies of the state when faced with decisions concerning where to develop and process applications. The absence of a clear statement of policy has resulted in some departments removing their applications from the state mainframe computers.

398. Automate the internal accounting function.

DSMD is responsible for supplying approximately $30 million in services annually. All services are paid for by client agencies. In addition, DSMD receives approximately $875,000 of General Fund money annually. All accounting activities concerning these monies are done manually. This limits the amount of management information available and makes it very difficult to determine the rates which should be charged for various services.

399. State agencies should use the state communication network.

DSMD has a statewide communication network which uses the most cost effective media and routing. During the review, it was learned that some agencies are planning to install or have installed data communication networks that are not utilizing the "backbone." Sharing this resource increases the savings to each agency accessing the network.

400. The State Personnel Department should create new classes.

The information systems environment has significantly increased in complexity during the years since the Craver Study (the last major reclassification of state job classes which was conducted in 1982). During that period, technology has moved from a data processing environment into an information systems environment. State job classifications in DSMD have not kept pace with the change.

401. Add additional technical support personnel.

The Data Processing Technical Support section is responsible for maintaining, installing, and trouble shooting problems in the system programming arena. In several areas there is only one employee with the necessary knowledge and expertise to maintain a particular software system.

402. Establish an Electronic Data Processing (EDP) audit group.

There is no effective EDP audit capability in state government. Thus, there is no independent verification of the adequacy of security and controls in EDP operations throughout state government.

403. Create a Security Director function and position.

Although security needs are addressed in varying degrees in some state agency data processing operations, security is inadequate in many cases. There is no coherent policy to define the responsibilities of DSMD and agency information systems managers and users with respect to security. A DSMD security management function and an EDP audit function will help to ameliorate these situations.

404. Establish user criteria for state agencies for the purpose of providing service, authorizing personnel, and planning.

There should be systematic criteria for making decisions relative to the various agencies of state government. When information systems and data processing matters reach the attention of the DSMD there are few, if any, objective criteria which are used by DSMD personnel to make decisions or provide approvals. Equitable treatment would be considerably enhanced if objective criteria were established in advance, and state departments and agencies knew the bases upon which decisions would be reached within DSMD.

405. Restructure the advisory committee.

The DSMD user advisory committee is not an effective advisory group. The factors which appear to limit the effectiveness of the advisory committee include the large size of the committee; the extreme variance in the sizes of represented agencies; and the diverse information systems hardware, software, and staffing configurations represented.

406. Develop, promulgate, and enforce standards for:

—Software used on personal computers or intelligent work stations
—Local area networks
—Project management
—Software system development methodology
—Office automation

407. Develop a comprehensive education, training, and planning program directed at the effective use of office automation.

Departments indicate several common shortcomings which adversely impact the efficiency of office operations in the state. Most departments are not fully utilizing office automation tools. Investments in office automation often are given a low priority. Planning is rare. Only a few departments have established hardware and software standards for office systems.

408. Develop a disaster recovery plan.

The State Data Center contains over $18 million in data processing equipment and supplies. The center, accessed by over 4,000 terminals located statewide, furnishes the processing needs for most agencies. This includes mission-critical applications such as food stamp issuance and law enforcement inquiries. The Review Team recommends disaster recovery be a prime consideration and motivation in the planning process.

409. Identify all required user interfaces for accessibility.

During the review, a number of tape interfaces and data entry duplications were identified which should be eliminated. In addition, various departments expressed the need to have access (primarily read only) to data controlled by other departments.

410. Develop and implement adequate information systems training.

Past performance has not revealed a serious concern by DSMD for the information systems training of state agencies. Until last year when Auburn University at Montgomery (AUM) was contracted to provide this service, very little training was available. Training provided by AUM is generally considered good by agencies using this service; several agencies indicated a need for more training than is being offered.

411. Add experienced and trained evaluation staff.

The hardware and software review function in DSMD is staffed with two individuals with short tenure in their positions. Their job ratings and qualifications fall significantly short of the wide range of expertise and perspective

required of this function. An adequate, well-qualified staff can prevent inappropriate purchases and insure that systems are well-designed and meet state standards.

412. Implement procedures for selecting, evaluating, implementing, and retaining software packages.

Numerous problems relating to the lack of procedures regarding this recommendation were indentified by the review team.

413. Select a standard set of application development tools for IMS, DB2, and CICS.

The intent of the recommendation is to avoid the proliferation of application development tools on the mainframes. Vendors and state personnel should know the state standards and be required to adhere to them.

414. Establish and maintain a catalog of state application software.

Many useful applications have been developed or acquired by various state agencies. There is no formal method for identifying and cataloging these applications. Therefore, agencies needing a new information system may waste state resources by duplicating the development or buying another version of an application which already exists within the state.

415. Automate and standardize its office functions.

It is feasible to automate several labor-intensive functions for improved control and utilization of resources. Many programs have apparently been written but lack integration into a system. DSMD is using at least three different types of office automation equipment. Standardization would facilitate exchange of documents and information.

416. Establish a statewide purchase contract for microcomputers and related software.

Each individual microcomputer purchase must be put out for bids and go through the purchase approval process. This is unwieldy, inflexible, and probably results in the loss of volume discounts. Significant time lags reported by state agencies and departments are common.

The following recommendations for the Department of Postsecondary Education and the Criminal Justice Information Center resulted from the Information Systems Crosscut Study. A separate study of these units was not conducted and, therefore, these information systems recommendations are included as a part of the Department of Finance, Data Systems Management Division.

DEPARTMENT OF POSTSECONDARY EDUCATION

417. Evaluate the alternatives to the proposed System 38.

It is the consensus of the Review Team that all systems of the magnitude proposed by the Department of Postsecondary Education must have written justification. In this case, justification did not appear to be available.

418. Engage consultants to develop a comprehensive implementation plan and schedule for the Statewide Management Information Systems.

A plan does not exist. The personnel in the department do not appear to have practical experience in design and implementation of a system of this magnitude.

419. Develop a comprehensive information systems plan with users.

Information systems and data processing decisions are made on an ad hoc basis. The lack of an information systems plan prevents management from understanding the implications of resource allocation alternatives. The lack of a formal plan, including milestones for indicating progress, inhibits managers from holding data processing personnel accountable for the expenditures of the resources allocated.

420. Develop a disaster recovery plan.

There is no disaster recovery plan which predefines the steps which would have to be taken to ensure that the department would be able to continue to process its data in the event a disaster occurred.

Adequate preparation could prevent catastrophic disruption of service. The mission-critical information systems used by the department to provide service are indispensable. It is imperative that adequate disaster recovery processes and procedures be in place in the event of sustained outage on the department processors or other equipment utilized.

421. Select and implement a Systems Development Methodology (SMD).

There is no established method for accomplishing the various tasks involved in the systems

development process. Efficient and effective data systems project management requires an adequate and comprehensive SDM.

422. Establish a steering committee to allocate data processing resources.

Information systems and data processing resources are allocated in order to provide service and meet the information needs of the department and other users. Consequently, users should have access to the decision processes which result in the allocation of information systems data processing resources. Communication between users and information systems personnel will substantially improve the service and products provided.

ALABAMA CRIMINAL JUSTICE INFORMATION CENTER (ACJIC)

423. Replace all 185 Decwriter LA36 terminals within one year.

ACJIC is in the process of replacing (over a two to three year period) the 185 Decwriter Model LA36's currently installed throughout the state for Law Enforcement Data Systems (LEDS) users. Software has been developed and equipment chosen. The new system will reduce mistakes made by end users and make the network more effective and efficient.

424. Request timely data entry of vehicle registration information from the Department of Revenue.

The Department of Revenue sometimes takes two or three months to enter vehicle registration information into its computer data files. This prevents law enforcement personnel from having access to information needed to enforce certain state laws and to perform their duties effectively.

425. Develop a comprehensive information systems plan with users.

A formal plan will allow managers to compare the direction of the department with general policies and guidelines promulgated by DSMD. The internal review process will increase managers' awareness of the proposed activities of the information systems personnel and allow adequate planning for the allocation of resources to accomplish the priority goals.

426. Select and implement a Systems Development Methodology (SDM).

There is no established method for accomplishing the various tasks involved in the systems development process. Efficient and effective data systems project management development requires an adequate and comprehensive SDM.

427. Establish a steering committee to allocate data processing resources.

Information systems and data processing resources are allocated in order to provide service and meet the information needs of the department and other users. Consequently, users should have access to the decision processes which result in the allocation of information systems data processing resources. Communication between users and information systems personnel will substantially improve the service and products provided.

428. Implement a system to access the Department of Corrections inmate data files.

Law enforcement personnel sometimes have difficulty locating criminals reported at-large who are already in prison because the LEDS system does not have access to the inmate files of the Department of Corrections. Inmate files reside on a non-DSMD computer which is not directly connected to a mainframe. Much time could be saved and unnecessary search time prevented if the Department of Corrections could provide ACJIC access to its inmate computer data files.

429. Hire and properly train sufficient personnel to operate the LEDS control terminal located at DSMD.

The control terminal for LEDS is at DSMD and is manned by ACJIC personnel only two shifts for five days a week. The remaining shifts are manned by DSMD personnel who also have other DSMD-related responsibilities. The control terminal is a problem hot-line for all state law enforcement personnel on the LEDS system and message center to respond to national and state issues requiring control terminal involvement. Information concerning criminals and crimes is communicated through the network. The control terminal responsibilities require 100 percent attention 24 hours a day, seven days a week, by trained ACJIC personnel. Unattended messages and lack of training by personnel at the control terminal may cause the safety of law enforcement personnel to be severely jeopardized, and may also allow criminals at-large to remain unapprehended. The state could also potentially face litigation if it is at fault in communicating faulty information. The fact that DSMD employees may not be properly trained and have responsibilities of higher priority makes these problems more serious. The control terminal should be manned at all times by ACJIC personnel. Estimated annual cost is $100,000.

STATE INSURANCE FUND
DEPARTMENT OF FINANCE

INTRODUCTION

The Alabama State Insurance Fund was established in 1923 to provide fire and extended insurance coverage for state and subsidiary public entity properties. The administration of the fund is charged to the Department of Finance. The director, with the approval of the governor, may appoint an actuary as administrator.

STUDY TEAM

See Department of Finance Study Team

RECOMMENDATIONS

430. Evaluate premium levels.

Section 41-15-5, **Code of Alabama 1975,** as amended, prescribes that the State Insurance Fund (SIF) will ". . . charge the current commercial rate less a 40 percent discount." However, SIF also allows a 30 percent experience credit and an additional premium modification based on the insured's loss ratio which results in a total discount of over 68 percent on premium charges. Periodically, SIF's premium levels should be compared with commercial rates to gauge price competitiveness and types of coverage. Projected savings are $70,000.

431. Hire a professional actuary or risk manager as administrator.

When the administrator of the SIF retires, an experienced risk manager or actuary should be considered as a replacement. Section 41-15-2 of the **Code of Alabama 1975,** as amended, states: "The finance director, with the approval of the governor, may appoint an actuary as administrator of the SIF, who is familiar with insurance custom and practices and is otherwise qualified by actual experience in the underwriting of risks and adjustment of losses . . ."

432. Evaluate the reserve requirements and premium payments of the State Insurance Fund.

This evaluation should reach conclusions concerning adequate reserve levels and assure confidence relative to SIF's reserve position. Estimated savings are $1 million.

433. Revise payment methods of insurance premiums.

The SIF bills all state departments and educational institutions annually on October 1 for the insurance premiums for the fiscal year. With the 60-day requirement, payment must be remitted by November 29. However, the state operates under a quarterly allotment system which does not provide for a disproportionate allotment in the first quarter. Therefore, in practice, users have been remitting payments quarterly. In order to clarify the appropriateness of a quarterly payment schedule, legislation needs to be passed amending current statutes to provide for quarterly billing and collection of premiums by SIF. (Refer to Section 41-15-6, **Code of Alabama 1975,** as amended).

PRINTING AND PUBLICATIONS DIVISION
DEPARTMENT OF FINANCE

INTRODUCTION

The Printing and Publications Division (PPD) is a service division of the Department of Finance which provides central support to agencies of state government relating to graphic reproduction including copying, duplicating, printing, graphic design, typography, and graphic art production. It provides list maintenance and lettershop functions for the Department of Revenue.

STUDY TEAM

State Participants	Industry Members	Consultants
Dan Evans	George Bargman—Vulcan Materials Company	Larry Jarvis—Ernst & Whinney
Danny L. Floyd	Alvon A. Harris, Jr.—Protective Life	Clay Powell—Ernst & Whinney
Ken Givens	Richard L. Lechtenberger—Protective Life	Bill Stephenson—Ernst & Whinney
	Vernon Owens—Southern Progress Corporation	Bob Stoutenberg—Ernst & Whinney
	Raymond B. Wells—Auburn University at Montgomery	

RECOMMENDATIONS

434. Clearly establish a role and mission.

Managers appear somewhat confused concerning strengths and weaknesses of the division. They appear to be seeking new opportunities rather than concentrating on equipment speeds, efficiency, service, and potential savings for users by offering reasonable alternatives based on broad printing experience of the PPD.

435. Evaluate and revise the organizational structure.

PPD appears to have excessive layers of management for an in-house printing operation. A study to determine an efficient structure should be accomplished. Estimated cost is $30,000.

436. Transfer ADECA's composing operation (equipment and personnel) to the PPD.

The consolidation should combine technical knowledge and make more efficient use of personnel and equipment. The estimated savings are $40,000.

437. Join National Association of Printers and Lithographers (NAPL) and engage one of their consultants.

The Printing Review team believes that a more detailed review is needed. PPD could receive expert advice on where to strategically locate certain printing equipment, on productivity improvements (work flows, procedures), and on capital equipment decisions. The potential cost savings that will be realized in these three areas will greatly exceed (5 to 10 times) the cost of a NAPL consultant. The estimated cost is $30,000.

438. Establish a formal suggestion system.

Employees have the ability to identify areas for improving work flow to operate more efficiently and more cost effectively. A formal suggestion system may enhance future operations.

439. Conduct a study to determine the staffing needs for equipment maintenance.

In-house maintenance and preventative maintenance needs have not been established. Estimated cost $70,000.

440. Reconsider potential equipment purchases.

PPD should not try to print everything for everybody. Manifold Business Forms is a specialty type printing within the printing industry. Some printing jobs can be done at a lower price by outside printing shops that have the equipment and skilled labor to operate the equipment.

441. Reconsider hiring a proposed illustrator.

Computer page make-up programs for IBM personal computers and equivalents are readily available (desktop publishing). Layout personnel should work toward mechanization. An illustrator does not appear necessary to the PPD mission.

442. Automate the accounting process.

The accounting system is a manual process. With the large number of accounting and data entry software packages offered for printing shops, an evaluation of the accounting packages needs to be performed, the best acquired, and an automated system implemented. Estimated cost is $90,000.

443. Computerize all mailing lists.

Mailing lists are maintained using mechanically slow addressograph equipment. With the use of the Zip Code + 4 software and special discounts given by the postal services for pre-sorts, the need to computerize mailing lists is imperative. Estimated cost is $5,000.

444. Develop and implement policies for controlling paper costs.

The cost to the state for the instruction booklet for the Tax Form 40 (long form) is much higher that if a less expensive grade of paper (newsprint) were used. The public throws the booklets away after using them. Because pre-assembled NCR colored paper is not predominately used, there are additional charges to the state in inventory and produc-

tion costs (collating and gluing), and in labor costs. Estimated savings are $62,000.

445. Compare PPD charges with the private sector charges.

State printing must be cost effective. If not, an outside firm should provide the services.

446. Job requests of $500 or more should be transferred to PPD.

The Capitol Complex Quick Copy Center has been handling jobs that are too large for that operation to handle economically and quickly. For example, several jobs during the six months reviewed ending March 1987 were over $2,000. These print jobs should have been done by the PPD.

447. Labor intensive printing should be done by Correctional Industries.

The Department of Corrections has less expensive labor costs in its printing operations.

448. Reduce paper supply inventories.

The level of inventory could be reduced by carrying fewer grades of paper. This will take "selling" of reasonable substitute paper to users. Estimated savings $20,000.

449. Charge standard price for orders under $50.

Bookkeeping costs for small jobs appear to exceed the value of the job.

450. Create and use calendar-based schedules of PPD jobs.

At present, the PPD records jobs as they are requested, but it does not maintain a forward-looking calendar.

451. Have the Division of Purchases and Stores, Department of Finance, request quotes from PPD on all printing requests.

Several departments, such as Industrial Relations and State Personnel, perform their own printing functions. In addition, PPD does not have an opportunity to bid on certain jobs because departments can purchase from the annual contract for printing services established by the Purchasing Agent. Consequently, when purchase orders which specify these outside vendors are processed they are routinely approved, the outside vendor is awarded the job, and PPD loses an opportunity to bid on them.

452. Review PPD needs for new equipment.

Equipment should be acquired only if make-or-buy analysis reflects that a benefit would be realized.

453. Standardize state newsletters and business cards and eliminate expensive specialty printing for all internal correspondence.

An inordinate number of newsletters and an excessive variety of business cards and letterheads are produced by PPD. Raised-letter, embossed, and multi-color printing options are sometimes used by departments just for internal correspondence. The uses of costly printed materials often represent unnecessary spending which could be eliminated. The estimated savings are $75,000.

454. Develop a catalog of PPD services.

PPD has not furnished a catalog to users and potential users which describes and illustrates the range of services it can provide.

DIVISION OF PURCHASES AND STORES DEPARTMENT OF FINANCE

INTRODUCTION

The Division of Purchases and Stores is a division of the Department of Finance (see **Code of Alabama, 1975,** as amended—Title 41-4-110). The functions and duties of this division are to make and supervise the execution of all contracts and purchase orders for the purchase of commodities and services required by the state or any department, except as otherwise provided by law. The Division of Purchases and Stores, after more than forty years of not performing a stores function, still has Stores in its official title. Stores is a function of the Division of Services, Department of Finance. The Division of Purchases and Stores will be referred to as Purchasing for the remainder of this section.

State agencies and departments are required to use Purchasing for procurement of commodities and services unless specifically exempted by statute. Purchasing is a high-profile division within state government and communicates with all nonexempt state departments and agencies, their divisions, and more than 16,000 outside vendors. All records of purchases are open and accessible to the public during regular office hours. Any purchase of commodities of $2,000 or more requires a formal bid process (**Code of Alabama, 1975,** as amended Title 41-16-20) which includes a sealed bid and public bid opening.

STUDY TEAM

State Participants	Industry Members	Consultant
Francis E. Allred	John C. Eanes—Alabama Gas Corp.	Bob Janson—Ernst & Whinney
James N. Kennedy	Edward G. Kamnikar—Auburn University at Montgomery	John P. Negrelli—Ernst & Whinney
Patricia P. Wallace	Raymond B. Wells—Auburn University at Montgomery	
Howard L. White, Jr.		

RECOMMENDATIONS

455. Reorganize Purchasing by creating a new management position.

Purchasing should establish a position of operations manager. This manager would be responsible for all data processing and procedural activities. There are 17 staff support personnel reporting indirectly to two Buyer III's. These buyers cannot effectively supervise the procurement function and have adequate time to manage the Alabama Purchasing System (APS) and support personnel.

If the APS is to be fully implemented and enhanced, then a new position must be created and properly filled. Estimated cost is $50,000.

456. Develop job descriptions to match employees' duties.

Descriptions of duties and responsibilities do not clearly describe some employees' work activities.

457. Develop internal divisional promotion criteria.

Employees expressed concern over the timing and requirements for advancement. In order to clearly communicate to employees the eligibility requirements for promotion, an internal promotion policy should be developed and implemented.

458. Establish formal plan to cross-train and rotate buyers.

Although the buying function in Purchasing was originally organized on a team concept, there is no cross-training of buyers. The buying of specific commodities is the exclusive domain of each buyer. When buyers are absent, the purchasing of "their" commodities ceases until they return. The division lacks buying flexibility.

459. Cross-train and schedule support staff.

Support staff personnel are exclusively assigned to buyers or to a specific task. There is virtually no cross-training. Data entry and clerical activities usually are held until the return of an absent support staff person.

460. Eliminate the weekly Requisition Status Report.

The Requisition Status Report does not provide timely information to buyers and is not used for its intended purpose. This weekly report should be replaced by a weekly Exception Report which would be a more meaningful report and take less computer and printing time. Costs savings are estimated as $3,000.

461. Update the commodity data base.

The commodity database is the cornerstone of the APS. The commodity database should contain all descriptions and specifications of items and services to be purchased by the system. Each description or specification is linked to a unique commodity code which user agencies should identify on the requisition. Some items are miscoded, the same item appears under multiple codes, and items are improperly described.

462. Establish a requirement that all purchases require a commodity code.

APS presently allows an item to be purchased only by its description and does not require a commodity code. This procedure allows the commodity database to be bypassed in the purchasing and maintenance process. It is essential for APS database and effective information reports that a commodity code be included.

463. Develop a formal management review of buyers' activities.

The review revealed that approximately 75 percent (based on a random analysis of manual and automated purchase orders) of buying activities involved purchases under $2,000. The activities are rightfully carried out with individual buyer flexibility. Systematic review of these activities, however, is not only rightfully the prerogative of managers but a managerial responsibility. Although there are management reviews, they are not formalized or documented. Estimated cost is $2,500.

464. Require use of the APS for purchasing activities.

Approximately 40 percent of purchasing activity (purchase orders and releases) is done outside the APS. There should be a written policy in Purchasing which requires the use of APS for all purchases. The recommended enhancements in data processing are dependent upon the system being used. Loss of database information and continued unnecessary paperwork are the results of not using the system.

465. Increase purchasing contracts.

The Review Team found that Alabama currently has 82 open contracts (blanket orders) from which purchases are made. The Purchasing Agent believes, and the Review Team concurs, that open contracts could be increased to approximately 120. The additional contracts will reduce the current order processing time in Purchasing while reducing commodity costs (estimated cost savings of $500,000).

466. Begin contracting for personal computers, software, and related commodities.

By statute, the DSMD approves all electronic data processing and related purchases. Contracts should be approved for these items to attain the lowest cost available through group purchases and save time and cost of numerous repetitious purchasing activities.

467. Establish a formal vendor quality assurance program.

There is no system to effectively measure the quality of products received or timeliness of delivery. There is no closure for the purchasing activity. After the purchase order is released, there is no formal notification to Purchasing that the goods have been delivered. Cost savings are estimated as $200,000.

468. Encourage buyers to visit vendors and users.

Buyers rarely leave their offices to visit user departments and agencies to discuss commodities purchased or observe their use or operation. Buyers appear to have minimal contact with vendors. Buyers should spend most of their time communicating by telephone or by personal visits with vendors and users. Estimated cost is $12,000.

469. Eliminate buyer classifications from employees without statutory buying authority.

Buyer positions in departments and agencies other than Purchasing should be reclassified to appropriate job classifications. If departments or agencies need special buyers they can fund positions through Purchasing. The implementation of this recommendation would establish clear organizational and legislative responsibilities and duties.

470. Conduct study to determine how Purchasing can provide quality office supplies on a timely basis.

Purchasing estimates that more than 50 percent of all office supplies are purchased without using the office supply contract. Reasons given by users and Purchasing for buying office supplies "off contract" were that supplies were not available in Montgomery or the contract supplies did not meet desired quality. Buying supplies "off contract" adds between 25-50 percent to the cost.

471. Purge and update vendor files.

Vendor files are rarely, if ever, updated. Vendor application procedures need to be reviewed to determine how, why, and for how long original applications should be maintained. The files appear to be in disarray because there is inefficient use of filing cabinet space. Estimated cost is $4,000.

472. Provide resources for professional meetings and training.

Training could enhance the professionalism and effectiveness of Purchasing by continuously upgrading the skills of the professional staff. Buyers should be encouraged to participate in professional organizations and attend at least two training events per year. These training events could be internal or external. Estimated cost is $10,000.

473. Study feasibility of moving purchasing function to Purchasing.

Legislative and administrative changes have been proposed to transfer the purchasing function of the Department of Mental Health and Mental Retardation to Purchasing. Before Purchasing absorbs the purchasing duties of the Department of Mental Health and Mental Retardation, evidence must be gathered to support the benefits of such a consolidation to that department.

474. Consolidate multiple requisition forms and reduce copies.

Depending on the type of purchase required, the state uses five different requisition forms. With the exception of the Local Delivery/Open End requisition which is a confirming

document, the other types of requisitions can be combined into one multi-use form and three forms eliminated.

Purchase orders have eight copies. It appears that only six copies are necessary. A team comprised of various users and Purchasing should determine the control impact of this recommendation. Estimated cost savings are $4,000.

475. Remove Director of Finance approval of purchases under $2,000.

The Director of Finance approval step requires an average of five calendar days which slows down the purchasing process. This step is usually unnecessary because the requisition will be encumbered subsequently in the process and already has been given a minimum of two approvals by division, agency and department personnel. Only in rare circumstances does the Director of Finance need to monitor certain departmental and agency expenditures or commodity purchases. These discretionary exceptions should be the only requisitions prepared for approval by the Director of Finance. Estimated cost savings are $30,000.

476. Communicate the benefits of using Purchasing.

In conjunction with the efficiency improvements being recommended as part of this review, user perceptions of Purchasing need to be altered. User departments generally view their interaction and relationship with Purchasing as a requirement, but would prefer to do their own purchasing if the option were available. Other actions, such as the reduction in paperwork cycle time, will enhance the acceptance of Purchasing.

477. Remove non-responsive vendors from bidders lists for one year.

Law requires that all vendors from the State of Alabama who have registered to receive invitations to bid on designated commodities be sent invitations to bid. Statute allows the practice of dropping vendors from the list for lack of response to three successive requests. Purchasing rarely drops Alabama vendors for lack of response. This policy creates a large inactive vendor list which is costly to maintain and use for soliciting bids. Estimated cost savings are $20,000.

478. Request new vendors to provide their Standard Industrial Code (SIC).

Purchasing personnel spend considerable time determining vendor SIC codes. Because most vendors know their SIC codes, this recommendation would be a normal addition to the vendor application request form.

479. Maintain a copy of the purchase order in the Division of Control and Accounts.

The extent of the verification process by the comptroller is that the invoice amount does not exceed the encumbrance and that the same purchase order number appears. Without maintaining a copy of the purchase order, the comptroller is unable to determine that the goods and services received were in fact those authorized on the purchase order. A basic weakness exists in accounting controls due to the absence of the purchase order.

480. Mail warrants to vendors directly from the comptroller.

Currently, the comptroller returns warrants to requisitioning departments and agencies for distribution to vendors. This adds three days to the length of time necessary to pay a vendor. Besides adding time for vendor payment, a weakness in accounting controls is caused by this procedure. The comptroller should control payments.

481. Require users to implement partial payments.

In the normal course of business, there are partial deliveries which require partial payments against a purchase order. Some users require any partial payment to close a purchase order. When the balance is received, a new requisition and purchase order is prepared. This process is costly and inefficient. Estimated cost savings are $10,000.

482. Require users to accept purchase requisition consolidation.

Purchasing processes a separate purchase order for each commodity or service requisitioned. Often, identical items are not being accumulated for vendor quotes on one purchase order but are prepared separately to match the requisitions. Because of this process, the state may not be getting the benefit of competitive pricing that larger quantities would dictate. Cost savings are estimated at $20,000.

483. Implement manual and electronic batch control procedures.

Purchasing does not have a batch control system to ensure that all items electronically

sent for printing are returned. Because items are printed outside Purchasing, controls must be developed to ensure that all purchase orders encoded by Purchasing are returned, thereby preventing loss of documents. A similar problem exists for documents sent to various departments for manual processing.

484. Enforce administrative procedures.

A review of the use of emergency/confirming purchase orders indicates approximately 27 percent of all orders are of this type. An estimated 10 percent is an acceptable amount. Enforcement and monitoring of procedures is needed to reduce the number of emergency/confirming purchase orders to ten percent.

485. Establish petty cash and/or bank draft funds.

Purchasing processes an inordinate number (approximately ten percent based on a random analysis of 100 orders) of purchase requisitions for small cost items under $25. The estimated direct cost to process a purchase order is $10. Processing these small orders is extremely costly.

Employees can pay personally for small purchases and request reimbursement through the use of a travel voucher. The use of this method is equivalent in paperwork and cost. The procedure requires state employees to help finance state government by waiting for reimbursement caused by an inefficient system. Savings are estimated as $30,000 at a cost of $10,000.

486. Implement and enhance the Alabama Purchasing System (APS).

In 1981, Purchasing initiated a project to develop an automated purchasing system. The automated purchasing systems of a number of states were reviewed and a modification of a system originally developed in Tennessee was transferred to Alabama from Henipen County, Minnesota. The system was substantially enhanced and modified to meet the needs of Alabama. APS was an up-to-date automated purchasing system.

Because of physical constraints and other limitations, APS now needs a serious overhaul. Without major modification, the normal life cycle for an information system is approximately five years. The technological advances made since 1982 now allow for significant enhancements to APS. At a cost of $325,000, savings are estimated as $200,000.

487. Increase current bid level to $5,000.

The $2,000 bid limit was established in 1976. If adjusted by the Consumer Price Index, that figure represents approximately $4,400 in December, 1987 dollars.

Increased costs of labor, materials, and postage which are associated with the competitive bidding of all purchases in excess of $2,000 have a negative impact on the effectiveness of Purchasing. These increased costs significantly reduce any savings currently achieved through the competitive bid process. An average of 40 bidders are solicited from the qualified bidders list on each sealed bid with approximately six bidders responding to the bid solicitation. Based on a random analysis of purchase orders, approximately 11 percent of all orders are in the $2,000 to $5,000 category. Cost savings are estimated as $11,000.

488. Establish consistency in statutory bid requirements.

Legislation was introduced to transfer the purchasing responsibilities and functions from the Department of Youth Services to Purchasing. Although the legislation did not pass, there is speculation that the Alabama Youth Services Board will request that purchasing responsibilities be assumed by Purchasing. The Alabama Youth Services Board is currently subject to a $500 bid law. Purchasing is subject to a $2,000 bid law. Inconsistencies would restrict the effective functioning of Purchasing.

489. Modify the Divisional title to eliminate the word Stores.

It has been over forty years since Purchasing has controlled the storekeeping function. The storekeeping function is currently performed by the Division of Services, Department of Finance. The title of Division of Purchases and Stores is misleading.

490. Use letters of interest to bid.

Frequently, lengthy bid documents are compiled and mailed to vendors who may be only remotely interested. To reduce staff preparation time, follow-up, and postage, preliminary letters of "interest to bid" should be used to identify those vendors which have a higher probability of submitting a firm quotation.

491. Re-establish a Purchasing Council.

Although a Purchasing Council previously existed, there is no forum for communication between providers and users of Purchasing services. Department users of Purchasing services should learn Purchasing procedures, and the division should be sensitive to department needs. Employees of Purchasing should have a forum to exchange ideas and anecdotes and to better service their users.

DIVISION OF SERVICES
DEPARTMENT OF FINANCE

INTRODUCTION

This division is responsible for mail and telephone service, buildings and grounds maintenance, and surplus property sales. It also handles security and the motor pool operation at the capitol complex.

MAIL ROOM SECTION—RECOMMENDATIONS

STUDY TEAM

See Department of Finance Study Team

492. **Apply Zip Sort process to all outgoing state mail.**

Proper pre-sorting of mail can save four cents per letter and two cents per card. These savings per item are based on information published by the U.S. Postal Service for a total savings of $150,000. Estimated cost is $30,000.

493. **Analyze past utility invoices for state buildings.**

Companies that have analyzed past utility bills for errors report possible savings as great as five percent of annual power bills. Estimated savings are $50,000, at a cost of $25,000.

494. **Implement a program of randomly inspecting building maintenance services.**

Supervision and enforcement of janitorial staff performance should contribute to improved service and productivity.

STATE CAPITOL POLICE SECTION—RECOMMENDATIONS

STUDY TEAM

See Department of Finance Study Team

495. **Study the feasibility of transferring the State Capitol Police.**

The Department of Public Safety and the State Capitol Police Section have related functions that are specialized and need specialized support. Both functions require specialized equipment and should follow the same law enforcement rules and regulations. The State Capitol Police Section may be better placed and managed within a department of similar nature.

496. **Relocate the physical plant of the State Capitol Police Section.**

The State Capitol Police Section is located in the State House. This location makes supervision by the chief of services difficult. The proximity of State Capitol Police officers to the Legislature enables them to lobby for or against legislation. They have successfully lobbied against a transfer to the Department of Public Safety. Because of their availability, State Capitol Police officers are called upon to serve as "errand boys" and runners.

497. **Initiate a rank structure within the State Capitol Police Section.**

A chain of command system prescribing the areas of responsibility and the authority of each position could provide for greater efficiency and harmony, as well as a more orderly organizational structure within the section. A rank system compatible with the Department of Public Safety could facilitate any future organizational or personnel changes between the two law enforcement agencies.

498. **Develop written rules and regulations for State Capitol Police Section personnel.**

State Capitol Police officers have no legally approved and enforceable guidelines pertaining to the conduct and duties of security officers (other than the **Rules of the State Personnel Board** that apply to all employees). People who carry firearms and have arrest powers should have special rules and regulations to enhance their safety and the safety of the public.

499. **Analyze the need and cost of State Capitol Police Section vehicles.**

Most vehicles have high mileage, and repair costs and shop time have become excessive. No analysis of repair versus replacement cost has been prepared. In addition, no justification for police pursuit capabilities was available.

MOTOR POOL SECTION—RECOMMENDATIONS

STUDY TEAM

State Participants

James W. Bishop

Industry Members

Charles Castleberry—Alabama Power Co.
James Darby—U.S. Air Force
Marshall R. Rodgers—South Central Bell
Bobby Sledge—U.S. Air Force

500. Develop a statewide Automobile Policy.

The Department of Finance should develop a comprehensive, written statewide automobile utilization and assignment policy and necessary regulations and procedures to adequately assure adherence.

501. Assign Automobile Policy Enforcement responsibility.

The Department of Finance should assign responsibility and give appropriate authority for monitoring adherence to the automobile policy developed in Recommendation 500.

502. Selectively centralize vehicle maintenance.

The Department of Finance should require that maintenance of all state vehicles in the Montgomery area be done at the State Motor Pool, with the exception of vehicles assigned to the Department of Corrections, the Highway Department, and the Department of Public Safety.

503. Perform comprehensive study of maintenance consolidation.

Within one year of centralizing the vehicle maintenance function, a comprehensive study should be performed to determine if further consolidation (or some degree of consolidation) of the three remaining departments can be achieved. The study should also encompass the maintenance of state vehicles outside the Montgomery area.

504. Implement and monitor a Life Cycle Maintenance Policy.

Computerized maintenance records should be kept on all vehicles and a Life Cycle Maintenance policy established. The cost of the program is estimated as $50,000 for a savings of $300,000.

505. Control departmental motor pools.

Department motor pools should be established only when they can be cost justified.

506. Require use of state facilities.

State vehicle users should use state fuel, repair shops, and other resources, or justify the reason for non-use.

507. Limit private automobile mileage reimbursement.

Employee use of personal automobiles for state business must have prior approval by the Director of Finance. The reimbursement rate paid to employees should not exceed the amount allowed by the federal government for federal employees.

508. Develop guidelines for marking state vehicles.

A policy should be established to determine which vehicles will be marked with the State Seal or other appropriate designation as a deterrent to unauthorized use.

509. Enforce Automobile Policy.

Disciplinary action should be taken against any employee who violates the state automobile utilization policy or regulations.

OFFICE OF SPACE MANAGEMENT AND PERSONNEL DEPARTMENT OF FINANCE

INTRODUCTION

The Office of Space Management and Personnel studies, surveys, investigates, and inventories all buildings owned or leased by the state. It promulgates uniform standards for allocation of facilities owned or leased by the state, investigates all requests for additional facilities needed by all state agencies, and recommends the best method

of allocating or acquiring such facilities. The office makes rules and regulations necessary to implement the provisions of Title 41-4-243, **Code of Alabama, 1975,** as amended. It also serves as the personnel office for the Department of Finance.

STUDY TEAM

State Participants

Billy M. Barnes
Arthur Joe Grant
Bobby Hall
Mickey McGee

Industry Members

C. Perry Relfe—SouthTrust Bank
Ingle Waddle, Jr.—BellSouth Corp.

Consultant

Bill Morton—Ernst & Whinney

RECOMMENDATIONS

510. Implement Space Planning Methodology.

A space planning methodology is the key to effective space and facilities management. The methodology should include procedures for developing facilities plans for each department and governmental center such as the Capitol Complex; procedures for space requirements determination; guidelines for space acquisition; approval procedures; and standards for office space, space allocation, and furnishings.

511. Establish an executive-level space management position.

A single entity, as provided for by law, should determine all space assignments and oversee space allocation in newly-built or acquired facilities. The state should assume more responsibility in managing owned and leased office building assets. It also appears to be appropriate to separate Department of Finance personnel responsibilities from the space management function. Estimated cost is $85,000.

512. Purchase additional land in the Capitol Complex.

This recommendation is consistent with the spirit and intent of the 1982 **Alabama Capitol Master Planning Study** report.

513. Consolidate departments into a single location.

Departments spread geographically thoughout a metropolitan area should be consolidated into a single location to improve intradepartmental communication and productivity by decreasing processing delays that result from this often unnecessary separation.

514. Investigate the use of contract janitorial services for the Capitol Complex.

Office cleaning crews used by the state in the Capitol Complex are state employees. The service provided tends to vary significantly. It is possible that a satisfactory level of service can be achieved with substantial annual savings by competitively bidding this service via contract. Cost savings are estimated as $800,000.

515. Revise and centralize contracts for janitorial services.

Contract specifications are vague because they apply to many different types of buildings. Specifications could be written for each location to identify contract requirements. Consideration could be given to longer term contracts (2-3 years) and allowing a contractor to bid several locations on one contract.

516. Establish energy management guidelines.

Many large corporations use established guidelines to reduce the overall cost of heating and cooling administrative office buildings. An example guideline is "There will be no energy expended to cool administrative office buildings below 78° F or to heat above 68° F." The State of Alabama does not have guidelines for energy consumption in buildings.

517. Repeal Title 39, Chapter 6, Sections 1 and 2 of the *Code of Alabama 1975,* as amended which details fallout shelter requirements.

The federal government no longer provides funds for stocking shelters, constructing shelters, or training shelter designers. There would be no cost to repeal the fallout shelter law. The architects who design state buildings could save the cost of a fallout shelter analysis which is passed through to the state. The plan review time for Building Commission architects could be reduced.

518. Request that the City of Montgomery raise parking meter fees and the related violation fines.

"At present, parking facilities within the complex consist of both surface, deck, and on-street parking spaces. The total supply of parking is inadequate to meet existing demands. Shortages of employee, visitor, and tourist parking are evident." This statement was taken from the Alabama Complex Master Planning Study conducted in early 1982. The description is still accurate.

Parking on the street in metered spaces is often occupied by employees who would rather pay $.10 for two hours, with a $2 fine for parking all day, than use more remote facilities with the inconvenience of walking or waiting for a shuttle bus. There are approximately 250 spaces within the Capitol Complex.

519. Eliminate duplicate property inventory control records.

The Property Inventory Control Section spends about $200,000 annually to maintain duplicate property records. The Examiners of Public Accounts, as part of regular examination procedures, could review department and agency records and procedures which would provide the state with the same level of asset protection. Special checks could be conducted as the need for such special audits is justified, or when questionable practices by state employees, the Examiners of Public Accounts, or the public are reported.

520. Transfer building maintenance funds.

Capitol building maintenance fund requirements are provided through three separate maintenance funds—Capitol Complex Maintenance Fund, Alabama Building Authority (Folsom Building), and Alabama Building Finance Authority (State House). State law prohibits combining these maintenance funds. State law also requires maintenance funds to be consolidated into the Capitol Complex Maintenance Fund after all debt is retired (Folsom and State House Buildings). Furthermore, fund allocation for buildings and departments should be based on relative need. Maintaining separate maintenance funds restricts the flexibility of using these funds for the Capitol Complex buildings which have the greatest maintenance needs.

521. Formalize (standardize) lease policies.

The primary benefit of implementing this recommendation would be to standardize leasing procedures to assure that the state continues leasing at or below market lease rates.

522. Review the process for mediating disputes.

The state of Alabama Building Commission has no appeal procedure once a decision is made. Furthermore, there is little flexibility provided to the code official in making a "common sense" decision that protects the public and the state while at the same time minimizes cost. Estimated cost is $2,000.

TELECOMMUNICATIONS SECTION, DATA SYSTEMS MANAGEMENT DIVISION DEPARTMENT OF FINANCE

INTRODUCTION

The responsibility for maintaining the voice communication system of the State of Alabama is contained in the DSMD Telecommunications Section. Communications personnel are responsible for on-going maintenance and operation of the voice and data networks, voice hardware, and making all contracts and agreements for telephone service for departments and departmental access to the state networks. Even though DSMD has responsibility for maintaining the voice network and state-wide contracts for telephone equipment and associated maintenance, it does not have any legislated authority to enforce usage of the network or contracts.

STUDY TEAM

State Participants	Industry Members	Consultants
Dan Evans	George Bargman—Vulcan Materials Company	Larry Jarvis—Ernst & Whinney
Danny L. Floyd	Alvon A. Harris, Jr.—Protective Life	Clay Powell—Ernst & Whinney
Ken Givens	Richard L. Lechtenberger—Protective Life	Bill Stephenson—Ernst & Whinney
	Vernon Owens—Southern Progress Corporation	Bob Stoutenberg—Ernst & Whinney
	Raymond B. Wells—Auburn University at Montgomery	

RECOMMENDATIONS

523. Develop procurement procedures and standards.

There should be standards and procedures for governing selection and ensuring compatibility of the chosen equipment or services. Also, without clear procedures most of the other telecommunications recommendations in this report cannot be effectively implemented.

524. Develop billing review procedure.

The Telecommunications Section does not review network bills from South Central Bell and AT&T. This responsibility is assigned to the Accounting Section. The billings from these two vendors are not easily understood and require special training to ensure the state is not paying for circuits that have been disconnected and that proper billing rates are applied to various types of circuits. Estimated cost savings are $90,000.

525. Modify purchasing regulations to allow equipment contracts to be re-bid a minimum of every three years.

The annual re-bid of these contracts is time-consuming, hinders the establishment of continuity in services (especially relating to maintenance), and provides no guarantee to the state concerning possible increases in maintenance costs.

526. Contribute to the wiring plans for all new buildings.

State wiring decisions are made prior to DSMD involvement. DSMD should have input that may affect the wiring plans before general construction plans are finalized. The expertise that DSMD can lend will enhance the quality of the wiring decision.

527. Plan for the phase-out of the Dimension Systems.

Newer technology with a broader or more sophisticated range of features and capabilities such as automatic routing, voice and data integration, greater growth capacity, and wider availability of trained technicians could position the state to address improved service.

528. Evaluate and purchase an adequate facilities management system.

The state maintains and generates information on telecommunications through a manual process. This information is used and maintained by many agencies. This process creates a situation where information is duplicated, inaccurate, outdated, and uses more manpower than necessary. Implementation costs are estimated at $220,000.

529. Identify the state dial-up requirements.

The State of Alabama will be evaluating vendors which provide dial-up support. The end user requirements must be closely evaluated to determine if these requirements can be met.

530. Implement usage-sensitive billing and a network reconfiguration.

The state is paying approximately $10.5 million annually for a voice network. This network has not been reconfigured since December, 1983. State agencies are not paying for actual usage. When agencies do not pay for actual usage there is little incentive to review abuse and implement cost savings. With usage-sensitive billing, a true picture of traffic is available. Cost savings are estimated as $1.5 million.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
ALABAMA HIGHWAY DEPARTMENT

INTRODUCTION

The mission of the Alabama Highway Department is to plan, design, construct, and maintain an adequate state highway transportation system for the citizens of Alabama. To complete this mission, the department performs numerous functions including:

—the development of rules and regulations governing road construction and maintenance;

—the identification of roadways to be constructed, repaired, or maintained;

—the development of detailed plans and specifications for roadway construction and repair;

—the inspection of ongoing construction for contracted roadway building and repair; and

—the provision of required, routine roadway maintenance.

The department employs approximately 4,000 personnel. The annual budget for fiscal year 1986 was $688.5 million, comprised of approximately 50 percent from federal reimbursements, 37 percent from state gasoline taxes, and 13 percent from bond interest and other miscellaneous receipts. Other than funding for administration of the Urban Mass Transit Administration and Federal Road Administration activities, the department does not receive funds from the State General Fund.

Central operations for the department are located in Montgomery. This central operations complex includes a variety of bureaus that provide specialized engineering and administrative staff functions for the divisions established throughout the state. Each division office supports and directs the operations of various county and bi-county level district offices.

STUDY TEAM

State Participants

Don T. Arkle
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Joseph W. Coker
Donna B. Crosby
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Royce C. King
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George T. Ray
Bernard S. Richburg
B. A. Riddle
B. S. Shoemaker
John L. Skinner
Carlton E. Smith

Industry Members

Ralph Compagno—Dravo Basic Materials Co.
James L. Lambert—Morrison's Incorporated
Mike B. McCartney—McCartney Construction Co.

Consultant

Mike Rainey—Ernst & Whinney

RECOMMENDATIONS

531. Implement a comprehensive training and recruitment program for all classes of employees.

The department has to effectively manage a broad spectrum of engineering-related tasks. Given the rapid change of technology and the increasing emphasis on automation, a major and continuous training program and a comprehensive recruitment program are required. These programs will create opportunities for increased efficiency, preparation for advancement, and improved employee morale and retention. Estimated cost is $85,000.

532. Establish a twelve month probationary period for Graduate Civil Engineers (GCE).

GCE's usually are granted permanent status after six months. A twelve month probationary period will provide sufficient time to evaluate these employees prior to granting permanent status.

533. Establish a promotional register for GCE's.

The department is unable to attract and retain sufficient graduate engineers. Providing a promotional register from the Professional Civil Engineer Trainee merit system classification will provide incentive and employment opportunity

for employees who have gained knowledge and experience from their employment with the department while pursuing their college education. Estimated cost is $96,000.

534. Reduce Classification options for Civil Engineers (CE).

Options within the CE classifications may tend to limit the department-wide promotional opportunities for talented employees and protect the positions of less qualified employees. Reducing CE options may provide flexibility of assignment of personnel and develop more qualified employees with a broader knowledge of department operations.

535. Establish employee training programs.

There is a continuing need for additional general management and supervisory training. With large numbers of employees nearing retirement, training becomes even more important. Cost is estimated as $150,000.

536. Verify appropriate job application information.

Critical information, such as degrees, certifications, and job skill claims, is occasionally falsified by job applicants. Since the State Personnel Department does not verify job application information, the department must do so to ensure that applicants are qualified. Verification may assist in reducing the number of unqualified applicants and improve the quality of new hires.

537. Establish a committee of upper management staff to review job qualification criteria.

Job experience is more heavily weighted than test scores, education, and annual ratings. As a result, employees with long years of service place higher on the eligibility registers than potentially more talented but less senior employees. Balanced criteria would help retain talented employees and encourage certain employees to seek education and training.

538. Discontinue the $5 meal allowance for same day travel.

The $5 meal allowance is provided to employees when they travel outside their assigned base for more than six hours. This system can lead to abuse and to discontent among some employees. Discontinuing the meal allowance could save approximately $312,000 annually. However, this is provided by state law to all employees of state government and will require legislative action. Under new Internal Revenue Service regulations, the meal allowance is taxable to the employee.

539. Adopt a five-year construction plan based on estimated funding.

In order to efficiently utilize federal and state funds, the highway construction plan should not provide project costs in excess of available funds. An effective five-year plan would minimize pre-construction activities and would minimize unnecessary adjustments to project schedules. More accurate information would be available to the public.

540. Reduce or eliminate on-site detours on bridge and other short construction projects.

The cost of the detour on many short bridge projects can be as much as 30 percent of the total bridge replacement costs. The on-site detour program could reduce the overall cost of the bridge replacement program by $4 to $5 million and provide faster construction time.

541. Evaluate staffing needs for construction personnel.

Construction personnel are managed at the division level. Construction activities in a division, however, vary from year to year and season to season. The study could result in increased productivity and manpower utilization.

542. Require certified and bonded weighmasters.

Policy requires a state inspector at asphalt plant scales to validate weights. Having a certified weighmaster at the asphalt plant will eliminate the need for a state inspector, will free the employee for other needed activities, and may result in employee reductions. Annual savings are estimated as $250,000.

543. Increase the time to submit bids by two weeks.

Contractors have 21 days (usually less) to review project plans, visit the construction site, calculate quantities, and establish bid unit prices for all the projects they plan to bid on in a given month. Additional time will allow contractors to resolve uncertainties in the plans and proposals and could result in more competitive prices.

544. Limit the special work authorization to no more than $20,000.

The department is requested to perform work for governing bodies and various state agencies. These agencies reimburse the department for the cost of providing the work. Personnel must be taken from their regular duties as a result. Limiting special work authorizations to $20,000 would minimize interruptions to normal work routines and regular highway needs would not be neglected.

545. Require greater construction inspection uniformity.

There is inconsistent enforcement of contract specifications within and across divisions. Uniformity could give contractors a better understanding of uniform inspection levels so they could bid accordingly.

546. Request that the Attorney General's Office annually furnish a list of appointable attorneys in each county to perform state Right-of-Way (ROW) work.

Delays are often encountered in securing attorney appointments, either from the Attorney General's Office or the Governor's Office.

547. Eliminate all major equipment repairs in state shops.

Heavy equipment repair varies within divisions and districts. Although many operations have the trained and experienced staff necessary to complete these repairs, the lack of consistent labor utilization and the ongoing training costs make this practice cost ineffective. Privatization could provide guaranteed workmanship by properly trained technicians, faster turnaround and potential savings.

548. Expand the use of inmate labor for roadway maintenance.

State inmates are a consistent source of manpower that can be effectively used for certain types of roadway maintenance. Effectively utilizing inmate labor could provide benefits of approximately $500,000 per year in reduced labor costs and enhance public perception of cost-effective maintenance of state roadways. Estimated cost is $100,000.

549. Hire laborers under the seasonal laborer classification.

These positions are filled at a standard laborer's classification rate. Hiring seasonal laborers could produce estimated annual savings of $160,000.

550. Use private contractors for interstate fence repair.

The primary mission of field operations is routine roadway repair and maintenance. Occasional fence, guard rail, and attenuator repairs disrupt routine operations. Use of private contractors could reduce inventory and training, place additional focus on routine maintenance, and speed repairs reducing liability claims.

551. Test private sector mowing of the state ROW.

District-level mowing operations require a large amount of specialized equipment. Mowing costs total $3 million annually. Private sector mowing could result in savings.

552. Study private sector installation and maintenance of radios.

The department spends approximately $175 per maintenance call. Based on county road departments that utilize outside service, maintenance costs may be reduced by 50 percent. Private sector installation and maintenance could possibly, provide cost savings.

553. Review repair shop locations, capacity, and employee skills to identify operations that appropriately may be combined.

Certain division and district repair shops are in proximity. Combining these repair operations could reduce overhead and possibly personnel costs.

554. Combine inventory management functions.

Inventory management is handled by separate individuals within most divisions. Although the inventory items are physically separate, management can be centralized under one management section. Combining functions would decrease the number of personnel and could generate savings of approximately $100,000.

555. Limit purchase orders of plant mix asphalt to 1,000 tons for department-staffed resurfacing or construction projects.

Field operations typically require small quantities of asphalt mix for maintenance and repair of pavement. In the past, major resurfacing projects have been undertaken by purchase order and utilizing state forces and equipment. Limiting the amount of material on purchase orders would prevent large projects from being handled by field operations. Contract work for large projects could result in savings to the state.

556. Establish local annual contracts for the delivery of specified items.

The system requires approximately 75 to 90 days to obtain a purchase order. Divisions overstock supply items to ensure availability. Local contracts will allow supervisors to plan repair operations with the confidence that materials can be purchased as needed.

557. Implement statewide policy for traffic signal devices.

There are no written guidelines for the installation and maintenance of traffic signal devices. Requests for new or additional traffic devices are received regularly from local officials, legislators, and private citizens. A uniform policy would minimize political influence, lower future costs, and reduce future liability.

558. Automate all gasoline and diesel service stations.

The department currently utilizes attendants to provide and account for gasoline dispensed to department vehicles. Automation would produce $80,000 annual savings, reduce errors, and improve accessibility. Cost is estimated as $300,000.

559. Modify the maintenance accounting system.

Changes to the maintenance accounting system could identify certain maintenance function costs that exceed the private sector cost. This system could supply accurate equipment maintenance costs by function.

560. Revise approval procedure for utility permits.

The necessary expertise and evaluation process for utility permits exists at various levels. The current approval process typically requires two to four weeks to complete. Approval at the bureau level will reduce unnecessary delays and reduce paperwork and time required by the Chief Engineer and the Director.

561. Increase the Overweight and Oversize Hauling Permit fee by 55 percent.

The fee schedule was initially adopted and signed into law in 1977. Fees established were designed to cover costs. Over the past 10 years, costs have risen 55 percent. Increased fees would generate up to $675,000 per year and be more in line with costs.

562. Increase fees for interstate logo signs by 50 percent.

The fee structure has not been changed since it was implemented in 1982 and is extremely low compared to other states. Based on past revenues, an additional $75,000 per year could be generated.

563. Revise Outdoor Advertising permit fee legislation.

The original legislation (Highway Beautification—Outdoor Advertising, **Code of Alabama 1975**, as amended) was designed to recover the cost of administering the outdoor billboard program. The schedule was adopted in 1978 and is significantly less than most neighboring states. Based on projections for fiscal year 1987, increased fees could generate additional revenue of approximately $100,000 per year.

564. Revise legislation regarding fees for Plans and Proposals.

These fees have been in effect for more than 20 years. The original legislation was designed to recover the cost of administering these activities. Alabama charges significantly less for these services than surrounding states. This recommendation could provide $100,000 in additional annual revenue.

565. Reorganize operations and support functions.

The organizational structure at the time of the study included 22 divisions and bureaus reporting to the Office of the Chief Engineer. This span of control is excessively large. Reorganization could clearly define functional grouping and lines of authority; provide a realistic span of control; and differentiate among functions concerned with administration and support, engineering, and operations.

566. Implement a value engineering program.

Several states have implemented such a function and have reported savings of two to three percent of the overall construction budget. In Alabama, a possible two percent savings could total $5.3 million. The Federal Highway Administration recommends and endorses the establishment of such a program.

567. Establish an Engineering Programming Unit.

The Data Processing unit is composed of individuals who are experts at computer programming and data processing but do not have expertise in engineering applications. Communications problems typically arise between the engineers and programmers when implementing systems. This unit could potentially develop more applications in a shorter time with more effective utilization of personnel. Estimated cost is $150,000.

568. Develop a fleet management function.

The Equipment Bureau provides central office equipment management functions for the department. Day-to-day equipment-specific management is provided by field operations and bureaus operating the equipment. The size and annual cost of the department's vehicle fleet requires an aggressive and centralized policy management function. A centralized function could provide consistent and cost effective fleet management.

569. Determine appropriate locations for statewide offices.

Recent emphasis on restoration, rehabilitation, resurfacing, and reconstruction, in addition to providing for new construction needs, suggests the need for a study to determine if district and division offices are properly located. Appropriate office locations would provide cost effective operations and responsiveness to changing requirements.

570. Study clerical job functions.

This study could yield potential cost savings and provide uniformity of staffing levels and job functions across the department. Estimated cost is $25,000.

571. Perform an analysis of departmental forms.

To conduct its operations, the department utilizes a large number of forms that could possibly be combined or eliminated. An analysis of the forms used could identify forms that could be eliminated or modified for better form utilization. If and when forms are eliminated, cost savings would be realized.

572. Study manual processes which could be automated.

The department utilizes a large number of computer programs to facilitate operations and assist in the completion of engineering functions. Opportunities exist to automate operations that are currently manual. The study could identify automation projects that could provide more cost effective operations.

573. Develop a department-wide standard for the implementation of computer-aided drafting and designs (CADD).

The department has computer-aided drafting and design capabilities in the Bureaus of Design, ROW, Bridge, State Planning, and one division office. Other bureaus and divisions are interested in obtaining these capabilities. Benefits of CADD include better productivity, greater ability to perform sophisticated engineering analysis, better quality, greater accuracy, and greater ability to share and transfer drawings and documents. An estimated savings of 5 percent of the $15 million spent annually for preliminary engineering could result in $750,000 annually. Estimated cost is $640,000.

The following recommendations resulted from the Information Systems Crosscut Study. Implementation of these recommendations will be carried out by the Highway Department.

574. Reorganize the Bureau of Computer Services.

The information systems manager needs to be relieved of some of his current detailed responsibilities to allow more time for managing tasks and allow for better utilization of very competent staff. The Highway Department is well-managed; reorganization would provide an environment for even better management. The ability to automate engineering graphic applications is vitally needed. This ability exists in the department but is not mobilized nor properly organized.

575. Develop a comprehensive information systems plan with users.

A formal plan will allow management to compare the direction of the department with the general policies and guidelines promulgated by DSMD. The internal review process will increase management's awareness of the proposed activities of the information systems personnel and allow adequate planning for the allocation of resources to accomplish the priority goals.

576. Develop and implement a disaster recovery plan.

Adequate preparation could prevent catastrophic disruption of service. The mission-critical information systems used by the department to provide service are indispensable. It is imperative that adequate disaster recovery processes and procedures be in place in the event of sustained outage of the department processors or other equipment.

577. Select and implement a Systems Development Methodology.

There is no established method for accomplishing the various tasks involved in the systems development process. Efficient and effective data systems project management requires an adequate and comprehensive Systems Development Methodology.

578. Establish a steering committee to allocate data processing resources.

Information systems and data processing resources are allocated in order to provide service and meet the information needs of the department and other users. Consequently, users should have access to the decision processes which result in the allocation of information systems data processing resources. Communication between users and information systems personnel will substantially improve the service and products provided.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
DEPARTMENT OF HUMAN RESOURCES

INTRODUCTION

The mission of the Department of Human Resources includes protecting those individuals who are unable to protect themselves from abuse, neglect, or exploitation (as defined by Alabama statutes); providing assistance to individuals who by reason of age, disability, dependency, or disaster are in need; and developing and administering programs necessary to assuage social problems.

In 1935, the federal Social Security Act was passed. To administer the wide range of programs created by the law, the Alabama Department of Public Welfare was created, absorbing the responsibilities for the administration of federal relief programs being provided through the Alabama Child Welfare Department. For the first time, cash payments were made to the needy in the forms of Old Age Pensions and Aid to Dependent Children. The Social Security Act also shifted most of the responsibility of caring for the poor from the counties to the state and federal governments. In 1955, the agency was renamed the Department of Pensions and Security, and later was renamed the Department of Human Resources (DHR).

The State Department of Human Resources administers its programs through 67 county Departments of Human Resources and respective county boards. The department administers a total of fourteen human service programs which can be divided into four general categories: Social Services, Financial Assistance, Food Assistance, and Child Support.

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RECOMMENDATIONS

579. Reduce the Quality Control (QC) sample size for error detection in the Food Assistance and Public Assistance Divisions.

The federal government requires that a minimum sample size of 600 cases for Food Assistance and 600 cases for Public Assistance be processed every six months. Currently, QC is reviewing a sample of 983 for Food Assistance and 971 for Public Assistance. A test of the QC sample size was conducted to determine any significant difference in the statewide error rate by using a sample of 600 as opposed to the current sample size. No significant difference was indicated. By reducing the number of cases tested, a reduction of seven staff members and a potential cost savings of $100,000 is possible.

580. Develop a strategic information systems plan.

A strategic master plan that fully addresses resources versus needs is needed to meet DHR's systems development and maintenance requirements.

581. Establish an information systems steering committee.

The Information Systems Division (ISD) is charged to provide continuing information systems support to the other program and support divisions within the DHR. Because of limited resources and the lack of an information systems plan, the ISD faces a severe backlog of systems development projects.

582. Secure standing approval from the State Personnel Department to promptly fill vacancies with qualified personnel.

The critical information systems needs of the DHR make it important to maintain an adequate level of qualified data processing staff. Because the ISD uses the time-consuming standard process of hiring employees, serious data processing needs go unaddressed.

583. Negotiate an agreement between the DHR and the Alabama Medicaid Agency to claim Title XIX Federal Administrative Matching Funds.

DHR is mandated by executive order to provide eligibility determination for Medicaid for certain clients but federal financial participation (FFP) is not available. However, FFP is available under Title XIX administered by the Alabama Medicaid Agency through agreement. The federal government allows states to claim payments retroactively for the most recent two year period.

DHR would gain approximately $200,000 in retroactive payments, and an additional $100,000 annually in federal funds available from Title XIX.

584. Give authority and responsibility for child support collections to county DHRs.

Child support collections are made by circuit clerks and district attorneys and local DHR personnel. A proposed child support computer system will enhance the collection process and reduce error rates. By centralizing the collection process at the county offices, an increase in collections can be realized. Staff requirements to perform collection responsibilities are estimated to cost approximately $300,000 annually, of which $150,000 will be state dollars.

585. Adopt uniform organizational models for county organizations based upon the size of the county.

A previous study of the Family and Children Services Division determined that the optimal span of control for workers to line supervisors is seven. Significant savings could be realized by applying this standard; net reduction in staff by 40 could result in total net savings to the state of $600,000. Adjustments could be made at the assistant director and program supervisor levels of the county organizations.

586. Implement budgeting at the county level.

Placing budget responsibility at the local level should improve accountability and result in an increased sense of responsibility by management employees.

587. Provide and coordinate training for county personnel at the state level.

Under the organizational structure, the function of training employees has not been given the priority needed to ensure that workers are adequately informed of policies and procedures. Benefits are estimated as $80,000.

With the implementation of an adequate training program, an increase in travel costs may be incurred. The estimated expenditure for training could be $200,000.

588. Expand the Office of Adoption.

Most families who apply to DHR are interested in adopting young, healthy children. Aggressive recruitment is necessary to attract families for children with special needs such as age, handicaps, or a large sibling group. At any particular time, approximately 200 children are in foster care who could be placed for adoption if county staff had assistance in preparing records and court cases.

The addition of five adoption consultants, one assistant supervisor, and one secretary to staff the proposed expansion would be needed at a total cost of $225,000. This cost would be offset by a reduction of $150,000 annually in foster care costs.

589. Increase efforts to expedite the adoptive placement of children.

The adoption process is extremely slow. DHR must take an aggressive approach to recruiting families for special needs children and placing infants directly in the adoptive home. No additional staff costs are required; however, success of this recommendation is contingent upon the addition of staff.

590. Take an aggressive, pro-active approach to improve the department's public image.

DHR has been perceived by the people of Alabama as an inefficient organization which spends tremendous amounts of tax dollars to provide asistance to people who may not meet the requirements to receive support. DHR provides many valuable services to the people of Alabama and effort should be made to educate the state regarding the benefits of these services. Publicizing the positive aspects of DHR operations could enhance the public

image of the department and the state and improve employee morale within the department. A minimal cost (approximately $1,000) is expected if creative use of free media services and speaker opportunities are made.

591. Reduce the staff of the Public Information Office.

The Public Information Office is involved with a variety of functions not related to public relations. By streamlining and clarifying the function, cost savings could be realized through reduction in staff of approximately $50,000 annually in salaries and benefits.

592. Revise the organizational structure of DHR.

It is important to structure the organization to lessen the negative impact of a new administration, to facilitate the education process, and to give a more manageable span of control to the Commissioner. Three people should be hired as Deputy Commissioners of the three functional areas—administration, field operations, and programs. The costs associated with filling three positions are estimated to be $140,000.

593. Re-define the roles of regional coordinators to include responsibility and accountability.

By requiring regional coordinators to be more actively involved with county organizations, and by holding them accountable for the performance of the counties, the effectiveness and efficiency of each county could improve.

594. Allow the County Assistance/Field Operations staff in all program divisions to perform the duties described within their respective job descriptions.

The function of the county assistance staff in the state office is to serve as a liaison between the state support offices and county DHR's. Because county assistants are often assigned to special projects, they are unable to provide the services to the counties set forth in their job descriptions.

595. Incorporate the Office of Equal Employment Opportunity (EEO) into the Personnel Division.

The EEO performs several functions in conjunction with the Personnel Division. The functions include processing of employee grievances, overseeing the hiring process to ensure compliance with affirmative action plans, and producing monthly management reports to counties and program divisions. A savings of $30,000 annually may be possible by reducing the staffing from five to three.

596. Eliminate the Office of Fraud/Abuse Overpayment (F/AO).

While the office of F/AO has had an impact on the processing of fraud and abuse claims, it is not cost effective because functions performed by this unit can be performed more effectively and efficiently at the county level. Placing responsibility for the function at the county level would mean a cost savings of $120,000 and an estimated loss in revenues of $30,000. Estimated cost is $30,000.

597. Eliminate the Office of Internal Audit.

Some functions performed by this office were previously provided by other program and support units within DHR. The Office of Internal Audit is not cost effective due to the high level of personnel staffing it. Many of the functions could be performed by other program and support units at a lower cost to DHR. A reduction in employee salaries and benefits would save approximately $150,000 annually.

598. Institute a system for recovery of costs associated with non-Aid to Dependent Children (ADC) child support services.

This is a service being provided for non-welfare clients at an average cost of $20 per service. The charge to the client ranges from $0 to $20, based on the client's income level. DHR is entitled to recover a larger portion of actual costs for non-ADC services provided and should adjust the fee schedule in accordance with these costs. The state could recover estimated costs of $90,000 annually.

599. Fund district attorneys at 100 percent of approved contract cost for child support activities and retain all incentive monies for DHR.

The department reimburses district attorneys for 68 percent of the approved contract costs; district attorneys provide the remainder. The department also pays district attorneys an incentive of six percent of the total ADC child support collections and six percent of non-ADC child support collections up to the amount of the ADC collections.

Retention of incentive monies of approximately $1.5 million paid to district attorneys, and reimbursement of contract costs at 100 percent could result in approximately $300,000 net gain for the department.

600. Obtain legislation to enable DHR to recover costs of providing investigation of

independent adoptions, custody evaluations in divorce cases, and child care facility licensing.

DHR is charged to investigate, report to the court, and make recommendations on all independent (privately arranged) adoptions within the state. Frequently, the courts order the DHR staff to conduct investigations and make recommendations in divorce cases where child custody is in dispute. The DHR is charged with the legal responsibility to investigate applications to operate day care centers and to issue operating licenses biannually.

If proposed fee bills are passed, revenue will total $700,000—from independent adoption investigations ($425,000), custody evaluations ($200,000), and day care licensing fees ($75,000).

601. **Place emphasis on educating and training managers to motivate and promote job satisfaction among employees.**

The work environment is characterized by low morale and employee dissatisfaction due to the perceived lack of sensitivity and respect by management. A more satisfied and motivated workforce may result in improved efficiency, productivity, and customer service. It is difficult to quantify the dollar benefits of this recommendation. Estimated cost is $2,000.

602. **Develop guidelines for children and youth regarding specialized placement.**

For many children and youth there is an overlap of responsibility among the Departments of Human Resources, Mental Health and Mental Retardation, and Youth Services. For some, no one department has sole responsibility. The three departments need to accelerate collaboration through development of guidelines to clarify responsibilities, joint planning, and development of resources.

603. **Increase assistance to county departments in the recruitment and training of foster-care resources.**

The state DHR should assist county departments with recruitment and training of foster care resources through development of training materials, ongoing work with the Foster Parent Training Network, development of **Foster Parent Handbook,** and recruitment materials. Estimated cost is $6,000.

604. **Develop and implement a system for making timely payments for all accounts payable invoices.**

Invoices submitted for payment may take three to eight weeks before issuance of a voucher. Excessive delays result in financial hardships to employees, loss of credibility with vendors, and a waste of management time and effort in negotiations with creditors. Estimated cost is $2,000.

605. **Provide staff at the county level for processing and collecting F/AO claims.**

There is a backlog of approximately 80,000 F/AO claims representing approximately $30 million that could be recovered by the state. The average cost for one claims worker is approximately $6,250 per year. A conservative estimate of the average annual collections that could be realized from one claims worker is approximately $24,000.

If one worker were added to each county, the net state revenue that could be realized would be $1.2 million. Estimated cost $420,000.

606. **Retain the county structure and improve program operations at the local level by exercising the authority of the state office.**

Title 38-2-6, **Code of Alabama, 1975,** as amended, designates county departments as agents of the state department and gives the state department the authority to organize and supervise the county offices for the effective performance of its functions. Under statutes which provide for state supervised/county administered programs, the state department has the authority and means for supervision of counties to ensure efficient program operation.

607. **Review the option of entering into lease—purchase agreements.**

DHR is paying approximately $4.6 million annually for rental of office space. DHR rarely obtains ownership of buildings, and rental rates are raised as new leases are arranged. DHR could experience the long-term advantage of ownership after approximately 12-15 years on selected current buildings. Short-term benefits include improved location and design specifications which could enable DHR to minimize escalating housing costs. Estimated cost is $3,000.

608. **Replace equipment economically.**

County, state, and regional offices throughout DHR are using inadequate equipment in poor condition. Systematic replacement of antiquated equipment and purchase of additional new equipment should not result in increased

cost over amounts budgeted. Continuing periodic purchase of equipment, when it is determined equipment cannot be maintained economically, will distribute expenditures evenly across fiscal years.

609. Improve management effectiveness in the Food Assistance Division.

There should be more effective organization, coordination, and utilization of existing personnel. Policies should be clarified and timely. County food stamp workers need support from the state office and county assistance personnel.

610. Redesign and simplify the Food Stamp Certification Policy Manual.

Since October 1986, there have been numerous changes in the Food Stamp policy by federal mandate. These changes have been communicated to counties through 57 memos and two administrative letters. Only two revisions have been made to the manual.

Approximately $30,000 is needed annually for additional staff (after federal matching funds) to update and revise the policy manual.

611. Develop a policy and procedures checklist with references to policy manuals.

Each program division is governed by policy manuals that contain hundreds of pages, and may be revised as often as ten times per month. Employees are required to interpret and administer these complex and multi-faceted programs with no assistance. The complexity of the various policy manuals contributes to low employee morale, poor perception of DHR, and high error rates.

612. Conduct an in-depth study of the forms used by each program division.

County workers are constantly burdened by the increasing requirements placed on them to complete mandated forms in performance of daily duties. Many of these forms contain duplicate information recorded on other forms.

613. Conduct a study to determine the feasibility of the "generic eligibility worker" concept.

This concept involves one worker performing the eligibility determination for food stamps, public assistance, child support, and Medicaid. Results from other states have indicated that combining worker responsibilities produced a lower error rate and resulted in cost savings. The volume of forms and paperwork was reduced drastically and led to significant cost savings.

614. Conduct an employee career ladder study.

The issue of career pathing is a source of genuine concern to the employees of DHR.

The following recommendations for the DHR resulted from the Information Systems Crosscut Study. Implementation of these recommendations will be carried out by this department.

615. Establish a data processing coordinating task force operating under the auspices of the governor and director of finance.

The problems of DHR are so pervasive that only a comprehensive approach will result in significant, lasting, and effective data processing support for the department.

616. Complete the development of the child support information system.

The child support information system will address a critical information system need. Significant federal fiscal sanctions are possible if the system is not brought into compliance with federal standards. Estimated cost is $1.3 million; annual savings should be $140,000.

617. Develop a comprehensive information systems plan with users.

Information systems and data processing decisions are made on an ad hoc basis. The lack of an information systems plan prevents management from understanding the implications of resource allocation alternatives. The lack of a formal plan, including milestones for indicating progress, inhibits management from holding data processing personnel accountable for the expenditures of the resources allocated.

618. Select and implement a Systems Development Methodology.

There is no established method for accomplishing the various tasks involved in the systems development process. Efficient and effective data systems project management requires a comprehensive Systems Development Methodology.

619. Establish a steering committee to allocate data processing resources.

Information systems and data processing resources are allocated in order to provide service and meet the information needs of the department. Consequently, users should have access to the decision process which results in the allocation of information systems data processing resources. Communication

between users and information systems personnel would substantially improve the service and products provided.

620. Develop and implement a disaster recovery plan.

There is no disaster recovery plan which pre-defines the steps which would have to be taken to ensure that the department would be able to continue to process its data in the event a disaster occurred.

Adequate preparation could prevent catastrophic disruption of service. The mission-critical information systems used by the department to provide service are indispensable to carrying out the mission of the department. It is imperative that adequate disaster recovery processes and procedures be in place in the event of sustained outage of the department processors or other equipment.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
DEPARTMENT OF INDUSTRIAL RELATIONS

INTRODUCTION

The Department of Industrial Relations (DIR) provides the citizens of Alabama with the comprehensive and effective delivery of several important job-related programs. These include the Employment Service (ES), Unemployment Insurance (UI), Workmen's Compensation (WC), and State Programs, including Mine Inspection and Reclamation. DIR receives 98 percent of its funding from the federal government. Workmen's Compensation and certain elements of the state programs are funded by the State General Fund.

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RECOMMENDATIONS

621. Integrate field operations for ES and UI.

Local ES offices provide job placement services for the majority of UI claimants. Typically, a separate application is initially filed at both the UI and ES office. On an ongoing basis ES must notify UI of claimants who are not making a good faith effort at finding employment. Individual claimants would be best served by making one trip to complete one set of applications and one initial interview session. Integrated operations would yield cost savings estimated at $300,000 annually and more efficient service to the residents of Alabama. Estimated cost is $15,000.

622. Study central office functions.

The integration of functions at local offices will create new requirements for information and communications with central office operations. The functions within the central office should also be revised, particularly in light of the implementation of the Alabama Benefit Payment System (ABPS) and the heavy reliance on manual operations. This study will provide more efficient utilization of ES and UI resources in the central office and help insure the success of a decision to integrate ES and UI field operations. This study will help identify and clarify automation opportunities within ES and UI.

623. Transfer the management analysis functions of the Administrative Analysis Division to an Audit Advisory Team.

This division's initial charter was to provide management analysis services for the department. Over time, this division has grown to include Central Word Processing, Computer Output Microfilm, Central Filing Section and distribution of pending legislation. The separation of management analysis from support functions could provide a clear mission and focus for the management analysis function. Transfer would allow the management analysis group to focus on projects that increase the efficiency and effectiveness of the department and would group similar support activities allowing the reduction or reassignment of employees.

624. Transfer the Appeals Board staff functions to the UI Appeals Section and transfer the Property Management functions to the Fiscal Services Unit/Division.

It would be more efficient to have all UI appeals functions located in the same division. Property management decisions, in large part, are financially-oriented and infrequent allowing these activities to be easily assumed by the Fiscal Services Division. Transfer would yield a cost reduction of $60,000 and eliminate the transfer of files from one appeals unit to another.

625. **Transfer the lost/stolen check investigation function of the Special Investigation and Grievance Division and the Internal Security Section within UI to the UI Investigations Section. Transfer the Grievance function to the Personnel, Training and Services Division.**

The employee grievance function properly belongs in the Personnel, Training and Services Division, and the Internal Security Section within UI would be more effective if combined with the Investigation Section. This could save up to $65,000, eliminate duplicate travel, and reduce the number of personnel reporting directly to the director.

626. **Transfer the DIR Equal Employment Opportunity function to a section in the Personnel, Training and Services Division.**

EEO usually is a human resources responsibility in most public and private organizations. In this position, the EEO personnel could insure EEO rules and laws are followed in all departmental personnel actions. This could reduce staffing by one clerical position saving the department an estimated $20,000 annually.

627. **Change the name of the Personnel, Training and Services Division to Human Resources Division.**

"Human Resources" is the prevailing vernacular for personnel functions and meets the objective to streamline the division into related and logical functional groupings. The Human Resources Director will be responsible for all human resources-related activities of the department.

628. **Create a General Services unit to support departmental operations with general services type functions organized under one functional head.**

Many of these functions overlap. Locating them under one section will allow efficiencies from integration. A General Services unit will provide better utilization of staff and result in long term cost savings.

629. **Consider two options that could more effectively utilize the department assistant director:**

Utilize the assistant director in a staff capacity, or have the assistant director provide line direction over support functions.

The assistant director is an appointed position required by state law that reports to the department director. This position has defined line authority for all departmental divisions. In practice, however, most division directors report directly to the department director.

630. **Transfer permanent departmental employees between offices to minimize the persistent problem of over and under staffing.**

Due to the hiring freeze, employee attrition has produced inequities in local office staffing. Many offices that have not experienced any attrition are consistently overstaffed, while those offices with heavy attrition have relied on temporary help to meet the required workload.

This recommendation would provide a more equitable and practical distribution of permanent employees throughout the state and provide a higher level of service to the public. The estimated cost savings is $300,000.

631. **Develop specific, objective criteria for locating ES, UI claimant, and UI Tax Operations.**

The department does not have objective criteria to determine appropriate points of service. The development of objective and specific office location criteria could help ensure that the department makes the most effective use of available resources.

632. **Review the Ensley Unemployment Claims Office for closure when the lease expires.**

This is the only UI office in the state that has no corresponding ES office in the same town. This office was established to serve U.S. Steel employees when there were approximately 25,000 such workers. There are presently only 1,300 employees at this facility. This office is only seven miles from the downtown Birmingham UI Office and eleven miles from the Bessemer UI Office.

633. **Review the Roanoke Unemployment Service office for closure.**

This area has a small civilian labor force and the unemployment service annual claims

activity is the lowest in the state.

634. Review the UI Sylacauga and ES Sylacauga offices for closure.

Based on activity measures, the Sylacauga UI office is one of the department's least productive offices. Also, there are UI offices in Clanton, Talladega, and Alabaster which could serve the Sylacauga claimants. The ES branch could be closed due to its proximity to the Talladega office.

635. Develop a plan to co-locate ES, UI claimant and UI local tax offices into single, local DIR offices.

There are 15 cities which have ES and UI offices that are not co-located and 5 cities with separate UI tax offices.

Physical co-location would permit the sharing of all facilities. Co-locating the offices identified would result in approximately $390,000 savings annually. Estimated cost is $84,000.

636. Purchase telephone system equipment.

The leased telephone equipment costs the department $137,000 annually. Based on recently submitted proposals, the department could recover the proposed purchase price of $400,000 within 3 years.

Purchase of equipment could reduce continuing annual costs by $140,000, provide state-of-the-art equipment, and improve service.

637. Compile a UI subject matter index of source materials.

To research subject matter such as "pensions" or "severance pay," one must look through the law book, the Manual, precedent cases, and several other specialized source documents to be sure of precise procedures and authority.

A standard, comprehensive manual would save a significant amount of research time. The need for such a document will be even greater if the claims examining function is decentralized to the local offices.

638. Perform the initial claims adjudication function in the local office by claims interviewers.

Collected claims data is forwarded to the UI Central Office where a claims examiner determines whether the claimant is to be cleared for payment.

Implementation of this recommendation would eliminate the necessity of having a second person study the facts on each claim and reduce the flow of paper from the local office to the central office. This streamlined process would enable claimants to receive their first checks sooner.

639. Assign appeals referees to other UI duties during slack work periods.

The department has eight appeals referees who are highly trained individuals. Their responsibility during slow periods is to stay current on UI law. They could work with cost models and quality control, do local office evaluations, collate source materials, rewrite UI rules and regulations, or work on any number of other specialized or intermittent tasks.

640. Perform a computer cross-match of benefit payments and Workmen's Compensation to identify persons drawing both.

Workmen's Compensation files were recently automated which allows these data files to be automatically cross-matched. This would reduce overpayments, help related collection efforts, and detect new incidents that would otherwise go undetected.

641. Enter information at the local office.

The department has traditionally used a centralized approach to data entry. Because terminals are available in most areas, data could be entered as it is collected. This would avoid delays in processing, reduce errors in transcription, and reduce manual editing.

642. Local offices should be instructed to keep claim records for one year after they are purged from the inactive file, then destroy them.

The only documents in the "dead" claim file which are not already on microfilm are the BEN 230 Eligibility Review form and Pay Order cards for non-compensated weeks. These forms have no usefulness beyond the one year retention time proposed. Implementation would reduce microfilming costs by $25,000 annually and reduce costs of pick-up and delivery of files to the central office.

643. Mail Credit for Rehire directly to the central office Tax Operations Section.

Credit for Rehire requests are mailed by employers throughout the state to the nearest local office. When ABPS becomes operational on July 1, 1987, all information necessary for determining Credit for Rehire will reside in the computer system. One year from the

implementation of ABPS, this information will be complete and sufficient for granting rehire credits from the central office.

644. Utilize a group application process whenever possible.

Several ES interviewers recommended a group application process be conducted as a local office time-saving device. This recommendation would be most effective for large offices and should be utilized in smaller offices during times of heavy traffic.

645. Analyze all departmental forms periodically.

The department utilizes well over 1,000 forms to conduct its operations. Many forms could be combined or eliminated. This would reduce form printing costs and increase efficiency via the handling of fewer forms.

646. Use flextime for local and central offices that can justify the cost-effective use of a flextime policy.

Based on questionnaires submitted, there is a strong desire for a flextime policy. Such a policy could allow for better utilization of public transportation systems, improve employee morale, improve efficiency, and expand office hours.

647. Have employers with 50 or more employees submit quarterly employee wage information on magnetic media.

The Data Entry Unit manually keys approximately 1.6 million individual wage items quarterly. This method of input requires excessive amounts of overtime resulting in morale problems and delays in processing of some unemployment claims. The use of magnetic media would provide timely input of data, reduce overtime, provide potential staff reduction in data entry, and result in annual cost savings of $65,000.

648. Provide workers with a reason for separation statement when they leave employment.

When a claimant files for benefits the employer is sent a BEN-241 Notice of Separation form to fill out and return to the appropriate local office. The claimant's benefits are delayed until this statement is returned. The department mails approximately 700 BEN-241 notices daily. By supplying employers with these forms, the mailed forms could be eliminated. This could expedite the payment process to the claimants and reduce the cost of processing.

649. Conduct a public relations campaign to upgrade the public perception of DIR services.

Many DIR services are under-utilized by individuals and employers, and many UI and WC laws are ignored because people are not aware of them. An informed populace could result in greater use of ES services and better compliance with UI and WC laws. Estimated cost is $75,000.

650. Develop a comprehensive training program for all employees of the department.

Due to budget constraints, little or no training has been provided during the last five years. Most positions within the department require many years of experience and on-going training. Over time, this lack of training has led to reduced efficiency and effectiveness, and lower employee morale.

A continuing training program would increase the effectiveness and efficiency of the employees of the department and improve their morale. A well-trained staff could improve the public image of the department and result in better service.

651. Utilize Penalty and Interest Fund monies.

The Penalty and Interest Fund is composed of Alabama employer penalty and interest payments. This fund currently contains $3.1 million and grows at approximately $400,000 per year. Revenues are estimated as $1 million.

652. Acquire monies from the Reed Act Fund.

Reed Act Fund monies are available for capital investment purposes but require state enabling legislation to be utilized. Reed Act Funds comprise a designated portion of the Alabama UI Trust Fund. As such, Reed Act Funds provide the only mechanism for utilizing UI Trust Fund monies other than for payment of UI benefits. Estimated benefits are $1 million.

653. Implement the California Audit Program to perform automated audits.

The department does not have the automated capability to audit employers for compliance with the unemployment compensation tax law. By 1988, the department will be required by the Department of Labor to audit one percent of all large employers (100 employees or $1 million in annual payroll expense) annually.

It is estimated that automated audits are eight times more efficient (20 versus 160 hours) than manual audits. Based on an estimated 30 automated audits annually, implementation of

this recommendation will recover an additional $500,000 for the UI trust fund annually. Estimated cost is $8,000.

654. **Contract with Alabama Department of Economic and Community Affairs (ADECA) and other data users for the development and production of labor market information and occupational supply/demand data as mandated under the Jobs Training and Partnership Act (JTPA).**

DIR traditionally has been designated by the governor as the principal agency for the production of mandated JTPA labor market information. The DIR produced this data under contract with ADECA from July 1, 1983 through June 30, 1986. Many of the programs and data systems needed to produce this data have been developed and could be made available with little additional cost.

655. **Contract with the Department of Labor to participate in pilot projects.**

It is advantageous to the state to be on the development team if a pilot project later becomes a mandatory program. Pilot programs bring in about $50,000 a year which provide additional money for jobs in Alabama.

656. **Replace 3330 disk storage devices with 3380's in the Data Center.**

Disk drive failures, service charges, and maintenance not being available after June 30, 1990 are the basis for this recommendation. The 3380 devices will improve response time, increase disk storage capacity, and result in annual cost savings of $3,000.

657. **Upgrade the communications network.**

DSMD has defined a new communications network. The department must redesign its communication network to maintain compatibility. An upgraded network will improve response time, provide for growth, allow for additional applications, and maintain compatibility with the DSMD network. Estimated cost is $140,000.

658. **Purchase security software for the IBM mainframe.**

Growth in the number of users and applications requires that data be protected from accidental or malicious destruction; that provisions are made for auditability and accountability; and that access is restricted, secured, and protected. Estimated cost is $10,000.

659. **Utilize the electronic mail system for internal communications.**

The department has an electronic mail system in operation that is utilized to transmit and receive interstate unemployment claims and messages concerning these claims. The system should be utilized by the entire department for the transmission of memorandums, messages, and procedures. The electronic mail system could produce long distance telephone cost savings.

660. **Utilize an Optical Character Recognition Scanner.**

The present procedure requires that information on the partial claim input document be transcribed to another document, and all documents be collated in social security number sequence, batched, and sent to microfilm.

The utilization of the document scanner to scan partial claim documents for microfilming and Computerized Automated Retrieval indexing could save personnel time required to transcribe, collate, batch, and microfilm the documents. The estimated annual cost savings are $20,000 for these expense categories. Estimated cost is $2,500.

661. **Replace the IBM 3277 display stations, IBM 3286 printers, and IBM 3272 controllers.**

These devices are no longer marketed by IBM. At a cost of $70,000, with a 36 month pay back, replacements could produce annual savings of $20,000, improve reliability, lower maintenance costs, and provide better resolution on the screen.

662. **Purchase an on-line documentation system and programming development software.**

The size of the programming staff has been reduced in the last five years from 84 to 65 positions. Information processing requirements of the department have steadily increased. As more applications are developed or automated, these products must be acquired to speed and standardize the programming and documentation process for these applications. Cost savings are projected as $30,000 per year, with an implementation cost of $95,000.

663. **Purchase a magnetic tape cleaner/evaluator.**

There are over 7,000 magnetic tapes in the tape library. A magnetic tape cleaner/evaluator is needed by the library to clean, analyze, and

certify these tapes. This could reduce costly reruns for an annual savings of $16,000. Estimated cost is $18,000.

664. Replace the three high volume printers in the central files section.

The equipment is approximately nine years old and utilizes the older, more expensive coated paper technology and special inks. At an implementation cost of $28,000, cost savings are estimated at $9,500 per year.

665. Develop a comprehensive information processing plan.

Significant reliance on manual processes indicates a plan should be developed to bring the department up to a desired level of automation. This plan will allow the department to identify and budget the resources necessary to achieve automation objectives for the department.

666. Replace the IBM 3350 disk storage devices with 3380 devices in the Data Center.

The IBM 3350 disk storage devices are old technology. In the near future, the cost of maintenance will make it feasible to replace the devices.

New disk storage technology can provide faster and more reliable access to information. The cost of maintenance is cheaper and the devices require less floor space. The new devices will provide additional disk storage capacity.

667. Study the capacity of the department's mainframe computer system.

Due to current projects and automation recommendations, a study of the computer's capacity should determine its ability to handle projected workloads. The study will identify any upgrades required.

668. Increase the amount for the surface mining reclamation bond.

The Surface Mining Act was enacted in 1970 and reclamation fees of $150 per acre were established at that time. The cost of reclamation has increased substantially in the last 17 years.

The higher bond per acre would serve to encourage miners to perform reclamation themselves. Lands which are adversely impacted by mining and are now abandoned without reclamation would be reclaimed providing improved ecology and reduced hazards.

669. Increase the fine for the late filing of quarterly employer wage reports.

The $5 late reporting penalty in combination with the current 12 percent interest penalty is so low that it actually encourages late filing by employers.

This change would provide additional interest and income to the Trust Fund. Less staff time would be required to contact late filing employers, and claimant determinations could be more timely.

670. Study the implementation of a 1.5 percent assessment tax based on indemnity payments.

Alabama is one of three states that does not have an assessment for funding the Workmen's Compensation (WC) operation. There are approximately 300 self-insured companies (all large employers) and 10 self-funding groups, comprising approximately 4,500 employers, who do not pay any WC taxes. Estimated cost is $50,000.

671. Assess a $50 fine for late filing of reports required under the Alabama Workmen's Compensation Act.

Implementation of the new criminal code, amended in 1980, removed the fines from the WC Act. Since that time, claims paid have grown to the extent that the future viability of the Second Injury Trust Fund (SITF) is in doubt. This fund decreases by approximately $30,000 per year. The only source of revenue for this fund is interest earned on the remaining principal balance. This recommendation will enable the SITF to continue paying claims and allow the fund to become self-perpetuating. Estimated revenue is $100,000 at an estimated cost of $2,000.

672. Charge employers $50 for Targeted Job Tax Credit Certification.

This program was suspended for ten months in 1986. After it expired, employers continued to submit requests on the assumption that Congress would re-authorize the program. The program was re-authorized but the new legislation did not provide funds to the state to administer the program.

Approximately 14,000 certifications are expected which could generate $700,000 (certificate count based on 1986 data).

673. Formulate a statement of mission for ES.

The ES Division provides valuable and otherwise unavailable services to the residents and industry of Alabama. State employers can significantly reduce their personnel-related

costs by utilizing local ES offices for screening and testing job applicants. Federal funding for the ES program has been reduced significantly over the last several years.

674. Determine if a portion of employer UI tax contributions should be allocated to the ES for the placement of UI claimants.

The ES is experiencing a reduction in available resources. Placement of UI claimants reduces the level of benefits paid from the UI Trust Fund. This would provide more placement assistance for UI claimants, reduce unemployment levels, and could increase the UI trust fund.

675. Perform a study to consider two possible options: Merge ADECA with DIR or merge JTPA functions of ADECA with DIR.

In large part, ADECA duplicates the functions performed by DIR. ADECA was created under a prior state government administration. The functions of ADECA could be absorbed by DIR without any significant increase in cost. The significant function of ADECA is to administer the JTPA program. DIR also provides JTPA administrative functions and carries out the program functions.

Given the variety of non-JTPA functions performed by ADECA, it may be appropriate to leave ADECA as a separate state department and move only JTPA functions to DIR.

676. Study the mission and functions performed by the State Programs Division.

Environmental and safety functions are splintered across several agencies. In addition, some mandated programs are not enforced to the limit of the law because of inadequate resources. Functional consolidation could allow for more efficient utilization of existing funds.

677. Study opportunities for personnel to promote savings and eliminate waste.

Historically, the department has been reimbursed for costs incurred. Recent federal cutbacks, however, will require a greater emphasis on cost savings. There is no reward structure and little concern by departmental upper management in having subordinate personnel promote cost effective methods and procedures. As a consequence, there is a significant level of waste and inefficiency.

678. Study means for state agencies to exchange computer-based information.

This would increase fraud detection and resultant recovery of funds, provide supporting evidence for prosecution in fraud cases, and improve service where inter-agency information is required.

679. Study the feasibility of bi-weekly mailers for UI payment process.

It appears that utilizing a bi-weekly payment schedule would save mailing costs and reduce the costs of generating and accounting for claimant checks.

The following recommendations for DIR resulted from the Information Systems Crosscut Study. Implementation of these recommendations will be carried out by this department.

680. Develop a comprehensive, information systems plan with users.

Information systems and data processing decisions are made on an ad hoc basis. The lack of an information systems plan prevents management from understanding the implications of resource allocation alternatives. The lack of a formal plan, including milestones for indicating progress, inhibits management from holding data processing personnel accountable for the expenditures of the resources allocated.

681. Develop a disaster recovery plan.

Adequate preparation could prevent catastrophic disruption of service. The mission-critical information systems used by the department to provide service are indispensable. It is imperative that adequate disaster recovery processes and procedures be in place in the event of sustained outage of the department processors or other equipment.

682. Select and implement a Systems Development Methodology (SDM).

There is no established method for accomplishing the various tasks involved in the systems development process. Efficient and effective data systems project management requires an adequate and comprehensive SDM.

683. Establish a steering committee to allocate data processing resources.

Information systems and data processing resources are allocated in order to provide service and meet the information needs of the department and other users. Consequently, users should have access to the decision processes which result in the allocation of information systems data processing resources. Communication between users and information systems personnel will substantially improve the service and products provided.

684. Develop a plan for upgrading or replacing selected hardware, software, and data communication lines.

The installed disk drives and tape drives are not cost effective because of space requirements, price performance, electrical power requirements, and maintenance costs. All of this equipment is considered obsolete and should be replaced.

685. Evaluate the advantages of the multi-site license agreement between the state and IBM.

DSMD utilizes the multi-site license agreement to effect savings within DSMD, Department of Revenue, and Highway Department. This agreement is a volume discount on IBM-supplied software. DIR does not avail itself of cost savings.

If the evaluation indicates feasibility, the selected software could be supported by DSMD technical support personnel. This would mean an additional savings in the number of required employees. The three agencies that are under the multi-site agreement share in the savings because DSMD employees supply the technical expertise to maintain the software.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
INSURANCE DEPARTMENT

INTRODUCTION

The department supervises and regulates the insurance business in Alabama, inspects public buildings, investigates cases of suspected arson, and inspects fireworks storage locations.

The Commissioner of Insurance is appointed by the governor. The commissioner administers state law regulating or relating to insurance, the insurance companies, and laws applicable to the state fire marshal. He collects all taxes, fees and penalties from insurance companies; examines all domestic and foreign insurance companies qualifying to do business in the state; and examines, licenses and regulates insurance agents, solicitors, brokers, and adjusters.

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RECOMMENDATIONS

686. **Hire staff counsel and legal secretary for the Receivership Division.**

The Receivership Division contracts with outside attorneys for legal work. Estimated cost is $25,000.

687. **Eliminate fee deductions from the premium tax.**

The State of Alabama allows examiner and audit fees to be deducted from the premium tax. This amounted to $415,558 in 1986.

688. **Hire a staff actuary.**

The Examiners' Division does not have a staff actuary and must use actuarial consulting firms. Estimated cost is $75,000.

689. **Transfer review of securities' filings to the State Securities Commission.**

The legal department reviews the securities' filings of all domestic insurance companies. This responsibility takes approximately 40 percent of the time of one attorney.

690. **Use Educational Testing Service (ETS) to administer and grade the license exam.**

The state could use this service because ETS can support this test if legal liability problems arise. License and certification fees could be raised to cover administration costs.

691. **Change to a two-year license.**

Legislation has been proposed to issue renewals rather than new paper licenses. Licenses are issued annually. A two year renewal would reduce the paper work for the Insurance Department by half and produce cost savings of $10,000 to $20,000.

692. **Hire investigators.**

There is a shortage of investigators in both the Life and Property/Casualty Divisions. This prevents the department from achieving its mission of reducing fraudulent activities against the citizens of Alabama. Estimated cost is $50,000.

693. **Increase fees.**

Fees should be increased by approximately $500,000 to cover costs.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
ALABAMA MEDICAID AGENCY

INTRODUCTION

The department's mission is to ensure that quality medical services are provided to the largest eligible population at the least cost to the taxpayers of the State of Alabama, within state and federal guidelines, and to pursue ways to contain medical costs through preventive efforts.

The Alabama Medicaid Agency (Medicaid) was created in 1965 by the federal government together with a sister program, Medicare. Medicaid is jointly financed by the state and federal government and is designed to provide health care to low income individuals. Medicare is a health insurance program primarily for elderly persons, regardless of income, and is financed through Social Security taxes and premiums. The Medicaid program was initiated in Alabama in 1970 as a State Department of Public Health program. It became an independent state agency in 1977 and was renamed the Alabama Medicaid Agency in 1981. The federal-state funding ratio for Medicaid varies from state to state based on each state's per capita income. Because Alabama is a relatively poor state, its federal match is one of the largest. During fiscal year 1986, the formula was 72/28.

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RECOMMENDATIONS

694. Reinstate administrative salary guidelines for nursing homes.

The Medicaid allowable guidelines would be based on the number of administrative personnel in conjunction with the number of beds per facility. This would control the rising salaries being paid to owners/administrators which are actually a distribution of profits. Savings are projected to be approximately $600,000.

695. Eliminate reimbursement for return on equity for hospitals and nursing homes.

Since Medicare is preparing to eliminate return on equity reimbursement payments for proprietary hospitals and nursing homes, Medicaid could implement these changes. Reduced costs to the agency would result in estimated annual savings of $77,000 to the state.

696. Remove the provision of oxygen on the first day of a nursing home stay as a covered Medicaid benefit.

The agency allows reimbursement of oxygen during the first 24 hours that Medicaid patients are in a nursing home. The nursing homes could bill the patients or sponsors for all oxygen. The agency would be removing a rule that is unenforceable and unauditable. The cost of printing and mailing notices of this change to providers and nursing home recipients would be about $2,000. The estimated annual net savings to the agency would be about $98,000 (state share—$26,000).

697. Utilize Alabama Correctional Industries for printing needs.

When the agency switched printing of its annual report to Alabama Correctional Industries from the Division of Printing and Publications, Department of Finance, the costs decreased from $3,500 to $2,500. Medicaid expects to reduce total printing costs by about 30 percent. Yearly net savings would be approximately $33,000 (state share—$16,000).

698. Review the contract with the Bureau of Laboratories.

Medicaid pays for medical tests, which are provided free by the Bureau of Laboratories to the general public and other health care providers. The contract requires Medicaid to pay for certain tests through the MediKids program.

Savings would be as much as $7,000 per year.

699. Do not pay increased capital costs for nursing home replacement beds unless built to meet life safety codes.

If the facility meets life safety codes, Medicaid would not pay additional capital costs because the provider decides to build a new nursing home. Cost savings are estimated to be $30,000.

700. Reimburse hospitals for up to two days when a Medicaid patient has a vaginal delivery and up to four days when a Medicaid patient has an uncomplicated caesarean section (C-section) delivery.

Lengths of stay for vaginal deliveries have averaged three days, and lengths of stay for C-sections have averaged 5.3 days. Major insurance companies have limited the number of reimbursable inpatient hospital days for vaginal and C-section deliveries to two and four days, respectively. Total net savings from implementation of this recommendation is estimated to be $500,000. Estimated cost is $30,000.

701. Require nursing homes to obtain drugs from the Veterans Administration (VA) for qualifying patients.

The VA provides drugs to veterans with service-connected disabilities, and to those receiving aid and attendant care, even if they have no service-connected disability. When these individuals enter a nursing home and qualify for Medicaid, the nursing home would send patient prescriptions to the VA rather than to a Medicaid pharmacy. The estimated cost of data collection and reporting is $3,500. The savings will be over $842,400 annually (state share—approximately $236,000).

702. Move the Provider Surveillance and Utilization Review function to Program Integrity.

The projected cost of performing this function in-house is estimated at $200,000 including personnel, office space, and equipment. An annual savings of approximately $60,000 is expected. The agency will have greater control over provider reviews.

703. Determine the feasibility of adding physical therapy in nursing homes as a covered benefit.

Medicaid reimburses physical therapy in nursing homes only if the injury occurred during a nursing home stay. Provision of physical therapy for all patients in need of therapy will result in an earlier discharge and fewer reimbursable nursing home days. The cost of making changes to the claims processing system is estimated to be $10,000. Printing and mailing notices would cost about $3,000. Reimbursement for the additional physical therapy would be another cost.

704. Encourage minor care at mini-clinics in nursing homes.

When a nursing home patient requires sutures for a small cut, the patient is transported by ambulance to a hospital emergency room for suturing. A nursing home mini-clinic could stock suturing supplies and allow a physician to treat the patient within the nursing facility and would reduce payments for transportation and emergency room care. Estimated cost is $1,500.

705. Cap the amount of Medicaid payments (excluding payments to nursing homes) to $30,000 per recipient per year.

As pressures mount to add expensive services to the Medicaid program, a cap would protect the agency from the rapid escalation of expenditures. If expensive services are added in the future, this cap would limit liability. A net yearly savings of approximately $5,000 would be realized. Estimated cost is $30,000.

706. Use money from the Alabama Special Educational Trust Fund (ASETF) to pay the state's share of medical education costs in hospitals.

Medicaid pays hospitals for medical education costs. The state's share, 28 percent of this amount, is approximately $316,000. It is appropriate that medical education costs should be funded from the ASETF.

707. Require prior authorization for most caesarean deliveries.

Caesarean deliveries for Medicaid mothers should be performed only when medically necessary. Total savings would be approximately $57,000.

708. Limit certain Medicaid-reimbursed prescriptions to no more than a thirty day supply.

Medicaid allows reimbursement for as much as a six months supply of medications. Revising the policy will cause the agency to incur additional dispensing fees for refills. It is anticipated, because of periods of ineligibility and adverse reactions to medication, that the total amount of the drug actually dispensed will average less than a six month supply. The total amount of drugs dispensed will be reduced and the dollars savings in this program

would be significant. Estimated cost is $25,000.

709. Convert to daily eligibility and provide point of service eligibility verification.

Recipients receive monthly eligibility cards based upon eligibility for only one day that a full month of coverage is granted. By converting to daily eligibility, rather than monthly, substantial benefit savings will result. An essential component of daily eligibility is providing real-time response to providers verifying eligibility. Additionally, using the same electronic access, providers will receive information on other insurance available for the patient, determine if benefits are available, and reserve benefits for the services to be rendered. Medicaid would save $1.4 annually by using daily eligibility instead of monthly eligibility. Considerable initial investment will be needed for equipment and software. Implementation costs are estimated as $630,000.

710. Establish a medical assessment review component within the Alabama Medicaid Program.

A review component would involve a review of some or all of Medicaid claims to determine the medical necessity of procedures billed. Reimbursement for procedures that were deemed medically unnecessary would be denied. Implementation of this recommendation could result in a net savings of $165,000 yearly at a cost of $80,000.

711. Reimburse physicians and hospitals for certain surgical procedures only when patients have received second opinions.

States that have implemented a second opinion requirement within Medicaid have realized substantial savings. Medicaid will have a net savings of approximately $500,000 (state share—$130,000) if second opinions are required for eight surgical procedures. Estimated cost is $50,000.

712. Perform inpatient hospital utilization review within the agency.

The agency contracts with its fiscal agent to review the appropriateness and length of stay of inpatient hospital admissions. By having responsibility for utilization review, the agency will have better control over the program. Annual net savings would be about $11,000. Estimated cost is $2,500.

713. Consider changes to the Fiscal Agent Invitiation to Bid (ITB).

The ITB Committee is the appropriate body to address possible changes. Improved fiscal agent performance and improved provider relations will result.

714. Destroy nursing home medical applications when entered on the Long-Term Care File.

Long-Term Care Records retains a hard copy of the nursing home medical applications for four years. The nursing homes are required to retain this same information and the patient's chart for five years. Because the information could be obtained from nursing homes, there appears to be no need to retain these files.

715. Require the Utilization Review Committee (URC) to determine appropriate actions against providers when Medicaid policy is violated.

When violations of policy by providers are found or suspected, cases are referred to the Deputy Commissioner of Administration for review and action. If sanctions and/or penalties are to be imposed on providers, the review and determination of appropriate action should be made by a team of staff personnel rather than by an individual. The logical group to do this is the established URC.

716. Establish a formal Information Systems Steering Committee.

An Information Systems Steering Committee, comprised of selected management personnel representing the agency, would facilitate the strategic application of information systems resources and identify priorities to be met.

717. Request input from all division directors for budget information.

Budget information input would give directors more opportunity and responsibility for controlling their areas of responsibility and would give directors the opportunity for equal input into the preparation and operation of the budget.

718. Allow providers to send written inquiries to Medicaid regarding eligibility of recipients.

Providers cannot get a Medicaid number from anyone other than the recipient. The recipients have no incentive to get the number back to the provider once services have been provided. Because a provider cannot bill without a number, these services become candidates for uncompensated care.

719. Expand automated accounts receivable to all areas of recoupment.

Third Party Liability is the only automated accounts receivable system in use at this time. The manual process in other areas is expensive and is not as thorough.

720. Allow hospitals to submit outpatient bills with non-payable line items.

When Medicaid changed the method of reimbursement in September, 1986 many hospitals could not change their billing systems. Consequently, some hospitals must bill manually for outpatient services.

721. Purchase additional computer equipment if funds are available.

Greater access to computer files and functions would improve response time to inquiries. Word processing would be available for Systems Audit personnel. The estimated cost of needed equipment is $20,000.

722. Expand Medicaid coverage to include pregnant women whose income falls below the federal poverty level.

Uncompensated care provided in hospitals is a serious financial burden which could result in the closing of small rural hospitals. A significant portion of uncompensated care in hospitals is maternity-related. The Sixth Omnibus Budget Reconciliation Act (SOBRA) enacted by Congress in October, 1986 gives states the option of expanding Medicaid coverage to pregnant women whose income presently disqualifies them from Medicaid. Expansion of coverage will cost about $9 million in state funds.

723. Study the feasibility and cost of thirty days of long-term care in a hospital swing bed as a covered Medicaid service.

Swing beds are hospital-based beds which can be classified as either acute or skilled nursing care. Inclusion as a Medicaid service could provide for more efficient use of available hospital facilities.

724. Change law to allow pharmacists to change prescriptions from brand name to generic drugs for Medicaid recipients.

This change would result in a reduction of drug costs without reducing the care to the recipient. A bill is being prepared for legislative consideration.

725. Enact legislation to allow a 2-5 year eyeglasses contract.

Each year, the agency must let bids to determine who will provide eyeglasses for recipients. Cost savings are estimated to be $13,000.

726. Return unused unit dose drugs to pharmacies from nursing homes.

Unused drugs are being destroyed because they cannot legally be redispensed. Unit dose packaging is being used and the drugs are maintained in a controlled environment. Legislation should be submitted to provide for reissuance of these drugs.

727. Study the merits of implementing a state lottery to pay for indigent care through expansion of Medicaid eligibility.

A lottery could produce enough funds when matched through federal financial participation to pay for a significant amount of indigent patient care.

728. Study the feasibility of covering additional Medicaid recipients under Home and Community-Based Services (HCBS) waivers.

If Medicaid recipient admissions to nursing homes can be delayed or deferred through the provision of HCBS, the agency will avoid the higher cost of institutionalization for these patients. Recipients under 18 years do not qualify for the HCBS programs as waiver requests were written and approved. Implementation of this recommendation may result in reduced nursing home payments immediately and in the future.

729. Study the feasibility of limiting the allocation of patient resources on health insurance policies for Medicaid recipients in nursing homes.

Medicaid has no limit on the number of health insurance policies allowed to be deducted from patients' monthly income. This increases Medicaid's liability for the cost of nursing home care.

730. Study the feasibility of paying physicians a higher reimbursement rate for certain surgical procedures when performed in an outpatient setting.

Physicians usually decide whether surgery is to be done as an inpatient or outpatient service. A physician payment incentive would be the most effective means of encouraging utilization of the least costly setting for surgery.

731. Study the feasibility of placing a restriction of therapeutic leave for patients of Intermediate Care Facilities for the Mentally Retarded (ICF-MR).

There are no restrictions on therapeutic leave for ICF-MR patients; in some cases, patients may be absent from the facility for excessive periods of time. Medicaid payments continue to the facility as if the patients were occupying the beds.

732. Study alternatives to the current use of contract attorneys as hearings officers.

Medicaid pays approximately $85,000 per year to contract attorneys as hearings officers. The agency should consider the use of agency personnel or attorneys from a statewide pool.

733. Study the effectiveness of district offices in meeting recipient eligibility needs.

The district office system satisfies the eligibility mission of the agency. The agency must maintain an eligibility error rate of less than 3 percent to avoid sanctions and loss of federal matching funds. Increasing caseloads may affect the eligibility error rate.

734. Study the high costs of data center services provided by the DSMD.

Unit costs appear to be very high. A recent review of potential costs to bring fiscal agent processing in-house showed that DSMD processing costs would exceed the total cost of the fiscal agent contract.

735. Research the payment of separate Intermediate Care Facility (ICF) and Skilled Nursing Facility (SNF) rates for nursing homes.

Average reimbursement rates are: SNF patients ($46.96), ICF-only ($31.98), SNF and ICF ($36.37). Ninety-four percent of nursing home days are provided by combination homes. Because 92 percent of all Medicaid-reimbursed nursing home days are for ICF services, paying a lower rate for these services should more than offset the costs of paying a higher rate for the few SNF days. Paying separate rates rather than combination rates could produce significant savings.

736. Study the feasibility and cost-effectiveness of bringing the fiscal agent functions in-house.

Because the agency owns the Medicaid Management Information System (MMIS) software, an in-depth study should be conducted to determine whether the use of a fiscal agent is cost-effective. Considering the DSMD rate structure, such a move would significantly increase internal operating costs. Given this higher DSMD rate structure, only by equipping an agency data center would there be a possible cost savings to the agency.

737. Study the opportunities to maximize the use of state funds through the availability of matching federal funds.

Because of the very favorable matching rate of federal funds through Medicaid, there are opportunities to improve the purchasing power of state dollars for certain health services. Opportunities to substitute federal funds for state dollars might be identified and addressed.

738. Study the feasibility of eliminating the separate Medicaid hospital cost report.

With a few minor exceptions, the Medicare cost report meets the Medicaid regulations. By using a few supplemental forms, Medicaid could extract the necessary data for rate setting purposes without a separate cost report.

739. Consider adoption of a revised organization chart.

Medicaid operations are not at maximum efficiency, and related units are not grouped homogeneously for responsibility reporting and operations management. More emphasis should be placed on keeping all program-related units under the Deputy Commissioner of Programs.

740. Review the personnel function with an organizational study.

Evaluation of personnel needs in each unit and development of position descriptions may result in increased efficiency and provide a mechanism for clear communication of goals and objectives.

741. Hold an annual retreat for selected managers to discuss the "fitness" of the agency.

These retreats should facilitate resolution of implementation obstacles and further increase communication within the agency.

742. Improve the use of the new telephone system by moving the equipment and software responsibility to the Data Management Division.

Most employees are unfamiliar with many features of the system. Complaints have been received from callers relative to difficulties experienced in reaching the agency by telephone.

743. Identify the individual in the Policy and Procedures unit who has responsibility for coordination with other certifying agencies.

illnesses and disabilities do not require institutionalization should receive appropriate treatment and care in community environments close to their homes.

Alabama ranks forty-third in the country on distribution of public revenues to community-based services. About 22 percent of the department budget is allocated to community care; approximately 78 percent is allocated for institutional care. Research and demonstration over the past 25 years have amply proved the cost effectiveness of appropriately structured and selected community-based services. Cost savings are estimated as $1.7 million. Estimated cost is $450,000.

752. Reduce the number of beds in each of the five Mental Retardation institutions to an appropriate, optimal number.

Many residents served in the five Mental Retardation institutions could be served as well, or better, in small community residential/support programs if such services were available. Cost savings are estimated as $500,000.

753. Expand community case management services.

A formal and extended case management program may help clients avoid institutionalization. Caseworkers can network the community support services into an effective program to minimize the necessity of institutionalization. Estimated cost is $200,000.

754. Expand the in-home respite program.

In-home respite care is designed to provide families brief periods of relief from a 7-day a week responsibility for mentally retarded family members.

The alternative to community respite care is long-term institutionalization which costs approximately $47,000 per client per year. The cost effectiveness of respite care is significant. It costs the same to serve 52 clients in the community as it does to maintain four clients in a state institution.

755. Revise the mental retardation institution-based respite program.

Institution-based respite care can be an important link in providing an environment that deals quickly and effectively with severe behavior problems that cannot be managed in a community-based setting. This service provides an effective back-up for a community-based respite program. In many cases, this program will prevent the need for costly long-term institutional care at a substantially higher state expense.

756. Improve competitive employment opportunities for the mentally retarded.

One important effect of improved education for mentally retarded persons has been the preparation of many young adults for competitive employment. Providing employment to these clients should not only maximize their talents and enable them to become taxpayers but would free up needed training opportunities for those clients who require them.

At 50 clients per year, the maximum additional cost would be $25,000 annually. The annual net savings achieved by switching from work training centers to competitive employment would be approximately $100,000.

757. Incorporate a service delivery system to meet the needs of individuals having a dual diagnosis.

Dual diagnosis refers to individuals that are mentally retarded (MR) and suffer from some type of mental illness (MI).

By transferring the 70 MR individuals in MI institutions to MR institutions, more than one million state dollars could be saved each year. This assumes no waiting list of MI persons to occupy the MI facility beds. The cost in state dollars to operate MR group homes for 70 clients in the community is approximately $700,000 annually.

758. Collaborate with the Department of Public Health to conduct a comprehensive mental retardation prevention program.

According to a report presented to the U.S. Congress in 1977, "Preventing Mental Retardation—More Can Be Done," at least 50 percent of new cases of mental retardation can be prevented. Estimated cost is $200,000.

759. Expand early intervention programs.

Early intervention services are developmental services designed to meet needs of young handicapped children in one or more of the following areas: physical development, language and speech development, psychosocial development, or self-help skills. Estimated cost is $400,000.

760. Maximize the receipt of Title XIX (Medicaid) revenues.

It appears that approximately 200 clients under chronic geriatric care are eligible for

Medicaid reimbursements.

The department may receive net additional annual revenues of approximately $200,000 through Medicaid reimbursement.

761. Pursue the aggressive collection of all insurance payments.

The department staff has indicated that it loses approximately $200,000 per year because of certain insurance company policy decisions. These decisions should be challenged.

762. Request legislative changes to require local programs to match funds from the state at the overall rate of 40 percent by the year 2000.

Establishment of a mandatory local match program based upon need and ability could equalize local contributions.

763. Develop a performance contract payment approach for funding community-based services.

The system distributes funds based on a population formula that is not necessarily related to the demand for, or the provison of, community-based mental health services. Performance contracting, or funding based on the actual nature and quantity of services provided, would provide incentives for increased use of community-based services.

764. Receive all monies appropriated each fiscal year.

The recommendation is based on a need for realistic revenue projections. Actual revenues have been over-estimated by more than $40 million over the past seven years.

765. Remove the University of Alabama at Birmingham from Special Mental Health Fund (SMHF) funding.

There would probably be political ramifications if UAB were dropped from the SMHF. However, the department spends more than $6 million each year providing educational services for those under its care, but cannot receive Alabama Special Educational Trust Fund (ASETF) monies; on the other hand, UAB was appropriated more than $4 million in monies from the SMHF this year.

766. Fund all educational and educationally related services by the Alabama Special Educational Trust Fund rather than the General Fund.

The department spends approximately $6 million each year providing educational services to people under its care. It receives little or no funding from the Alabama Special Educational Trust Fund.

767. Enforce provisions of Title 22, Code of Alabama 1975, as amended.

Title 22-50-15 **Code of Alabama, 1975,** as amended, states that ". . . any state supported facility under the jurisdiction of the department providing services requiring on-premises residence of patients or clients, including, but not limited to Bryce Hospital, Searcy Hospital, Partlow School and Hospital, shall be considered an essential function of the state and funds allocated for the support of said state supported facilities shall not be subject to proration at any time a deficit occurs in the general funds."

768. Provide adequate funds to renovate and repair major equipment and facilities.

The cost of implementing this recommendation would be substantial (estimated as $2 million) because it would require that the department be adequately funded for capital repairs, equipment, and vehicles each year.

769. Develop a system-wide risk management program.

The department has significant exposure to potential financial loss due to legal action.

Implementing this recommendation would require at least one additional employee experienced in risk management to provide overall leadership and direction. The annual cost of such an individual is estimated to be at least $45,000.

770. Review the department renovation and capital construction plan.

An accelerated and expanding Community Services Program will reduce the demand for certain types of institutional beds.

A capital construction plan has been filed with a federal court concerning the future of the department. The federal court consent decree also requires that clients receive care and treatment in the least restrictive environment, which emphasizes the Community Services Programs.

771. Change state law to allow reimbursement of recruiting expenses.

Because of laws and fiscal policies, neither the state nor the department can effectively compete with private enterprise or most other states for highly-qualified individuals. These individuals

must pay for all transportation, food, and lodging expenses which severely restricts recruiting efforts. The estimated cost is $25,000 per year.

772. Encourage and support employees' attendance at professional training seminars and conferences.

Departmental policies prohibit out-of-state travel which hinders mental health professionals from participating in the effective exchange of knowledge with fellow professionals throughout the United States.

773. Divide the Governor's Interagency Council into two sub-groups.

The Human Services Cluster should be brought under the Governor's Interagency Council and a second group comprised of the remaining agencies should be formed. A need exists for better communication and planning between agencies with similar interests.

774. Avoid the use of overtime to meet minimum staffing levels.

Utilizing overtime hours to fulfill minimum staffing levels is more expensive than hiring additional workers. Based on the amount paid for time and one-half last year, approximately 161 direct care workers could have been hired and the time and one-half overtime cost theoretically would have been reduced to zero.

Based on the amount of time and one-half overtime paid last year, the department could have saved in excess of $750,000 by fulfilling minimum staffing requirements through the use of full time employees rather than overtime hours.

775. Eliminate holidays by executive order.

For the past twenty years, governors typically have authorized at least two additional holidays each year beyond the thirteen holidays established by law. Because the department operates twelve facilities 24-hours a day, 365 days a year, the financial impact of these additional holidays costs more than $107,000 per holiday.

776. Increase use of qualified contract sitter services.

All private medical facilities require sitter services for MR and MI individuals staying in facilities.

It is more economical to contract sitter services where available rather than provide those services using in-house staff. Cost savings are estimated as $50,000.

777. Centralize warehouse functions in Tuscaloosa.

Bryce Hospital, Partlow State School, and Taylor Hardin Secure Medical Facility are located within 10 miles of each other in the Tuscaloosa area. These facilities could be served by truck from an existing warehouse in Tuscaloosa. Cost savings are estimated as $100,000 per year. Estimated cost is $40,000.

778. Combine maintenance operations.

Five facilities are located within a 10-mile radius of each other within the Tuscaloosa area. Some maintenance skills could be more effectively utilized in a central pool. Thirty percent of the total work force could be assigned to work at the facilities and be available for routine and emergency repairs.

The estimated annual savings through staff reductions are $500,000. Estimated cost is $100,000.

779. Centralize all Tuscaloosa food service operations at Partlow State School.

The Partlow State School kitchen is a modern facility which, according to Morrisons, is capable of serving 7,000 meals per day by the addition of one food tray preparation line. An independent contractor estimated that food could be prepared at this kitchen and transported to all department dining facilities in the Tuscaloosa area by one independent contractor. Estimated savings $500,000; estimated cost is $100,000.

780. Upgrade the steam plants at Partlow and Bryce and renovate or replace the Searcy Hospital steam distribution system.

The cost of replacing the steam generating facilities at Partlow State School and Bryce Hospital is approximately $800,000. Annual cost savings of $350,000 is estimated. The cost of renovating/replacing the Searcy steam distribution system is estimated at $800,000, while savings would be $90,000 per year.

781. Establish a comprehensive policy regarding use of department-owned personal residences.

The department owns approximately 60 houses (single family dwellings) and three trailer spaces located at or near the various facilities around the state. Many of these houses are occupied by department employees at various levels of rent. Some personnel are provided

rent-free housing and utilities and others are provided reduced rent. There appears to be no written policy governing these residences.

782. Support implementation of a cafeteria benefit plan for all state employees.

The U.S. Tax Code permits employers to develop benefit plans whereby certain fringe benefits may be deducted from employees' gross pay on a before-tax basis rather than on an after-tax basis. Cost savings are estimated as $165,000.

783. Change the state's basis of accounting from cash to modified accrual.

The state operates and reports on the cash basis of acounting. An organization this large and complex should be on an accrual basis of accounting to adequately report its financial position. The Governmental Accounting Standards Board strongly recommends that an accrual (modified or full) basis of accounting be used for governmental entities. Estimated cost is $500,000.

784. Develop a fee schedule for payroll deductions.

It costs the state and its agencies in excess of $150,000 annually to provide payroll deduction privileges to for-profit enterprises. If a fee schedule were developed and implemented, the state could recoup the cost of providing deduction services. The department should receive at least $30,000 per year.

785. Support legislation to allow a monthly fee for mandated payroll withholdings.

Additional revenues of approximately $2,000 could be collected each year to partially offset the costs of processing garnishments, IRS levies, and other withholdings.

786. Amend state fiscal policies to permit prepayment of seminars and registration fees.

Because the state does not prepay conference, seminar and registration fees, employees must pay them in advance. Employees should not be required to finance registration fees for the state.

787. Support legislation to provide all counties with the local option to levy a fee on the filing of legal or other documents.

Law allows for the collection of certain filing fees by probate judges and the designation of such funds for local community-based mental health needs. Legislation applies only to counties which had populations between 175,000 and 300,000 in 1970. This recommendation would provide a means for all counties to raise additional funds for community-based services.

788. Establish an Internal Fiscal and Operational Audit Division.

Millions of dollars are expended through this large and complex organization of people who function in a highly decentralized system of institutions and expanding community-based programs. It is essential that fiscal, operational, and administrative elements be reviewed on an on-going basis to ensure operational efficiency and unqualified audits.

789. Conduct operation reviews of each facility, Central Administration, and the Community Services function.

Because the care and treatment of clients (thus staffing and quality of services) are controlled by a federal court consent decree and available funding, an understanding of the department's management of expenses could be obtained by analyzing the staffing and other direct care treatment expenses. It would cost at least $120,000 per year for the addition of three audit professionals and one secretary.

790. Establish a consistent fee structure for facilities and programs.

Billing procedures among facilities are inconsistent. Different amounts are billed for similar services at different facilities.

791. Hire an attorney to work in the area of collections.

The department has many residents in facilities who are not eligible for Title XIX (Medicaid assistance) because they do not meet Medicaid financial criteria. Frequently, they do not meet the criteria because they are a part-owner in some asset, such as a trust or an undivided property interest. It is estimated that department revenues could be increased at least $200,000 per year by having a full-time collections attorney maximize funding eligibility. It is estimated that a collections attorney would cost $47,000 in salary, benefits, and travel.

792. Review patient/resident record systems to eliminate duplication.

Some facilities utilize several files for each patient/resident. Consolidating these into one active file would eliminate duplication.

793. Consider development of a new mission statement.

Because of the state's limited resources, the increasing age level within the department's client base, and the proposed transition from an institutional emphasis to one of community service programs, the department should review and revise, where appropriate, its current mission statement.

794. Study the feasibility of establishing a prevention unit to promote mental health and prevent mental illness.

The department needs to develop a statewide plan for prevention of mental-emotional disabilities with goals, priorities, and time lines. This process must be coordinated with the department's mental health planning as well as with other health and human service agency planning. The process must involve citizen participation.

795. Review and restructure the organization.

Review and restructure the department organization, as appropriate, to implement effectively and efficiently its mission and to expand its Community Services Programs while maintaining an appropriate institutional care system for those persons who require such care and treatment.

796. Work with the State Personnel Department to design a pre-employment selection test for the Mental Health Worker I classification.

The correlation between merit test scores and first probationary scores for Mental Health Worker I is approximately .28. This low correlation suggests that the merit system test is a poor predictor of job performance for the majority of direct care workers in the facilities. Inability to predict job performance contributes to high turnover, low employee morale, and excessive overtime to meet required staffing levels.

This recommendation will include costs for personnel time to research, design, validate, and implement a new evaluation tool.

797. Conduct a study to maximize revenues of Title XVIII (Medicare).

This study should include review of the Admission Units at Bryce and Searcy Hospitals to determine if requirements for Medicare reimbursement are being met, and if not, determine if the cost of meeting requirements for reimbursement is cost effective.

798. Study the cost/benefit of investing in a comprehensive public relations program.

A successful shift in emphasis from institutional to community-based programs requires public support and understanding of mental health systems and services. Estimated cost is $40,000.

799. Review the management information and control system.

The twelve facilities and administrative segments operate with a high degree of autonomy consistent with the department's decentralized operation.

It is reported that a management information and control system, known as the Hospital Information System (HIS) is being installed. This system should be reviewed to determine if the system, as designed, can assist in effectively and efficiently managing the department's decentralized organization.

800. Study the department's statutory authority to manage Community Services Programs.

The department plans to increase the delivery of care and treatment services via community service programs. This will require the development of a complete community services management program.

The law must be reconciled to ensure that the department can properly manage the increasing activities envisioned for the community service programs through multiple community providers.

801. Strive for national accreditation for all facilities.

To implement this recommendation, the department must continue its policy of achieving and maintaining the level of care, treatment, and personnel staffing essential to meet the standards established by Title XIX and the **Wyatt** Consent Decree. Meeting Medicaid standards is necessary to qualify for federal funds. Compliance with the **Wyatt** Consent Decree also requires that MI and MR make all reasonable efforts to achieve Joint Commission on Accreditation of Hospitals accreditation and maintain full certification under Medicaid standards.

The following recommendations for the Department of Mental Health and Mental Retardation resulted from the Information Systems Crosscut Study. Implementation of these recommendations have been assigned to this department.

802. A new agreement between the Department of Mental Health and Mental Retar-

dation and Automated Health Systems, Inc., an affiliated company of Blue Cross and Blue Shield of Mississippi, should be negotiated.

The problems that were identified during the review of the DMH/MR HIS project are so pervasive that a recommendation of this magnitude is necessary to ensure that a productive HIS will be forthcoming.

803. Organize for centralized data processing management and control.

There is concern over the distribution of resources for the data processing function. Eight facilities and the Central Office have a data processing staff, including individuals with the responsibility or training to do programming. There is a lack of coordination within the information systems function of DMH/MR, which will undermine the ability of the department to have one standard HIS.

804. Develop a comprehensive information systems plan.

Information systems and data processing decisions are made on an ad hoc basis. The lack of an information systems plan prevents management from understanding the implications of resource allocation alternatives. The lack of a formal plan, including milestones for indicating progress, inhibits management from holding data processing personnel accountable for the expenditures of the resources allocated.

805. Develop a disaster recovery plan.

There is no disaster recovery plan which predefines the steps which would have to be taken to ensure that the department would be able to continue to process its data in the event a disaster occurred.

806. Develop and implement a Systems Development Methodology (SDM).

There is no established method for accomplishing the various tasks involved in the systems development process. Efficient and effective data systems project management requires an adequate and comprehensive SDM.

807. Initiate a steering committee to prioritize the allocation of data processing resources.

Information systems and data processing resources are allocated in order to provide service and meet the information needs of the department and other users. Consequently, users should have access to the decision processes which result in the allocation of information systems data processing resources. Communication between users and information systems personnel would substantially improve the service and products provided.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
STATE MILITARY DEPARTMENT

INTRODUCTION

The State Military Department, commonly known as the Alabama National Guard (ANG), has a federal and a state mission. The federal mission is to augment active Army and Air Force units in time of war or national emergency. The state mission, under orders of the Governor of Alabama acting as Commander-in-Chief, is to preserve law and order, and to protect the lives and property of the citizens of Alabama. During the last four years, various units of the ANG have been "activated" 130 times to quell prison riots, aid the victims of hurricanes, and provide services during natural disasters.

The ANG has Air Guard and Army Guard components. The Air Guard has two major commands comprised of 28 units with approximately 3,200 personnel. The Army Guard has five major commands with approximately 24,000 personnel. The ANG is one of the largest in the nation.

STUDY TEAM

State Participants	Industry Members	Consultant
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Simon J. Cook	Ray Sellers—Blue Cross and Blue Shield of Alabama	
George H. Cox	Amy Thomas—Blue Cross and Blue Shield of Alabama	
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RECOMMENDATIONS

808. Change personnel file management to reduce duplicate document filing.

The federal file and the state file contain duplicate documents which results in unnecessary file maintenance. When an individual is separated, the two files are combined and duplicate documents are removed.

809. Eliminate two state-funded positions from the Personnel & Administrative Division (P&A).

Prior to 1981, the state funded a position for managing the P&A division. In 1981, the National Guard Bureau (NGB) funded a federal position for this function which created a duplication of top management efforts and secretarial support. The new organization continues to provide federal positions for managing the P&A function and eliminates the need for these two state supported postions. A cost savings of $40,000 to $75,000 could be gained through reduction in personnel costs from the implementation of this recommendation.

810. Implement several process improvements in the Records Management Branch.

There should be no significant costs for implementing the work improvements except the cost of an answering machine and a new telephone line. Annual time savings are estimated to be 560 manhours.

811. Conduct a workload analysis for the Records Management Branch.

The type and volume of tasks performed by the Records Management Branch have increased significantly. Several opportunities exist for improving procedures to accomplish the Branch mission. The Department of Archives and History has expressed a willingness to assist the Branch in reviewing its procedures.

812. Automate and link the separated guardsmen files to a word processing system.

Two sets of individual data cards are maintained in the Records Management Branch. An automated database will serve as a source for the transmittal of personnel information from microfilm files and identification of individuals requiring retirement packages. Initial efforts to create a database will require hardware acquisition and software development. It is estimated that 740 manhours will be saved.

813. Replace the duplicate filing system for state-paid vouchers with a single, integrated file.

Vouchers are copied and maintained separately by vendor and by voucher number. The vendor file facilitates follow-up required on a particular vendor; the voucher file allows state auditors convenient access to specific vouchers for audit purposes. Using a single file will reduce the cost of copying support documents and reduce the time required for filing paid vouchers.

814. Modify the six digit organizational number utilized in the Chart of Accounts.

Modifying the number structure to provide one digit to identify the six major branches would allow three digits for the identification of armories and service contracts within a branch. This modification would eliminate the current manual record keeping required to compile this information.

815. Automate the purchasing function and "upload" to the Comptroller's computer system.

The purchasing function, and the associated log preparation, is a manual process. An automated system would provide for a one-time capture of required information. The estimated implementation cost is $8,000 in programming costs and $8,000 in hardware and purchased software.

816. Automate the inventory management function locally.

This function is automated on an inventory system provided by DSMD. To provide input to the DSMD system, a separate, manual inventory system is maintained. Local automation would provide a single source of up-to-date information on storeroom inventory to multiple users within the department. Local automation would reduce the monthly cost for DSMD processing by $250. Estimated programming costs would be $5,000.

817. Automate accounting for federal service contracts.

Maintenance and utility expense for certain facilities is paid for directly by the federal government. The Fiscal and Budget Branch is required to summarize and submit monthly reporting to the federal government for these expenditures. Automation of this function would allow a one-time capture of the expense information.

818. Automate the personnel/payroll management function.

The personnel/payroll data collection and reporting process is a manual system. Automating this application would reduce the workload sufficiently to allow one employee to complete the necessary functions and provide a single point of reference for employee requests for information. Savings of approximately $20,000 annually are estimated.

819. Automate the data collection and reporting function for state-wide armory maintenance.

The ANG is responsible for maintenance on 145 state-wide armories. Information required to manage this function is compiled manually. Programming costs are estimated at $5,000.

820. Utilize fully the self-help maintenance program.

The purpose of the program is to encourage local armory commanders to perform required minor maintenance functions. This program is not utilized by armory commanders. Full utilization of this program will generate additional administrative duties requiring a full-time position costing $20,000 annually.

821. Implement a four-day work week for state-wide maintenance crews during Daylight Savings Time.

Maintenance crews work eight hours per day, five days per week. Due to the nature of their work, a certain amount of set up and take down duties must be performed at the end of each work day. A four-day work week would eliminate one day of clean up time. Crew members are paid a per diem allowance of $40 per day. Elimination of one day's per diem per week would save approximately $28,000 annually.

822. Automate the construction project management function.

All construction project information is compiled manually. Automation of this and other project-specific data would provide more timely and comprehensive project management reporting.

823. Construct new armories from existing plans.

Because of the need for more expansive, mission-specific armories, armory construction policies include the development of unique construction plans for each new armory. Through the use of standard plans and the addition of a federally-funded mechanical engineer, the ANG will be able to perform architectural and engineering functions internally. This approach will save an estimated $75,000 annually.

824. Eliminate state positions as federal positions are funded.

The National Guard Bureau intends to expand significantly federal staffing for construction positions in Alabama. As these federal positions are filled, state positions will not be required.

825. Automate the process for producing individual orders.

Approximately 14,000 individual orders are prepared by the ANG each year. The process relies on manually-generated forms and results in the repeated duplicate access to and entry of information. Automation of the process would significantly reduce the high error rate and eliminate significant time delays and inquiries on order status and location.

826. Eliminate the State Defense Force (SDF).

The SDF is comprised predominantly of approximately 350 retired volunteer ANG members. The primary function of the SDF is to perform custodial and security duties at armories in the event that the ANG is mobilized. Implementation could result in a modest savings of $4,000 to $28,000. These savings, the principal reason for this recommendation, could result from the elimination of certain costs associated with the administration of this program.

827. Increase the accessibility of SIDPERS (Standard Installation Division Personnel Reporting System).

Information available through SIDPERS is not fully utilized. Additional terminals in Personnel and Administration, the Personnel Service Centers, and the Incentive Management Branch will require investment of federal funds.

828. Establish leadership for the development and implementation of information systems management policy.

Leadership for data processing and information systems management is split between two positions. These areas of operation do not overlap significantly. Over time, the uncoordinated implementation of new and revised applications on the mainframe, minicomputer, and various microcomputers will develop areas of duplication and overlap.

829. Develop an information systems plan.

The ANG developed an information systems plan in 1985. Time and resources did not permit user application requirements to be identified. An effective planning effort would require outside assistance. Assuming the ANG performed major portions of the study, the estimated cost would be approximately $35,000.

830. Limit the employment of state personnel.

Manpower requirements are established by the NGB at a level necessary to fulfill the federal mission. The NGB funds functional units of the ANG at a stated percentage of the total manpower requirements, typically the 90 percent level. Based on manpower requirements, funding levels, and state employees, the Air and Army Personnel and Administrative Divisions would be required to justify the additional state positions.

831. Eliminate the state-funded position of either the Executive Assistant or the Deputy Adjutant General.

Senior leadership within the Alabama Guard is provided by The Adjutant General, the Deputy Adjutant General, the executive assistant to the Adjutant General and the Chief Administrative Officer. The additional cost of retaining the executive assistant and the Deputy Adjutant General positions outweighs the benefit. Elimination of either position will result in cost savings of $14,000 to $60,000 in salary and benefits.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
STATE PERSONNEL DEPARTMENT

INTRODUCTION

The Alabama State Personnel Department (SPD) was established to implement the provisions of the Alabama State Merit System law which was passed in 1939. A State Personnel Board, composed of five members, has oversight responsibility for the functions of the (SPD). The Personnel Board appoints the State Personnel Director who is responsible for overall operations of the department.

The philosophy of the SPD has been to adopt a highly-decentralized personnel administration structure. This enables each state department to set personnel policies and procedures which are responsive to its unique circumstances.

STUDY TEAM

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RECOMMENDATIONS

832. Standardize new employee background investigations.

Departments have different procedures for conducting background checks. There is no centralized reference source for completed background investigations. The cost to implement would be minimal in terms of computer programming and clerical time. The benefits to be gained are reduced duplication of effort, standardized requirements, and litigation avoidance.

833. Develop a formalized manpower planning function.

There is no formal standard methodology to assess appropriate staffing levels for departments and functions in the state. Implementation would require hiring one professional staff member and clerical assistance.

834. Apply veterans' preference points only once.

Veterans are awarded five extra points on all test scores to determine standings on the job application and promotion registers. However, once in the system, veterans should not have a continued advantage over all other employees.

The benefits are increased supervisor discretion in hiring, improved employee perceptions of objectivity in selection and promotion, and enhanced recruiting efforts.

835. Reimburse candidates for their recruiting expenses.

Candidates for state jobs cannot be reimbursed for expenses incurred during the recruiting process. This limitation clearly puts the state at a disadvantage in relationship to private industry when recruiting skilled management and technical professionals. The cost of such recruiting expenses has not been estimated.

836. Develop a centralized personnel procedures manual.

Many departments are not fully aware of the capabilities and services provided by the SPD. Standardized procedures readily accessible to managers would enable managers to follow sound management practices, streamline administrative processes, enable managers to function more efficiently, and reduce legal exposure due to inappropriate actions by managers unaware of basic rules and regulations. The SPD would produce a manual costing $10,000.

837. Eliminate the five year reallocation rule.

This rule permits reallocation (or promotion to a higher job classification) if an incumbent has worked in the same position for five years.

This rule allows employees to bypass the standard promotional process under the merit system.

It is difficult to administer and is extremely subjective. Furthermore, the merit system has promotional procedures which are responsive to situations when promotions are warranted. Elimination of this rule would maintain and improve the integrity of the present job classification system by basing grade reassignments on job duties and market salary levels, rather than employee time-in-grade.

838. Study the feasibility of adopting an incentive program for management employees.

There are no incentive programs based on achievement of performance objectives to reward managers who operate on a cost effective basis. Managers and supervisors who reduce staff or cut costs may fail to receive recognition for these accomplishments and may have their budgets cut for the following year or have their jobs downgraded because they are supervising fewer people. The cost or savings cannot be reasonably estimated. (AMIP Board Comment: This recommendation may not be feasible to adopt in a governmental environment. If deemed desirable, the recommendation would require in-depth, long-term study).

839. Revise performance evaluation program to improve the pay for performance system.

A more definite link between pay and performance is needed. The system is too general and gives employees and supervisors little direction in what needs to be done by employees to generate a "meets standards" rating. An improved system can improve morale by providing reinforcement for good performance. Significant time will be required to implement an improved system including time to train supervisors and increased time to conduct reviews. It is anticipated that the first-year costs will be $100,000.

840. Seek legislative cooperation to reduce the impact of legislated general pay increases on pay structures including the use of lump sum pay increases.

The Legislature needs to realize that employees receive merit increases of up to five percent each year and are eligible for promotional increases when they receive promotions. Increases are awarded when employees pass their six-month probationary period. Across-the-board increases granted by the Legislature provide additional raises in addition to the existing raises awarded under the merit system. Actions taken by past Legislatures have distorted the state pay structure. The Legislature has a bona fide interest in the adequacy of state employees' compensation; however, actions taken by the Legislature should not have a permanent inflationary effect on the pay structure.

841. Change the payroll processing cycle to semi-monthly instead of bi-weekly thereby reducing the annual number of payrolls from 26 to 24.

This recommendation would reduce the manpower required to process two payroll periods each year. Minimal re-programming would be required.

842. Change certain state holidays to personal leave days.

Many departments would be able to keep offices open on state holidays which are not normally celebrated by private industry. Employees would have the same total number of holidays each year but would have more discretion regarding timing and use of holidays.

843. Conduct a study to assess economic impact of an early retirement program.

A number of employees would probably welcome the opportunity to retire with nearly full or enhanced retirement benefits. Depending on the level of incentive provided, the cost of the retirement plan would be the determining factor.

844. Communicate the total state compensation and benefits package.

The total compensation package for state employees including pay and fringe benefits, is very competitive. However, employees of the state generally do not appreciate the value of compensation and benefits provided to them; there is a widespread perception by employees that they are not adequately compensated. The state will be able to demonstrate to employees and to taxpayers that employees are fairly compensated for their work based upon an unbiased study by an outside group. Such a study would cost at least $20,000.

The following recommendations for the State Personnel Department resulted from the Information Systems Crosscut Study. Implementation of these recommendations will be carried out by this department.

845. Evaluate data processing requests.

Personnel, including the State Personnel Direc-

tor, expressed that in order for the department to realize additional cost savings through increased productivity, requests would have to be evaluated, prioritized, and implemented.

846. Develop a comprehensive data information systems plan.

There is no information systems plan. The new plan is a prerequisite for the SPD to begin meeting the information needs of the other state departments as well as its own needs.

847. Select and implement a Systems Development Methodology (SDM).

There is no established method for accomplishing the various tasks involved in the systems development process. Efficient and effective data systems project management demands a comprehensive SDM.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
DEPARTMENT OF PUBLIC HEALTH

INTRODUCTION

The mission of the Department of Public Health is the protection, preservation, and enhancement of the public's health through the promulgation of rules and regulations, provision of preventive and treatment services, monitoring of the environment and promotion of general health.

The department's authorization is established in Title 22, **Code of Alabama, 1975** as amended. The governing board for the department is the 16-member State Committee of Public Health which selects the state health officer. The state health officer is responsible for all operations.

The department's public health services are delivered state-wide by staff located in county health departments. Staff in the central office in Montgomery provides planning, evaluation, technical assistance, and program direction. Central office staff provides certain regulatory services, such as inspections of health facilities, radiological devices, dairies, and emergency medical vehicles.

During the 1970's, counties were divided into Public Health Areas. The purpose was to improve supervision of service delivery in local health departments. Operations of area counties are under the direction of an assistant state health officer who receives support from other area-level staff.

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RECOMMENDATIONS

848. Establish a uniform fee schedule state-wide for services provided by the department.

Fees which would recover part of the costs of services rendered would augment funds available to the department and enable it to expand programs and improve physical plants. The benefits to the public and the department from the added revenue, approximately $2.6 million annually, would be substantial.

849. Increase or add fees for the issuance of licenses.

Departmental units, which provide licensing services are not meeting expenses with revenues generated from the licenses. The proposed fees could raise total additional annual revenue of $476,000.

850. Receive the maximum amount possible in reimbursement from Medicaid for services rendered to Medicaid recipients.

The department provides four primary services for Medicaid recipients. Many services for Medicaid eligibles are being subsidized with state dollars because Medicaid does not reimburse the department for actual cost. The department should receive full cost reimbursement for services to Medicaid eligibles. Reimbursement for services provided for Medicaid recipients could be increased by approximately $1.3 million annually and eliminate state subsidies for the cost of Medicaid care.

851. Commit significant resources to the preparation and filing of the Home Health Agency Medicare cost report.

No one in the department has the time or knowledge to prepare an aggressive cost report maximizing all reimbursement due and allowable under law. A full-time position to collect cost report data would be funded by

increasing reimbursable cost not previously claimed due to lack of available staff time. It would be necessary to add a third party reimbursement staff accountant ($31,000) and a contract with an outside Medicare reimbursement expert ($22,500). The department would receive more accurate reimbursement for Home Health Agency services rendered to Medicare recipients; approximately $975,000 could be realized a year.

852. Establish position(s) to research and write grants available to the department.

There is neither sufficient staff time nor resources to properly research and pursue grants. In the area of long-term care, three known grants with an aggregate amount of at least $100,000 were lost this year due to the lack of time and personnel to adequately research and write the grants. The addition of one person to research and write grants would be approximately $43,000.

853. Seek legislation to increase fines on licensed or certified health care facilities for severe violations of regulations.

State law provides for a civil penalty of $25 per day for violation of health care facility regulations. Some operators will pay the fine rather than correct the deficiencies. A larger fine, such as a $5,000 maximum, will demand that more attention be paid to serious violations and ensure that problems will be corrected. The implementation of this system would have generated approximately $90,000 last year.

854. Seek additional funding for emergency medical services by adding a fee of $1.00 to the cost of licenses for motor vehicles.

Trained paramedics and emergency medical technicians (EMT) are a vital part of emergency health care delivery services in Alabama. Accidents involving motor vehicles often require calling paramedics and EMTs for emergency services. This fee would raise $3 million annually and eliminate the need for $254,488 annual appropriation from the General Fund.

855. Improve cash flow to the General Fund.

An average of three days additional interest could be gained on each deposit if daily deposits were made. Direct deposit or wire transfer of large checks from fiscal intermediaries to the treasurer's office should be considered. The additional interest income would be approximately $4,500 annually.

856. Form an EDP Steering Committee.

An EDP Steering Committee, comprised of both data processing and user representatives, should provide overall direction and guidance regarding data processing activities for all major projects. It would provide a user perspective in insuring the most effective allocation and use of data processing resources among all user divisions.

857. Develop and implement all major new data processing systems in accordance with a well-planned implementation strategy.

There is not a formal method for implementing new automated systems.

858. Identify the most cost effective means for satisfying information systems requirements within the Home Health Division.

The financial success of a Home Health agency requires significant management reporting capabilities, particularly in the areas of collections and account follow-up. This requirement has increased significantly in the past two years due to escalating Medicare Denials. With the denial rate at six percent and rising, it is becoming increasingly important to be able to effectively monitor and appeal those claims. Approximately three percent additional revenue ($420,000) can be realized through an aggressive denial appeals process made possible through automation of billing and collections procedures. This study will require significant time, particularly if it is conducted in-house. An outside study would cost approximately $20,000. If this study resulted in purchase of a packaged system, the cost would be approximately $40,000.

859. Develop a new automated system to more efficiently process paperwork associated with the Women, Infants and Children's Program (WIC).

WIC is a federally-funded nutrition program for women, infants and children who meet certain financial qualifications and are deemed to be at nutritional risk. The system is outdated and requires a vast amount of personnel effort at both the county and state levels. A contract with Tutwiler Correctional Facility for up to $100,000 of data entry services annually could be eliminated. Program development expense of approximately $150,000 would be required. An optical scanner with microfilming capability would cost approximately $300,000.

860. Maximize the capabilities of the current Local Government Financial System (LGFS).

The LGFS was implemented in October, 1986. Overall knowledge of system functionality by personnel is fairly limited. It is likely that the LGFS is being under-utilized. More effective utilization of system capabilities would save time and significantly reduce clerical requirements. An average of 15-20 percent of Finance Branch staff time could be available for other functions. Three data entry positions could be eliminated resulting in a personnel cost savings of $48,000 annually.

861. Conduct an in-depth evaluation of the cost accounting system.

Extensive reliance on funding from grants and cost-reimbursed services emphasizes the need for a system which properly documents and supports expenditures applicable to each grant or cost-reimbursed program. An initial review indicates that cost accounting needs are not being met fully.

862. Update the workload analysis system to compare county performance to a standard.

Each county's performance is based on a ratio of man-hours per unit of service which reflects actual productive hours per unit of service, compared to an aggregated state average of actual hours per program service unit. This method does not allow managers to develop reasonable targets for performance and work toward achieving the goals. Estimated cost is $6,000.

863. Implement an educational program for all employees to demonstrate the purpose of the Workload Analysis and Cost Accounting Systems.

Historically, area and county Health Department personnel have received only minimal, if any, training on the workload analysis or cost accounting systems.

864. Investigate the possibility of using the encounter form concept.

This concept will allow automation of data captured on encounter forms so that manual completion of client visit records, time study sheets, daily activity reports, and UB82's will not be necessary. The cost of re-designing the cost accounting, billing, and workload analysis systems is estimated at $28,000.

865. Audit the time and clinic activities.

Time study forms and county activity reports are the primary components of the cost accounting system. Every effort should be taken to ensure the highest level of accuracy. Annual savings are estimated as $5,800-$7,000 in personnel costs.

866. Review the activities and information flows of the Bureau of Vital Statistics.

This study should place particular emphasis on improving and reducing the bureau's paperflow, eliminating redundant and inefficient activities, and improving the overall effectiveness of bureau operations. An outside professional experienced in office productivity and records management should perform this study at a cost of approximately $25-35,000.

867. Use a modified purchase order form to initiate payment for that invoice.

The process of initiating payment for goods received is time-consuming and requires unnecessary effort on the part of Public Health staff. A modified purchase order form can eliminate unnecessary steps.

868. Study the feasibility of changing from a demand order system to a standing order system.

The only cost of implementation would be personnel time to establish stocking levels for all counties based on average monthly usage. A standing order system would reduce the fluctuations in the monthly amount of materials ordered, and allow Health Supply to better utilize personnel and pre-package county shipments before the anticipated shipping date.

869. Conduct a Phase II study to determine the feasibility of bidding medical supply vendors on a state-wide basis.

Each county clinic is responsible for procuring and maintaining an inventory of medical supplies for use in the clinic and in the home health program. Several clinics effectively maintain supplies on a consignment basis. To maximize efficiency, this method of supply procurement should be expanded to all clinics by utilizing one or two statewide vendors. It is estimated that better overall prices of supply purchases can be achieved for a cost savings of $200,000 annually.

870. Request Center for Disease Control in Atlanta to contract with one major supplier for primary tuberculosis drugs.

Using national contracts, a savings of at least 15 percent or $38,000 would be realized by implementing this procedure.

871. Raise the limit on non-bid items to $500 for consumable supplies and services.

Purchase of goods or services over $100 must be opened for bid unless telephone authorization is granted by Purchasing. The $100 limit was applied to counties over 18 years ago and to the state office over ten years ago and has not been indexed to inflation.

An estimated $81,000 in printing, telephone, and inventory reduction could be saved by implementing this recommendation.

872. Negotiate multi-year contracts for volume discounts on supplies and drugs.

All state contracts are limited to one year because of legal restrictions imposed to prevent obligating funds which may not be appropriated or could be prorated. Cost savings are possible by implementing multi-year contracts for certain goods and services.

873. Execute reimbursement agreements with non-government entities by obtaining final approval from the State Health Officer.

The department provides services to other entities and receives reimbursement for costs. Agreements are developed and reviewed in the department through the same process as contracts. The agreement is sent to the governor for signature although no state funds are involved. The recommendation would allow these agreements to be approved without the governor's signature and reduce implementation time.

874. Eliminate Internal Audit Office review of contract development and approval process.

The Internal Audit Office reviews all contracts at two points in the contract approval process. Internal Audit review could be eliminated because an audit sheet is attached to each contract and is a self audit.

875. Eliminate review in Department of Finance in the approval process for Public Health Department contracts which do not require Department of Finance approval.

The approval process includes review of all contracts in the Department of Finance prior to submission of the contract to the governor's office. This is an unnecessary step because most activities are exempt from Department of Finance contract approval.

876. Conduct business transactions with other state agencies through letters of agreement.

Most interagency business transactions which are performed for or by other state departments are contracted through a routine procedure which requires the governor's approval. This process is not a requirement of the Governor's Office or the Department of Finance and increases the time needed to execute contracts.

877. Establish an in-house travel department or contract with a travel agency to achieve the lowest cost air travel and hotel rates.

State employees are required to book air travel through American Airlines to all points directly served by American. A travel agency could select lowest fare regardless of airline, lowest hotel and rental car rates, rebate part of its commission to the state, and provide all necessary reports.

878. Develop a master facility plan for meeting physical space requirements.

A master planning effort would help ensure that the department makes the best use of alternatives available to it through efficient use of existing facilities, subsidized by other funding mechanisms where necessary.

879. Monitor the packaging of perishable shipments of vaccines in accordance with state and national guidelines.

This procedure to monitor shipments of perishable vaccines would help the state avoid costs of approximately $17,000 annually. In addition, this procedure will reduce the problem of unavailable vaccines in some county health department clinics. Estimated cost is $6,000.

880. Implement a quality assurance program to monitor service delivery by local health departments.

The department has a limited quality assurance program. The Inspection Branch conducts surveys on a randomly selected sample of food service establishments within each public health area. The liability associated with environmental health services dictates the need for review to ensure consistent and accurate application of services. Estimated cost is $5,000.

881. Establish quality assurance program for all clinic, outreach, and hospitalization services.

A quality assurance program will promote quality hospitalization and outpatient medical services provided or sponsored by the department. Implementation of this recommendation will facilitate fee-for-service approval for third party reimbursement for Medicare, Medicaid, and private insurance companies. Estimated cost is $5,000.

882. Provide accurate and timely results from the Bureau of Vital Statistics.

Checks and balances should be established to ensure accuracy of information, security, and controlled access. Estimated cost is $50,000.

883. Expand the duties of the Internal Audit Division.

A formal audit program has never been developed for auditing activities in the Finance, Vital Statistics, or Inventory Control functions. The function of the Internal Audit office historically has been restricted to compliance audits at the county level. The estimated personnel costs and travel costs involved in implementing this recommendation are $135,000.

884. Study the extent to which each unit provides services directly for other units.

Many units within the department provide support services for other units. Some services fall within the realm of overhead functions while others provide direct support services. There is inconsistency regarding procedures for charging for services.

885. Develop staffing criteria for integrated clinic services.

With the implementation of integrated clinic services in county health departments, obvious staffing criteria must be developed to ensure adequate staff to meet the needs of patients. The revised staffing criteria would maximize staff time, reduce bottlenecks in the clinic, and reduce patient waiting time.

886. Develop an ongoing training program for personnel working in local health department service sites.

The additional cost of this program will be a state coordinator's salary, benefits, and travel expenses totalling $27,000 annually. The success of local operations is greatly influenced by clerical activity. The lack of a formal ongoing training program for local personnel is detrimental to the department's success and a source of staff frustration which leads to inefficiencies and staff turnover.

887. Develop personnel standards for continuing education requirements for area coordinators.

Procedures do not set standards for area environmental coordinators. There is no perceived requirement of formal and continuing education requirements for these positions. These individuals should have advanced training to enable them to adequately support the county environmentalists.

888. Establish a personnel training network.

It is important to establish a network that addresses a universal needs asessment for both functional needs and skills enhancement with the trend toward total program integration for service delivery. This would be a very practical approach toward meeting the new and ongoing training needs.

The state training coordinator position would cost approximately $27,000 including fringe benefits and travel.

889. Reorganize the department.

The Legal Branch should report directly to the state health officer. The Hearing Aid Dealer Board should be moved from the department and placed in the Attorney General's Office. The role of the Office of Health Promotion and Education should be expanded.

The dollar benefits of enhancing the image of the Department of Public Health and seeking opportunities to increase revenues is difficult to determine. A concerted effort in raising funds from private sources could yield $100,000, and a five percent increased contribution from local governments would add $170,000. Estimated cost is $100,000.

890. Establish a core Area Management Team in each Public Health Area.

Public Health services are delivered in 67 county Health Departments at 85 sites. This large number of service sites complicates efforts to implement and supervise from the central office in Montgomey. Staff is needed in areas composed of multi-county arrangements to ensure orderly and timely implementation of department policies and programs in all service sites. Clerical Director positions do not currently exist but are greatly needed to organize clerical duties in the respective counties.

For the eight areas, the total cost would be $200,000.

891. Supplement existing activities to combat the AIDS disease.

By 1991, an estimated 2,500 to 3,000 AIDS cases will be reported in Alabama and an additional 187,500 individuals will be infected with the AIDS virus. Estimated cost is $1 million.

892. Encourage legislation to license and bond installers of on-site sewage systems.

The system used by the department does not require installers of on-site sewage systems to be licensed or bonded. The on-site inspections are not always effective in discovering violations. Implementation of this recommendation would save the department $87,000 in travel expenses by allowing environmentalists to approve on-site sewage disposal systems without visiting the site except to fulfull quality assurance monitoring.

893. Conduct a Phase II study to determine the feasibility of developing a worksite health promotion project for state employees.

Worksite health promotion projects are designed to determine the presence of health conditions which lead to illness and promote lifestyles which reduce the frequency and severity of illness. The estimated cost of implementing the project state-wide is $400,000 which includes $75,000 in start-up costs.

894. Conduct a Phase II study to assess personnel needs to implement long term care activities.

The development of home and clinic services for adults and children that require health services is needed on a statewide basis. Significant staff time will be necessary to conduct the study.

895. Establish a new nursing classification for the long-term care program.

To meet the needs of a changing health care delivery system, the department needs to ensure that nurses meet specific qualifications for recruitment and employment.

896. Integrate the Inspection of Care (IOC) function with the Division of Licensure and Certification.

The Division of Licensure and Certification can accomplish the requirements set out in the federal regulations through the integration of both IOC and Licensure and Certification survey processes.

This recommendation would increase cost effectiveness by reducing personnel costs by $233,000 and provide a direct annual savings of $28,000 per year in travel costs.

897. Pursue funding for implementation of a comprehensive plan to improve Alabama's perinatal health care.

Alabama has one of the highest infant mortality rates in the country. A comprehensive program of perinatal care services is needed to reduce the incidence of infant mortalities and debilitating conditions leading to permanent handicaps. The cost of implementation would be $8.2 million.

The following recommendations for the Department of Public Health resulted from the Information Systems Crosscut Study. Implementation of these recommendations will be carried out by this department.

898. Develop a comprehensive information systems plan.

Information systems and data processing decisions are made on an ad hoc basis. The lack of an information systems plan prevents management from understanding the implications of resource allocation alternatives. The lack of a formal plan, including milestones for indicating progress, inhibits management from holding data processing personnel accountable for the expenditures of the resources allocated.

899. Develop a disaster recovery plan.

There is no disaster recovery plan which predefines the steps taken to ensure the department would be able to continue processing its data in the event a disaster occurred.

900. Select and implement a Systems Development Methodology (SDM).

There is no established method for accomplishing the various tasks involved in the systems development process. Efficient and effective data systems project management requires an adequate and comprehensive SDM.

901. Establish a steering committee to allocate data processing resources.

Information systems and data processing resources are allocated to provide service and to meet the information needs of the department and other users. Consequently, users should have access to the decision processes, which result in the allocation of information systems data processing resources. Communication between users and information systems personnel will substantially improve the service and products provided.

902. Define requirements for the WIC (Women, Infants, and Children) system.

The WIC system is inadequate to meet state requirements. Some staff members, including the department chief fiscal representative, have suggested an electronic data system. Based upon experience in neighboring states, this

could provide service faster and more economically than could departmental resources. Others, including the department data processsing manager, favor internal departmental development of a new WIC system with the expectation that department requirements could be more fully addressed by custom development.

903. DSMD should review and approve the statewide information system network design.

The Review Team is concerned that the communication line speed and cost will be excessive for the proposed network design. There is concern regarding the ability of the department and county offices to support remote communication lines attached to System 36's located in county offices.

904. Define the training needs for the Health Data Systems personnel.

The department plans to train county staff to use the new statewide information system. The data processing manager shares concern with the Review Team regarding the ability of this staff, at its current level, to provide required training.

905. Ensure that data processing personnel are properly classified.

The Review Team observed that some data processing personnel are working out of their job classifications.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
DEPARTMENT OF PUBLIC SAFETY

INTRODUCTION

The mission of the Department of Public Safety (DPS) has evolved from its original charter of ensuring traffic safety on Alabama highways to a complex public safety organization.

Mandated by legislation, regulation, and judicial decision, the department's comprehensive mission of protection and preservation of peace, security, and order for the citizens of the state, involves licensing, permitting, criminal investigation, apprehension, and general law enforcement.

To meet these requirements, the department's scope of activities covers the following general and specialized services:

, Driver examining, licensing, improvement, and safety responsibility programs.

, Investigation, apprehension, and recovery activity in areas involving narcotics, homicides, theft (including automobile theft), and missing persons, especially children.

, Accident investigation and reporting; enforcement of motor-vehicle, truck-weight, and safety laws; maintenance of order and control during natural disasters and major civil disorders; and monitoring the transportation and disposal of hazardous materials.

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RECOMMENDATIONS

906. Restructure the DPS into a geographically-decentralized operating organization with a centralized administrative and quality assurance staff.

An excess amount of coordination is required to provide enforcement and service to the general public due to the centralized structure of the department. Decentralizing the functions of enforcement, licensing, safety education, training, and records management could be more efficiently accomplished by creation of area commands. This organization would create a greater sensitivity at the local level for citizen needs and would place accountability at the local level for total accomplishment of the departmental mission and the maximum utilization of personnel.

907. Consolidate the information systems management function.

Most of the administrative and record keeping tasks are processed manually which causes under-utilization of uniformed officer time and requires more clerical support than should be necessary. It is essential that an enlightened perception of the role of information management be applied to the DPS information systems function. The ability to use computers and telecommunications creatively to collect, analyze, and distribute information will spell the difference between excellence and mediocrity. Estimated cost is $200,000.

908. Establish a long-range plan.

A long-range plan and annual process would identify, describe, and prioritize resource issues, problems, and trends. An integrated and comprehensive approach to solutions and resource allocation would be ensured.

909. Recommendations 910 through 924 address new fees or changes in fees.

The guiding principle for increasing the level of charges, or adding new fees is that the burden of fees should be borne by those who caused the services to be rendered.

910. Increase the price of motor vehicle record checks.

This fee has not been adjusted since 1983. Each $1 increase in motor vehicle record checks will result in approximately $1 million net revenue. An increase to $7.50 will result in a net increase of $3.25 million. Additional accident report revenue is estimated to be $50,000.

911. Eliminate learners' permits and issue restricted four-year licenses.

The handwritten learner's permit does not require a photograph. Learner permit data is not entered into the DPS computerized license system. In 1986, 106,449 learner permits were issued. At a rate of an estimated 107,000 (1986 permits) annually, approximately $1.9 million in net revenues could be collected. The costs of manually writing and tracking permits would be eliminated.

912. Increase the license reinstatement fee from $25 to $50.

The cost of this service has not been re-evaluated since 1971. Other states such as Florida and Tennessee have raised reinstatement fees to as much as $65 and charge for each action. Based on 1986 statistics, the revenues generated should be approximately $1.87 million.

913. Increase the price of a drivers license from $15 to $20.

To raise revenue, the fee for approximately 650,000 licenses issued annually could be raised $5 which would be the highest level among neighboring states. There would be a net annual increase of approximately $960,000.

914. Increase the charge for a duplicate license to $5 for the first duplicate and $15 for the second and subsequent duplicate licenses within the renewal period.

In 1986, 100,345 first-time duplicates and 14,034 second and subsequent duplicates were issued. The current charge is $1.50 for the first duplicate license and $4.50 for the second and subsequent duplicates. Increased revenue based on 1986 information would be approximately $400,000.

915. Increase the price of non-driver identification cards from $15 to $20.

Approximately 15,000 non-driver identification cards were issued from October, 1985 to September, 1986. The photograph and information contained on these cards should be updated regularly (same cycle and fee as driver licenses) so that valid identification information, e.g., place of residence, would be on the card. Cards are issued for life and can contain inaccurate information. This increase would provide added net revenue of $50,000, recoup cost of service, and provide more accurate data.

916. Increase the $5 charge for photographs produced by DPS to $7.50 each.

The demand for photographs is increasing. This increased charge will assist in recouping cost. This increase would bring service charges in line with other local private services, produce an estimated $5,000 annually in net revenue, and discourage frivolous usage.

917. Charge for criminal background record searches currently conducted by the Alabama Bureau of Investigation Division.

Service is provided at no charge to industry. Fees would recoup cost, eliminate unnecessary usage, and reduce frivolous requests. If demand should be 50 percent less, this fee would potentially generate an additional estimated $1.2 million in revenues annually.

918. Apply a $10 late fee to all Uniform Traffic Citations (UTC) after the court date has passed.

Court personnel expend significant amounts of money and man-hours handling correspondence to notify violators of overdue traffic fines. Approximately 144,000 UTC's are paid after the court date has passed. This fee would generate an estimated $980,000 annually, if 30 percent of the violators continue to pay their fines late.

919. Establish a $50 commercial drivers license fee.

DPS will be required by federal law to have this testing process in place and operational or lose federal funds. Commercial drivers are proportionately heavy users of the traffic system and will require special testing. Other states have implemented additional charges to fund the development of this licensing process.

Based on an estimate of 87,000 commercial vehicles in the state, a conservative estimate

of the number of commercial drivers' licenses to be issued is 130,500 (32,625 per year for a 4 year license). This fee would produce a net revenue flow of $875,000 annually to fund federal requirements.

920. Charge a $50 fee if a revoked or suspended license is not surrendered within 30 days.

Many citizens whose licenses have been revoked or suspended fail to surrender those licenses. Approximately 40 percent of the individuals contacted by DPS personnel regarding a suspension or revocation state that they have lost their licenses. This fee will compensate the department for resources and manpower expended in the efforts to secure compliance. The additional fee would generate an estimated $650,000 in revenue.

921. Charge $50 per hour for trooper time spent with insurance agents and lawyers in civil cases.

Approximately 500 troopers spend an estimated one and one-half hours per month providing this service at no charge. The state needs to recoup the expenses incurred in non-criminal matters. Revenue should be approximately $335,000 per year.

922. Require licensee to obtain a duplicate license after revocation or suspension.

If a license is revoked or suspended, it is held by DPS and mailed to the licensee when the revocation or suspension period is over. Approximately 43,600 licenses are collected, stored, retrieved, and mailed annually to the licensee at the expense of DPS. This process takes an estimated 1,250 man-hours per year; the burden should be on the licensee and, not on the DPS. DPS would gain $135,000 estimated net revenue.

923. Charge $5 for the second and subsequent DI-12's (re-license authorization) and clearance letters.

There is no control over the number of DI-12's issued and no charge for this service. This charge will yield additional revenue of $10,000 based on an estimated 5,000 annual requests.

924. Charge $250 for licensing and inspection of a new wrecker service and $50 for an annual renewal fee.

Highway Patrol Division supervisors are required to investigate towing service companies which apply for addition to the wrecker rotation list. This investigation usually requires a minimum of 10 hours at an average of $125 per case. Inspection (initial) fees would generate an estimated $12,500 annually. Annual fees would generate an estimated $20,000.

925. Expand the personnel function to an up-to-date human resources function.

Fifteen years of judicial oversight of the DPS is due to judicial interpretation of DPS non-compliance with the law. The perception has grown that a policy of adaptation and response, rather than active improvement, has been operative. Unilateral establishment of the human resource function, creation of the plan, and implementation will allow the DPS to control its personnel function.

926. Equip troopers with hand-held radios.

When troopers leave their vehicles, they have no contact with their dispatchers. Communication is a vital link for the efficient operation of the department but, more importantly, for the safety of troopers who are at high risk due to one-man operations and lengthy back-up response time. Estimated cost is $900,000.

927. Study word processing needs.

Secretaries type letters, manuals, and forms on a variety of equipment. There is severely limited word processing equipment and training. This study may result in a standardized system, reduce retyping, improve morale, improve turnaround, reduce errors, and produce more creditable documents.

928. Combine all investigative information in one computer system.

Three systems are used to maintain investigative information. Immediate access to the information is not available with these systems. Combination on one system would put all investigative data on one interactive system, eliminate redundant data entry, and produce a potential savings of one person per area. Estimated cost is $45,000.

929. Study the current financial services process.

The record keeping process appears to be redundant and inefficient. The magnitude of the problems and potential opportunities for improvement require a detailed study beyond the time available to the project team. The study could result in reduction of duplicate clerical activities (potentially 102 man days per year), potential reduction of clerical support requirements, and provision of timely and accurate information.

930. Create a master equipment and facility plan.

The age, condition, and needs assessment for equipment and facilities requires a comprehensive and integrated long-range plan. The concerns for DPS cost effectiveness and efficiency require a plan which reflects organizational planning, structure and systems integration to ensure compatibility, rather than a fragmented or incremental approach.

931. Study the replacement of enforcement vehicles.

Lack of funds has prevented the timely replacement of departmental vehicles. The department is considering the one-time rebuilding of vehicles at a minimum cost of $6,000 each to effectively double the life of a car. The cost of a new patrol vehicle is approximately $12,000. This alternative encourages the expensive growth of the automobile shop.

932. Remove asbestos from department facilities.

Known asbestos materials in Montgomery and Selma are hazardous to employees and visitors. The department may be liable in future civil actions because asbestos is a known cancer-causing agent. Removal would eliminate a health hazard and potential civil liability. Estimated cost is $500,000.

933. Develop a comprehensive training program.

There is no formal training on a regular basis for clerical, first-line supervisors, or upper management personnel. Sworn officers receive a majority of their training in one six-month block at the initial time of employment. Specialized training is provided, when available, for employees engaged in specialized tasks. A comprehensive training program may reduce the present attrition percentage.

934. Establish a cost accounting function.

Due to the lack of a cost accounting function, there is no cost basis or justification for fees charged. It is difficult to secure timely legislation to change fees. The proposed change will allow both DPS and the Legislature to have a factual basis from which to act and provide guidelines. Estimated cost is $40,000.

935. Review the budgetary and planning process.

The budgetary process is concentrated in one administrative area. Local administrators do not receive cost center budgets or expenditure reports. Local accountability and ownership/support of both planning and cost control are not encouraged.

This review would result in more detailed and change-sensitive plans. It would require scrutiny of major projects and cost effectiveness on a regular basis. An analysis of costs may create priorities and have a positive impact on the budget.

936. Study the feasibility of transferring the Motor Vehicle Registration and Title sections from the Department of Revenue to DPS.

Information pertaining to drivers and their motor vehicles should be consolidated in one department. The transfer would ensure that law enforcement needs are addressed and would provide an efficient and less costly administration.

937. Reimburse mileage in lieu of assigning state vehicles.

Department vehicles are being under-used or used primarily for commuting to and from work. The high cost of new vehicles (approximately $12,000) creates a shortage due to budgetary deficiencies. These vehicles are primarily used by drivers license technicians. Net savings are estimated to be $70,000 assuming 550,000 miles of annual usage.

938. Establish technical positions for functions which do not require arresting officer capability.

Trained arresting officers are staffing functions which do not require arresting officer capability. There is a deficit of trained arresting officers for enforcement duty. Trained arresting officer capability would be better utilized. Estimated cost is $800,000.

939. Hire clerical employees to relieve corporals doing clerical work.

The use of corporals for clerical work is neither efficient nor cost effective. Nine corporals will be available for other duties through the elimination of corporal clerical tasks. Estimated cost is $200,000.

940. Establish eight hour shifts for the Highway Patrol Division.

The meal/break practice and procedure interrupts the potential designated area coverage time of 350 troopers by 525 man-hours daily. This coverage gap requires response to accidents and emergency

situations by troopers assigned to other areas who are not on mealtime. This change would provide uninterrupted trooper coverage in assigned areas, reduction of scheduling/load problems, reduction of radio traffic, and reduction of record keeping.

941. Change the purchasing process.

The purchasing process is redundant and lengthy, and accountability for accuracy is not at the division level. Changes could eliminate redundancies, improve accuracy, and eliminate aqpproximately 43 man-hours per week.

942. Consider leasing vehicles for the Executive Security Detail.

Executive Security detail vehicles are equipped with amenities not required for pursuit vehicles and are more expensive than standard police vehicles. Leasing vehicles is recommended due to the high mileage and heavy maintenance requirements for Executive Security Detail vehicles. Maintenance would be provided by the leasing company. After usage, the vehicles would be returned to the leasing agency.

943. Change the productivity measurement system for arresting officers.

The Daily Activity Report measures frequency of contact. The proposed change introduces the element of value-rating contacts which afford direction and meaningful performance evaluation. Changes would increase morale of troopers, provide better administrative information, and result in more accurate evaluations.

944. Assign technicians to drivers license and vehicle tag investigation.

Approximately 18 troopers are assigned to license and tag investigation to secure leads on offenders. This preliminary work does not require the expertise of an arresting officer. Eighteen troopers would be available for performing other law enforcement functions. The cost of preliminary inquiries would be reduced through the use of clerical personnel.

945. Seek federal grant monies to improve communications facilities.

Base stations are typically over 15 years old. Two base stations are borrowed (and subject to return) from the National Air and Space Agency; two others were salvaged from discarded Birmingham Police Department equipment. No means are available for audio logging (at the post level) or logging telephone communications. The grant should provide electronic logging, easy access to logged data, future use of mobile computer terminals, measurement of activity and load levels, increased efficiency, and reduced operation costs.

946. Evaluate the establishment of a building maintenance unit.

The absence of routine and preventive maintenance constitutes a misuse of taxpayer investment. Of the eighteen trooper posts, eleven suffer from major flaws due to age and/or lack of routine and preventive maintenance. A maintenance unit could avoid major capital programs to rehabilitate substandard facilities, maintain market value, preserve and protect public property, and enhance state and DPS public images. Estimated cost is $150,000.

947. Study office needs and space available.

Known problem areas at headquarters and in the field require a comprehensive study. Facilities would be designed for needs for the next 25 years with the capability for further expansion as needed. Consider lease/purchase as an alternative if capital is unavailable.

948. Study the feasibility of establishment of a consolidated supply facility.

The supply system is inefficient due to multiple distribution points. The headquarters building is utilized as a warehouse on all six floors. A consolidated facility would provide an efficient supply and inventory system, release valuable space at headquarters, and reduce personnel.

949. Establish regional drivers license offices.

Many counties have offices open only one day per week. Applicants in these counties are not permitted to be tested at other locations. Offices are being closed at the times of greatest public convenience. Regional offices could increase service to the public and expand hours.

950. Duplicate license applications should be approved by a drivers license examiner.

There is no control over the issuance of duplicate licenses. DPS is not always contacted when a duplicate is requested. There is no standard method used to verify that the applicant is legitimate. Implementation of this recommendation would provide more control over issuance of drivers licenses and potentially decrease fraudulently obtained licenses.

951. Eliminate the road testing requirement.

Approximately 625 man days a year are spent retesting licensees whose licenses have been revoked or suspended. It is the opinion of the drivers license members of this Review Team and those interviewed by the team that those licensees know how to drive, but due to alcohol, drugs, excessive speeds, etc. have had their licenses revoked or suspended. It is their opinion that road testing is an unnecessary process.

952. Train division personnel to record expenditure codes.

All requisitions are forwarded to Financial Services to record the expenditure code. After entry, the requisition is returned to Purchasing. This work step could be eliminated. Accountability for accuracy would be at the division level.

953. Create a forms management system.

There is no formal review of forms usage. Many forms are obsolete or have been superseded by new forms. Decentralized ordering of similar forms creates small lot runs or reprints at frequent intervals. Many forms are reproduced on copying machines. Forms management would reduce confusion and errors, reduce printing and copying costs, and reduce storage space.

954. Upgrade the photography laboratory.

The laboratory operates with a color printer purchased with federal grant monies in 1967. Replacement parts are no longer available. Color is inconsistent or is so diluted that it is not suitable as evidence in court. Improved equipment would produce quality photographs acceptable by the courts, decrease current backlog, eliminate hand numbering, and allow the department to process contract laboratory work for other departments. Estimated cost is $60,000.

955. Establish a drug testing program for new employees and for reasonable cause.

There has been a marked increase in the use of illegal drugs in Alabama and across the nation. DPS is charged with protecting the public; therefore, it must ensure that its personnel are above reproach. A drug testing program would uphold the image of the department, provide a screening mechanism, and identify those employees with alcohol or drug problems to assist them in recovery. Estimated cost is $30,000.

956. Enable the Alabama Bureau of Investigation (ABI) to execute search warrants.

Execution of search warrants is delayed or compromised because the ABI does not have the authority to execute search warrants. This authority would improve criminal investigations and provide for greater confidentiality in the case of governmental abuse.

957. Secure legislation to return proceeds from confiscated property to DPS and other appropriate agencies.

Arrest only temporarily stops illegal activity; confiscation ends the activity by destroying the resources of illegal enterprises. A state law, which parallels federal law, would enhance utilization of all law enforcement agencies in Alabama. This law would potentially reduce criminal enterprises in Alabama and should strengthen law enforcement capability.

958. Adjust radio maintenance, installation, and repair rates to conform with local rates charged by private services.

Rates charged for radio service are significantly below local private service rates and should be adjusted to raise revenues. At the present levels of usage, a total of $270,000 would be generated.

959. Establish a policy for the assignment of vehicles.

There is no policy for assigning and replacing DPS vehicles; assignments are made on a discretionary basis. The department could reassign approximately 45 vehicles to areas of more critical need.

960. Study the feasibility of eliminating all DPS gas pumps except at major posts.

Time and gasoline expended driving to and from DPS gas pumps may negate the cost savings. Underground storage tanks can be a substantial liability. Elimination of DPS pumps could decrease potential liability and provide a more efficient and time-saving method of securing gasoline.

961. Study the possibility of implementing a nationally-recognized accredited law enforcement program.

A nationally-recognized program would help the department meet its mission of providing law enforcement services to the people of Alabama, would raise the level of service, eliminate substandard practices, and institute proven methods.

962. Study industry reimbursement for expenses related to hazardous material equipment used in emergency situations.

Hazardous material accidents can produce expensive emergency operations for DPS personnel. As in other states, the responsible company would reimburse DPS for the man-hours and materials utilized to protect the public following accidents.

963. Further study the use of credit cards for payment of services by the public.

Use of credit cards will allow the citizens to obtain copies of documents without traveling to Montgomery. It would serve to reduce the congested parking at headquarters.

964. Study the feasibility and desirability of offering drug testing to law enforcement agencies in the state.

DPS has the credibility with other law enforcement agencies to offer this service. DPS will eventually implement this process and could defray the expenses by offering the services to other agencies. Drug testing would improve the quality of personnel in state law enforcement agencies and defray the expenses to DPS.

965. Study the feasibility of adjusting Police Academy Specialized Training to a $25 per day charge.

The Police Training Academy delivers first class police training at a very low service charge. A flat rate is charged for each class regardless of the class length. While detailed cost justification is not available for this recommendation, the fee is below training fees charged by other states and is considerably less than that charged in the private sector. Increased fees would generate additional funds for supplies, equipment, and improvements in classroom facilities.

966. Study the possibility of building firing ranges in several areas of the state.

Troopers and all other sworn law enforcement officers travel annually to the firing range at Selma. Travel time represents approximately 1,400 man-hours annually.

967. Allow an immediate one year suspension for fraudulent attempts to obtain an Alabama license or duplicate.

Allow drivers license examiners to issue a UTC with a fine of $50 for such action. Florida follows this procedure. Secure additional information from that state to establish procedures. There is no suspension or fine for attempting to fraudulently secure a license or a duplicate unless an arrest is made.

968. Replace the existing heating/air conditioning system in the Jacksonville district office with an energy efficient system.

The system in Jacksonville is an expensive arrangement and consumes a disproportionate share of resources and manpower. Discounting labor and parts costs for the system, a new system would pay for itself in 2.6 years through utility savings of $10,000 per year. Estimated cost is $40,000.

969. Develop clerical staff program.

The program should be designed to improve morale, identify equipment and office needs, enhance personal safety, provide information exchange, require formal training, and require equitable pay treatments.

970. Study the possibility of providing insurance companies with direct access to public accident and drivers license records while retaining full control of the information.

The insurance industry is the largest DPS customer. The service would be enhanced and of greater value with an on-line capability. There is potential for reduction in manpower and costs associated with providing the service.

971. Purchase anti-glare screens for computer terminals where operators spend extended lengths of time viewing the visual display terminals.

Screens should improve job performance by minimizing fatigue caused by eye strain. Estimated cost is $4,000.

972. Develop a plan to back up personnel file records.

In the event of a disaster, accidental eliminations, or deliberate modification/elimination of records, a back up copy would be available. If no back up copy is available it would take numerous man months to reconstruct personnel data. In some cases, personnel data could not be reconstructed.

973. If Motor Vehicle Registration is transferred to DPS, study the feasibility of providing a personal computer to accomplish registration in each Probate Judge or Commission of License location in each county.

By allowing probate judge personnel to input motor vehicle license information, immediate update of records and the automatic issuance of a tag receipt will be accomplished. This action is processed manually. This would save

approximately 25 data entry people at an annual savings of approximately $550,000.

974. **Review the automated Procurement and Accounts Payable Systems of the Retirement Systems of Alabama (RSA) to determine the feasibility of installation at DPS.**

The Financial Services section has reviewed the RSA Procurement and Accounts Payable Systems; with minor modifications, functions performed manually could be automated.

The following recommendations for the DPS resulted from the Information Systems Crosscut Study. Implementation of these recommendations will be carried out by this department.

975. **Hire a Data Processing Information Systems Manager II.**

The DPS needs strong leadership to manage the information systems function. The department has a tremendous requirement to automate manual information systems. Office automation needs are critical. Good management and interpersonal skills are needed. Leadership is needed to improve morale and prevent the loss of data processing personnel. Estimated cost is $50,000.

976. **The Information Systems section should report to the Department Director or Assistant Director as a staff function.**

The Information Systems section is part of the Drivers License Division and directs most of its efforts to that division. As a result, other divisions have not had information needs addressed.

977. **Develop an adequate information systems plan.**

The DPS has little office automation. Only the Drivers License and Administrative Divisions and the Intelligence Unit have automated systems. The Highway Patrol Division, ABI, and the Service Division have no automation. Significant personnel and equipment resources will be required during the next several years to meet information and office needs. The information plan can help the DPS to accomplish its mission in the most efficient and effective manner.

978. **Develop a disaster recovery plan.**

There is no disaster recovery plan which predefines the steps which would have to be taken, to ensure that the department would be able to continue to process its data in the event a disaster occurred.

979. **Select and implement a Systems Development Methodology (SDM).**

There is no established method for accomplishing the various tasks involved in the systems development process. Efficient and effective data systems project management demands a comprehensive SDM.

980. **Identify data processing and management training needs and schedule appropriate training.**

The staff has received little education in the last several years. Morale is low. Technical skills proficiency should be maintained.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
DEPARTMENT OF REVENUE

INTRODUCTION

The Department of Revenue was created in 1939 to administer and supervise the collection of taxes. The department is functionally divided into several divisions. The Income Tax Division administers individual and corporate income taxes, financial institution excise taxes, withholding income taxes, and the estate tax. The Sales and Use Tax Division administers the state sales and use tax program and the sales and use tax for approximately 350 local governments. Eight field districts and the Foreign Audit Section provide the audit function to assure taxpayer compliance. The Motor Vehicle Division supervises the manufacture, storage, distribution, and sale of license plates; and administers the Alabama Uniform Certificate of Title and Antitheft Act. The Natural Resources and License Tax Division administers nineteen state revenue laws and twenty-one county levies including the taxation of gasoline and other motor fuels, tobacco products, and severance taxes on gas and oil and other natural resources. The Ad Valorem Division administers the state-wide reappraisal program, supervises various county boards of equalization at the local level, and administers deeds and assignment tax laws.

STUDY TEAM

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RECOMMENDATIONS

981. Revise the organizational structure of the department.

Reorganization is needed to reduce the levels of supervision. Similar functions should be combined and strong managers, as opposed to competent technicians, should be placed in all responsible positions. A cost savings would be realized over a period of years through attrition.

982. Appoint one of the three supervisors at each Taxpayer Service Center to be the Commissioner's Representative.

The position of commissioner's representative is designed to establish and administer consistent personnel policies for all employees in the field office. This representative would address general departmental matters of administration without interfering with the examination/collection line of control by the operating divisions.

983. Institute a management development program.

Many employees have been promoted to supervisory positions because of their technical abilities and have not had the opportunity to develop management skills. Managers are not being held accountable for performance evaluations and for goal setting. A consultant may be used to implement this recommendation at a projected cost of $30,000. This program would improve productivity and accountability of managers and improve employee morale.

984. Define the goals and objectives of the Personnel Division.

The Personnel Division is trying to implement new programs with inadequate staff, a lack of support and direction from management, and increasing demands for services to personnel. Employee morale would be increased because personnel processes will be completed on a timely basis. Effectiveness of the division would improve through employees having a clear understanding of their goals and objectives.

985. Address the critical problems within Information Systems (IS) as they relate to organization, management, staffing, facilities, and training.

Automation in the operating divisions is either insufficient or inadequate to meet volume and audit requirements. There is a large backlog of requests from divisions for IS support. Managing and controlling IS would reduce the backlog of requests for computer systems and modifications to systems. Installation of automation would lead to the reduction of operating expenses.

986. Implement the Automated Revenue Information System (ARIS).

The department has placed total dependence upon the installation of ARIS to satisfy a large number of its processing problems. Anticipated expenses associated with this project are significant. Unless ARIS is properly managed, it is not likely to be installed on schedule and the final expense could be far greater than budgeted. ARIS would provide significant reductions in operating expenses within the department as well as generate added revenue through improved auditing and enforcement of compliance in the collection of taxes.

987. Upgrade the position of chief of the Information Systems Division to Data Processing Manager II.

Management of the division would be strengthened. Problems include low productivity, minimal planning, backlog in Data Processing Requests, failure to clearly define priorities, and no formal training program. The estimated annual salary plus benefits for a Data Processing Manager II is $58,000. A qualified data processing manager would improve IS service and would increase the probability of the successful implementation of ARIS.

988. Develop a management control system to monitor the status of requests or recommendations sent from Information Systems to DSMD for approval.

There are delays in obtaining DSMD response to requests for approval of equipment, personnel, and training. Reminder dates should be established, and, if not met, delinquent actions would be referred to higher level management.

989. Eliminate redundant data entry in processing individual income tax refunds.

Individual tax refund returns are keyed and verified soon after receipt. After verification and certification, the returns are sent to the Data Entry Section where the names and addresses are rekeyed. This rekeying results in an additional 120,000,000 keystrokes annually. Cost savings of $100,000 through a staff reduction of 7.5 data entry positions is projected. Programming costs are estimated at $4,000.

990. Increase data entry production by having source documents properly sorted and edited before sending them to the Data Entry Section.

Data entry operators are not able to work at an optimal level because they are required to sort incoming documents and perform additional clerical activities. Increased data entry productivity would allow for the attrition of five data entry positions at an estimated cost savings of $80,000.

991. Provide better working conditions for programmer/analysts, including more space and better work stations.

Programmer/analyst work stations lack privacy, adequate working area, and sufficient storage space. To rent additional space would cost $15,000 per year. Additional furnishings and equipment have an estimated one-time cost of $40,000.

992. Appoint a training coordinator to develop and monitor an on-going program for updating technical and business training for all information systems personnel.

A properly-trained staff, especially programmer/analysts, with a working knowledge of the department is essential for providing effective and efficient support services. Productivity, communication throughout the division, and morale would be improved. Programmer/analyst productivity would improve by 20 percent.

993. Study Tax Reform.

Revision of tax laws could improve efficiency in administration and result in savings for individual income taxes in printing, data entry, and personnel costs. Other benefits would include more equal distribution of the tax burden and increased stability of funding for the state.

994. Continue and expand the Federal/State Information Matching Program for Corporate Income Tax.

This program matches information furnished in machine readable form by the IRS on files such as the Federal Business Master File (BMF) and the Audit Information Management System File (AIMS) with department data.

The cost of the BMF Project was approximately $6,000. Additional revenue estimated at $250,000 would be generated by comparing the BMF and AIMS data with state data for corporate income tax returns.

995. Increase the size of the Corporate Income Tax Foreign Audit Unit.

For the fiscal year ended September 30, 1986, the staff of auditors produced over $10.1 million in gross revenue while incurring just over $248,000 in direct expenses. The ratio of gross revenue to direct expense for that period was nearly 41 to 1. To adequately expand this unit would cost approximately $200,000 annually. Assuming a more conservative return of 25 to 1, the additional revenue collected would be $5 million.

996. Cross-match employer-submitted magnetic tapes of W-2 information to income tax return data file.

The primary objective of this program would be to detect non-filers, fraudulent wage statements, and altered wage statements. This program would require two clerical employees at a cost of approximately $35,000 per year. An increase in tax revenue will result from implementation but the amount cannot be reasonably estimated.

997. Assign personnel to the Income Tax Division to work with data received from the IRS under the exchange program.

The data received from the IRS is not being fully utilized in its enforcement and compliance program due to a shortage of personnel and inadequate information systems support. Projected personnel and programming costs are $72,000; additional revenues are expected to be $250,000.

998. Create a file of social security numbers of all Alabama taxpayers formatted to interface directly with IRS systems.

Some Alabama taxpayers report all income correctly on the Federal return but not on the Alabama return because the taxpayer may omit income derived from sources outside of Alabama or not file at all. The estimated cost for computer programming is $4,000.

999. Assign personnel to the CP-2000 program in the Income Tax Division.

Revenue examiners working in the CP-2000 Program have been able to generate annualized additional income tax revenue of $375,000-$400,000. Salaries and benefits for four revenue examiners and two clerks would cost approximately $150,000 per year. Revenues of approximately $1.6 million would be generated each year.

1000. Introduce legislation to accelerate the payment of Utility Licenses and to require Utility Licenses be paid within 15 days of the end of a quarter.

An inordinate amount of time elapses between the collection of these funds by the utility companies and remittance to the state. Utility Licenses are being collected by the state quarterly, following the previous fiscal year.

Implementation would provide a one-time acceleration of cash to the state of approximately $42.5 million. This increase would be a one-time only cash flow and should not be used by the administration or the Legislature to fund normal operations or employee raises.

1001. Introduce legislation to accelerate Telephone Gross Receipts Tax and to require Telephone Gross Receipts Tax be paid within 15 days of the end of a quarter.

An inordinate amount of time elapses between the collection of these funds by telephone companies and remittance to the state. The Telephone Gross Receipts Tax is being collected by the state on September 25, following the previous calendar year.

Implementation would provide a one-time acceleration of cash to the state of approximately $8.8 million. This increase would be a one-time only cash flow and should not be used by the administration or the Legislature to fund normal operations or employee raises.

1002. Establish a $5 fee for all Motor Vehicle title transactions.

The fee structure varies from $1 to $4 and bears no relationship to the administrative cost. A uniform fee schedule would simplify the title process for Designated Automobile Agents and employees of the Motor Vehicle Division. Assuming 1,100,000 title transactions per year, a $5 title fee would increase revenue by $2.3 million.

1003. Establish a $5 fee for reprocessed Motor Vehicle title applications.

More than 100,000 title applications must be reprocessed annually. This is a time-consuming and costly service to administer for which no fee is charged. By imposing a fee, it is expected that fewer errors will be made on title applications. Assuming a 50 percent reduction in errors, revenues would increase by $400,000.

1004. Deposit checks received by the Cash Control Section on a more timely basis.

A mid-day deposit during peak periods would allow an additional three hours for processing daily receipts and would accelerate interest revenue. Additional interest earned would be $42,000.

1005. Hire a Real Estate Specialist to develop and administer a Space Management Plan for the new Montgomery headquarters.

Space utilization of the new office building being constructed in Montgomery will require planning and monitoring. There is a need for space planning in the Taxpayer Service Centers located throughout the state. The estimated annual salary plus benefits for a Real Estate Specialist is $28,000.

1006. Form a Records Management Committee to establish and review records management and retention procedures.

The department could save money on equipment, floor space, and personnel by reducing the number of paper files and the number of microfilm copies to those which are legally and administratively required. The cost of a consultant to assist the Records Management Committee with the review of all records now being retained will be $50,000. Elimination of microfilming of tag receipts, individual tax returns, and corporate tax returns would yield total cost savings of $400,000.

1007. Develop a procedure to detect non-filers of severance taxes.

The Severance Tax Section receives, but does not use, a monthly publication prepared by the Oil and Gas Board which identifies all producers of natural resources for specific periods. Assuming a non-filing rate of 1 percent and based on expected revenue of $25 million, the additional revenue generated would be $250,000

1008. Automatically generate the warrant numbers for Individual Income Tax Refunds.

A computerized procedure would require programming to automatically generate the warrant number and would require training of data entry personnel. Redundant data entry would be eliminated and procedures would be more efficient.

1009. Reduce the number of field districts from eight to five and reduce the number of supervisors.

The workload varies significantly from one field district to another and field offices have too many supervisors. Eight supervisory positions would be eliminated for a cost savings of $300,000.

1010. Develop a formal training program.

Training needs should be assessed and a training plan developed and administered. Assignment of a merit system employee would stabilize the function. Net savings of $11,000 would be realized by eliminating the present training coordinator's contract ($36,000) and hiring a merit system employee ($25,000). A personal computer for records maintenance and analysis would cost approximately $5,000.

1011. Evaluate the effectiveness of the Ad Valorem field program.

Managers need to effectively evaluate the field program of the Ad Valorem Tax Division. A survey of all county tax assessors to determine the degree of assistance provided, the productivity, and suggestions for improvement would enable the department to implement appropriate changes.

1012. Transfer the Motor Vehicle Division and Investigations and Inspections Section to the Department of Public Safety.

A primary responsibility of the Motor Vehicle Division, the Department of Public Safety, and Investigations and Inspections is the administration of the Anti-Theft Act. The consolidation of these areas would result in a more organized and effective anti-theft enforcement effort.

1013. Immediately deposit checks received for Interstate Motor Carrier fees.

There is an average 90-day delay in depositing checks received from the quarterly fuel tax returns filed by interstate motor carriers. Additional interest of approximately $45,000 would be earned on funds deposited.

1014. Replace all handwritten Motor Vehicle Division title rejection letters with a computer-generated letter.

The 500 to 600 daily rejection letters require an examiner to write the mailing address, vehicle identification number, and other information on a pre-printed form. Most of the handwritten information could be computer-generated by having the data entry operator capture the information directly from title applications. An initial programming cost of $16,000 would be required.

1015. Divide the Title and Lien Examiner Unit of the Motor Vehicle Division into work teams.

Each examiner examines all types of transactions in a controlled environment which allows no conversation or interaction between fellow employees. This is a tedious job which results in low morale and high turnover. By eliminating hiring and training new employees and paying overtime, personnel costs would be reduced by approximately $30,000.

1016. Reduce the time to process Salvage and Rebuilt title applications.

The enforcement officers of Investigations and Inspections travel to each rebuilder to inspect vehicles which is time consuming and costly. The time lag in inspecting vehicles and examining applications is excessive. Establishing production and quality standards, redesigning forms, and establishing inspection stations for rebuilt vehicles should improve efficiency.

1017. Increase the penalty for not registering a vehicle with International Registration Plan.

A person cited for this offense is usually driving a vehicle that costs approximately $100,000. At current rates, there is no incentive for avoiding a $1.25 penalty. A higher penalty, $500 per vehicle, would produce $57,000.

1018. Eliminate dealer tags.

The $1 fee for dealer tags does not cover the cost of manufacturing tags nor administering this service. Because dealer tags are issued at a loss, elimination would result in an estimated cost savings of $35,000 per year.

1019. Prepare an updated procedures manual for Designated Automobile Agents.

Designated Automobile Agents make numerous errors in filing requests for titles with the Motor Vehicle Division which results in increased administrative cost for the division. The cost of printing would be approximately $40,000.

1020. Send tags C.O.D. to shift the cost of shipping from the department to those requesting the tags.

The Motor Vehicle Division spends approximately $150 a day by shipping tags at department expense. The department could save $37,000 annually.

1021. Automate the reconciliation of county and state fees collected for Privilege Licenses.

The monthly reports sent from counties are manually reconciled to state reports. Detection of incorrect fees received from the counties is difficult and time-consuming. Two clerical positions could be eliminated at a cost savings of $35,000.

1022. Automate the verification of Local Sales Tax returns.

Approximately 60,000 local returns are being verified manually for errors or discrepancies resulting in a constant one month backlog. Cost savings of $30,000 could be achieved through a reduction in clerical staff.

1023. Implement a billing system to assist collection efforts for delinquencies in the Sales and Income Tax Divisions.

After a sales or income tax return is examined and it has been determined that an additional amount is owed to the state, a series of collection letters is produced. Each time a letter is sent, the name and address, amount owed, and updated penalty and interest and account identification information must be entered by word processing. All tracking is done manually. Revenue in excess of $150,000 could be collected for delinquent Sales Tax with a revised billing system. One clerical position could be eliminated through attrition saving $15,000.

1024. Assign a Clerk Typist I to assist with the filing of bankruptcy claims, liens, and releases.

One employee is responsible for all claims, releases, and liens. The Section files 4500 claims, releases and liens annually. Due to the volume, the Section is not able to file liens on individual taxpayers with liabilities of less than $1,000. The estimated cost is $13,000 per year for salary and benefits for one clerk typist. The Section receives about a 50 percent response rate to income tax liens. If the number of liens filed is increased by 50 percent, the potential for increased annual collection would be $370,000.

1025. Assign or hire a Clerk Typist I in the Income Tax Assessment Section.

The Section has only one typist to process approximately 21,000 income tax assessments per year which causes a seven to nine month delay in the assessment/collection process. The estimated cost in salary and benefits for a clerk typist I is $13,000. The addition of the typist would allow the collecting of amounts due which become uncollectible if not processed on a timely basis. The estimated net collection would be $500,000.

1026. Develop a vehicle registration network accessible by all counties to compute all fees and to update the central registration file.

All tag receipts are mailed to the Motor Vehicle Division for sorting and scanning before microfilming and data entry. This procedure is labor intensive and time-consuming and results in a delay of four to five months before a new tag appears on the data base. County officials do not deposit tag fees to the state treasury until the 20th day of the month following the month of issuance of the tag.

The cost of implementation is difficult to estimate; however, a county-wide network could use existing communication lines and terminals. Seven positions in the Registration Section, at a cost of $95,000 in salary and benefits, would be eliminated because tag receipts would not be mailed. Approximately $500,000 would be earned in interest by depositing tag receipts on a daily basis.

1027. Integrate title and registration information on the same data base.

The vehicle title and registration data bases contain many duplications of various information, and require 40 percent of the disk storage requirements. Developing one data base would require programming efforts but would result in quicker and more accurate responses to inquiries and require less storage space. Four staff positions could be eliminated for a cost savings of $60,000.

1028. Investigate the feasibility of offering state employees a one-time opportunity to take early retirement.

There are numerous instances of dissatisfied employees who are remaining with the state to avoid losing benefits upon retirement. If no additional incentives are included, this proposal has no cost. The potential benefits are increased promotional opportunities for remaining employees, improved morale, and increased productivity.

1029. Create a labor pool of individuals who are cross trained in at least two separate functions.

Several divisions have cyclical work periods. Through training and supervision, divisions could share some staff members through a labor pool to assist during peak workloads. This action would allow retention of some employees whose jobs may be eliminated through implementation of other AMIP recommendations.

The following recommendations for the Department of Revenue resulted from the Information Systems Crosscut Study. Implementation of these recommendations will be carried out by this department.

1030. The Department of Revenue should manage the Automated Revenue Information System (ARIS) project.

During the review of the Department of Revenue, the degree of dependency upon ARIS to satisfy a large number of user problems became apparent. The importance of a successful ARIS project is obvious to the Review Team. To ensure that success, the Review Team believes the ARIS project needs to be managed by the department and not by an outside vendor. It must have on-going input from users during development to ensure that the requirements of the department are met. Estimated cost is $800,000.

1031. Establish a steering committee of the division chiefs.

The backlog of formally-requested data processing requests is estimated to be three man-years. Users interviewed by the Review Team stated that they have requests for data processing support that have not been submitted because of the low probability of action being taken.

1032. Develop a comprehensive, information systems plan.

Information systems and data processing decisions are made on an ad hoc basis. The lack of an information systems plan prevents management from understanding the implications of resource allocation alternatives. The lack of a formal plan, including milestones for indicating progress, inhibits management from holding data processing personnel accountable for the expenditures of the resources allocated.

1033. Develop a disaster recovery plan.

There is no disaster recovery plan which pre-defines the steps which would have to be taken to ensure that the department would be able to continue to process its data in the event a disaster occurred.

1034. Select and implement a Systems Development Methodology (SDM).

There is no established method for accomplishing the various tasks involved in the systems development process. Consistent methodology is necessary for efficient project management of data systems.

1035. Initiate adequate training for personnel in all aspects of the coding, filing structure, and data communication languages to be used in ARIS.

Departmental personnel are coding the system and will be responsible for maintaining it. Some of the software technology used to develop ARIS is new to the state and the staff should be adequately trained.

ALABAMA MANAGEMENT IMPROVEMENT PROGRAM
SURPLUS PROPERTY DIVISION
ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS

INTRODUCTION

This division of the Alabama Department of Economic and Community Affairs (ADECA) oversees the distribution of declared surplus from federal and state property. A nominal service charge allows local governments to obtain use of needed property which has been in the past unaffordable because of increasing local financial constraints.

STUDY TEAM

State Participants

Fred Abt
Larry Curvin
John Rodgers

Industry Members

Neal Berney—Berney, Inc.
Terry Mitchell—Jackson-Thorton and Company
Ron Willis—Montgomery Tractor Company, Inc.
Jerry Wood—Leary & Owens Equipment Company, Inc.

NOTE: A review was also conducted by the ADECA-ADO Study Team. The recommendations of both teams are represented below.

RECOMMENDATIONS

1036. Reorganize the ADECA Surplus Property facility in Montgomery.

The operation is not as organized or cost effective as it could be and should be reorganized. Organizational assignments should be made based on the qualifications and performance of all employees of the Surplus Property Division with respect to job requirements.

1037. Consider a merit system division chief position.

The division chief is appointed by the ADECA department head. The position is not a state merit position. The appointive nature of the division chief does not provide long-term continuity or consistency within the division.

1038. Evaluate the organizational placement of the Surplus Property Division.

Proposals that the Surplus Property Division be transferred to another department or become a separate department should be evaluated. The division should be organizationally aligned for maximum effectiveness, efficiency, and accountability.

1039. Evaluate the receiving procedures.

Lack of effective communications and notifications between delivery arrangers and receiving results in less than efficient receiving operations.

1040. Move the purchasing function to the Administrative Division of ADECA.

The ADECA Administrative Division processes purchasing requisitions for all ADECA divisions except the Surplus Property Division.

1041. Move the accounts receivable responsibilities to the Administrative Division of ADECA.

Consolidation of these duties could result in more effective accounts receivable procedures and more timely collections of delinquent accounts.

1042. Reduce the travel of the chief, Surplus Property Division.

Visits by the division chief to agencies receiving equipment to verify that equipment is put in service have merit. After an initial visit, routine verification checks could be the responsibility of someone other than the division chief.

1043. Review the personnel and equipment utilized to transport surplus property.

Transportation costs appear to be excessive

and irregular work hours create scheduling difficulties. Implementation of this recommendation should result in a comprehensive plan to improve efficiency in scheduling and decrease operating and maintenance costs.

1044. Require written advance notice to deliver property.

The absence of advance notice causes an inability to schedule delivery. Advance notice should result in a more efficient delivery operation and a potential reduction in staffing.

1045. Update the Alabama Property Distribution and Disposal Manual and the Information Handbook.

Recent changes have not been recorded in the manual. Valid, accurate, up-to-date authoritative manuals would facilitate a systematic operation of the division.

1046. Establish controls to prevent the misuse of state inventory vehicles and other inventory items.

The review team believed that although controls were in place, they could be enhanced and more closely monitored.

1047. Notify all state agencies of their responsibility to remove all vehicle tags and decals prior to delivery to the Surplus Property Division.

Failure to remove tags and decals would result in a service charge or refusal to accept vehicles until the tags have been removed. This would eliminate the potential for unauthorized use of tags.

1048. Prepare and deposit Surplus Property Division receipts daily.

Deposits are made three times a week. Daily deposits would improve internal controls.

1049. Establish a classification system to differentiate between surplus property and scrap.

This procedure should include internal controls to verify that the classification is valid.

1050. Revise the physical layout and operational plan for the Surplus Property Division Montgomery warehouse and yard.

The layout and operational plan does not appear to be efficiently designed. An improved layout and operational plan could result in increased efficiency.

1051. Develop procedures for notifying state agencies of the availability of surplus property items.

There is no formal notice to prospective recipient agencies of the available property and no systematic matching of needs and acquisition practices. The procedure could improve utilization of property and reduce expense in the salvage operation.

1052. Install a job-order cost system in the Surplus Property Division for all shop activities.

The division has several extensive repair shop operations. The output from these activities is professional in appearance but adds questionable profit to the operation. A job order cost system would promote more productive usage of time, less variance from mission of the division, and a cost justification process for future products and activities.

1053. Obtain a computerized inventory management system for the Surplus Property Division.

The Surplus Property Division has no automated means to maintain an accurate and timely inventory. Lack of accounting controls prevents calculation of a dependable inventory value. The division is unable to secure a list of property that is available for distribution. There should also be matching of needs and requests for property that is available. An inventory management system could provide a means to measure effectiveness; determine property value, stock status, and availability; and improve allocation of warehouse space.

1054. Study the benefits of engaging a professional auction company.

The Surplus Property Division conducts auctions. A professional auction company could accomplish these duties which could promote increased efficiency in the total operation, less administrative burden, less disruption of daily activities, and improved information resources and reporting.

Financial Digest of Short-Term Recommendations

FINANCIAL DIGEST OF SHORT-TERM RECOMMENDATIONS
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FINANCIAL DIGEST OF SHORT-TERM RECOMMENDATIONS
INTRODUCTION

The Financial Digest contains projected Implementation Costs, First Year Benefits, and Continuing Benefits for each department or agency. Implementation costs are the estimated expenses necessary to implement a suggested recommendation.

The first year benefits entail revenue increases, budget reductions, and cost avoidance. Cost avoidance recommendations are those which reduce operational costs by preventing certain first year expenses.

Recommendations which are expected to have ongoing revenue increases and cost reduction after the initial first year benefits are referred to as continuing benefits.

The letter **N** denotes that dollar amounts do not apply to this recommendation or dollar amounts cannot be reasonably estimated.

SPECIAL NOTE: The projected costs and benefits of implementation presented in the Financial Digest are estimates based upon the AMIP draft reports and information submitted by the departments and agencies. Because these dollar amounts are estimates, they may differ from the actual costs and benefits of implementation. The dynamic nature of governmental operations and the implementation process preclude determination of exact dollar amounts.

FINANCIAL DIGEST OF SHORT-TERM RECOMMENDATIONS

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
ADECA and ADO				
1	Combine activities.	N	300,000	300,000
2	Establish a General Service Unit.	N	N	N
3	Create and fill merit positions.	8,000	N	N
4	Restructure personnel.	40,000	N	N
5	Reorganize Legal Division.	25,000	N	N
6	Eliminate Graphic Arts Section.	N	30,000	30,000
7	Consolidate the ADECA/ADO library.	N	N	N
8	Transfer ADO's mail room responsibility.	N	N	N
9	Evaluate Satellite offices.	N	N	N
10	Retain (LEP/HTS) in ADECA.	N	N	N
11	Eliminate the Telecomm Unit.	N	92,000	92,000
12	Transfer the Grant program.	N	N	N
13	Transfer SOICC.	N	13,000	13,000
14	Implement planning process.	375,000	N	N
15	Conduct energy audits.	N	N	N
16	Maintain list of consultants.	N	N	N
17	Develop Request for Proposals.	N	N	N
18	Seek assistance from grant writers.	N	N	N
19	Redefine training duties.	N	2,500	2,500
20	Allow participation in program.	N	N	N
21	Target grant funds.	N	N	N
22	Review usage of temporary employees.	N	63,000	63,000
23	Train engineering staff.	8,000	45,000	N
24	Review mail room procedures.	N	N	N
25	Appoint steering committee.	N	N	N
26	Phase out Burroughs XE-520 system.	300,000	98,000	N
27	Use ADECA/DSMD programmers.	13,000	N	N
28	Obtain software for budget requests.	N	N	N
29	Typeset by using the IBM System/38.	N	N	N
30	Direct access to pre-payroll data.	N	N	N
31	Secure/update building information.	N	N	N
32	Install a new telephone system.	2,200	N	N
33	Purchase printer.	7,000	N	N
34	Develop comprehensive marketing plan.	40,000	N	N
35	Evaluate classifications.	361,000	N	N
36	Reorganize the Research Division.	65,000	N	N
37	Consider venture capital funds.	N	N	N
38	Revise audit and financial review.	70,000	N	N
39	Begin audits of ADECA.	100,000	N	N
40	Raise employee morale.	N	N	N
41	Promote within ADECA.	N	N	N
42	Provide orientation meetings.	N	N	N
43	Provide advances for travel.	N	N	N
44	Classify merit employees.	N	N	N
45	Develop state vehicle policies.	N	N	N
46	Develop policies manual.	30,000	N	N
47	Develop administrative leave policy.	N	N	N
48	Develop disaster recovery plan.	N	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
49	Develop an information systems plan.	N	N	N
50	Implement Systems Development Methodology.	N	N	N
51	Establish a steering committee.	N	N	N
52	Analyze MJTP paycheck processing.	N	N	N
53	Evaluate media for output.	N	N	N
54	Analyze Summer Job Training Program.	N	N	N
	Total ADECA and ADO	1,444,200	643,500	500,500

Alabama State Docks Department

55	Formulate a mission statement.	N	N	N
56	Establish a Board of Directors.	10,000	N	N
57	Recover costs of services.	2,000	N	N
58	Revise organizational structure.	N	N	N
59	Establish a marketing function.	150,000	N	N
60	Change the sales force.	N	347,000	N
61	Evaluate incentives for using ASD.	2,000	N	N
62	Establish Central Personnel function.	66,000	N	N
63	Establish Central Billing function.	N	45,000	N
64	Establish Central Maintenance.	15,000	1,265,000	N
65	Centralize Real Estate.	47,000	N	N
66	Hire an attorney.	60,000	100,000	N
67	Change ASD Internal Audit.	42,000	N	N
68	Establish Central Publishing.	52,000	N	N
69	Evaluate protection services.	400,000	3,138,000	N
70	Establish an EDP Steering Committee.	N	N	N
71	Abolish extra payroll.	32,000	N	N
72	Develop preventive maintenance.	1,000,000	2,400,000	N
73	Establish anonymous reporting.	N	N	N
74	Adopt a criminal conviction policy.	N	N	N
75	Adopt an alcohol/drug use policy.	N	N	N
76	Establish supervisory training.	20,000	N	N
77	Develop improved communication.	1,000	N	N
78	Develop Standard Operating Procedures.	2,000	N	N
79	Enforce damage control.	N	150,000	150,000
80	Reduce housekeeping costs.	N	197,000	197,000
81	Sell cargo pallets.	N	90,000	N
82	Install meters and water valves.	16,000	200,000	200,000
83	Control tool inventory.	1,000	N	N
84	Change the Cash Management system.	N	130,000	N
85	Abolish vacation/overtime pay policy.	N	N	N
86	Establish revenue credit category.	N	N	N
87	Install a conveyor scale.	150,000	400,000	400,000
88	Install a truck scale.	60,000	200,000	200,000
89	Control payroll time card processing.	N	N	N
90	Date all completed invoices.	N	N	N
91	Provide real estate storage.	8,000	N	N
92	Assign responsibility for vehicles.	5,000	N	N
93	Include basketweave fendering.	N	N	N
94	Implement Data Processing.	52,000	N	N
95	Study privatization of warehouses.	N	N	N
96	Study the International Trade Center.	10,000	100,000	N
97	Study container handling.	N	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
98	Change Terminal Railway Switching.	N	86,000	N
99	Study privatization of zones 2 and 3.	N	N	N
100	Study job classifications.	N	N	N
	Total Alabama State Docks	2,203,000	8,848,000	1,147,000
ABC Board				
101	Expand the Internal Audit Function.	50,000	N	N
102	Separate licensing duties.	N	N	N
103	Record fines and penalites.	N	N	N
104	Inventory pallets.	N	N	N
105	Screen Agents to be hired.	7,000	N	N
106	Develop store staffing criteria.	N	1,060,000	3,000,000
107	Implement new deposit procedures.	N	273,000	225,000
108	Eliminate wholesale stamps.	N	40,000	40,000
109	Eliminate transfers by Supervisors.	N	29,000	N
110	Balance the shipping schedule.	N	17,000	N
111	Evaluate in-bound freight costs.	N	132,000	132,000
112	Take advantage of purchase discounts.	N	350,000	500,000
113	Terminate lease on outdated equipment.	N	72,000	N
114	Change special order procedure.	N	7,000	N
115	Change license renewal process.	N	103,000	103,000
116	Institute cadet training.	N	100,000	100,000
117	Include users in data acquisitions.	N	N	N
118	Provide data processing training.	N	N	N
119	Establish project management procedures.	N	N	N
120	Develop policies for data processing.	N	N	N
121	Evaluate office automation needs.	N	N	N
122	Collect and distribute beer tax.	3,500	750,000	750,000
123	Disallow transfer liquor licenses.	3,500	240,000	240,000
124	Increase transfer fees.	3,500	2,500	2,500
125	Increase filing fees.	3,500	300,000	300,000
126	Increase license fees.	3,500	685,000	685,000
127	Charge a fee for hearings.	3,500	27,000	27,000
128	Purchase modems for stores.	9,000	87,000	87,000
129	Eliminate financial disclosure forms.	N	N	N
130	Review small stores shipping.	N	N	N
131	Study point of sale system.	6,000	N	N
132	Update retention schedule.	N	N	N
133	Improve disciplinary procedures.	N	N	N
134	Improve image of ABC stores.	N	N	N
135	Adopt new organizational structure.	N	N	N
136	Improve inventory control system.	N	500,000	50,000
137	Establish product criteria list.	N	N	N
138	Establish delisting criteria.	N	N	N
139	Evalulate table wine strategy.	N	N	N
140	Establish cost accounting system.	N	N	N
141	Establish performance criteria.	N	N	N
142	Revise method of reporting net profit.	N	N	N
143	Initiate budgeting system.	N	N	N
144	Separate wholesale/retail sales..	N	N	N
145	Hire in-house attorney.	82,000	N	N
	Total ABC	175,000	4,774,500	6,241,500

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
Commission on the Aging				
146	Reorganize commission operations.	N	50,000	55,000
147	Develop policy manual.	N	N	N
148	Promote greater Commission participation.	N	N	N
149	Evaluate Commission performance.	3,000	N	N
150	Institute Public Relations campaign.	N	N	N
151	Improve external relations.	7,000	N	N
152	Obtain alternate funding.	N	50,000	100,000
	Total Commission on the Aging	10,000	100,000	155,000
Department of Archives and History				
153	Reassess the department mission.	N	N	N
154	Install accounting and management systems.	50,000	N	N
155	Establish state history museum.	500,000	N	N
156	Determine use of technology.	N	N	N
157	Upgrade data in Reference Services.	N	N	N
158	Remove non-ADAH materials.	N	N	N
159	Promote good records management.	N	N	N
160	Continue Micrographics Committee.	N	N	N
161	Establish a review mechanism.	50,000	100,000	100,000
162	Establish a centralized facility.	1,000,000	N	N
163	Include records manager.	N	N	N
164	Hire a records professional.	N	N	N
165	Revise laws to enforce authority.	N	N	N
166	Gain enforcement powers.	N	N	N
167	Establish agency forms committee.	N	N	N
168	Assign records to professionals.	N	N	N
169	Place emphasis on micrographics.	N	N	N
170	Utilize existing micrographics.	N	N	N
171	Microfilm files at earliest time.	N	N	N
172	Evaluate specialized systems.	N	N	N
173	Revise purchasing micrographics.	N	N	N
174	Reevaluate Computer Output.	N	N	N
175	Retain COM record management.	N	N	N
176	Use electronic information system.	N	N	N
177	Participate in organizations.	N	N	N
178	Obtain shredding equipment.	10,000	N	N
	Total Department of Archives and History	1,610,000	100,000	100,000
State Banking Department				
179	Do not hire additional personnel.	N	N	N
180	Establish Examiner position.	N	N	N
181	Complete financial analysis.	N	N	N
182	Schedule audits.	N	N	N
183	Evaluate need for legal counsel.	N	N	N
184	Use computers and FDIC software.	60,000	N	N
185	Increase Loan Examiner requirements.	N	N	N
186	Identify promotable staff.	N	N	N
	Total State Banking Department	60,000	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
State of Alabama Building Commission				
187	Meet more frequently.	N	N	N
188	Hire full time legal counsel.	40,000	N	N
189	Define lines of authority.	N	N	N
190	Consolidate personnel positions.	N	N	N
191	Expand the Director's authority.	N	N	N
192	Reassign cost-savings review.	N	1,000,000	1,000,000
193	Eliminate duplication of functions.	N	N	N
194	Modify the retainage law.	N	N	N
195	Reduce number of documents submitted.	N	N	N
196	Retain organizational structure.	N	N	N
197	Evaluate sales tax exemption.	N	N	N
198	Review documents.	N	N	N
199	Change the Public Works Bid Law.	N	N	N
200	Clarify and change law.	N	N	N
	Total Alabama Building Commission	40,000	1,000,000	1,000,000
Department of Conservation and Natural Resources				
201	Acquire lands for public usage.	700,000	780,000	780,000
202	Improve MIS capability.	N	N	N
203	Revise user fees and licenses.	N	3,800,000	3,800,000
204	Reorganize for efficency.	N	N	N
205	Reoganize Administrative Division.	N	N	N
206	Revise State Parks Division structure.	13,000	N	N
207	Reorganize Management/Analysis.	5,000	N	N
208	Reorganize Park Maintenance.	57,000	N	N
209	Reorganize strategic planning.	N	N	N
210	Cease all new acquisitions.	N	N	N
211	Hire one additional attorney.	30,000	N	N
212	Conduct study of Engineering.	N	N	N
213	Change accounting procedures.	N	54,000	N
214	Enter purchase orders electronically.	N	8,000	8,000
215	Enter licenses electronically.	N	7,000	7,000
216	Improve license fee collection methods.	N	N	N
217	Develop employee training program.	N	N	N
218	Create and fill jobs on need and merit.	N	N	N
219	Alleviate inequities of merit system.	N	N	N
220	Amend forty hour work week.	N	N	N
221	Require drivers licenses for hunting.	N	150,000	150,000
222	Provide forest regeneration funds.	150,000	1,200,000	1,200,000
223	Hire an additional auditor.	50,000	N	N
224	Utilize law enforcement personnel.	N	N	N
225	Process registration when sold.	8,000	24,000	24,000
226	Analyze Marine Police workload.	N	N	N
227	Reduce number of inventories.	N	40,000	40,000
228	Update reservation system.	26,000	875,000	875,000
229	Improve license agent management.	N	35,000	35,000
230	Review State Lands Division funding.	N	N	N
231	Use outside consultants.	N	N	N
232	Move Patent Records to Lands Division.	N	N	N
233	Register in advance for discounts.	N	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
234	Provide prepayment mechanisms.	N	N	N
235	Improve **Alabama Conservation Magazine.**	25,000	N	N
236	Evaluate statewide two-way radio.	N	N	N
237	Establish audit reporting system.	N	N	N
	Total Conservation and Natural Resources	1,064,000	6,973,000	6,919,000

Department of Corrections

238	Reassign employee/inmate grievances.	N	110,000	110,000
239	Decentralize Free By Choice Program.	N	147,000	147,000
240	Reassign Law Service Coordinator.	N	N	N
241	Establish Committee to monitor systems.	N	N	N
242	Develop information systems plan.	90,000	N	N
243	Eliminate Environmentalist position.	N	30,000	30,000
244	Consolidate Records/Classification.	N	30,000	30,000
245	Reassign Community Project inmates.	N	N	N
246	Establish one Food Service Supervisor.	N	87,000	87,000
247	Reduce the Personnel Division.	N	215,000	215,000
248	Reinstate Institutional Coordinator.	72,000	180,000	180,000
249	Reorganize the department.	N	N	N
250	Disband Service Engineering.	N	612,000	612,000
251	Transfer Pardons and Paroles Board.	N	N	N
252	Reassign Communications Division.	N	N	N
253	Utilize Public Information Office.	N	N	N
254	Credit Revolving Fund interest.	N	N	N
255	Establish state housing policy.	N	N	N
256	Assign Personnel Instructor.	N	N	N
257	Consolidate laundry service.	N	35,000	35,000
258	Develop state vehicles policy.	N	N	N
259	Revise transfer procedures.	N	23,000	23,000
260	Increase work release transport charge.	N	200,000	169,000
261	Provide additional bed space.	N	N	N
262	Sell to Non-Profit organizations.	N	1,200,000	3,200,000
263	Consolidate legal responsibilities.	90,000	N	N
264	Purchase three narcotics dogs.	25,000	N	N
265	Fund maintenance of law library.	N	120,000	120,000
266	Market Industries products.	N	N	N
267	Reevaluate security staffing levels.	N	N	N
268	Establish Agriculture revolving fund.	N	N	N
269	Utilize core replacement parts.	N	N	N
270	Develop quality control for records.	N	N	N
271	Maintain Inmate Systems records.	N	N	N
272	Deliver inmates to R&CC Unit.	N	N	N
273	Adjust Food Service stewards salaries.	88,000	N	N
274	Permit purchasing from vendors.	N	N	N
275	Procure low cost items directly.	N	N	N
276	Add new product lines.	N	2,000,000	2,000,000
277	Conduct an agriculture study.	N	3,700,000	N
278	Conduct a long-term sentencing study.	N	N	N
279	Consolidate Fleet Management.	N	N	N
280	Study future training methods.	N	N	N
281	Study hazardous duty pay.	3,500,000	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
282	Develop information systems plan.	N	N	N
283	Develop disaster recovery plan.	N	N	N
284	Implement Systems Development.	N	N	N
285	Establish a steering committee.	N	N	N
286	Automate financial management system.	100,000	N	N
287	Develop a managerial accounting IS.	300,000	N	N
288	Evaluate an automation system.	N	N	N
289	Develop office automation.	N	N	N
290	Use DSMD communication network.	N	N	N
	Total Department of Corrections	4,265,000	8,689,000	6,958,000
State Department of Education				
291	Develop mission statement.	N	N	N
292	Conduct organizational study.	N	N	N
293	Develop in-service training.	N	N	N
294	Develop a human relations program.	N	N	N
295	Develop data base security.	N	N	N
296	Develop disaster recovery plan.	N	N	N
297	Develop an information systems plan.	N	N	N
298	Implement Systems Development.	N	N	N
299	Establish a steering committee.	N	N	N
	Total Department of Education	N	N	N
Alabama Emergency Management Agency				
300	Relocate Emergency Operations Center.	1,400,000	N	N
301	Add two additional employees.	N	N	N
302	Introduce Safe Dam legislation.	N	N	N
303	Establish state agency training.	N	N	N
304	Upgrade Emergency Communication.	N	N	N
	Total Alabama Emergency Management	1,400,000	N	N
Alabama Department of Environmental Management				
305	Impose annual inspection fee.	N	1,500,000	1,500,000
306	Impose hazardous waste disposal fee.	N	2,000,000	2,000,000
307	Increase fines and penalties.	N	250,000	250,000
308	Appoint permanent hearing officer(s).	N	100,000	100,000
309	Appoint an administrative law judge.	75,000	N	N
310	Locate judge in judicial complex.	N	N	N
311	Adopt EPA regulations.	N	N	N
312	Restructure Coastal Program.	N	115,000	115,000
313	Amend hiring procedures.	N	N	N
314	Select from merit system register.	N	N	N
315	Restructure merit evaluation.	N	N	N
316	Extend probation.	N	N	N
317	Provide additional incentives.	N	N	N
318	Expand salary ranges.	N	N	N
319	Establish a contingency plan.	N	N	N
320	Create an Alabama Super Fund.	N	N	N
321	Create out-of-state waste policy.	N	N	N
	Total Department of Enviromental Management	75,000	3,965,000	3,965,000

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
Department of Finance—Adminstrative				
322	Reorganize Department of Finance.	120,000	N	N
323	Create Internal Management Analysis.	300,000	N	N
324	Install strategic and tactical plan.	N	N	N
325	Institute "one time" only budget.	N	N	N
326	Study benefits of state travel agency.	N	N	N
327	Establish continuing education program.	N	N	N
328	Improve internal communications.	N	N	N
329	Initiate participative budgeting.	N	N	N
330	Prepare employee liability pamphlet.	N	N	N
331	Charge users for service.	N	70,000	70,000
332	Allow agencies to change licenses.	N	N	N
333	Review fee structure every 2 years.	N	N	N
334	Create License and Fee Committee.	N	N	N
335	Publish list of licenses and fees.	N	N	N
336	Establish a training program.	N	N	N
337	Increase penalties.	N	N	N
338	Estimate fees with methodology.	N	N	N
339	Establish a re-processing fee.	N	N	N
340	Charge an administrative fee.	N	N	N
341	Require daily deposit of monies.	N	150,000	150,000
342	Require General Fund direct deposits.	N	N	N
343	Standardize application forms.	N	N	N
344	Centralize licenses and fees process.	N	N	N
345	Deposit fines and fees daily.	N	100,000	100,000
346	Reconcile deposits by State.	N	N	N
347	Simplify privilege license law.	N	N	N
348	Inform Committee of recommendations.	N	N	N
349	Implement fee recommendations.	N	N	N
350	Establish review indirect cost rates.	N	N	N
351	Conduct indirect cost rate survey.	N	N	N
	Total Department of Finance—Administrative	420,000	320,000	320,000
Division of Air Transportation				
352	Reduce airplanes and staff.	N	200,000	200,000
353	Increase the billing rates.	N	N	N
354	Review placement of DAT.	N	N	N
355	Review automobile assignment.	N	5,000	5,000
	Total Division of Air Transportation	N	205,000	205,000
Division of Control and Accounts				
356	Develop integrated accounting system.	830,000	N	N
357	Study accounts payable system.	N	N	N
358	Update Fiscal Procedures Manual.	7,000	N	N
359	Modify cash transfer process.	N	N	N
360	Eliminate signature on vouchers.	N	N	N
361	Institute capital budgeting system.	N	N	N
362	Charge fee for payroll deductions.	N	33,000	33,000
363	Standardize travel reimbursment laws.	N	N	N
364	Use electronic transfers for payroll.	N	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
365	Establish processing schedule.	N	N	N
366	Modify the warrent system.	N	20,000	20,000
367	Allow pre-audit to correct vouchers.	N	N	N
368	Standardize approval limits.	N	N	N
369	Provide financial training courses.	5,000	N	N
370	Modify payroll accounting system.	N	N	N
371	Review financial report distribution.	N	N	N
372	Revise Executive Budget Office forms.	N	N	N
373	Automate the State budgeting process.	N	N	N
374	Integrate reporting with GAAP.	N	N	N
375	Revise procedures on encumbrances.	N	N	N
376	Modify voucher edit program.	N	N	N
377	Analyze payroll function.	N	N	N
378	Centralize service functions.	N	N	N
379	Automate accounting functions.	N	N	N
380	Automate the annual report.	N	N	N
381	Perform a value-added analysis.	N	N	N
382	Transfer tasks to appropriate agency.	N	N	N
383	Reorganize Control and Accounts Tasks.	N	N	N
384	Develop Standard Accounting procedures.	N	N	N
385	Develop information systems plan.	N	N	N
386	Implement a disaster recovery plan.	N	N	N
387	Implement Systems Development.	N	N	N
388	Establish steering committee.	N	N	N
389	Secure the computer room.	25,000	N	N
390	Provide training to staff.	25,000	N	N
391	Develop accounting systems.	N	N	N
392	Use mainframe payroll system.	150,000	N	N
393	Evaluate agencies.	50,000	N	N
394	Evaluate System 38 usage.	N	N	N
	Total Division of Control and Accounts	1,092,000	53,000	53,000
	Data Systems Management Division			
395	Prepare for a changing environment.	N	N	N
396	Complete five year Information plan.	N	N	N
397	Issue a statement of policy.	N	N	N
398	Automate accounting function.	N	N	N
399	Use the state communication network.	N	N	N
400	Create Personnel Department Classes.	N	N	N
401	Add technical support personnel.	N	N	N
402	Establish an EDP Audit group.	N	N	N
403	Create Security Director position.	N	N	N
404	Establish user criteria for agencies.	N	N	N
405	Restructure the advisory committee.	N	N	N
406	Develop standards for automation.	N	N	N
407	Develop program for automation.	N	N	N
408	Develop a disaster recovery plan.	N	N	N
409	Identify user interfaces.	N	N	N
410	Develop system training.	N	N	N
411	Add experienced staff.	N	N	N
412	Implement evaluation for software.	N	N	N
413	Select development tools.	N	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
414	Catalog state application software.	N	N	N
415	Automate office functions.	N	N	N
416	Establish purchase contract.	N	N	N
	Total Data Systems Management Division	N	N	N
	Department of Postsecondary Education			
417	Evaluate alternatives to System 38.	N	N	N
418	Develop implementation plan for MIS.	N	N	N
419	Develop information systems plan.	N	N	N
420	Develop a disaster recovery plan.	N	N	N
421	Implement Systems Development.	N	N	N
422	Establish a steering committee.	N	N	N
	Total Department of Postsecondary Education	N	N	N
	Alabama Criminal Justice Information Center (ACJIC)			
423	Replace 185 Decwriter LA36 terminals.	N	N	N
424	Enter vehicle registration information.	N	N	N
425	Develop information systems plan.	N	N	N
426	Implement Systems Development.	N	N	N
427	Establish a steering committee.	N	N	N
428	Develop system for inmate files.	N	N	N
429	Hire personnel to operate LEDS.	100,000	N	N
	Total Criminal Justice Information Center	100,000	N	N
	State Insurance Fund			
430	Evaluate premium levels.	N	70,000	N
431	Hire professional administrator.	N	N	N
432	Evaluate the reserve requirements.	N	1,000,000	1,000,000
433	Revise payment of insurance premiums.	N	N	N
	Total State Insurance Fund	N	1,070,000	1,000,000
	Printing and Publications Division			
434	Establish role and mission.	N	N	N
435	Evaluate organizational structure.	30,000	N	N
436	Transfer Composing operation to PPD.	N	40,000	40,000
437	Use NAPL consultants.	30,000	N	N
438	Establish suggestion system	N	N	N
439	Study needs for equipment maintenance.	70,000	N	N
440	Do not purchase equipment.	N	N	N
441	Do not hire illustrator.	N	N	N
442	Automate the accounting processing.	90,000	N	N
443	Computerize all mailing lists.	5,000	N	N
444	Control paper costs.	N	62,000	62,000
445	Compare PPD charges.	N	N	N
446	Transfer requests over $500 to PPD.	N	N	N
447	Transfer labor intensive printing.	N	N	N
448	Reduce paper supply inventories.	N	20,000	N
449	Charge standard price for orders under $50.	N	N	N
450	Use calendar-based schedules for jobs.	N	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
451	Request quotes for PPD on requests.	N	N	N
452	Review PPD's requests for equipment.	N	N	N
453	Standardize internal correspondence.	N	75,000	75,000
454	Develop catalogue of PPD services.	N	N	N
	Total Printing and Publications Division	225,000	197,000	177,000
	Division of Purchases and Stores			
455	Reorganize Purchasing.	50,000	N	N
456	Match job duties with descriptions.	N	N	N
457	Develop promotion criteria.	N	N	N
458	Cross-train and rate buyers.	N	N	N
459	Cross-train support staff.	N	N	N
460	Eliminate Requisition Status Report.	N	3,000	3,000
461	Update the commodity data base.	N	N	N
462	Require a commodity code.	N	N	N
463	Review buyers' activities.	2,500	N	N
464	Require use of the APS.	N	N	N
465	Increase purchasing contracts.	N	500,000	500,000
466	Contract for personal computers.	N	N	N
467	Establish vendor quality program.	N	200,000	200,000
468	Encourage buyers to visit vendors.	12,000	N	N
469	Eliminate Buyer classifications.	N	N	N
470	Provide quality office supplies.	N	N	N
471	Purge and update vendor files.	4,000	N	N
472	Provide for professional meetings.	10,000	N	N
473	Bring department under purchasing.	N	N	N
474	Consolidate requisition forms.	N	4,000	4,000
475	Remove purchase approval under $2,000.	N	30,000	30,000
476	Communicate Purchasing benefits.	N	N	N
477	Remove non-responsive vendors.	N	20,000	20,000
478	Request Standard Industrial Code.	N	N	N
479	Maintain copy of purchase orders.	N	N	N
480	Mail warrants to vendors directly.	N	N	N
481	Require partial payments.	N	10,000	10,000
482	Require requisition consolidation.	N	20,000	20,000
483	Implement batch control procedures.	N	N	N
484	Enforce administrative procedures.	N	N	N
485	Establish petty cash/bank draft funds.	10,000	30,000	30,000
486	Implement Alabama Purchasing System.	325,000	200,000	200,000
487	Increase bid level to $5,000.	N	11,000	11,000
488	Standardize bid requirements.	N	N	N
489	Modify the Divisional title.	N	N	N
490	Use letters of interest to bid.	N	N	N
491	Establish a Purchasing Council.	N	N	N
	Total Division of Purchases and Stores	413,500	1,028,000	1,028,000
	Divsion of Services—Mail Room Section			
492	Apply Zip Sort process.	30,000	150,000	150,000
493	Analyze past utility invoices.	25,000	50,000	N
494	Randomly inspect building maintenance.	N	N	N
	Total Division of Services—Mail Room	55,000	200,000	150,000

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
	Division of Services—State Capitol Police Section			
495	Transfer Capitol Police.	N	N	N
496	Relocate the Capitol Police.	N	N	N
497	Initiate rank structure.	N	N	N
498	Develop rules and regulations.	N	N	N
499	Analyze cost of police vehicles.	N	N	N
	Total Division of Services—Capitol Police Section	N	N	N
	Division of Services—Motor Pool Section			
500	Develop a statewide Auto Policy.	N	N	N
501	Assign Auto Policy responsiblity.	N	N	N
502	Centralize vehicle maintenance.	N	N	N
503	Study maintenance consolidation.	N	N	N
504	Implement Life Cycle Maintenance.	50,000	300,000	300,000
505	Control departmental motor pools.	N	N	N
506	Require use of state facilities.	N	N	N
507	Limit private auto mileage.	N	N	N
508	Mark state vehicles.	N	N	N
509	Enforce auto policy.	N	N	N
	Total Division of Services—Motor Pool	50,000	300,000	300,000
	Office of Space Management and Personnel			
510	Implement Space Planning Methodology.	N	N	N
511	Establish executive-level position.	85,000	N	N
512	Purchase additional land.	N	N	N
513	Consolidate departments.	N	N	N
514	Investigate Contract Cleaning.	N	800,000	200,000
515	Revise janitorial contracts.	N	N	N
516	Create energy management guidelines.	N	N	N
517	Repeal fallout shelter requirements.	N	N	N
518	Raise parking meter fees/fines.	N	N	N
519	Eliminate duplicate inventory records.	N	200,000	200,000
520	Transfer Funds.	N	N	N
521	Standardize lease policies.	N	N	N
522	Formalize process for disputes.	2,000	N	N
	Total Office of Space Management and Personnel	87,000	1,000,000	400,000
	Telecommunications Section—Data Systems Management Division			
523	Develop procurement procedures.	N	N	N
524	Develop billing review.	N	90,000	N
525	Modify purchasing regulations.	N	N	N
526	Contribute to the wiring plans.	N	N	N
527	Phase-out the Dimension Systems.	N	N	N
528	Purchase facilities management system.	220,000	N	N
529	Identify state dial-up requirements.	N	N	N
530	Implement usage-sensitive billing.	N	1,500,000	1,500,000
	Total Telecommunications Section	220,000	1,590,000	1,500,000

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
Alabama Highway Department				
531	Implement training program.	85,000	N	N
532	Establish engineers probationary period.	N	N	N
533	Establish register for GCE.	96,000	N	N
534	Reduce Civil Engineers classification.	N	N	N
535	Establish training programs.	150,000	N	N
536	Verify job application information.	N	N	N
537	Establish job committee criteria.	N	N	N
538	Discontinue the $5 meal.	N	312,000	312,000
539	Adopt five-year construction plan.	N	N	N
540	Reduce on-site detours.	N	5,000,000	4,000,000
541	Evaluate construction personnel needs.	N	N	N
542	Require certified weighmasters.	N	250,000	250,000
543	Increase bids by two weeks.	N	N	N
544	Limit special work authorization.	N	N	N
545	Uniform construction inspection.	N	N	N
546	Furnish list of available attorneys.	N	N	N
547	Eliminate equipment repairs.	N	N	N
548	Use inmates for roadway maintenance.	100,000	500,000	500,000
549	Hire seasonal laborers.	N	160,000	160,000
550	Privatize interstate fence repair.	N	N	N
551	Test private sector mowing.	N	N	N
552	Privatize maintenance of radios.	N	N	N
553	Review repair shop locations.	N	N	N
554	Combine inventory functions.	N	100,000	100,000
555	Limit purchase orders on construction.	N	N	N
556	Establish local annual contracts.	N	N	N
557	Implement policy for traffic signals.	N	N	N
558	Automate service stations.	300,000	10,000	80,000
559	Modify maintenance accounting system.	N	N	N
560	Revise utility permits.	N	N	N
561	Increase Hauling Permit fee.	N	675,000	675,000
562	Increase Interstate sign fees 50%.	N	75,000	75,000
563	Revise Advertising permit fee.	N	100,000	100,000
564	Revise fees for Plans and Proposals.	N	100,000	100,000
565	Reorganize operation functions.	N	N	N
566	Implement value engineering program.	N	5,300,000	5,300,000
567	Establish Engineering Programming Unit.	150,000	N	N
568	Develop fleet management function.	N	N	N
569	Determine statewide office locations.	N	N	N
570	Study clerical job functions.	25,000	N	N
571	Analyze Departmental forms.	N	N	N
572	Automate manual processes.	N	N	N
573	Develop computer aided drafting.	640,000	750,000	750,000
574	Reorganize Computer Services.	N	N	N
575	Develop information systems plan.	N	N	N
576	Implement a disaster recovery plan.	N	N	N
577	Implement Systems Development.	N	N	N
578	Establish a steering committee.	N	N	N
	Total Alabama Highway Department	1,546,000	13,332,000	12,402,000

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
Department of Human Resources				
579	Reduce Quality Control sample size.	N	100,000	100,000
580	Develop Information Systems plan.	N	N	N
581	Establish Steering Committee.	N	N	N
582	Fill personnel vacancies.	N	N	N
583	Claim Federal Matching funds.	N	300,000	100,000
584	Give authority to county DHR's.	150,000	N	N
585	Adopt county organization models.	N	600,000	600,000
586	Implement county level budgeting.	N	N	N
587	Train county personnel.	200,000	80,000	80,000
588	Expand the Office of Adoption.	225,000	150,000	150,000
589	Expedite adoptive placement.	N	N	N
590	Improve the department public image.	1,000	N	N
591	Reduce Public Information staff.	N	50,000	50,000
592	Revise DHR organizational structure.	140,000	N	N
593	Redefine Regional Coordinator's role.	N	N	N
594	Perform duties within job description.	N	N	N
595	Incorporate EEO into Personnel.	N	30,000	30,000
596	Eliminate Fraud/Abuse Overpayment.	30,000	90,000	90,000
597	Eliminate Office of Internal Audit.	N	150,000	150,000
598	Recover costs of support services.	N	90,000	90,000
599	Fund district attorneys at 100%.	N	300,000	300,000
600	Recover adoptive investigation costs.	N	700,000	700,000
601	Promote job satisfaction.	2,000	N	N
602	Develop special placement guidelines.	N	N	N
603	Train foster care resources.	6,000	N	N
604	Systematize payments of invoices.	2,000	N	N
605	Collect fraud over-payment claims.	420,000	1,200,000	1,200,000
606	Retain county structure.	N	N	N
607	Review lease-purchase agreements.	3,000	N	N
608	Replace equipment economically.	N	N	N
609	Improve Food Assistance management.	N	N	N
610	Redesign Food Stamp Certification.	30,000	N	N
611	Develop a policy checklist.	N	N	N
612	Conduct in-depth forms study.	N	N	N
613	Study generic eligibility worker.	N	N	N
614	Conduct career ladder study.	N	N	N
615	Establish coordinating task force.	N	N	N
616	Complete child support system.	1,300,000	140,000	140,000
617	Develop information systems plan.	N	N	N
618	Implement Systems Development.	N	N	N
619	Establish a steering committee.	N	N	N
620	Implement disaster recovery plan.	N	N	N
	Total Department of Human Resources	2,509,000	3,980,000	3,780,000
Department of Industrial Relations				
621	Integrate field operations.	15,000	300,000	300,000
622	Study central office functions.	N	N	N
623	Transfer management analysis.	N	N	N
624	Transfer Appeals/Property Management.	N	60,000	60,000
625	Transfer certain operations.	N	65,000	65,000

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
626	Transfer the DIR EEO function.	N	20,000	20,000
627	Rename Personnel, Training, and Services.	N	N	N
628	Create a General Services unit.	N	N	N
629	Utilize Department Assistant Director.	N	N	N
630	Transfer employees between offices.	N	300,000	300,000
631	Develop objective criteria.	N	N	N
632	Review Ensley Unemployment.	N	N	N
633	Review Roanoke Unemployment.	N	N	N
634	Review Sylacauga offices.	N	N	N
635	Consolidate local tax office.	84,000	390,000	390,000
636	Purchase telephone system.	400,000	140,000	140,000
637	Compile UI source index.	N	N	N
638	Perform initial claims adjudication.	N	N	N
639	Assign appeals to other UI duties.	N	N	N
640	Perform a computer cross-match.	N	N	N
641	Enter information at local office.	N	N	N
642	Keep claim records one year.	N	25,000	25,000
643	Mail Credit for Rehire directly.	N	N	N
644	Utilize group application process.	N	N	N
645	Analyze Departmental forms.	N	N	N
646	Use flextime.	N	N	N
647	Submit information on magnetic media.	N	65,000	65,000
648	Provide "reason for separation."	N	N	N
649	Conduct public relations campaign.	75,000	N	N
650	Develop training program.	N	N	N
651	Utilize Penalty and Interest monies.	N	1,000,000	500,000
652	Acquire Reed Act Fund monies.	N	1,000,000	1,000,000
653	Implement California Audit.	8,000	500,000	500,000
654	Develop labor market information.	N	N	N
655	Contract with Department of Labor.	N	50,000	50,000
656	Replace Data Center's 3330.	N	3,000	3,000
657	Upgrade communications network.	140,000	N	N
658	Purchase security software.	10,000	N	N
659	Utilize electronic mail systems.	N	N	N
660	Utilize the OCR scanner.	2,500	20,000	20,000
661	Replace IBM 3277, 3286, 3272.	70,000	20,000	20,000
662	Purchase online system and software.	95,000	30,000	30,000
663	Purchase magnetic tape cleaner.	18,000	16,000	16,000
664	Replace three high volume printers.	28,000	9,500	9,500
665	Develop information processing plan.	N	N	N
666	Replace Data Center's IBM 3350.	N	N	N
667	Study mainframe computer.	N	N	N
668	Increase mining reclamation bond.	N	N	N
669	Increase fine for late wage reports.	N	N	N
670	Study 1.5% tax on indemnity payments.	50,000	N	N
671	Assess $50 fine late reports.	2,000	100,000	100,000
672	Charge $50 Targeted Job Tax Credit.	N	700,000	N
673	Prepare Employment Service mission.	N	N	N
674	Allocate funds to Employment Service.	N	N	N
675	Study merging of ADECA with DIR.	N	N	N
676	Study mission of State Programs.	N	N	N
677	Promote savings and eliminate waste.	N	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
678	Exchange computer based information systems plan.	N	N	N
679	Use by-weekly mailers payment.	N	N	N
680	Develop information systems plan.	N	N	N
681	Develop disaster recovery plan.	N	N	N
682	Implement Systems Development.	N	N	N
683	Establish a steering committee.	N	N	N
684	Upgrade data communication lines.	N	N	N
685	Evaluate multi-site license agreement.	N	N	N
	Total Department of Industrial Relations	997,500	4,813,500	3,613,500
Insurance Department				
686	Hire staff for Receivership Division.	25,000	N	N
687	Eliminate premium tax fee deductions.	N	N	N
688	Hire a staff actuary.	75,000	N	N
689	Transfer securities filings.	N	N	N
690	Use Testing Service for license exams.	N	N	N
691	Change to a two-year license.	N	10,000	20,000
692	Hire investigators.	50,000	N	N
693	Increase fees.	N	500,000	500,000
	Total Insurance Department	150,000	510,000	520,000
The Alabama Medicaid Agency				
694	Reinstate administrative salary.	N	600,000	600,000
695	Eliminate reimbursement equity return.	N	77,000	77,000
696	Remove first day oxygen benefits.	2,000	26,000	26,000
697	Use Corrections for printing.	N	16,000	16,000
698	Review contract.	N	7,000	7,000
699	Do not pay for replacement beds.	N	30,000	30,000
700	Reimburse hospitals for deliveries.	30,000	500,000	500,000
701	Obtain drugs from VA	3,500	236,000	236,000
702	Move Provider Surveillance.	200,000	60,000	60,000
703	Use physical therapy.	3,000	10,000	10,000
704	Encourage mini-clinic care.	1,500	N	N
705	Cap Medicaid payments to $30,000.	30,000	5,000	5,000
706	Use Special Education money.	N	316,000	316,000
707	Authorize prior to caesarean delivery.	N	57,000	57,000
708	Limit Medicaid prescriptions.	25,000	N	N
709	Convert to daily eligibility.	630,000	1,400,000	1,400,000
710	Establish a medical assessment.	80,000	165,000	165,000
711	Reimburse some surgical procedures.	50,000	130,000	110,000
712	Perform inpatient hospital review.	2,500	11,000	11,000
713	Change Fiscal Agent Invitation to Bid.	N	N	N
714	Destroy Long-Term Care applications.	N	N	N
715	Review policy for Medicaid violators.	N	N	N
716	Establish Steering Committee.	N	N	N
717	Request budget information.	N	N	N
718	Allow written inquiries.	N	N	N
719	Expand automated accounts receivable.	N	N	N
720	Allow non-payment items on bills.	N	N	N
721	Purchase additional equipment.	20,000	N	N
722	Expand Medicaid coverage.	9,000,000	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
723	Allow 30 day "swing" bed care.	N	N	N
724	Allow brand name/generic drug change.	N	N	N
725	Allow 2-5 year eyeglass contract.	N	13,000	13,000
726	Return unused unit dose drugs.	N	N	N
727	Implement lottery for indigent care.	N	N	N
728	Study additional Medicaid recipients.	N	N	N
729	Limit allocation of patient resources.	N	N	N
730	Increase surgical reimbursement rate.	N	N	N
731	Restrict therapeutic leave.	N	N	N
732	Study contracts for attorneys.	N	N	N
733	Study recipient eligibility needs.	N	N	N
734	Study service costs of data center.	N	N	N
735	Separate ICF and SNF payment rates.	N	N	N
736	Provide in-house fiscal agents.	N	N	N
737	Study opportunities of matching funds.	N	N	N
738	Eliminate separate cost report.	N	N	N
739	Revise organizational chart.	N	N	N
740	Review personnel function.	N	N	N
741	Hold annual managers retreat.	N	N	N
742	Improve use of telephone system.	N	N	N
743	Identify a coordinator.	N	N	N
744	Enhance internal audit function.	N	N	N
745	Develop information systems plan.	N	N	N
746	Develop a disaster recovery plan.	N	N	N
747	Implement Systems Development.	N	N	N
748	Establish a steering committee.	N	N	N
749	Study daily benefits.	N	N	N
	Total Alabama Medicaid Agency	10,077,500	3,659,000	3,639,000

Department of Mental Health and Mental Retardation

750	Revise commitment statute.	N	N	N
751	Plan crisis stabilization unit.	450,000	1,700,000	1,700,000
752	Reduce number of institutional beds.	N	500,000	500,000
753	Expand case management services.	200,000	N	N
754	Expand in-house program.	N	N	N
755	Revise institutional respite programs.	N	N	N
756	Improve mental retarded employment.	25,000	100,000	100,000
757	Incorporate dual diagnosis.	700,000	1,000,000	1,000,000
758	Study mental retardation prevention.	200,000	N	N
759	Expand early intervention.	400,000	N	N
760	Maximize Title XIX revenues.	N	200,000	200,000
761	Collect insurance payments.	N	200,000	200,000
762	Change local funding programs.	N	N	N
763	Develop performance contract.	N	N	N
764	Receive all monies each year.	N	N	N
765	Remove UAB's funding.	N	4,000,000[1]	4,000,000[1]
766	Utilize Special Educational Trust Fund.	N	6,000,000[1]	6,000,000[1]
767	Enforce Title 22.	N	N	N
768	Establish equipment repair account.	2,000,000	N	N
769	Start Risk Management.	45,000	N	N

[1]Shifting of fund sources from ASETF to General Fund—not included in dollar totals.

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
770	Review capital construction.	N	N	N
771	Reimburse for recruitment.	25,000	N	N
772	Encourage training seminars.	N	N	N
773	Divide interagency council.	N	N	N
774	Avoid overtime pay.	N	750,000	750,000
775	Eliminate holidays.	N	107,000	107,000
776	Increase sitter service.	N	50,000	50,000
777	Centralize warehouse.	40,000	100,000	100,000
778	Combine maintenance operations.	100,000	500,000	500,000
779	Centralize Partlow food service.	100,000	500,000	500,000
780	Upgrade steam plants.	1,600,000	440,000	440,000
781	Establish personal residence policy.	N	N	N
782	Support Cafeteria Benefit Plan.	N	165,000	165,000
783	Change to accrual accounting.	500,000	N	N
784	Develop payroll deduction fee.	N	30,000	30,000
785	Mandate payroll withholding fee.	N	2,000	2,000
786	Amend prepayment policy.	N	N	N
787	Support filing fee legislation.	N	N	N
788	Reestablish operational audit.	N	N	N
789	Conduct operation reviews.	120,000	N	N
790	Establish consistent fee structure.	N	N	N
791	Hire collections attorney.	47,000	200,000	200,000
792	Review patient record duplication.	N	N	N
793	Develop mission statement.	N	N	N
794	Study a prevention unit.	N	N	N
795	Review/restructure organization.	N	N	N
796	Design employment selection test.	N	N	N
797	Maximize Title XVIII revenues.	N	N	N
798	Study a public relations program.	40,000	N	N
799	Review management information system.	N	N	N
800	Study the community service program.	N	N	N
801	Strive for national accrediation.	N	N	N
802	Negotiate with Automated Health.	N	N	N
803	Centralize data processing.	N	N	N
804	Develop Information Systems plan.	N	N	N
805	Develop Disaster Recovery plan.	N	N	N
806	Start Systems Development Methodology.	N	N	N
807	Initiate Steering Committee.	N	N	N
	Total Department of Mental Health and Mental Retardation	6,592,000	6,544,000	6,544,000

State Military Department

808	Change personnel file management.	N	N	N
809	Eliminate two state-funded positions.	N	40,000	75,000
810	Implement improvements in Records.	N	N	N
811	Conduct workload analysis.	N	N	N
812	Automate guardsmen files.	N	N	N
813	Replace duplicate filing system.	N	N	N
814	Modify 6 digit organizational number.	N	N	N
815	Automate the purchasing function.	16,000	N	N
816	Automate inventory management.	5,000	N	N
817	Automate federal service accounting.	N	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
818	Automate personnel/payroll function.	N	20,000	20,000
819	Automate armory maintenance.	5,000	N	N
820	Utilize self-help maintenance.	20,000	N	N
821	Implement maintenance crew 4-day week.	N	28,000	28,000
822	Automate construction projects.	N	N	N
823	Utilize existing plans for armories.	N	75,000	75,000
824	Eliminate four state positions.	N	N	N
825	Automate individual orders.	N	N	N
826	Abolish defense force.	N	4,000	28,000
827	Access Personnel Reporting System.	N	N	N
828	Establish management policy.	N	N	N
829	Develop information systems plan.	35,000	N	N
830	Limit State Personnel employment.	N	N	N
831	Eliminate position.	N	14,000	60,000
	Total State Military Department	81,000	181,000	286,000
State Personnel Department				
832	Standardize background investigation.	N	N	N
833	Develop manpower planning function.	N	N	N
834	Restrict veterans' perference.	N	N	N
835	Reimburse recruiting expenses.	N	N	N
836	Develop personnel manual.	10,000	N	N
837	Eliminate 5 year reallocation rule.	N	N	N
838	Study incentive program for management.	N	N	N
839	Revise performance evaluation program.	100,000	N	N
840	Reduce general pay increases.	N	N	N
841	Change payroll to semi-monthly.	N	N	N
842	Change state holidays to leave days.	N	N	N
843	Study early retirement.	N	N	N
844	Communication compensation/benefits.	20,000	N	N
845	Evaluate processing requests.	N	N	N
846	Develop information systems plan.	N	N	N
847	Implement Systems Development.	N	N	N
	Total State Personnel Department	130,000	N	N
Department of Public Health				
848	Establish a uniform fee schedule.	N	2,600,000	2,600,000
849	Increase fees for licenses.	N	476,000	476,000
850	Receive reimbursement from Medicaid.	N	1,300,000	1,300,000
851	Allocate resources to Home Health.	53,500	975,000	975,000
852	Establish grant research positions	43,000	100,000	100,000
853	Fine facility owners for violations.	N	90,000	N
854	Seek additional funding.	N	3,000,000	3,000,000
855	Improve cash flow to general fund.	N	4,500	4,500
856	Form an EDP Steering Committee.	N	N	N
857	Develop data processing systems.	N	N	N
858	Satisfy information requirement.	60,000	420,000	420,000
859	Develop automated system for WIC.	450,000	100,000	100,000
860	Maximize LGFS capabilities.	N	20,000	48,000
861	Evaluate the Cost Accounting System.	N	N	N
862	Update workload analysis system.	6,000	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
863	Implement an educational program.	N	N	N
864	Use the encounter form concept.	28,000	N	N
865	Audit time and clinic activities.	N	6,000	6,000
866	Review Bureau of Vital Statistics.	30,000	N	N
867	Use modified Purchase Order form.	N	N	N
868	Change to "standing order" system.	N	N	N
869	Bid medical supplies statewide.	N	200,000	200,000
870	Contract one supplier for drugs.	N	38,000	38,000
871	Raise the limit on non-bid items.	N	81,000	20,000
872	Negotiate multi-year contracts.	N	N	N
873	Execute "reimbursement" agreements.	N	N	N
874	Eliminate Internal Audit review.	N	N	N
875	Eliminate contract review.	N	N	N
876	Utilize "letters of agreement."	N	N	N
877	Establish in-house travel department.	N	N	N
878	Develop a master facility plan.	N	N	N
879	Monitor perishable drug packaging.	6,000	17,000	17,000
880	Implement quality assurance program.	5,000	N	N
881	Establish quality assurance program.	5,000	N	N
882	Provide accurate results.	50,000	N	N
883	Expand Internal Audit duties.	135,000	N	N
884	Study provision of unit service.	N	N	N
885	Develop staffing criteria.	N	N	N
886	Develop ongoing training program.	27,000	N	N
887	Develop personnel standards.	N	N	N
888	Establish personnel training network.	27,000	N	N
889	Reorganize the Department.	100,000	270,000	270,000
890	Establish an Area Management Team.	200,000	N	N
891	Supplement activities to combat AIDS.	1,000,000	N	N
892	Encourage on-site sewage systems.	N	87,000	87,000
893	Develop worksite health project.	400,000	N	N
894	Assess long term care needs.	N	N	N
895	Establish nursing classification.	N	N	N
896	Integrate Inspection of Care.	N	261,000	261,000
897	Pursue perinatal care funding.	8,200,000	N	N
898	Develop information systems plan.	N	N	N
899	Develop a disaster recovery plan.	N	N	N
900	Implement Systems Development.	N	N	N
901	Establish a steering committee.	N	N	N
902	Define WIC System requirements.	N	N	N
903	Review network design by DSMD.	N	N	N
904	Define Health Data Systems needs.	N	N	N
905	Classify data processing personnel.	N	N	N
	Total Department of Public Health	10,825,500	10,045,500	9,922,500

Department of Public Safety

906	Restructure the DPS.	N	N	N
907	Consolidate Information Management.	200,000	N	N
908	Establish a long-range plan.	N	N	N
909	Establish fee philosophy.	N	N	N
910	Increase price of Vehicle Records.	N	3,300,000	3,300,000
911	Eliminate learner permits.	N	1,900,000	1,900,000

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
912	Increase reinstatement fee.	N	1,870,000	1,870,000
913	Increase price of driver license.	N	960,000	960,000
914	Increase duplicate license charge.	N	400,000	400,000
915	Increase price of identification cards.	N	50,000	50,000
916	Increase charge for photographs.	N	5,000	5,000
917	Charge for criminal record searches.	N	1,200,000	1,200,000
918	Charge late fee for Traffic Citations.	N	980,000	980,000
919	Establish commercial license fee.	N	875,000	875,000
920	Charge for having a revoked license.	N	650,000	650,000
921	Charge a trooper fee (Civil Cases).	N	335,000	335,000
922	Revise duplicate license procedures.	N	135,000	135,000
923	Charge for clearance letters.	N	10,000	10,000
924	Charge for new wrecker licensing.	N	20,000	20,000
925	Expand the personnel function.	N	N	N
926	Equip troopers with hand-held radios.	900,000	N	N
927	Study the word processing needs.	N	N	N
928	Combine investigative information.	45,000	N	N
929	Study Financial Services process.	N	N	N
930	Create a facility plan.	N	N	N
931	Replace enforcement vehicles.	N	N	N
932	Remove asbestos from facilities.	500,000	N	N
933	Develop training program.	N	N	N
934	Establish cost accounting function.	40,000	N	N
935	Review Budgetary/Planning Process.	N	N	N
936	Transfer Motor Vehicle Registration.	N	N	N
937	Reimburse mileage.	N	70,000	70,000
938	Establish technical positions.	800,000	N	N
939	Hire clerical employees.	200,000	N	N
940	Establish Highway Patrol shifts.	N	N	N
941	Change purchasing process.	N	N	N
942	Lease vehicles for Security Detail.	N	N	N
943	Change productivity measurement.	N	N	N
944	Assign technicians to license.	N	N	N
945	Seek Federal grant monies.	N	N	N
946	Establish building maintenance unit.	150,000	N	N
947	Study office and space needs.	N	N	N
948	Consolidate supply facilities.	N	N	N
949	Establish regional license offices.	N	N	N
950	Examiner approves duplicate license.	N	N	N
951	Stop certain road testing procedures.	N	N	N
952	Provide training in expenditure codes.	N	N	N
953	Create a forms management system.	N	N	N
954	Upgrade photography laboratory.	60,000	N	N
955	Establish drug-testing program.	30,000	N	N
956	Execute search warrants.	N	N	N
957	Return confiscated property proceeds.	N	N	N
958	Adjust radio maintenance rates.	N	270,000	270,000
959	Establish vehicle assignment policy.	N	N	N
960	Eliminate DPS gas pumps.	N	N	N
961	Implement law enforcement program.	N	N	N
962	Study hazardous material reimbursement.	N	N	N
963	Use credit cards for payment.	N	N	N
964	Offer law enforcement drug testing.	N	N	N

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
965	Study Police Academy Special Training.	N	N	N
966	Study possibilities of firing ranges.	N	N	N
967	Suspension for fraudulent licenses.	N	N	N
968	Replace air conditioning system.	40,000	10,000	10,000
969	Develop clerical staff program.	N	N	N
970	Allow Insurance Co. Record Access.	N	N	N
971	Purchase anti-glare screens.	4,000	N	N
972	Develop personnel backup files.	N	N	N
973	Provide Personal Computers to DPS.	N	550,000	550,000
974	Automate Accounts Payable System.	N	N	N
975	Hire Data Processing Manager II.	50,000	N	N
976	Report to Department Director.	N	N	N
977	Develop information systems plan.	N	N	N
978	Develop a disaster recovery plan.	N	N	N
979	Implement Systems Development.	N	N	N
980	Identify management training needs.	N	N	N
	Total Department of Public Safety	3,019,000	13,590,000	13,590,000

Department of Revenue

981	Revise organizational structure.	N	N	N
982	Appoint Commissioner Representative.	N	N	N
983	Institute management development.	30,000	N	N
984	Define goals and objectives.	N	N	N
985	Address Information System problems.	N	N	N
986	Implement ARIS.	N	N	N
987	Upgrade position of Chief.	58,000	N	N
988	Develop management control system.	N	N	N
989	Eliminate redundant data entry.	4,000	100,000	100,000
990	Increase data entry production.	N	80,000	80,000
991	Provide better working conditions.	55,000	N	N
992	Appoint a training coordinator.	N	N	N
993	Simplify individual income tax.	N	N	N
994	Expand Information Matching Program.	6,000	250,000	250,000
995	Increase Foreign Audit Unit size.	200,000	5,000,000	5,000,000
996	Cross-match W-2 information.	35,000	N	N
997	Assign personnel to Tax Division.	72,000	250,000	250,000
998	Create taxpayer social security file.	4,000	N	N
999	Assign personnel to CP-2000 program.	150,000	1,600,000	1,600,000
1000	Accelerate Utility License payments.	N	42,500,000	N
1001	Accelerate Telephone Receipts Tax.	N	8,800,000	N
1002	Charge for vehicle title transactions.	N	2,300,000	2,300,000
1003	Charge for reprocessed applications.	N	400,000	400,000
1004	Deposit checks on timely basis.	N	42,000	42,000
1005	Hire a Real Estate Specialist.	28,000	N	N
1006	Form Records Management Committee.	50,000	400,000	400,000
1007	Develop procedure to detect non-filers.	N	250,000	250,000
1008	Generate warrant numbers.	N	N	N
1009	Reduce number of field districts.	N	300,000	300,000
1010	Develop a formal training program.	5,000	11,000	11,000
1011	Evaluate Ad Valorem field program.	N	N	N
1012	Transfer Motor Vehicle.	N	N	N
1013	Deposit checks immediately.	N	45,000	45,000

Number	Recommendation	Projected Implementation Dollar Costs	Projected First Year Dollar Benefits	Projected Continuing Dollar Benefits
1014	Replace handwritten letters.	16,000	N	N
1015	Divide Examiner Unit.	N	30,000	30,000
1016	Reduce processing time.	N	N	N
1017	Increase penalty for registration.	N	57,000	57,000
1018	Eliminate dealer tags.	N	35,000	35,000
1019	Prepare updated procedures manual.	40,000	N	N
1020	Send tags C.O.D.	N	37,000	37,000
1021	Automate Privilege License collection.	N	35,000	35,000
1022	Automate verification of tax returns.	N	30,000	30,000
1023	Implement a billing system.	N	165,000	165,000
1024	Assign a Clerk Typist I.	13,000	370,000	N
1025	Hire a Typist I.	13,000	500,000	500,000
1026	Develop vehicle registration network.	N	500,000	500,000
1027	Integrate information to data base.	N	60,000	60,000
1028	Offer one-time early retirement.	N	N	N
1029	Create cross-trained labor pool.	N	N	N
1030	Manage ARIS by Department of Revenue.	800,000	N	N
1031	Establish a steering committee.	N	N	N
1032	Develop information systems plan.	N	N	N
1033	Develop a disaster recovery plan.	N	N	N
1034	Implement Systems Development.	N	N	N
1035	Initiate training for personnel.	N	N	N
	Total Department of Revenue	1,579,000	64,147,000	12,477,000
Surplus Property Division—ADECA				
1036	Reorganize Surplus Property.	N	N	N
1037	Appoint Division Chief on merit.	N	N	N
1038	Evaluate organization placement.	N	N	N
1039	Evaluate receiving procedures.	N	N	N
1040	Move the purchasing function.	N	N	N
1041	Move accounts receivable.	N	N	N
1042	Reduce Division chief's travel.	N	N	N
1043	Review personnel and equipment.	N	N	N
1044	Require advance notice for deliveries.	N	N	N
1045	Update Property Distribution Manual.	N	N	N
1046	Establish strict controls.	N	N	N
1047	Remove vehicle tags prior to delivery.	N	N	N
1048	Deposit receipts daily.	N	N	N
1049	Establish a classification system.	N	N	N
1050	Revise layout for warehouse.	N	N	N
1051	Develop surplus supply list.	N	N	N
1052	Install a job-order cost system.	N	N	N
1053	Computerize inventory management.	N	N	N
1054	Obtain professional auction company.	N	N	N
	Total Surplus Property Division.	N	N	N
	SHORT-TERM RECOMMENDATIONS TOTAL	$52,515,200	$161,858,000	$98,893,000

AMIP Long-Term Studies—Overview

LONG-TERM STUDIES
Overview

The Long-Term phase focused on issues that could not be addressed in the Short-Term phase due to time constraints. Carl Bailey, president of South Central Bell and a member of the AMIP Board, directed the committee managing the program. Each study was conducted by a team of two legislative members and 8-15 public and private sector individuals selected by the governor and the AMIP Board. The participants were employees of state and local government, private industry, universities, and other organizations.

A consultant guided each review and kept the study team focused on the key issues. The result was a recommended plan of action designed to address the identified needs in each area.

The program consisted of four major phases:

1. **Issue Identification**—The Long-Term Coordinating Committee solicited issues from the governor, the not-for-profit corporation, and other sources. These were issues of strategic importance which could be considered in the Long-Term Studies. Once the issues were identified and reviewed by the committee, similar issues were combined and a brief list drafted.

2. **Issue Development and Selection.**—Seven specific issues were culled from the list based on the following criteria:

—Budget Impact. Total dollar amount potentially saved or costs avoided as a result of changes in direction or management.

—Interdependency. Degree to which resolving the issue would help resolve other issues.

—Departments and Agencies Impacted. Number of departments and agencies affected by the issue or solution.

—Administration Agenda. Consistency of issue with items on the governor's agenda.

—Future Impact. Degree to which a solution to the problem would have a major effect on the future of the state.

—Business Agenda. Consistency of the issues with items the business community would like to see addressed.

—Implementation Success. Degree to which a solution can be implemented successfully through legislative action.

—State Employee Impact. Degree to which the issue would have a positive or negative impact on state employees.

—Public Awareness. Whether the issue would provide solutions to major problems on the public's agenda.

Based upon seven key issues identified for study in the Long-Term phase, the teams worked toward the following objectives:

3. **Issue Analysis**—After each issue was defined, consultants were selected to guide the study teams in their analyses. Four consulting firms were chosen: Ernst & Whinney, Hudson Institute, Arthur D. Little, and Theodore Berry and Associates. After the analyses were completed, a report was compiled with a full assessment of the underlying factors related to each issue, a recommended course of action, and a preliminary overview of implementation.

4. **Implementation**—The Office of Management Analysis is responsible for developing and tracking implementation. The Director of Finance will receive periodic progress reports.

Based upon seven key issues identified for study in the Long-Term phase, the teams worked toward the following objectives:

1. Develop a process to evaluate the efficiency and effectiveness of local school districts.
2. Review state compensation, develop appropriate incentives, and design a management training program.
3. Develop a strategic plan for mental health and mental retardation institutions and community programs.
4. Develop a process to review and adjust state licenses and fees.
5. Develop a comprehensive strategy for information systems planning.
6. Develop a process for capital planning and budgeting.
7. Develop options for the consolidation of the state's enforcement functions.

In addition to the seven Long-Term Studies, the AMIP Board decided to conduct a pilot study of colleges and universities to determine whether the same type of analysis could be beneficial. Jacksonville State University volunteered for the study and the firm Organizational Initiatives was selected as the consultant. Beverly Phifer, president of Phifer Wire Products, chaired the study for the AMIP Board. The study was conducted using the same procedures as the other seven studies. The Jacksonville State study focused on assessing the managerial effectiveness and efficiency of the marketing, development, general administration, and auxiliary service functions. (A description of that study and a complete list of recommendations is included in Appendix B).

AMIP Long-Term Studies—Recommendations

EDUCATION

ISSUE

What process and incentives can be created to encourage local school systems to improve the quality of education provided to public school children?

The AMIP was asked to develop a program for local school districts based on the same principles as AMIP.

BACKGROUND

This issue resulted from the Hunt administration's desire to address the financial management of school systems in its total education reform package. The governor believed the AMIP process was an effective approach to assessing management effectiveness and efficiency and commissioned the AMIP to create a program for local school systems.

STUDY TEAM

State Participants	Industry Members	Consultant
Chip Bailey	Steve Belk—Mobile Board of Education	William Pierce—Hudson Institute
Paul Copeland	William E. Burkett—Jefferson County Board of Education	
Elizabeth French	Barbara Jones—Fairfield Board of Education	
Jim McEwen	John Lovin—Torchmark Corporation	
Steve McMillan	Dan Parker—Eufaula City Schools	
Maurice Persall	H. Alan Perry—Smith, Rollins, and Perry	
Wayne Teague	Larry Workman—Russell Corporation	

RECOMMENDATIONS

1. The AMIP school district program should be initiated by a local board of education. The program should have local leadership provided through local businessmen, industrial leaders, administrators, and other community leaders. The program must be characterized by local control.

2. The program should not depend exclusively on public resources. However, there is a recommendation that a seed grant of $1,000 be provided to each school system that agrees to participate. There are recommended provisions established for school systems that require additional funding.

3. The program will involve a structured team analysis approach that will focus on issue identification and strategy development. The team should include members from business and industry, parents, the school administration, local government, and teachers. Not more than 30 percent of the members should be from the educational community.

4. The program will focus on quality criteria in four areas:

   — Fiscal management

   — Personnel management

   — Educational outcomes

   — Instructional programs

   A substantial amount of data will be required to assist the team in its evaluation. It is recommended that the State Department of Education create a capability (State System Profiles) to provide the necessary data in all four areas. Additional data should be generated by the team at the local level.

5. The program should have a long- and short-term focus. The short-term focus should be on fiscal, personnel, and student outcome issues, while the long-term should focus on the instructional program.

6. Three levels of support are recommended:

   — Policy advisory committee from business and industry to provide oversight.

   — State coordinating agency to provide technical assistance and help in gathering data.

   — Third party evaluation for quality control of the program over time.

7. Seek a public relations firm to develop a systematic, formal marketing plan for the program. This plan would stimulate participation.

COMPENSATION, INCENTIVES AND TRAINING

ISSUE

What options are available to the governor for improving the management effectiveness of state managers through changes in existing compensation, incentive, and training practices?

The AMIP was asked for a set of recommendations on how to ensure that the management effectiveness and efficiency efforts begun by the AMIP are reflected in the management compensation, training, and incentive systems of the government.

BACKGROUND

The governor wants to ensure that his middle managers support the ongoing process of improving management efficiency and effectiveness. However, the Short-Term Studies included a number of findings that illustrated a lack of formal systems to nurture a long-term focus on management effectiveness and efficiency. Among these findings are:

—The current five-step performance evaluation system has produced a service rating distribution of 97.9% in the "meet or exceed" categories. Although many very capable and competent individuals work in state government, no organization enjoys the level of performance these ratings would indicate.

A new performance evaluation system has been designed and is being implemented with an expectation that a more realistic distribution of performance ratings will emerge.

This system is important because of its relationship to the compensation system. If everyone is getting exemplary ratings, then everyone is getting salary increments, providing they have not topped out in their range. Salary increases therefore do not necessarily relate to performance.

—State employees are eligible for four types of annual salary increases. These include:

(a) Many employees receive a salary that is adjusted annually through movement up a salary range: i.e., a clerical worker at step 1 is automatically, based on adequate performance, moved up to a maximum of 18 steps of salary increases.

(b) If the Legislature is so inclined, it may grant an across-the-board cost of living increase. This increase is permanently added to the salary structure and increases all salary ranges.

(c) The Legislature has enacted a bill that provides for longevity bonuses regardless of performance or position in the salary range.

(d) An employee can be granted a salary increase above the steps in the range for exemplary performance.

—There is very little commitment to management training other than the limited use of the Certified Public Manager Program. There are no incentives to improve management skills. The approach to management training is disorganized and fragmented, largely due to the lack of an organization responsible and accountable for training activities.

STUDY TEAM

State Participants

Halycon V. Ballard
Paul Bozeman
Tommy Flowers
John Reynolds
Lois Young

Industry Members

Robert Elliott—Auburn University at Montgomery
Jim Franklin—Alabama Gas Company
June Hulsey—Vulcan Materials Company
W. H. Lee—South Central Bell
R. Morrieson Lord—Vulcan Materials Company

Consultants

Al Angrisani—Arthur D. Little, Inc.
Michael O'Neal—Organizational Initiatives.

RECOMMENDATIONS

1. Implement a structured communications program by the Governor's Office designed to give incentives to managers to constantly look for ways to improve their effectiveness. Establish a management by objectives process that starts with written commitments to objectives by department and agency heads. This process would require these heads to establish objectives for their immediate subordinates. At year-end, the Governor should evaluate and recognize cabinet officers for the performance of their agencies.

2. Implement the new appraisal system and link it directly to compensation. Included in this new aggressive approach would be a justification by agency heads, during budget reviews, of the distribution of performance ratings in their agency. Remove the two-step cap on merit increases in pay only when service rating distributions are more realistic.

3. Eliminate legislative intervention in the state employee pay programs, including across-the-board cost of living increases and longevity bonuses.

4. Establish a state steering committee to oversee, guide, monitor, and build an aggressive training program to address major gaps in management training.

5. Institute a two-track training program to focus on short-term immediate needs as well as long-term career development.

6. Establish a state-sponsored continuing education program.

7. Address the following training needs which were discovered by a survey conducted of the 19 largest agencies:

   —Problem solving techniques
   —Motivation and leadership skills
   —Budget and planning skills
   —Communication skills.

MENTAL HEALTH AND MENTAL RETARDATION

ISSUE

What strategy should the state employ to meet its mental health and mental retardation service and program needs?

The AMIP was asked to help develop a strategic plan for the Department of Mental Health and Mental Retardation (DMH/MR).

BACKGROUND

This study responds to the serious need noted in the Short-Term Study for the DMH/MR to develop a strategic plan for the department to guide its activities over the next five years. It was not an analysis of the department's management or operations although the costs for operating the department and some of the strengths and weaknesses of operations were considered.

STUDY TEAM

State Participants

Thomas H. Allen
Charles A. Fetner
James Edward Kimbrough
Ray Owens
Mary Lee Rice
Bob Ristau
Herman C. Willcutt
Rita Wright

Industry Members

Wallace Davis—Volunteers of America
Jim Dill—Alabama Council Community Mental Health Agencies
Edna Earle Eich—Mental Health Association
Robert Gully—Alpha House
Bess Hatcher—Association for Retarded Citizens
J. Fairly McDonald, III—Copeland, Franco, Screws & Gill, P.A.
Gene McKenzie—Alford, McKenzie and Breeden, P.C.
Rogene Parris—Alliance of Mentally Ill Of Alabama
Mack Yeargan—Probate Judge, Chilton County

Consultants

Ellen Holladay—Ernst & Whinney
Paul Ahar—Ernst & Whinney

RECOMMENDATIONS

1. The general thrust of the plan is to enhance community-based services. To do this, the state needs to change some of its policies. The community-based service industry needs to be stimulated to offer quality services over the long term.

2. One of the major concerns of the team was to estimate the scope of clients who should be served by the DMH/MR. For each disability group (mental health, mental retardation and substance abuse) the team identified a set of eligibility requirements that restricts services to only the most disabled of each client group.

3. The plan recommends continued efforts to gain accreditation for mental health facilities by the Joint Commission on the Accreditation of Health Care Organizations and certification by the Federal Health Care Financing Administration. For the mental retardation facilities, the team recommended continued efforts to receive certification from the Federal Health Care Financing Administration and accreditation by the Accreditation Council for Developmental Disabilities.

4. The state should support strategies to assist private and community board-operated providers in establishing and maintaining high priority services through:

   — Forward financing of start-up costs.

   — Multiple year contracts.

   — Protection against proration, especially when it affects purchased services received at a cost far below what the state could duplicate.

5. Establish eligibility requirements and a hierarchy for service priorities.

6. The DMH/MR should establish a pre-authorization program for purchased services.

7. The DMH/MR should notify potential providers of the types and amounts of services which it proposes to purchase in each area/region. A cost analysis should be completed to determine if the purchased services could be provided at a lower cost by the DMH/MR.

8. Some management changes should be made including the expansion and enhancement of regional management. The roles of facility directors and regional directors should be separated. Regional directors should manage facility operations, community services development and management, and client eligibility determination and case management. This move strengthens regional director positions and creates greater accountability.

9. Increased quality services will result if better salaries are paid to direct care staff and more vacancies are filled. The latter will reduce overtime costs.

10. An effective management information system should be installed.

11. A comprehensive statewide effort should be initiated to prevent alcoholism and drug abuse.

12. The DMH/MR and executive branch should consider initiating an effort to expand insurance coverage especially for mental illness and substance abuse dependency.

STATE LICENSES AND FEES

ISSUE

Can the state create a process that allows departments to routinely increase fees for services where appropriate?

The AMIP was asked to develop a recommended annual process that would allow the state to consider raising or lowering fees or the costs for licenses.

BACKGROUND

During the Short-Term phase, a number of findings and recommendations produced the need for development of a formalized license and fee review process.

—Nearly every review team report recommended some sort of adjustment or change in licenses and fees. A high percentage of the licenses and fees charged by agencies are out-of-date. Most licenses and fees have not been changed in the past five years—some in over 40 years. In total, over $78 million in revenue enhancements were recommended.

—Few state agencies have cost accounting systems to assure the adequacy of their license/fee structure in recovering operating costs.

—The crosscut issue on licenses and fees recommended that the state adopt a better means for determining fees on a more routine basis.

STUDY TEAM

State Participants	Industry Members	Consultant
Kerry Brown	William L. Cox—Aldridge, Borden, and Company	David Reed—Hudson Institute
Steven R. Heath	Terry L. Ledford—South Central Bell	
S. Valynn Helms		

RECOMMENDATIONS

1. The team reiterated two Short-Term Study recommendations including the passage of legislation to authorize an administrative process for setting fees, and establishment of a license and fee oversight committee to oversee and implement a license and fee review process. The oversight committee would establish specific guidelines for license establishment and fee increases.

2. Each agency should be required to establish its own cost accounting model for setting fees. This model should be customized to meet agency operations. The oversight committee should establish guidelines for the development and use of the models. Once each model is established, it should be changed only with the approval of the oversight committee.

3. The team recommended a three-phase, eight-step model as the foundation of the development of department and agency cost accounting models. For each fee, this model forces a department or agency to clearly identify what service or benefit is being provided for the fee, to segment the costs associated with providing the service or benefit, to determine what level of costs should be recovered, and to adjust the resultant fee by any external factors of major concern, e.g., ability to pay.

4. There should be a review of all other business and professional licenses and regulations based on a set of criteria recommended for adoption by the state to justify the fees or licenses. The team also recommended elimination of those licenses and fees that do not meet the established criteria.

   Two critical assumptions were made by the team to justify government interference through licensure and regulations in the free marketplace (business environment):

- Government should intervene in the marketplace only when the marketplace fails.
- When the government does intervene, it should do so only to the extent that it produces the same result the marketplace would properly produce.

For licenses—three specific criteria for licensure were recommended:

- When consumers are not provided enough information in the marketplace to make an informed opinion about a product or service.
- When the consequences of an uninformed opinion by a consumer or citizen are serious.
- When the normal mechanisms of redress for a consumer or citizen are unable or unlikely to compensate an injured party.

Three basic situations exist for charging a fee for a service or good:

- When individuals cannot be excluded from utilizing a service/good, but its use will impact others.
- When individuals cannot be excluded from using a service/good, but its use will not impact others.
- When individuals can be excluded from using a service/good, and its use will not impact others.

These criteria are recommended for use by the state through a two-tiered process. First, the criteria should be provided to the departments and agencies as guidelines for setting fees and maintaining licenses. The departments and agencies are recommended to conduct self-evaluations based on use of these criteria to eliminate those licenses and fees that are not justified. The second level is accomplished through the legislative oversight committee which will enforce the guidelines.

5. Fee calculations should be on a full-cost basis for regulatory activities that meet the criteria.
6. Two agencies should be selected immediately to refine the processes, forms, models, and principles developed in the report. This work should be supported by staff from the Executive Budget Office.
7. Eliminate all privilege licenses issued by the Department of Revenue. Privilege licenses should be eliminated because they are purely revenue-generating mechanisms which do not meet any of the basic criteria for licensure. Examples include licensing of abstract companies; advertising companies; and horse, rodeo, dog, and pony shows.
8. The recommended model should also be used with respect to service activities, (e.g. Comptroller, Attorney General, State Auditor). These operations support the delivery of direct services; therefore, revenues generated should recover the full cost of delivery of these services.

INFORMATION SYSTEMS

ISSUE

What policy guidelines and parameters should be provided by the Data Systems Management Division (DSMD) to guide the planning of departmental information systems?

The AMIP was asked to define a set of specific guidelines to set the policy parameters for department level information systems planning.

BACKGROUND

This issue emerged as a consequence of the lack of information systems planning by departments and agencies. The Short-Term Studies recommended implementation of a statewide planning system. The Short-Term Studies also emphasized the need to consolidate department and agency plans into one statewide plan. The statutory authority for this planning effort rests with DSMD.

The recommended planning process is two-phased. The DSMD, with advice and counsel of a high level committee, will set general parameters for the overall management of state information systems. Within these guidelines, each department and agency has the freedom to create its plans. These plans will be reviewed and consolidated by the committee and DSMD.

This study defines major guidelines and parameters that should be considered in the planning by the individual departments.

STUDY TEAM

State Participants

Danny L. Floyd
Kenneth Givens
Sarah Mingledorff

Industry Members

Alvon A. Harris, Jr.—Protective Life Corporation
Raymond B. Wells—Auburn University at Montgomery

Consultant

Bill Stephenson—Ernst & Whinney

RECOMMENDATIONS

Policy guidelines and parameters are strategic decisions made to define the limits of departmental planning. Each department should create a strategic information systems plan within the scope of these guidelines and parameters.

1. Use a specific planning methodology.
2. Establish a review board to approve plans. It should be comprised of two members from DSMD, two from the department or agency, and two from the private sector.
3. All multi-user systems should be developed and processed on a DSMD mainframe computer.
4. DSMD should approve all acquisitions of information systems processing equipment.
5. DSMD should own all mainframes except those acquired with federal funds.
6. All data communications (remote) should be done through the state backbone system.
7. One system development methodology should be used by all agencies.
8. A standards advisory board should be established to develop and maintain minimum standards for software development.
9. It should be policy that the manager who creates data is the owner.
10. All technical support should be centralized including systems programming, EDP auditing, security, and telecommunications.
11. An advisory board should be established to develop and maintain an information systems training plan.

CAPITAL PLANNING AND BUDGETING

ISSUE

How can the state better plan and budget for its capital needs?

The AMIP was asked to develop a recommended annual process for capital planning and budgeting that would interface with the budget process.

BACKGROUND

This issue emerged not as a specific recommendation of the Short-Term Studies but as a consequence of a group of recommendations. There was a tremendous need for capital investment noted during the Short-Term Studies, and it raised a serious issue of whether the state planned for any of its capital needs.

There were many contributing factors to the lack of adequate capital resources identified during the Short-Term phase. Among these factors were:

—A lack of formalized planning and budgeting processes for capital.

—Major capital needs, without known funding requirements, are introduced or promoted at all levels without adequate knowledge of future funding requirements.

STUDY TEAM

State Participants

Lowell Barron
Larry Downs
Dewayne Freeman
Mickey McGee
Gary Moody
Robert Pickett
Phil Sharpe

Industry Members

Ben Elliott—B E & K, Inc.
Wayne Farris—South Central Bell
Carl Grafton—Auburn University at Montgomery
Boyd E. Jordan—B E & K, Inc.

Consultant

Ted K. Osborn—Theodore Barry and Associates

RECOMMENDATIONS

1. The state should adopt a statewide planning process, both long- and short-term, to precede the executive budget preparation process. This planning process will require agencies to develop a six-year plan that will be reviewed and revised as necessary on an annual basis. Agencies will be required to submit the plan or revisions that include proposals for new capital funding to the Department of Finance. This plan or plan revision will precede any budgeting activities. Agency capital and operating budgets will be based on this plan.

2. All agencies should participate. Active participation in the capital budgeting process will be triggered by new or significantly revised capital requirements and/or programs or program components. (Agencies will be asked to submit capital plan proposals only when they have major capital needs or make extraordinary program changes; otherwise, they will submit a short summary of revisions).

3. The planning submissions (documents) will be program-based. Each program will have its own fully integrated plan to allow an agency to focus on the full ramifications of capital and operating program requirements. Each submittal will require an agency to define the value/benefit of an expenditure, capital requirements, operating requirements, and recommended funding source.

4. The governor should establish a Capital Planning and Budgeting Commission supported by the Department of Finance staff.

5. Approval of capital investments should be made by the commission based on analysis by the Department of Finance. This analysis should focus on the long-term and short-term implications of expenditures and financing associated with each proposal. Approval of proposals should be made when there is a reasonable expectation that the related operating funds required will be available on a sustainable basis.

STATE ENFORCEMENT FUNCTIONS

ISSUE

Should the state centralize certain enforcement functions in the Department of Public Safety?

The AMIP was asked to assess the potential of consolidating a number of different state law enforcement functions.

BACKGROUND

The issue resulted from a series of recommendations made through the Short-Term Studies. These recommendations included moving motor vehicle registration and titles from the Department of Revenue to the Department of Public Safety; the Marine Police Division, Department of Conservation and Natural Resources to the Department of Public Safety; and the State Capitol Police Section, Department of Finance, to the Department of Public Safety. Although the Short-Term Studies indicated there were substantial potential benefits, none of the Short-Term teams conducted the depth of study necessary to conclude that the moves were feasible. In addition, a number of other consolidations were possible but were not assessed during the Short-Term Studies.

STUDY TEAM

State Participants

Mickey Bell
Joe Cowen
William J. Menton
Charles Rowe
H. Roy Smith
R. Frank Ussery
Gary White

Industry Members

David L. Day—Blount, Inc.
Kater Williams—City of Dothan

Consultant

David T. Skelton—Hudson Institute

RECOMMENDATIONS

1. The Marine Police Division, Department of Conservation and Natural Resources, should be considered for reassignment to the Department of Public Safety (DPS). This division has line law enforcement functions, identifies itself primarily as a law enforcement agency, and reassignment can be made without substantial cost.

2. A Motor Carriers Safety Division should be created in the DPS. This division would include reassignment of law enforcement officers in the Department of Revenue and the Public Service Commission.

3. There should be a study by representatives from state law enforcement agencies leading to the adoption of a comprehensive state-level policy on narcotics enforcement. This should replace operating agreements and reconcile the roles of the Alcoholic Beverage Control Board, the DPS, and any other agencies engaged in narcotics law enforcement.

4. The state should conduct a statewide security survey to assess the need for improvements in state personnel and building security management. A survey should include assessment of risks, losses associated with security failures, and the proper roles of various state agencies responsible for security of state personnel and buildings.

5. The state should study the feasibility of the creation of a Division of Motor Vehicles within the DPS which would combine the present Driver Licensing, Driver Improvement and Safety Responsibility functions of DPS with the Vehicle Licensing and Registration functions of the Department of Revenue.

6. The state should create state, regional, and local law enforcement coordinating councils composed of police agency representatives. These would engage in a formal process of law enforcement planning, law enforcement information and intelligence exchange, law enforcement coordination, and cooperation in operations.

7. The state should consider the adoption of an Alabama Racketeer Influenced and Corrupt Organization statute to aid enforcement against organized crime.

8. The state should consider the creation of a state wide system of advanced and refresher in-service police training based on print media, computer-aided, and video-based instructional systems technology which would allow for continuing police education without the necessity of extensive travel. Additionally, the Police Officer Standards and Training (POST) Commission should adopt a policy whereby police officers could attend any POST-certified academy to enable local law enforcement agencies to send officers to the most convenient academy.

9. The state should consider the creation of a consistent system of retirement for state police officers.

10. The state should consider the adoption of state wide standards for police communications and computer equipment with the objective of providing secure access to appropriate police communications and information channels for Alabama police agencies.

11. The state should conduct a policy study to determine the need for full police powers by so many state employees who perform duties not related to law enforcement.

Implementation and Tracking

IMPLEMENTATION

From the beginning of the AMIP, Governor Hunt stressed the importance of implementation of the anticipated study recommendations. It was realized that implementing change would be a difficult task and that success would require good planning and effective management by the participating departments and agencies.

Implementation Planning

Following the approval of all departmental and agency recommendations listed in the Final Draft Report, each department and agency began the implementation phase which resulted in a specific plan for each recommendation as well as a total, composite plan for implementation. A seminar conducted by project consultants for the department and agency heads outlined the responsibility to create a plan consistent with the format and information requirements approved by the governor. Each department and agency assembled a planning team to develop an implementation plan to be submitted to the governor for final approval.

Implementation Tracking

The approval of implementation plans by the governor launched the implementation and monitoring of implementation. To insure timely implementation of the recommendations, an ongoing tracking process with two elements was developed. First, the departments and agencies designated implementation coordinators to organize departmental and agency activities. Second, the Department of Finance established The Office of Management Analysis to monitor the implementation of all recommendations and to provide an ongoing focus for the AMIP effort.

Implementation Coordinators

Each department and agency coordinator was assigned responsibility for monitoring implementation and reporting progress. After establishing responsibility for implementing each recommendation, coordinators tracked and coordinated AMIP activities. To facilitate the coordinator's job, an overall plan for implementation was developed to set the stage for tracking and reporting progress. A typical plan is outlined in Exhibit 1.

Tracking System

A data base was designed and developed specifically for the AMIP implementation tracking process and is maintained by The Office of Management Analysis. This system was developed to track each recommendation until completion. The staff monitors progress by each agency at two-week intervals by using the system's computer-generated status report and turnaround document. Implementation coordinators review the information on file, update where necessary, and return the document. Results are added to the data base and reported with percentage completion estimates. The flow chart (Exhibit 2) provides an overview of the tracking system.

Each recommendation is classified by type, status, and class. All projections for each recommendation, such as start and completion dates, personnel changes, costs, savings and revenues, are included in the data base. All of this information is available for reporting results on a quarterly basis to the governor and the AMIP Board of Directors.

The continuing efforts of the implementation coordinators, together with the systematic reporting of results, will ensure that implementation takes place as outlined in the recommendation. This systematic approach has encouraged the implementation of recommendations and has produced significant results. Initial results of this implementation system are shown in the AMIP REPORT in Appendix C.

Long-Term Implementation

The Long-Term issues are complex and implementation of the recommendations will require coordination with many agencies and political entities. A set of implementation actions has been established for each Long-Term Study and an implementation coordinator has been assigned to develop a plan for implementation of each issue. As with the Short-Term phase, the state will create detailed implementation plans and report the implementation progress to the AMIP Board on a quarterly basis.

[EXHIBIT 1]

A TYPICAL DEPARTMENT OR AGENCY PLAN

Tracking and coordination of implementation will be accomplished as follows:

- Each division director submits a weekly report to the implementation coordinator. The report outlines progress on implementing each assigned recommendation.

- A chart indicates weekly progress on each recommendation. The implementation coordinator maintains the chart.

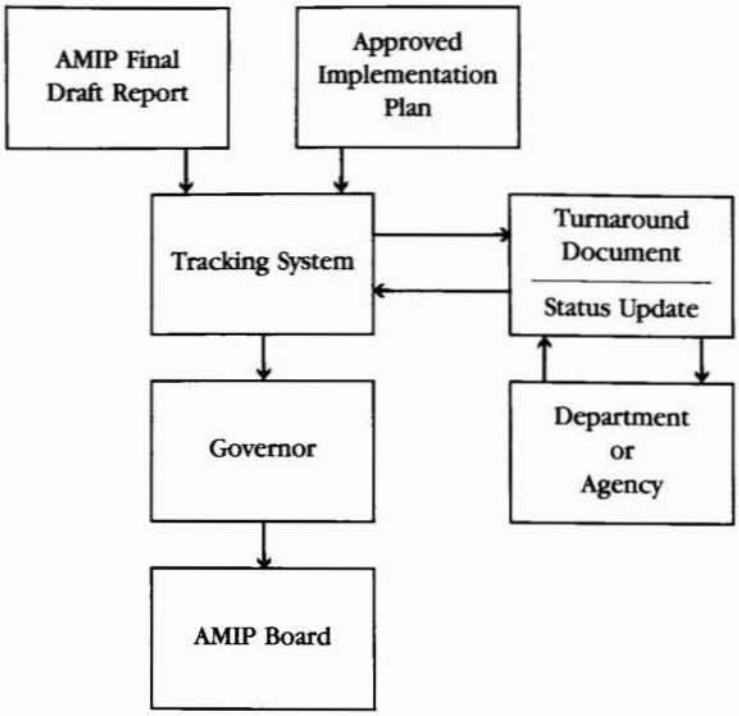
- Meetings between the implementation coordinator and division directors are scheduled twice a month to maintain momentum and motivation. Meetings provide a forum for answering questions, obtaining assistance with any problems, and assuring coordination among all divisions within the department or agency.

- The monthly newsletter for employees informs personnel of progress in implementing the recommendations. The department or agency head meets weekly with the implementation coordinator to discuss progress in implementing each recommendation.

[EXHIBIT 2]

OVERVIEW

IMPLEMENTATION TRACKING SYSTEM



Appendix A

EXECUTIVE ORDER NUMBER 6

WHEREAS, in these times of economic and fiscal stress it is vital that the State of Alabama provide essential governmental services in the most economical, effective, and efficient manner; and

WHEREAS, the efficient and economical provision of such services is necessary so that our Alabama citizens be assured that their tax dollars are being expended as wisely as possible; and

WHEREAS, prominent and outstanding leaders of business and industry in this state have gratuitously volunteered assistance in a joint effort with Alabama state government personnel in performing a detailed and comprehensive examination of providing such state services.

NOW, THEREFORE, I, Guy Hunt, Governor of the State of Alabama, under and by virtue of the authority vested in me by law, do hereby create and establish the Alabama Management Improvement Program. I authorize that the program shall include the study and analysis of the Executive State Departments and other agencies that request help through a process that integrates the experience of state employees and private sector business executives to ascertain the means, methods, and manner in which the services of the State of Alabama may be delivered to our citizens in the most efficient, expeditious, and economical manner. To this end, I hereby authorize the formation of a not-for-profit corporation with appropriate powers and authority to supervise, control, and direct the Alabama Management Improvement Program in carrying out the intent of this Executive Order. Also, I authorize and empower this not-for-profit corporation to select and retain as its agents and assistants such executives and experts from business, industry, and state government who are skilled and experienced in the conduct of private enterprise and state goverment. To assist in the undertaking, I also authorize said not-for-profit corporation to create and manage advisory groups as it deems necessary to achieve the objective of the program.

FURTHER, I charge every officer and employee of this state to participate when requested by said not-for-profit corporation, to work with its representatives, to provide full and complete information concerning their respective departments, divisions, agencies, bureaus, boards, and commissions or other official branches of state government, and to give to the not-for-profit corporation and its agents every assistance in the performance of their duties; and

Upon completion of its work, the not-for-profit corporation shall render to me a full report of its findings and such recommendations as it has developed during its work with the departments and agencies.

This Executive Order shall take effect immediately.

DONE and ORDERED this 30th day of March, 1987.

Guy Hunt

GUY HUNT
Governor

Appendix B

JACKSONVILLE STATE UNIVERSITY STUDY

Jacksonville State University is a state-supported, coeducational institution. Its purpose is to provide quality education integrating traditional academic pursuits with career-oriented programs at reasonable costs to its students. In addition, the university attempts to provide service to the community in Northeast Alabama through consulting and research activities and continuing education programs.

Drawing primarily from the Appalachian region, the university makes educational opportunities available to a diverse student population while maintaining academic standards that ensure quality education to those who are graduated. This maintenance of high standards is accomplished primarily through teaching, counseling, and the promotion of excellence.

Programs at Jacksonville State University are designed to meet the personal, social, and cultural needs of the students and prepare them for professional careers. Every effort is made to assist and encourage students through academic advisement, instruction, career planning, and preparation to enter the job market.

Note: Jacksonville State University agreed to act as a pilot study to determine whether an AMIP review of the management practices of institutions of higher education in Alabama would work. The study focused on assessing the managerial effectiveness and efficiency of the marketing, development, general administration, and auxiliary service functions.

STUDY TEAM

Jacksonville State University Participants

Dodie Coleman
Jim Green
Miriam Higginbotham
Marvin Jenkins
Al Searway
Don Thacker

Industry Member

Howard Sanderford—IBM

Consultant

Michael O'Neal—Organizational Initiatives

Recommendation 1: Develop and implement a strategic planning process which is integrated with the budgeting process, which follows formal communication channels, and which provides for ongoing staff development in the planning process throughout the university.

Recommendation 2: Develop a comprehensive strategic marketing plan for Jacksonville State University that will serve as the overall direction for university recruiting, retention, public relations and development plans, programs, and activities.

Recommendation 3: Adopt and implement a model for student recruiting. Use it as a process for recruiting students and as the basis for coordinating recruiting activities.

Recommendation 4: Develop a pro-active Retention program that focuses attention on the retention issue, coordinates and provides feedback on effectiveness of student programs and services, and promotes positive change.

Recommendation 5: Develop, at the state level, a comprehensive system of funding higher education based on a more balanced, equitable, and predictable state funding process.

Recommendation 6: To support state goals on higher education, communicate and coordinate activities which will provide better services to students, industry, and the local communities of the state.

Recommendation 7: Develop and implement a plan to build a coordinated fund-raising program for Jacksonville State University.

Recommendation 8: Develop and implement a pro-active Public Relations/Communications Program that helps maintain a positive image of Jacksonville State University, increases participation in campus activities and events, and supports the recruiting and development funding efforts.

Recommendation 9: Upgrade the professional expertise of the Central Telephone Services staff as required in each position. The amount of the capital investment and the value of the services rendered justifies the development of a quality staff.

Recommendation 10: Obtain additional floor space necessary to accommodate growth in the PBX facility. Each new telephone extension, data circuit, and burglar alarm requires a circuit board in the PBX room. The circuit boards are installed in cabinets. There is no

room for installing another cabinet. At the current rate of growth, the capacity for additional circuits will be exceeded.

Recommendation 11: Contract with a telecommunications service company to provide backup maintenance service. Dependable computer backup maintenance service is very critical to the Central Telephone Services Department at this time. Vacancies exist in critical positions. The requirement will continue until the technical skills can be developed in-house through hiring and training.

Recommendation 12: Efforts should be renewed and expanded to influence South Central Bell to accelerate its plan to upgrade the local service to provide an ESS capability. The excessive mileage charges to Anniston must be eliminated.

Recommendation 13: Give the University Police Department responsibility for evening switchboard operations. Based on the survey information provided, the volume of evening calls to the switchboard does not justify the extension of the hours of operation into the evening.

Recommendation 14: The rate of charges should be reviewed frequently to maintain a lower charge than commercial rates for all university users. Charges for telephone service are currently below commercial rates.

Recommendation 15: The utilization of the voice mail system should be increased to gain a return on the investment for that system. Voice mail can be an efficient, cost-effective means of communication, if used properly.

Recommendation 16: The Director of Special Services should receive complete financial information on telephone operations on a routine basis. This information is necessary for management decision making.

Recommendation 17: Revise and continue improving the textbook ordering system. Dead books have minimal salvage value. Great strides have been made in this area in the last two years; however, due to the high rate of payback, additional progress should be made. Textbooks are high cost inventory items.

Recommendation 18: It is recommended that the Bookstore be as competitive as possible while maintaining acceptable levels of profit. This requires more attention to better pricing of goods and more analysis of competitor's pricing. If successful, this will create goodwill toward the Bookstore in the minds of the faculty, staff, students, and potential students.

Recommendation 19: A personal computer capable of communicating with the mainframe computer should be acquired. Inventory control, purchasing, and financial record keeping should be automated to provide decision data for Bookstore management.

Recommendation 20: It is recommended that surveys be conducted by the Bookstore at regular intervals to measure customer opinions of the level of service being rendered. The results of the surveys should be given strong consideration in the planning and management of the Bookstore.

Recommendation 21: Other state universities should review very carefully the computer applications that are available at Jacksonville State University and consider implementing them wherever possible as alternatives to going outside the state to purchase them. A review should be made of the feasibility of selling these applications to other universities and schools outside of the state.

Recommendation 22: A computer literacy test should be implemented for students of Jacksonville State University before graduation.

Recommendation 23: The word processing center's practices, procedures, and technology should be coordinated with other campus word processing capabilities to increase the opportunities for integration.

Recommendation 24: Steps should be taken to ensure that personal computer software (word processing, spread sheet, etc.) purchased in the future be compatible with a university standard and that existing systems be converted to that standard.

Recommendation 25: A committee should be established to review computer requirements and to plan requirements for the next five years.

Recommendation 26: The Director of the Computer Center should be a member of the Institution Planning Committee.

Appendix C

AMIP REPORT

Alabama Management Improvement Program

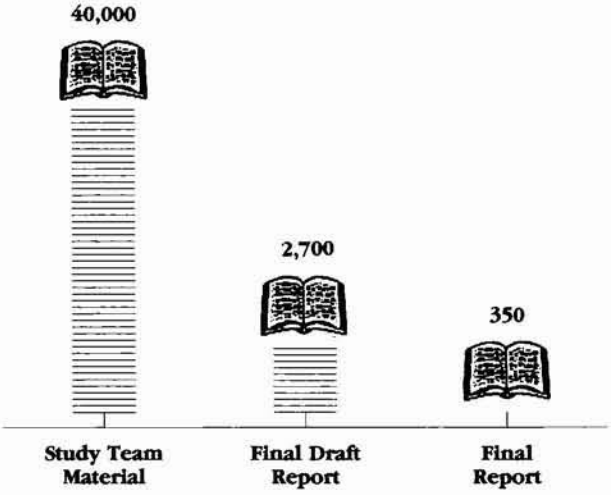
The State of Alabama
Governor Guy Hunt

July 1988

AMIP TO ISSUE FINAL REPORT

The Alabama Management Improvement Program (AMIP), a non-profit organization funded by Alabama private business, completed its management analysis field work on state governmental operations in January, 1988. The final report of the recommendations will be issued in August. The field work involved teams of state employees and business executives analyzing state government operations and resulted in 22 individual studies that produced over 1,000 draft recommendations. When implemented, the recommendations will save money and improve organizational effectiveness and productivity for Alabama's state departments and agencies. The 22 studies include recommendations for 36 Alabama organizational units from the Alcoholic Beverage Control Board to the Department of Revenue.

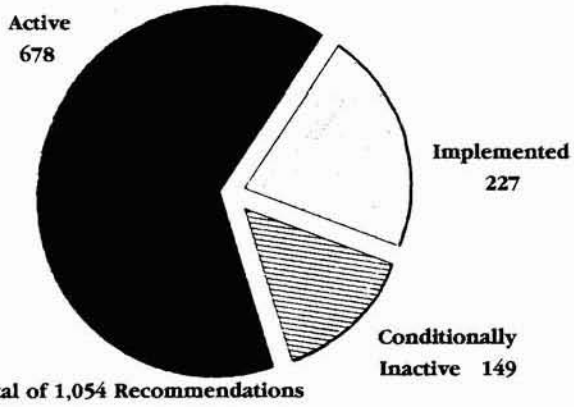
The AMIP study teams generated an amazing 40,000 pages of material consisting of employee questionnaires, study materials, and working papers. This mass of information was the basis of the 22 Draft Reports. The 22 individual Draft Reports contained a total of 2,700 pages that included each draft recommendation, its basis, the estimated cost of implementation, the benefits of implementation, and the necessary steps for implementation.



The Final Report will present the 1,054 recommendations, their projected implementation costs, and benefits.

AGENCIES IMPLEMENT 227 RECOMMENDATIONS

From the beginning of AMIP, Governor Hunt stressed the importance of implementation of the studies. Once the short-term studies were completed, the draft recommendations were made available to the departments and agencies so that implementation could begin.



The final official AMIP report, which is undergoing final editing, has not been published. Even though the departments and agencies have not received their Final Reports, they have attained an implementation rate of 22 percent of all recommendations. This rate is astounding considering that the field work and draft reports were not completed until the end of January, 1988.

To date, the total number of recommendations is 1,054. Of these, 678 are in the process of being implemented (active) of which 110 require legislation. The 227 recommendations implemented are those producing results for the State. The remaining 149 recommendations depend on a variety of factors before implementation can proceed. These are classified as conditionally inactive.

STATE OF ALABAMA
DEPARTMENT OF FINANCE
MONTGOMERY, ALABAMA 36130

July 7, 1988

Dear State Employee:

Alabama private businesses invested over $1.6 million in the Alabama Management Improvement Program for a comprehensive study of our state operations. Their original investment in AMIP was made with the expectation that once the AMIP studies were completed the real challenge would come in implementation of the recommendations. It has been less than six months since AMIP's Final Draft Reports were completed and yet, thanks to you, significant results have already been achieved.

Of the current 1,054 AMIP recommendations, 227 or 22 percent have been fully implemented. The economic benefits to the state are over $15 million, together with improved operations and efficiencies.

I have said it before and I will say it again—Alabama's state employees represent quality. You are dedicated individuals with a positive work ethic. Without your efforts we could not have achieved these results.

Your continuing efforts to complete the program should result in state government operations second to none in our great nation.

Sincerely,

G. Robin Swift, Jr.
Director

"State employees . . . are dedicated individuals with a positive work ethic."

G. Robin Swift. Jr.

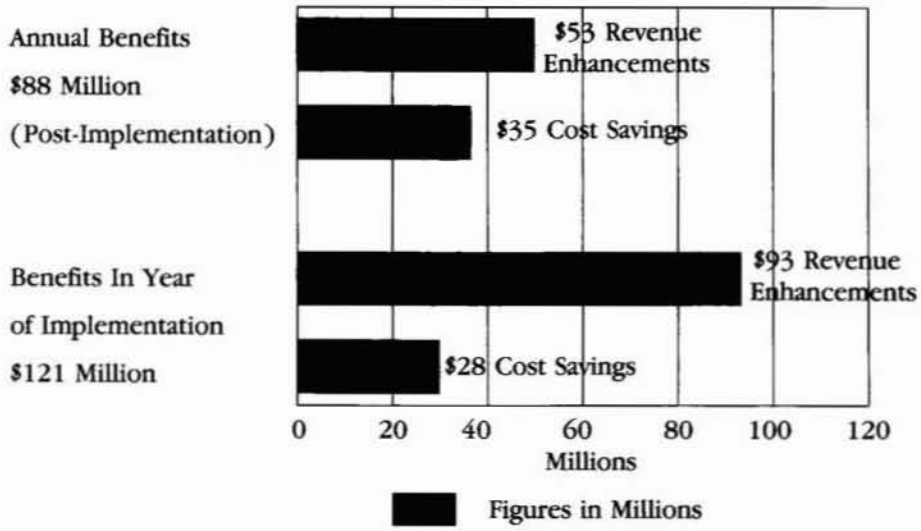
The Office of Management Analysis Established By The DEPARTMENT OF FINANCE

One AMIP recommendation was to establish a staff organization to oversee the implementation of the approved recommendations. The Office of Management Analysis was established in the Executive Budget Office of the Department of Finance for this purpose.

The Office of Management Analysis is charged to:

- Track and report the disposition of the AMIP recommendations to Governor Hunt and the AMIP Board of Directors;
- Oversee and, upon request, facilitate the AMIP recommendations;
- Provide the necessary coordination to implement recommendations dealing with statewide operational issues or issues that cross organizational lines; and
- Provide requested management analysis services for state departments and agencies.

PROJECTED IMPLEMENTATION BENEFITS
JUNE 30, 1988



The Projected Benefits based on the completion and implementation of all 1,054 recommendations, have been categorized as Annual Benefits and Benefits in the Year of Implementation. The Annual Benefits, projected at $88 million, are expected to result in on-going Revenue Enhancements and Cost Savings. These results are adjusted for any cost of implementation and will be realized beyond the implementation year. The Benefits in Year of Implementation are projected at $121 million. These benefits and the associated costs are one-time in nature.

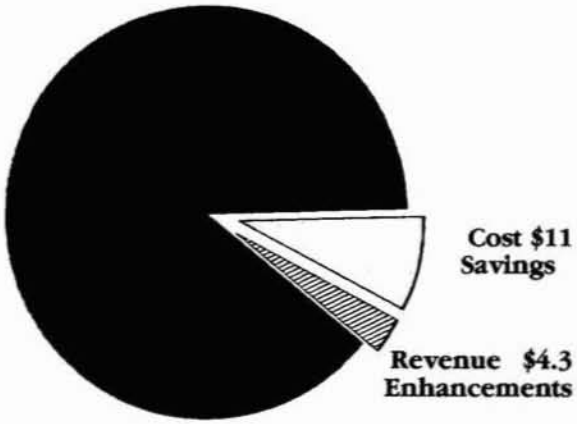
The reader should be aware that over 100 recommendations suggest legislative action, others will require years to implement, and some, due to the dynamics of governmental operations, may never be implemented. The dollar benefits projected above are premised on the implementation of all 1,054 recommendations. If all are not implemented, the dollar projections may not be fully achieved.

ANALYSIS OF POTENTIAL BENEFITS TO ALABAMA TAXPAYERS

	Cost Savings	Revenue	Cost	Net
Annual	$40,000,000	$ 59,000,000	($11,000,000)	$ 88,000,000
One-Time	$48,000,000	$114,000,000	($41,000,000)	$121,000,000

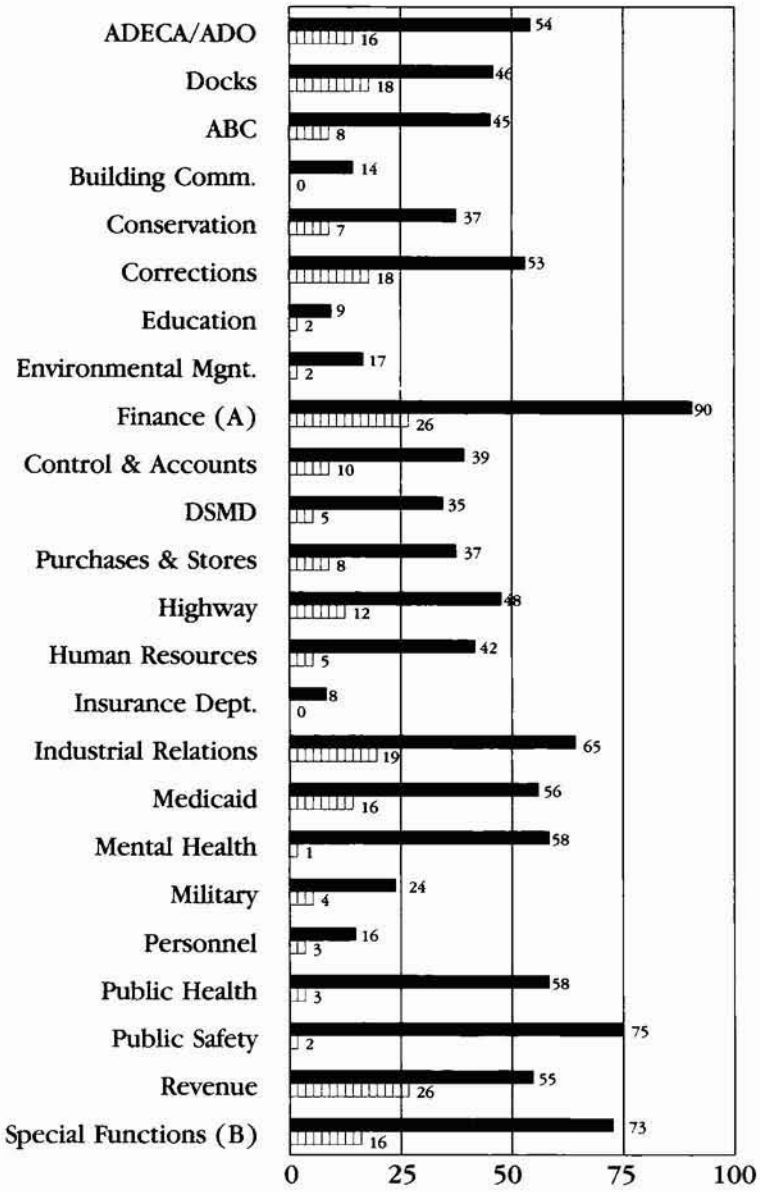
YEAR OF IMPLEMENTATION ACTUAL RESULTS June 30, 1988

Total projected benefits for the initial year of implementation are $121 million. To date, departments and agencies have implemented 227 AMIP recommendations with projected benefits of $15.3 million. Cost Savings of $11 million and Revenue Enhancements of $4.3 million comprise the benefits achieved.



Total Projected Benefits $121 Millions of Dollars

Departmental Updates



A: Finance
- Air Transportation
- Insurance Fund
- Printing & Publications
- Capitol Police
- Mail Room
- Motor Pool
- Space Management
- Telecommunications

B: Aging
- Emergency Mgnt.
- Archives & History
- Banking
- Surplus Property

The total 1,054 recommendations involve 36 departments and agencies. Overall, the departments have implemented 22 percent of the recommendations of the studies. Three departments have reported outstanding implementation results. They are:

Revenue	57%
Alabama State Docks	41%
Corrections	35%

The Office of Management Analysis awards

to these departments.

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