



LEGISLATIVE COMMISSION ON GOVERNMENT EFFICIENCY

P.O. Box 30036
LANSING, MICHIGAN 48909-7536
PHONE: (517) 373-0212
FAX: (517) 373-7668

June 15, 2010

Members:

JAMES CURRAN (*Co-Chair*)
821 Roxburg
East Lansing, MI 48823
Tel. (517) 332-3754

KEVIN PROKOP (*Co-Chair*)
RockBridge Equity Partners LLC
20555 Victor Parkway
Livonia, MI 48152
Tel. (734) 805-5898

GEORGI-ANN BARGAMIAN
The International Union – UAW
8000 East Jefferson Avenue
Detroit, MI 48214
Tel. (313) 926-5194

MITCH BEAN
Director of the House Fiscal Agency
House Office Building – 4th Floor
124 N. Capitol Avenue
Lansing, MI 48933
Tel. (517) 373-8080

FERN GRIESBACH
Consumers Energy
1 Energy Plaza
Jackson, MI 49201
Tel. (517) 788-1155

DAVID M. LEONARD
Spectrum Health System
100 Michigan Street, NE
Mail Code 60
Grand Rapids, MI 49503-2560
Tel. (616) 391-1313

CHARLES M. MOORE
Conway, MacKenzie, and Dunleavy
401 S. Old Woodward, Suite 340
Birmingham, MI 48009
Tel. (248) 433-3100

GARY OLSON
Director of the Senate Fiscal Agency
Victor Center, Suite 800
P.O. Box 30036
Lansing, MI 48909-7536
Tel. (517) 373-2768

MICHEL SUSSMAN
Verso Paper – Quinnesec Mill
W6791 U.S. Hwy. 2
Quinnesec, MI 49876
Tel. (906) 779-3201

Legislative Council Contact:

JOHN STRAND
Legislative Council Administrator
124 W. Allegan, 4th Floor
P.O. Box 30036
Lansing, MI 48909
Tel. (517) 373-0212

House Committee on Intergovernmental and Regional Affairs
Anderson House Office Building
Lansing, MI 48909

Dear Committee Members:

We are writing on behalf of the Legislative Commission on Government Efficiency regarding our support of House Bill 5930, legislation before your committee that creates the Intergovernmental Advisory Office.

The bi-partisan Commission was statutorily created in 2007 and charged with objectively analyzing Michigan's government operations and offering recommendations to reduce government expenditures. Our representatives were appointed by both the Majority Leader and the Speaker and included both private and public sector official. Over the twenty months we worked on these issues, we received a great deal of public input from a variety of key stakeholders and carefully considered this input in formulating our recommendations. For such a diverse group, we had a remarkable level of agreement on a variety of issues, including issues with respect to local government and revenue sharing.

With respect to the Commission's recommendations on local government and revenue sharing, one principle governed our recommendations: the State should encourage intergovernmental cooperation as much as possible and remove any roadblocks that prevent local units of government from i) taking on problems that cross jurisdictional boundaries, ii) responding to opportunities to achieve economies of scale, or iii) exploring non-traditional options for providing services across units of government.

Given the continued uncertainty surrounding the amount of revenue sharing payments and the need for consistent and sustained focus, we recommended the establishment of an Intergovernmental Advisory Office (IAO) within the State Department of Treasury who could identify, review, and recommend further opportunities for efficiencies. Local units of government have made great strides in the past when faced with reduced funding levels, but the Commission believes that the IAO could serve as a central resource to eliminate any remaining barriers and increase the likelihood of successful local government efforts to share services, collaborate, consolidate, and increase efficiency. House Bill 5930 is consistent with our recommendation for the creation of such an office and its duties and powers.

Further, House Bill 5930 begins the process of moving revenue sharing from an unrestricted revenue source to a services based funding model. The bill also seeks to expand options for local government to increase revenue when it is necessary to do so. Both of these recommendations are also consistent with our findings.

We appreciate the efforts of both the sponsor and the Committee in taking testimony on this issue and are pleased to offer our support of this legislation.

Respectfully,

James P. Curran
Commission Co-Chair

Kevin Prokop
Commission Co-Chair

Fern Griesbach
Commission Member