



# State of Louisiana

Division of Administration  
Office of the Commissioner

**FOR IMMEDIATE RELEASE**

**Contact: Meghan Parrish, 225-342-7000**

## **Governmental Efficiencies Project Identifies \$2.5 Billion in Potential Cost Savings**

**BATON ROUGE** - Commissioner of Administration Kristy Nichols announced today that the Division of Administration (DOA) has completed the first phase of the Governmental Efficiencies Management Support (GEMS) project that began in 2013. Last fall, consulting firm Alvarez & Marsal (A&M) was awarded the GEMS contract, intended to identify at least \$500 million in efficiencies and cost savings measures in State government.

The final report from A&M far exceeds the \$500 million in projected savings. It identifies more than \$2.5 billion in efficiencies and cost savings measures that the State could implement over the next five years across all areas of operations, including expanding already successful programs, maximizing federal funding, improving internal performance, preventing fraud and abuse, and more effectively managing contracts.

"I am so proud of this report," said Nichols. "These are real, common sense solutions that will not only save money for the people of Louisiana, but will improve the way we operate."

All recommendations were thoroughly vetted to ensure they can be implemented in the time frames included in the report and with the staff currently available at each agency. Throughout implementation, the Division of Administration will continue to work with agencies and the Legislature to evaluate each recommendation's potential outcomes and likelihood of success. The report estimates \$302 million in efficiencies possible in fiscal year 2015. \$73 million has already been included in the FY15 budget. In the first full year of implementation, \$574 million is projected.

"When implemented, these ideas can help us operate more efficiently and use our equipment and resources more effectively," said Sherri LeBas, Department of Transportation and Development Secretary.

Those efficiencies and cost savings measures come from DOTD, the Department of Corrections (DOC), the Office of Juvenile Justice (OJJ), Department of Public Safety (DPS), the Department of Health and Hospitals (DHH), the Department of Children and Family Services (DCFS), the Office

of Risk Management (ORM), Louisiana Economic Development (LED), the Office of Group Benefits (OGB), and DOA.

“It was truly a team effort working with all of the agencies, employees and consultants involved in this process,” said Nichols. “I look forward to continuing to work together through implementation.”

Some of the budget-savings measures include:

- Expanding the Certified Treatment Rehabilitation Program that allows inmates to earn credits for participating in community and education programs in DOC.
- Reducing turnover by aligning caseworkers with individual families for the duration of their time with DCFS.
- Reducing the overall cost of healthcare by creating a disease management program to support patients with chronic conditions at DHH.
- Creating new command positions that better utilize senior officers and new troopers, putting more troopers on the road at DPS.
- Moving business support services, currently housed within each district, to a regional or central model at DOTD.
- Creating a state sponsored guarantee fund to self-insure the builders’ risk insurance costs currently purchased by contractors at ORM.
- Changing the way the State contracts with vendors state-wide by implementing a strategic sourcing process that employs new strategies for contract management.
- Upgrading from the current manual documentation process and implementing a document intelligence software package to increase productivity at DOA.

“I appreciate the opportunity that my team had to engage in worthwhile discussions with the representatives of Alvarez & Marsal regarding DPS operations,” said Colonel Mike Edmonson, Department of Public Safety Deputy Secretary. “As an agency, we must continue to implement and seek ideas to ensure that our operations are efficient and effective. A&M was instrumental in sharing successful ideas and strategies gained through research from around the country.”

#### [About Alvarez and Marsal](#)

Alvarez & Marsal (A&M) is a global professional services firm specializing in turnaround and interim management, performance improvement and business advisory services for entities in the private sector and in government. A&M delivers specialist operational, consulting and industry expertise to management and investors seeking to accelerate performance, overcome challenges and maximize value across the corporate and investment lifecycles. Founded in 1983, the firm is known for its distinctive restructuring heritage, hands-on approach and relentless focus on execution and results.

-END-