***For Release Week of July 15, 2024***

**All Things Nebraska**

*By Paul Hammel, Retired Senior Reporter for Nebraska Examiner*

**Governor enlists well-paid consultant to eliminate waste in state government**

 Every candidate for governor always promises two things – to cut property taxes, and eliminate the “waste” in state spending.

Both of those pledges are awfully easy to make -- and play well on a TV ad -- and much harder to achieve.

Current Gov. Jim Pillen is finding that out this year with his property tax reduction ideas. But he’s adopted a different tactic in cutting the fat from state spending by hiring a high-priced consultant to suggest reductions.

He enlisted Epiphany Associates, a Utah-based consultant who reportedly increased efficiency in state government in that western state by 35%.

The price tag to look at streamlining Nebraska’s state government is a healthy $10 million, or $2.5 million a year over four years.

Pillen, who is a businessman and not a politician, is probably used to hiring consultants to answer thorny questions when he’s raising hogs and managing his farms. Heavens knows there’s a consultant on every corner willing to render advice for a price.

In the past, governors have tended to use state employees/resources to find things to cut. Ben Nelson had an office that looked at processes and regulations that didn’t make sense (he loved the book, “The Death of Common Sense”).

Dave Heineman had stacks of budget books in his office that he dug through to navigate the fiscal downturn he faced when he was governor.

And Pete Ricketts created the “Center for Operational Excellence” that delved into how state agencies operated, and awarded belts of various colors – green, yellow and black belts, like a karate student – for managers who graduated from training and achieved efficiencies.

That Ricketts office, which had up to 30 employees, was credited by the then-governor for finding “hard savings” of $100 million and reducing 900,000 hours of employee time by the end of 2022.

***For Release Week of July 15, 2024 – Page 2***

Much of the time saving involved streamlining and speeding-up the application for state permits, and putting such processes online. Hey, who doesn’t hate waiting in line?

Not sure if that office was the cause, but the number of state workers has been on the decline in recent years, from a high of 18,339 state employees as of December 2015 to 17,725 as of December 2022, according to the state personnel almanac.

That’s pretty impressive, unless you’re stuck in a snowdrift and waiting for a state snowplow, or had an accident and wonder if a state trooper is anywhere nearby. (Both the Department of Transportation and State Patrol has struggled to fill jobs in recent years, in large part due to the nationwide shortage of labor.)

Now comes Epiphany, which recently released a report on its work after the first year of its four-year contract.

The consultants, as reported by the Nebraska Examiner, said that they have identified ways to save $531 million in general fund spending, and, at the same time, improve services to Nebraskans. If my math is correct, that would reduce spending of state tax dollars by about 10%, thus freeing up some funds for another goal of Pillen – reducing local property taxes, by shifting costs onto state taxes.

The report stated that many state employees were wasting time on work that doesn’t directly serve the “customers” of state government. It also said that state cash reserve funds – it called them “buffers” – were way too large, and cutting them could save $150 million.

Epiphany’s work already led the governor to seek to eliminate nearly 1,000 jobs that had gone unfilled during the past 90 days (though the Omaha World-Herald’s Martha Stoddard later reported that only about half of those positions were actually being eliminated).

Eliminating jobs that aren’t needed is a good thing, but among those on the chopping block were jobs at the Board of Parole – a key agency to save money by keeping recently released inmates on the road to a life without crime – and at the State Racing and Gaming Commission. That agency is losing compliance officers and investigators who are out there to make sure casinos and racetracks are operating within the law and paying their taxes.

***For Release Week of July 15, 2024 – Page 3***

Senators and others who have seen the Epiphany Report said that while it’s a good thing to review state spending, the recommendations lacked details and specifics. And there’s always concern when you cut the “rainy day” funds, because the state is overdue for a shortfall of funds when those rainy day dollars are needed.

There were some good ideas from Epiphany, but some of the suggestions were of the “well-duh” variety – such as the state can save money if they better prepare prison inmates for success when released, so they don’t come back to prison.

Look for a major tug of war ahead. While the governor recommends a state budget, it’s state senators who ultimately decide how state funds are spent.

Expect a lot of give-and-take before a half billion dollars in state spending is eliminated.

– 30 –

*Paul Hammel has covered the Nebraska state government and the state for decades. He retired in April as senior contributor with the Nebraska Examiner. He was previously with the Omaha World-Herald, Lincoln Journal Star and Omaha Sun.  A native of Ralston, Nebraska, he loves traveling and writing about the state.*