

Approved: 01 / 18 / 94  
Date

## MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Rochelle Chronister at 1:30 p.m. on January 13, 1994 in Room 514-S of the Capitol.

All members were present except: Rep. George Dean, excused  
Rep. David Heinemann, excused  
Rep. Jo Ann Pottorff

Committee staff present: Alan Conroy, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Jerry Cole, Committee Secretary  
Sharon Schwartz, Administrative Assistant

Conferees appearing before the committee:

Alan Conroy, Kansas Legislative Research Department  
Gloria Timmer, Director of the Budget

Others attending: See attached list

Chairman Chronister advised the committee that minutes from meetings would be sent via E-mail to their personal secretaries for their examination in the future. She also told members that they would hold discussion on **HB 2564**, but would not take action on the bill until after the sponsors of **HB 2291** had an opportunity to submit amendments.

Alan Conroy, Legislative Research Department, appeared before the committee to begin the discussion on the biennial budget process proposed in the bill and to give a brief overview and prospectus on its contents. (See Attachment 1). Conroy also provided members with information on biennial versus annual budgets. (See Attachment 1a).

The Director for the Governor's Division of the Budget, Gloria Timmer, appeared next to briefly discuss the context of the current and proposed budget process. She stated that she was not appearing for or against the bill, but simply to discuss the concept. (See Attachment 2). Timmer stressed that no matter the outcome of the process, the legislature, in her opinion, needed to accentuate a call for long range planning in every agency's budget. She then answered questions about the biennial budget process for committee members. Chairman Chronister adjourned the meeting at 2:30 p.m.

The next meeting is scheduled for January 18, 1994.

# 1994 Appropriation Committee Guest List

	NAME	ORGANIZATION
31	Stephen Martino	UNIV. Daily KANSAN
32	Doracina Lyman	Rep. Minor's STAFF INTERN
33	Bob Corkins	KS. Chamber of Commerce & Ind.
34	Duane Waterworth	Division of Budget
35	Kathy Sexton	"
36	Kathie Sparks	"
37	Chas Stanfield	K D H E
38	Beth Rummelbaum	Citizens' Utility Ratepayers Board
39	Barb Hinton	Post Audit
40	Ken Bahr	Ks. Hospital Assn.
41	Ann Koci	SRS
42	David Stevens	Rep J. Wells' Intern
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Thu, Jan 13, 1994



# ANNUAL/BIENNIAL BUDGETS

As Recommended by the Legislative Budget Committee

December 2, 1993

## Annual Budgets

Regents, Bd. of  
 Kansas State University  
 KSU -- Vet. Med. Center  
 KSU -- Agri. Extension  
 KSU -- Salina  
 University of Kansas  
 University of Kansas Medical Center  
 Wichita State University  
 Fort Hays State University  
 Emporia State University  
 Pittsburg State University

Education, Department of  
 School for the Blind  
 School for the Deaf  
 State Library

Social & Rehabilitation Serv., Dept. of  
 Larned State Hospital  
 Osawatomie State Hospital  
 Rainbow Mental Health Facility  
 Topeka State Hospital  
 Kansas Neurological Institute  
 Parsons State Hospital  
 Winfield State Hospital  
 Health and Environment, Dept. of  
 Aging, Dept. on

Corrections, Dept. of  
 Ellsworth Correctional Facility  
 El Dorado Correctional Facility  
 Hutchinson Correctional Facility  
 Lansing Correctional Facility  
 Larned Correctional Facility  
 Norton Correctional Facility  
 Topeka Correctional Facility  
 Winfield Correctional Facility

Fire Marshal  
 Highway Patrol

Youth Center at Topeka  
 Youth Center at Beloit  
 Youth Center at Atchison

Administration, Dept. of  
 Public Broadcasting Council  
 Kansas Public Employees Retirement System  
 Revenue, Dept. of  
 Indigent Defense Services, Bd. of  
 Kansas Corporation Commission  
 Commerce and Housing, Dept. of  
 Kansas, Inc.  
 Kansas Technology Enterprise Corporation  
 Judicial Branch  
 Judicial Council  
 Kansas Lottery  
 Racing Commission  
 Tax Appeals, Bd. of

Agriculture, Bd. of  
 Kansas State Fair  
 State Conservation Commission  
 Kansas Water Office

Wildlife and Parks, Dept. of  
 State Historical Society

Transportation, Kansas Dept. of

## Biennial Budgets

Abstracters Bd.  
 Accountancy Bd.  
 Barbering, Bd. of  
 Behavioral Sciences Regulatory Bd.  
 Cosmetology, Bd. of  
 Healing Arts, Bd. of  
 Hearing Aids Examiners  
 Kansas Dental Bd.  
 Mortuary Arts Bd.  
 Nursing, Bd. of  
 Optometry Bd.  
 Pharmacy, Bd. of  
 Real Estate Appraisal Bd.  
 Real Estate Commission  
 Technical Professions, Bd. of  
 Veterinary Medical Examiners, Bd. of

Bank Commissioner  
 Consumer Credit Commission  
 Credit Unions, Dept. of  
 Securities Commissioner

Attorney General  
 Governor  
 Insurance Dept.  
 Interstate Cooperation, Commission on  
 Legislative Coordinating Council  
 Legislative Research Dept.  
 Legislature  
 Lieutenant Governor  
 Post Audit, Division of  
 Revisor of Statutes  
 Secretary of State  
 State Treasurer

Adjutant General  
 Attorney General -- KBI  
 Civil Air Patrol  
 EMS Bd.  
 Ombudsman of Corrections  
 Parole Bd.  
 Sentencing Commission

Human Rights, Commission on  
 Citizens Utility Ratepayer Bd.  
 Corporation for Change  
 Govt. Standards & Conduct, Commission on  
 Kansas Healthy Kids Corporation  
 Kansas Arts Commission  
 Kansas Development Finance Authority

Human Resources, Dept. of  
 Veterans Affairs/Soldiers' Home, Comm. on  
 Homestead Property Tax Refunds

Vocational Education, Council on

Animal Health Dept.  
 Grain Inspection Dept.  
 Wheat Commission

ATTACHMENT 1

## **Annual Versus Biennial Budgets**

Prolonged and severe fiscal problems, such as those the states have faced recently, often lead to discussions on the frequency of the budget cycle: should it be annual or biennial? An annual budget requires that a new budget be prepared for each fiscal year; a biennial budget, which covers a two-year period, entails the preparation of a new budget every other year.

The budget cycle a state uses tends to correspond to the frequency of the state's legislative session. See Table III for a listing of all 50 legislative sessions and budget schedules. For example, 31 states meet annually and enact annual budgets. Seven states have biennial legislative sessions and biennial budget cycles. In 12 states, annual legislative sessions are accompanied by biennial budget cycles. Although a total of 19 technically use a biennial budget cycle, many either enact annual appropriations for each year of the biennium or update the biennial budget annually.

**TABLE III**

**Legislative Sessions and Budget Schedules**

<b>Annual Session/Annual Budget</b> (31 States)		
Alabama	Indiana	New Mexico
Alaska	Iowa	New York
Arizona	<b>KANSAS</b>	Oklahoma
California	Louisiana	Pennsylvania
Colorado	Maryland	Rhode Island
Delaware	Massachusetts	South Carolina
Florida	Michigan	South Dakota
Georgia	Mississippi	Tennessee
Idaho	Missouri	Utah
Illinois	New Jersey	Vermont
		West Virginia

<b>Annual Session/Biennial Budget*</b> (12 States)		
Connecticut	Nebraska	Virginia
Hawaii	New Hampshire	Washington
Maine	North Carolina	Wisconsin
Minnesota	Ohio	Wyoming

<b>Biennial Session/Biennial Budget*</b> (7 States)		
Arkansas	Nevada	Oregon
Kentucky	North Dakota	Texas
Montana		

\* Several states with biennial budgets either enact annual appropriations for each year of the biennium or update the biennial budget annually.

Source: *Legislative Authority Over the Enacted Budget*, National Conference of State Legislatures, Denver, Colorado, July, 1992, page 5.

Although there is no empirical evidence that identifies one budget cycle as superior to the other, there are generally accepted arguments supporting each. The National Conference of State Legislatures in a recent publication cited the following arguments for annual and biennial budgets.

#### **Arguments for Annual Budgets**

- Increases the time that legislators and other state officials devote to budget analysis and deliberation.
- Enhances the Legislature's budget oversight capabilities by providing for frequent supervision and review of executive branch activities.
- Increases the accuracy of revenue and expenditure estimates and allows quicker adjustments to changing conditions.
- Gives the Legislature greater opportunity to exercise control over federal funds.
- Reduces the need for supplemental appropriations and special sessions.

#### **Arguments for Biennial Budgets**

- Gives the Legislature more time for deliberation and debate of nonbudget issues.
- Allows the legislators to concentrate on major policy issues instead of focusing on routine budget detail.
- Gives the Legislature more time, especially during the nonbudget year, to conduct program evaluations and reviews.
- Enhances stability in state agencies and provides greater opportunity for long-range planning.
- Results in lower budget preparation costs.

Kansas Legislative Research Dept.  
January 13, 1994



STATE OF KANSAS



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Joan Finney  
Governor

Gloria M. Timmer  
Director

M E M O R A N D U M

TO: House Appropriations Committee  
FROM: Gloria M. Timmer, Director of the Budget  
DATE: January 13, 1994  
SUBJECT: Performance Based Budgeting

I am happy to speak to you today on some possibilities for moving toward a more performance-based budget process. As many of you know, the current budget process is structured around the concept of agencies stating goals, objectives, and measurements of performance. However, these concepts have not been the focal point of decision making, and most agencies have not put significant emphasis on their development.

This budget cycle, the Division of the Budget instigated a change in the budget review process to place more emphasis on measuring the level of performance in meeting goals and objectives for selected state agencies. During budget analysis, funding requests for selected agencies were examined in relation to levels of performance expected rather than simply to incremental increases from year to year. In general, this shift toward results-oriented budgeting was well received by agencies and was considered a more rational approach to budget decisions. Legislators who were contacted about this change were supportive. Generally, it is in step with the changes discussed last session.

Much of this thinking was paralleled and substantiated by the findings of the Reinventing Kansas Government Budget Process Team. That team found that much time is spent in the agencies, the Division of the Budget, and the legislative fiscal office preparing and examining highly detailed descriptions of specific objects of expenditure. While a high level of detail is not in itself necessarily bad, it tends to get in the way of a thorough

ATTACHMENT 2

examination of policy issues and major budget items. This examination of minor budget issues leads decision makers down the path to micromanagement and diverts them from their role of making policy decisions and examining outcomes. The Reinventing Kansas Government team concluded that a budget should reflect policy decisions and expected levels of performance rather than merely being a detailed explanation of amounts spent for paper, pencils, and other supplies. In other words, a budget should be a plan for expected outcomes, not a list of inputs.

Where do we go from here? We need to adopt a longer range view of planning and budgeting by emphasizing performance measurement and tying appropriations to expected performance levels. The Reinventing Kansas Government Budget Team recommended studying biennial budgets to determine whether this type of multi-year approach would enhance the budget process, and I support further study of this option statewide to determine its usefulness in Kansas. We need to reduce the relative emphasis of examining specific objects of expenditure in favor of better analysis of outcomes and strategic plans.

We also need to understand that these changes cannot happen overnight. Changes of this magnitude must be phased in over several years. Both agency personnel and executive and legislative analysts will need training in developing strategic plans, outcome-based budgeting, and meaningful performance measures. Agencies must be empowered and charged with managing their budgets in such a way as to deliver high-quality performance within appropriated resources.

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