

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Chairperson Al Ramirez at 1:30 p.m. on February 9, 1994 in Room 531-N of the Capitol.

All members were present except: Senator Bogina - Excused
Senator Vidricksen - Excused

Committee staff present: Julian Efird, Legislative Research Department
Fred Carman, Revisor of Statutes
Jackie Breymeyer, Committee Secretary

Conferees appearing before the committee: Representative Walker Hendrix
Representative Kent Glasscock
Susan Seltsam, Secretary of Administration

Others attending: See attached list

The meeting was called to order by Chairman Ramirez, who called on Representative Walker Hendrix to begin testimony on **HB 2559** - comprehensive review of state government. Representative Hendrix distributed copies of his testimony (Attachment 1) The bill creates a State Practices Advisory Committee and a Project Management Committee. The Project Management Committee is to make a complete review of state government, including the Kansas Budget process. The bill would contemplate making recommendations for implementing a performance-based measurement system for state agencies. The House Appropriations Committee has currently instituted a budget model. Cooperation is needed by the Executive and the Legislative branches in bringing about a performance budget system. With the Legislature included as part of the process, there can be continuity, cooperation, and involvement. Part of Representative Hendrix's testimony included a brief description of a budget model entitled, "House Appropriations Committee 1994 Performance Based Budget Model."

The Chairman asked if there were questions for Representative Hendrix. As there were none, he called on Representative Kent Glasscock, to begin his testimony.

Representative Glasscock presented the committee with copies of his testimony (Attachment 2) He likened the task to be undertaken as a kind of two-front governmental war of public policy and efficiency. The wrong beach has been landed on; the beach of incremental budgeting and vision-less bureaucracy. What should be done is to start with **HB 2559**. This bill and Performance Based Budgeting will work to advance the state toward governmental accountability. It will take the cooperation of the Executive and Legislative branches in bringing about a performance budget system. Representative Glasscock's testimony also contained a budget model.

As there were no questions for Representative Glasscock, the Chairman called on Susan Seltsam, Secretary of Administration to begin her presentation. Secretary Seltsam distributed her testimony (Attachment 3) and brought along a chart which she used along with her testimony to show the various committees, teams, and task forces involved in the bill. A State Governmental Practices Advisory Committee and a Project Management Committee are created to implement the review. The chief administrative officer of each agency or designee may serve on a task force of state agency officials. Additional committees, teams or task forces are to be established to conduct reviews. Assuming that all these entities work well, results would go to the Project Management Committee which would then make its final report and recommendations for accomplishment and implementation of the review. The report would be filed with the Secretary of Administration and the Governmental Practices Advisory Committee, with the final report going to the Governor by the Secretary of Administration by April 15, 1994. The post auditor is required to prepare a report and recommendations by July 1, 1995 and would also audit the same system, presenting a potential for conflict of interest.

Secretary Seltsam stated the fiscal note on the bill amounted to \$102,545. After further additional comments about the Governor's initiative and what it has accomplished, the Secretary ended her testimony.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION, Room 531-N
Statehouse, at 1:30 p.m. on February 9, 1994.

The Secretary was asked how many votes the bill passed by in the House. Gary Reser, Governor's office, replied that approximately 72 votes were cast in favor of the bill. There were no hearings on the bill; it went directly to the floor of the House.

The comment was made that the recommendations provided with the expertise of the private sector should go forward. The comment of it being an election year might have helped the bill pass the House was made. One of the members voiced that there are frustrations because only one or two committees understand the dynamics of the financing and the running of government. There are limited time constraints when working budgets.

The Chairman stated the hearing on **HB 2559** was concluded.

The minutes of the January 25 and January 26 meetings were approved on a motion by Senator Feleciano, seconded by Senator Lee.

The agenda for next week was read.

The meeting was adjourned.

The next meeting is scheduled for February 15, 1994.

GUEST LIST

COMMITTEE : SENATE GOVERNMENTAL ORGANIZATION

DATE: Feb 9, 1994

[illegible]

Testimony on HB 2559
Senate Governmental Organization Committee
February 9, 1994
by Rep. Walker Hendrix

House Bill 2559 creates a State Practices Advisory Committee and a Project Management Committee. The Project Management Committee is to make a complete review of state government, including the Kansas Budget process. The Legislation builds on the Governor's Executive Order No. 91-133, but more importantly expands the process by allowing the ranking members of the House Appropriations Committee and the Senate Ways and Means committee to participate in the review process. Because the review process looks into budget issues, it is important to include legislative members in the review process.

House Bill 2559 goes beyond the Governor's "reinventing government" program and contemplates making recommendations for implementing a performance-based measurement system for state agencies. Currently the House Appropriations Committee has instituted a budget model. (See Exhibit A for a brief description of the House budget model)

Without the involvement of the Legislature, it is very likely that the efforts in Executive Order 91-133 will fail. In 1981 a similar effort failed when the Legislature was not involved.

*Senate Gov. Org.
Attachment 1
2/9/94*

Obviously, it will take some time to develop a performance-based management system. House Bill 2559 would require the Legislative Post Auditor to take the results of the Governor's "reinventing government study" and conduct additional investigations for the purpose of implementing a performance-based measurement system. This will allow us to access the transition that is now underway in our budget process and to make recommendations for developing and improving measurement standards to evaluate the performance of state agencies and programs.

It is important to have the cooperation of the Executive and the Legislative branches in bringing about a performance budget system. To assure passage of HB 2559 I changed the project management structure to allow the Governor's budget director to administer the process. By including the Legislature as part of the process, there can be continuity, cooperation, and involvement. This will promote dialogue and allow for a budget process that is acceptable to both the Legislature and the Executive.

HOUSE APPROPRIATIONS COMMITTEE
1994 PERFORMANCE BASED
BUDGET MODEL

**I. STATE AGENCY REPORTING MODEL FOR SUBMISSION TO
HOUSE APPROPRIATIONS SUB-COMMITTEES**

A. STATEMENT OF AGENCY MISSION

**B. PROGRAMS RANKED AND SUBMITTED FOR SUB-
COMMITTEE DISCUSSION IN PRIORITY ORDER**

**C. INDIVIDUAL PROGRAM REPORTING ANALYSIS FOR SUB-
COMMITTEE CONSIDERATION.**

1. Program mission
2. Specific, measurable anticipated program results separately
for both FY 1995 and FY 1996
3. Strategies for achieving the desired specific, measurable
results
4. Gov's revised recs for FY 1994 funding and FTE levels
5. Funding and FTE resources needed to achieve program
results separately for both FY 1995 and FY 1996
6. Gov's funding and FTE recs for FY 1995 and anticipated
program results
7. Current and anticipated non-financial barriers to program
success

D. Total agency request separately for FY 1995 and FY 1996

II. SUB-COMMITTEE AGENCY REPORTING MODEL FOR SUBMISSION TO FULL HOUSE APPROPRIATIONS COMMITTEE

- A. Agency mission
- B. Program by program analysis **ranked in priority order**
 - 1. Program mission
 - 2. Specific, measurable anticipated program results separately for both FY 1995 and FY 1996
 - 3. Strategies for achieving the desired specific, measurable results
 - 4. FY 1994 funding and FTE levels
 - 5. Funding and FTE resources needed to achieve program results separately for both FY 1995 and FY 1996 **according to the agency**
 - 6. Gov's funding and FTE rec for FY 1995
 - 7. Current and anticipated non-financial barriers to program success
 - 8. Sub-Committee adjustments to FY 1994 program budgets
 - 9. **Sub-Committee recommendations for FY 1995 funding and FTE levels for each program**
 - 10. **Sub-Committee expectations for specific, measurable FY 1995 results given the recommended allocations for each program**
- C. Sub-Committee recommendations for total agency funding and FTE levels separately for FY 1995 and anticipated for FY 1996

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HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

VICE CHAIRMAN: TAXATION
MEMBER: APPROPRIATIONS
JOINT COMMITTEE ON PENSIONS
INVESTMENTS & BENEFITS

TESTIMONY ON HB 2559

Senate Governmental Organization Committee

February 9, 1994

Rep. Kent Glasscock

On June 6, 1944, General Teddy Roosevelt, Jr., son of the former President, found himself leading a division of 15,000 American soldiers landing on one of the Normandy beaches. The long awaited Allied invasion of France and the "Second Front" had begun. That was the good news. The bad news was that the Army, in its efficiency, had landed Roosevelt's division on the wrong beach. Stranded, lost, without hope of rescue, the General told his bickering, finger-pointing staff to "start the war from here."

Today, we should feel much as Teddy Roosevelt did fifty years ago. It's a different time, a different mission, but it is, never-the-less, a kind of war. "What war" you may ask, "Is this lowly, rhetoric-riddled over-blown House member talking about?" The war I'm speaking of is the two-front governmental war of public policy and efficiency. The first front is a battle over who really sets public policy goals in Kansas, elected officials or agency bureaucrats. The second front concerns whether there is, in the end, **any** hope in our state of effective, efficient delivery of governmental services.

We find ourselves landed on a wrong beach of incremental budgeting and vision-less bureaucracy. Our constituents see us as stranded, lost, and without hope of rescue. Like General Roosevelt's staff, we are tempted to

*Sen. G. O.
Attachment 2
2/9/94*

bicker and point fingers rather than simply recognizing we must "start the war from here."

But that's exactly what we should do. And we should start with HB 2559 which Chairperson Rochelle Chronister of the House Appropriations Committee has asked that, in her absence, I testify in support of. Her support of this bill is strong -- as is my own. This shared enthusiasm is based not only on the intrinsic value of the bill itself, but on the natural relationship it has to the process of Performance Based Budgeting that has been adopted under Rep. Chronister's direction by the House Appropriations Committee. HB 2559 and Performance Based Budgeting will work hand-in-hand to advance the state toward real governmental accountability.

This legislation goes beyond the Governor's "reinventing government" program and contemplates making recommendations for implementing a performance based measurement system for state agencies. Currently the House Appropriations Committee has instituted a similar budget model. You will find a brief description of this model attached to my testimony.

Obviously, it will take some time to develop a refined performance based management system. This bill will see, though, that it's ultimately done and will also see that the initial work of House Appropriations is not wasted.

As envisioned by HB 2559, it's important to have the cooperation of the Executive and the Legislative branches in bringing about a performance budget system. This legislation would extend the Governor's program and provide a mechanism for developing a true performance based system. I believe this legislative proposal will allow the state to build a budget process that will allow public policy to be set by elected officials, not bureaucrats, and will maximize accountability, effectiveness and efficiency in state government.

We're on the wrong beach. We're stranded, lost, and without hope of rescue. We have to start the war from here, with HB 2559. Is it a war we can win? I **think** so. Is it a war we will start? Its up to you.

HOUSE APPROPRIATIONS COMMITTEE
1994 PERFORMANCE BASED
BUDGET MODEL

**I. STATE AGENCY REPORTING MODEL FOR SUBMISSION TO
HOUSE APPROPRIATIONS SUB-COMMITTEES**

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program results
7. Current and anticipated non-financial barriers to program
success

D. Total agency request separately for FY 1995 and FY 1996

SENATE GOVERNMENTAL ORGANIZATION COMMITTEE

FEBRUARY 9, 1994

PRESENTED BY SUSAN M. SELTSAM
SECRETARY OF ADMINISTRATION

Mr. Chairman, Members of the Committee:

I appreciate the opportunity to appear on House Bill 2559.

The Bill provides for a comprehensive review of all state governmental functions, structures, processes and services.

Several committees are created to implement the review.

A State Governmental Practices Advisory Committee would include 5 members of the general public, 5 cabinet secretaries, and 8 legislators.

A Project Management Committee is created and would include the Budget Director, the Legislative Post Auditor and a representative of the accounting firm that annually audits the State.

The 3-member Project Management Committee under the direction of the Secretary of Administration is charged with the following duties:

1. Conduct a review of all state agencies and all programs, services and activities operated by the agencies;
2. Evaluate the efficiency with which state agencies operate programs and carry out duties as assigned to the agencies by law;
3. Determine methods to maximize the amount of federal funds received by state agencies for programs;
4. Identify any state agencies, programs or services that could be eliminated or transferred to the private sector; and
5. Make recommendations on elimination of or reduction in funding to various agencies and programs.

Additionally, the chief administrative officer of each agency or their designee may serve on a task force of state agency officials. Their role would be to provide input to the Secretary of Administration and the Project Management Committee.

Additional committees, teams, and task forces are to be established by the Project Management Committee to conduct reviews that are identified by the task force of state agency

*Sen. G. O.
Attachment 3
2/9/94*

officials, reviewed by the Project Management Committee and further reviewed, approved or disapproved by the State Government Practices Advisory Committee.

The Project Management Committee is authorized to establish teams and task forces as they consider necessary for the completion of the reviews. The composition and number of members on the teams is left to the Project Management Team. The teams are directed to review functions of government within the assigned area and consider all information received during the review process. The team is directed to make suggestions for reducing cost, improving service, increasing capacity and efficiency in state government.

Because the term "functions of government" is subject to definition, it is unclear whether this applies to the legislative and judicial branches of government or only to the executive branch.

Now, assuming this organizational structure is achieved and specific areas of review are identified, the task forces and teams created to study the areas, programs or services or operations or duties are instructed to report the results to the Project Management Committee.

The Project Management Committee then makes its final report and recommendations for the accomplishment and implementation of the review. This report is to be filed with the Secretary of Administration and the Governmental Practices Advisory Committee. The final report is to be filed with the Governor by the Secretary of Administration on or before April 15, 1994. No description of what role the Governmental Practices Advisory Committee has, except to receive the report from the Project Management Committee is specified in the bill. However, copies of the report and recommendations are to be made available by the Governor to the Chief Administrative Officer of each state agency and to all members of the legislature.

Further, the bill requires the post auditor to prepare a report and recommendations by July 1, 1995 on implementing a performance based measurement system for state agencies. The post auditor would then audit that same system, presenting the potential for conflict of interest. Currently there are bills moving through the legislative process focusing on performance based budgeting, I question how many different performance bases we can measure effectively and efficiently.

From the fiscal note on this bill, it appears the post auditor indicates the bill would require a substantial time commitment to serve on the Project Management Committee and issue the required audit report.

The fiscal note submitted by the Department of Administration amounted to \$102,545. This figure included the cost of the toll free hot line, travel and per diem costs for the advisory committee, costs for printing reports and other miscellaneous operating costs including travel and postage.

There also are "indirect costs" involved in any study of this nature. As an example, the Reinventing Kansas Government initiative consisted of five groups with approximately eight state employees on each group, or 40 state employees. These employees had to leave their current duties to assist in the study. Certain agencies also allowed these groups to utilize portions of their building space, thus leaving some agencies without a conference room or limiting use of office space. Estimating the hours these 40 employees worked on the study (2 days a week for 16 weeks) and the amount of space used, the indirect costs are approximately \$225,000. This does not begin to include all the people out in the agencies who loaned their time in supplying these groups with information and responding to surveys. It is safe to say the indirect costs of a study of this nature are significant. It is further unknown what the representative of the CPA firm would cost; however, major accounting firms bill CPA services out as high as \$350.00 per hour.

This bill represents an ambitious effort to review all aspects of state government, including every state agency.

The current April 15, 1994 deadline for submission of the final report is unrealistic and calls into question the quality and value of the final product.

The very people who may be called upon to work on teams and task forces are the people who are, during the legislative session, performing research, providing data and information on substantive legislation and appropriation bills, appearing before committees and additionally attempting to handle their every day duties.

The Governor implemented a Reinventing Kansas Government initiative that has to date produced five reports with recommendations for changes in agency programs and procedures. Consulting with the legislative branch, the executive branch was able to perform these program reviews effectively with assistance from the private sector.

An enormous amount of work has been assigned and is under way to respond to the recommendations from the first phase of projects.

This bill creates layer upon layer of committees and task forces and teams at great expense to the taxpayer and duplicates a program already in place.

HOUSE BILL 2559, Session of 1994

