

## MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY COMMITTEE

The meeting was called to order by Representative Mike Burgess, Chair, at 3:30 p.m., February 15, 2011 in Room 546-S of the Capitol.

All members were present except:

Representative Rocky Fund - Excused  
Representative Kay Wolf - Excused

Committee staff present:

Julian Efird, Legislative Research  
Iraida Orr, Legislative Research  
Katherine McBride, Revisor of Statutes  
Renaë Jefferies, Revisor of Statutes  
Linda Herrick, Committee Assistant

Conferees appearing before the Committee:

Bob Williams (via Skype), Chair, Tax & Fiscal Policy Task Force, ALEC  
Bill Sneed, Legislative Counsel, University of Kansas Hospital Authority  
Written Only Testimony:  
Kent Eckles, Vice President, Government Affairs, Kansas Chamber of Commerce  
Dave Trabert, President, Kansas Policy Institute

Others attending:

(see attached list)

Chair Burgess opened the hearing on **HB 2158 - State agencies: performance measures**. Renaë Jefferies gave a brief on the bill. He asked for proponents of the bill. Providing proponent written testimony only were Kent Eckles (Attachment 1) and Dave Trabert (Attachment 2). Appearing via Skype was Bob Williams, American Legislative Exchange Council (Attachment 3).

Mr. Williams answered questions from committee members:

- The best way to use performance measures is for the legislature to work with the Governor on core functions from which performance measures can be developed. Each state agency should be held accountable to regularly demonstrate how each activity it performs directly relates to achieving its core mission.

The Chair asked if there were any attendees who wished to give opponent or neutral testimony. Appearing was Bill Sneed (Attachment 4). Mr. Sneed suggested an amendment to add language to the bill, under the definition of state agency, to exempt the University of Kansas Hospital Authority.

With no other proponents, opponents, or neutrals, and no questions, the hearing on this bill was closed.

Chair Burgess asked if there was any objection to considering the minutes at this time. There being none, it was moved by Representative Johnson to accept the minutes of the Government Efficiency Committee meetings of January 24, 25, 26, 27, 31 and February 3 as distributed via e-mail. The motion was seconded by Representative Hoffman, and the committee voted unanimously to approve these minutes.

Chair Burgess then asked if **HB 2230 - Repealing K.S.A. 68-1038**, was ready for committee action. It was moved by Representative Ruiz and seconded by Representative Trimmer for favorable passage of this bill. The Committee voted unanimously in favor of the motion.

Chair Burgess asked if **HB 2175 - Abolishing the Highway Advisory Commission**, was ready for committee action. It was moved by Representative Roth for favorable passage of this bill, seconded by Representative Trimmer, and unanimously approved by the committee.

The next meeting is scheduled for February 16, 2011.

The meeting was adjourned at 3:59 p.m.

**HOUSE GOVERNMENT EFFICIENCY AND FISCAL  
OVERSIGHT COMMITTEE**

## GUEST LIST

DATE: 2-15-2011

[illegible]

**Written Testimony before the House Government Efficiency Committee  
HB 2158 – Performance Measures for State Agencies  
Submitted by J. Kent Eckles, Vice President of Government Affairs**

**Tuesday, February 15<sup>th</sup>, 2011**

The Kansas Chamber of Commerce appreciates the opportunity to submit testimony in favor of HB 2158, which would implement performance measures for state agencies in Kansas.

The chamber believes the State should use proven, private sector techniques to improve the efficiency and effectiveness in delivering vital state services, which will in turn lower the cost of government and thus the cost of doing business in Kansas.

Before implementing performance metrics, the state should definite its priorities so all stakeholders know the results we are trying to achieve. Once defined, performance metrics will help the state track whether or not they are achieving the desired results.

Such metrics offer critical information to policymakers so you can oversee the efficiency and effectiveness of agencies and their programs and hold them accountable. Together with the state's strategic plan, metrics help the budgeting process by assisting the state in directing funds to programs that achieve desired results.

Once agencies develop and begin tracking performance information, it's not only important for the executive branch to use this information in decision making but also just as critical that you as legislators do as well. Having the executive and legislative branches of government using the same data to make decisions for the state is the best path to achieve effectiveness.

When developing metrics, states should; develop high-value metrics focused on specific outcomes; track performance information regularly to measure success; hold agencies accountable for achieving results for citizens; link performance metrics to budget requests; make performance information available to the public so they clearly understand them.

We believe this bill meets the aforementioned requirements in setting measurable performance metrics and thus urge the Committee to pass favorably House Bill 2158 to make the state more efficient and effective with limited taxpayer dollars.

The Kansas Chamber, with headquarters in Topeka, Kansas, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to live and work. The Chamber represents small, medium, and large employers all across Kansas. Please contact me directly if you have any questions regarding this testimony.



Testimony Submitted to House Government Efficiency Committee  
HB 2158 Establishing Performance Measures

February 15, 2011

Dave Trabert, President, Kansas Policy Institute

Chairman Burgess and Members of the Committee,

Management expert Tom Peters, author of *In Search of Excellence*, is often quoted as having said "What gets measured gets done." Albert Einstein had a similar thought, "Count what matters and not what can be counted."

Most successful managers know that developing and tracking quantitative and qualitative performance indicators is essential to efficiently and expeditiously achieving desired outcomes. Similarly, the absence of quantifiable performance measures often leads to project or mission drift, which inevitably leads to wasteful spending.

Former New Zealand Minister of Labor, Maurice McTigue, offers this explanation of how the public benefit is maximized by having proper performance measures.

*"When I became Minister of Labor, I inherited thirty-four programs designed to put people back into work and reduce unemployment. The existing measures of success were the number of people involved in the programs and how much they liked participating. The most important measure was overlooked; namely, how good are these programs at getting people back to work? When we asked this question, we learned that only four of the 34 programs did this well. The only responsible thing to do was to stop putting resources into the thirty unsuccessful programs and concentrate on the four programs that were making a real difference. The result? Those four programs were able to put 300% more people back into work than before, at 40% less than the previous cost."*<sup>1</sup>

Strong performance measures help us achieve goals at reduced costs, which help create an environment that maximizes the potential for private sector job creation.

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<sup>1</sup> Testimony before the Full Appropriations Council on Education and Economic Development and the Full Appropriations Council on General Government and Health Care of the Florida House of Representatives, February 16, 2010.

As noted in Governor Brownback's Economic Development Strategic Plan, *"The state government has two fundamental roles to play in the process of economic development. First, it must establish a business environment that motivates as much risk-taking and competition as possible in the context of a "level playing field." Second, it must steward taxpayer resources in the most effective manner possible; when the government strives to do its job well with as few resources as possible it leaves more resources available for risk-taking and competition."*

We concur with that policy statement. Keeping tax burdens low is essential to encourage risk-taking and job creation. Individual taxpayers and employers have finite resources; spending more money on, say, a new car, means they must reallocate their resources and spend less on something else. The same applies to taxes; the more taxpayers must pay in taxes, the less they have to spend on goods and services. In order to maximize economic activity and encourage risk-taking, it's therefore extremely important that taxes be kept low and that state and local tax burdens are competitive with other states.

Reducing our tax burden and keeping taxes low will require spending reductions, and talk of spending less always prompts legitimate concerns that essential services will be diminished. Establishing sound performance measures and sharing an annual review of those measures with the public is perhaps the best insurance that effective services are not unduly diminished.

February 15, 2011, Testimony of Bob Williams, Committee on Government Efficiency.

Mr. Chairman and members of the Committee. I am Bob Williams, President of State Budget Solutions, a nonprofit organization promoting fundamental reforms in state government and the budget process. I am also the private sector Chair of the American Legislative Exchange Council (ALEC) Tax and Fiscal Policy Task Force. I am a former 5-term Washington state legislator and served on the budget committee for ten years...

I am testifying in favor of HB 2158, an act relating to performance measures.

Kansas State agencies have utilized performance measures for years. But in many cases they have not been used by the governor or the legislature. In addition, there has been little attempt to standardize these measures. HB 2158 has the governor and legislature use these measures to assess the effectiveness over time of programs and actions of each state agency.

The annual performance measures of each state agency will be included on your highly acclaimed state transparency website. KanView.

Traditional, state budgeting focuses only on the increase to a base budget, and rarely are questions raised on outcome measures.

This tool will allow you as legislators to better evaluate agencies' budgets and results on an outcome basis. All agencies should have clear outcome performance measures so that you and voters can easily monitor their effectiveness.

An effective performance measures

- indicates whether the activity is achieving its purpose or is contributing to statewide results. Immediate and intermediate outcomes are preferable; although in some cases, output and efficiency measure help tell the story.

- Is reliable, accurate and verifiable.

- Is understandable and relevant to citizens and stakeholders who may have little or no knowledge of agency operations.

- Is stated in positive terms (or in terms of desired outcomes).

- Is connected to challenging, yet achievable targets

- Can be obtained at reasonable cost and for reasonable effort.

I recommend that legislators hold each agency accountable to regularly demonstrate how each activity it performs directly relates to achieving its core mission. Through this process legislators will be able to identify immediate opportunities for streamlining, consolidation, and alternative delivery.

When Indiana Governor Mitch Daniels required an aggressive review of outcome performance measures they found that over half of the 420 state programs examined did not have measures that sufficiently reported on the performance of the program. .

## **Biography of Bob Williams**

Bob Williams is the President of a national project on State Budget Solutions. [Statebudgetsolutions.org](http://Statebudgetsolutions.org). Bob is one of six American Legislative Exchange Council (ALEC) scholars and is the current private sector chair of the ALEC Tax & Fiscal Policy Task Force.

Williams is the Founder and Senior Fellow of the Freedom Foundation, a public policy organization in Olympia, Washington, dedicated to the advancement of individual liberty. He is known as a national expert in the areas of fiscal and tax policies, education reform; labor policy reform and election reform. As one of the leading budget and tax experts in the state, Williams is frequently consulted by lawmakers for advice on fiscal and tax policies. He is a frequent speaker at national meetings of state legislators on budget and taxes, education reform; labor policy reform and election reform issues.

He received his Bachelor of Science in Business Administration from Penn State University. Bob worked as a GAO auditor of the Pentagon and Post Office before moving to Washington state where he served five terms in the Washington state legislature and was the 1988 Republican nominee for governor.

Bob is married to Jane (44 years) and has three sons and four grandchildren.

TO: The Honorable Mike Burgess, Chairman  
House Government Efficiency Committee

FROM: William W. Sneed, Legislative Counsel  
The University of Kansas Hospital Authority

SUBJECT: H.B. 2158

DATE: February 15, 2011

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I am Legislative Counsel for the University of Kansas Hospital Authority. This is the Authority that the Kansas Legislature created to run and operate the hospital commonly referred to as KU Med. We appear here today as neutral conferees on H.B. 2158.

Our research indicates that the bill as written would bring the University of Kansas Hospital Authority under its purview due to the definition of "state agency" and of "agency" contained in the bill. Inasmuch as the Authority was specifically designed to act not as a state agency but more like a private entity, such inclusion will unintentionally hamper the hospital's ability to meet its goals. It is only through this structure that the hospital has been able to compete and ultimately add back to the state millions of dollars, provide the structure for a first-class school of medicine, and provide much-needed health care, much of it on a charity basis.

Therefore, we would request that the Committee add language to the bill specifically exempting the University of Kansas Hospital Authority as that entity is defined in the authorizing language found in K.S.A. 76-3301, *et seq.*

We appreciate the opportunity to present this testimony, and we will be happy to answer questions.

Respectfully submitted,



William W. Sneed

WWS:kjb