

Introduced by

1 A BILL for an Act to provide for state government performance and accountability; and to
2 amend and reenact sections 54-44.1-06 and 54-44.1-08 of the North Dakota Century Code,
3 relating to information included in the executive budget.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. Government performance and accountability committee -**
6 **Appointment - Additional participation.** The legislative council, during each biennium, shall
7 appoint a government performance and accountability committee in the same manner as the
8 council appoints other interim committees. The council shall appoint to the committee up to six
9 members of the house of representatives, no more than four of whom may be from the same
10 political party and up to six members of the senate, no more than four of whom may be from the
11 same political party. The council shall designate the chairman of the committee. The council
12 may invite up to two citizens to participate as nonvoting members of the committee. These
13 members are entitled to compensation under section 54-35-10 for attendance at meetings of
14 the committee. The council may invite the governor, or the governor's designee, and the state
15 auditor, or the state auditor's designee, to participate as nonvoting members of the committee.
16 The chairman may invite up to three additional members of the house of representatives and up
17 to three additional members of the senate to attend meetings of the committee when committee
18 discussion relates to the members' legislative standing committee assignments. These
19 members are nonvoting but are entitled to compensation under section 54-35-10 for attendance
20 at meetings to which they are invited under this section. The committee shall operate in
21 accordance with the statutes and procedures governing the operation of other legislative
22 council interim committees.

23 **SECTION 2. Government performance and accountability committee - Powers**
24 **and duties.** The government performance and accountability committee has continuing

1 existence and may meet and conduct its business during the legislative session and in the
2 interim between sessions. The committee shall monitor state government performance and
3 accountability by reviewing state agency strategic plans and performance measure outcome
4 reports. The committee shall report its findings and recommendations, regarding state agency
5 performance measurement indicators, along with any necessary legislation, to the legislative
6 council.

7 **SECTION 3. Government performance and accountability system.** The office of
8 management and budget shall establish and maintain, subject to approval of the government
9 performance and accountability committee, a government performance and accountability
10 system for executive branch agencies and departments. The system must utilize agency and
11 department strategic plans and designated performance measurement indicators that focus on
12 results and outcomes to provide agency managers, the governor, the legislative assembly, and
13 the public with the information necessary to evaluate and assess agency performance for the
14 purpose of ensuring that state government services are effective and state resources are used
15 efficiently. Performance measurement indicators include those approved by the legislative
16 assembly and other performance measurement indicators, as recommended by the office of
17 management and budget and approved by the government performance and accountability
18 committee. The measurement indicators must provide an assessment of the performance of
19 major agency activities and be comparable, to the extent possible, to other states' performance
20 results.

21 **SECTION 4. State agency strategic plans.** Each executive branch state agency and
22 department shall establish and maintain a five-year strategic plan to guide its operations and
23 activities. The strategic plan must include:

- 24 1. The mission, goals, and objectives of the agency.
- 25 2. Identification of the groups of people served by the agency and the results of any
26 user group, public, or employee survey used to improve services.
- 27 3. The strategies and activities utilized to meet agency goals and objectives.
- 28 4. An analysis of the use of agency resources to provide agency services.
- 29 5. Estimated future needs and resources that may be necessary to meet those
30 needs.
- 31 6. External factors affecting services of the agency.

1 7. The measurement indicators developed under this Act used to evaluate and
2 assess the agency's performance.

3 **SECTION 5. State agency performance reports - Reviews.** Each executive branch
4 agency and department shall present, as requested, its strategic plan, including performance
5 measurement indicators to the government performance and accountability committee. Each
6 executive branch agency and department shall prepare an annual performance report that
7 summarizes its strategic plan's goals and objectives and includes comparisons of actual
8 performance data to approved performance goals, explanations of any major variances from
9 performance goals, and multiyear trends in performance data. The annual report shall be
10 available by September first of each year and provided to the appropriations committees of the
11 succeeding legislative assembly. The state auditor, as requested by the legislative assembly or
12 the government performance and accountability committee, shall review and validate executive
13 branch agency and department performance reports.

14 **SECTION 6. Government performance - Rewards and penalties.** The government
15 performance and accountability committee may, based on an agency's actual performance,
16 recommend to the legislative assembly that an agency receive a reward or be imposed a
17 penalty.

- 18 1. A reward may include:
- 19 a. Additional flexibility to transfer funds between line items of the agency's
20 appropriation.
- 21 b. Authorization to retain all or a portion of the agency's unspent appropriation
22 authority at the end of a biennium.
- 23 c. Additional funding for the agency that may be used for employee merit salary
24 increases, employee training, technology improvements, or other productivity
25 enhancements.
- 26 2. A penalty may include:
- 27 a. More frequent reporting of agency performance measures.
- 28 b. A performance audit of select programs of the agency by the state auditor.
- 29 c. Restructuring the agency or select programs of the agency.

30 **SECTION 7. AMENDMENT.** Section 54-44.1-06 of the North Dakota Century Code, as
31 effective after June 30, 2005, is amended and reenacted as follows:

1 **54-44.1-06. (Effective after June 30, 2005) Preparation of the budget data -**

2 **Contents.** The director of the budget, through the office of the budget, shall prepare budget
3 data which must contain and include the following:

4 1. Summary statements of the financial condition of the state, accompanied by the
5 detailed schedules of assets and liabilities as the director of the budget determines
6 desirable, which must include the following:

7 a. Summary statements of fund balances and assets showing in detail for each
8 fund the surplus or deficit at the beginning of each of the two fiscal years of
9 the previous biennium and the first fiscal year of the present biennium, the
10 actual revenue for those years, the total appropriations for the previous and
11 present biennium, and the total expenditures for those fiscal years; and

12 b. Similar summary statements of the estimated fund balances and assets for
13 the current fiscal year and each of the fiscal years of the next biennium.

14 Summary statements may include a comparative consolidated balance sheet
15 showing all the assets and liabilities of the state and the surplus or deficit, as the
16 case may be, at the close of the first fiscal year of the current biennium.

17 2. Statements of actual revenue for the previous biennium, the first year of the
18 present biennium, and the estimated revenue of the current fiscal year and of the
19 next biennium, and a statement of unappropriated surplus expected to have
20 accrued in the state treasury at the beginning of the next fiscal year. The
21 statement of unappropriated surplus for the general fund must reflect any projected
22 deficiency appropriations relating to expenditures from the general fund for the
23 present biennium. The statements of revenue and estimated revenue must be
24 classified by sources and by budget unit collecting them. Existing sources of
25 revenue must be analyzed as to their equity, productivity, and need for revision,
26 and any proposed new sources of revenue must be explained.

27 3. Summary statements of expenditures of the previous biennium and first year of the
28 present biennium, itemized by budget units and classified as prescribed by the
29 director of the budget.

30 4. Detailed comparative statements of expenditures and requests for appropriations
31 by funds, budget units and classification of expenditures, showing the expenditures

1 for the previous biennium, the first fiscal year of the present biennium, the budget
2 of the current biennium, and the governor's recommendation for appropriations for
3 each budget unit for the next biennium, all distributed according to the prescribed
4 classification of expenditures. Following the lists of actual and proposed
5 expenditures of each budget unit there must be a brief explanation of the functions
6 of the unit and comments on its policies and plans and on any considerable
7 differences among the amounts recommended, with any descriptive, quantitative,
8 comparative, and other data as to work done, unit costs, and like information as
9 may be considered necessary or desirable. For capital outlay expenditures
10 involving construction projects to be completed in two or more fiscal years, there
11 must be shown the total estimated cost of each such project and the amount
12 thereof recommended to be appropriated and expended in each ensuing fiscal
13 year until completion of the project. Capital outlay needs may be projected for at
14 least two years beyond the period covered by the budget.

- 15 5. A detailed statement showing the estimate of all moneys required to be raised or
16 appropriated for the payment of interest upon the funded debt of the state and its
17 other obligations bearing interest, and the amount of money required to be
18 contributed in the two next ensuing fiscal years to the general sinking funds
19 maintained for the redemption and payment of the debts of the state.
- 20 6. A summary statement of the unappropriated fund balance estimated to be
21 available at the beginning of the next biennium, and the estimated revenue of the
22 next biennium, as compared with the total recommended amounts of appropriation
23 for all classes of expenditures for the next biennium, and if the total of the
24 recommended expenditures exceeds the total of the estimated resources,
25 recommendations as to how the deficiency is to be met and estimates of any
26 proposed additional revenue.
- 27 7. For those budget units involved in the government performance and accountability
28 system, statements summarizing each agency's or department's strategic plan for
29 the next biennium with comparisons of actual to anticipated performance for recent
30 years. The statements must identify the relationship of the governor's

1 recommendations for appropriations for each budget unit to the anticipated
2 strategic plan and performance goals of the budget unit.

3 8. Drafts of a proposed general appropriations act and special appropriations acts
4 embodying the budget data and recommendations of the governor for
5 appropriations for the next biennium and drafts of such revenues and other acts
6 recommended by the governor for putting into effect the proposed financial plan.
7 The recommended general appropriation for each budget unit must be specified in
8 a separate section of the general appropriations act.

9 ~~8.~~ 9. A list of every individual asset or service, excluding real estate, with a value of at
10 least fifty thousand dollars and every group of assets and services comprising a
11 single system with a combined value of at least fifty thousand dollars acquired
12 through a capital or operating lease arrangement or debt financing arrangement by
13 a state agency or institution. The list must include assets or services acquired in
14 the current biennium and anticipated assets or services to be acquired in the next
15 biennium.

16 ~~9.~~ 10. Any other information as the director of the budget determines desirable or as is
17 required by law.

18 **SECTION 8. AMENDMENT.** Section 54-44.1-08 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **54-44.1-08. Budget report - Contents - When submitted to legislative assembly.**

21 The official budget report must be transmitted by the governor to all holdover legislators and
22 legislators-elect not later than three days after the commencement of the session of the
23 legislative assembly. Such report is not a third-class item under section 46-02-05. The budget
24 director shall provide for the duplication or other satisfactory reproduction or printing of the
25 official budget report, so as to ensure delivery of same as provided in this section. Such reports
26 must contain the budget and revenue proposals recommended by the governor and the
27 information required in subsections 1, 2, 3, 5, ~~and 6,~~ and 7 of section 54-44.1-06 and all other
28 data and information as the governor shall decide. The budget director shall make available
29 any and all information regarding budget data to the governor, the legislative assembly and its
30 designees, legislators, and to the governor-elect as may be requested. The governor may

1 present any additional budget information in any manner to the legislative assembly as the
2 governor may desire.

3 **SECTION 9. Government performance and accountability system -**

4 **Implementation.** The office of management and budget, in developing a government
5 performance and accountability system, shall assist executive branch agencies and
6 departments to develop proposed strategic plans and performance measurement indicators to
7 be presented to the government performance and accountability committee. The office of
8 management and budget shall fully implement the system by July 1, 2011. To implement the
9 system in a phased-in approach, the legislative assembly supports the following implementation
10 schedule:

11 1. During the 2005-07 biennium - seventeen agencies:

- 12 a. Office of management and budget.
- 13 b. Information technology department.
- 14 c. Land department.
- 15 d. Board for career and technical education.
- 16 e. Veterans home.
- 17 f. Department of veterans affairs.
- 18 g. Department of human services.
- 19 h. Job service North Dakota.
- 20 i. Labor commissioner.
- 21 j. Bank of North Dakota.
- 22 k. Mill and elevator.
- 23 l. Workforce safety and insurance.
- 24 m. Highway patrol.
- 25 n. Department of commerce.
- 26 o. Council on the arts.
- 27 p. Parks and recreation department.
- 28 q. Department of transportation.

29 2. During the 2007-09 biennium - seventeen agencies:

- 30 a. Governor.
- 31 b. Secretary of state.

Fifty-ninth
Legislative Assembly

- 1 c. State auditor.
- 2 d. State treasurer.
- 3 e. Attorney general.
- 4 f. Tax commissioner.
- 5 g. Department of public instruction.
- 6 h. State department of health.
- 7 i. Insurance commissioner.
- 8 j. Industrial commission.
- 9 k. Public service commission.
- 10 l. North Dakota securities department.
- 11 m. Department of corrections and rehabilitation.
- 12 n. Department of agriculture.
- 13 o. State seed department.
- 14 p. Game and fish department.
- 15 q. State water commission.
- 16 3. During the 2009-11 biennium - sixteen agencies:
- 17 a. Office of administrative hearings.
- 18 b. Retirement and investment office.
- 19 c. Public employees retirement system.
- 20 d. State library.
- 21 e. School for the deaf.
- 22 f. North Dakota vision services - school for the blind.
- 23 g. Indian affairs commission.
- 24 h. Children's services coordinating committee.
- 25 i. Protection and advocacy.
- 26 j. Aeronautics commission.
- 27 k. Department of financial institutions.
- 28 l. Housing finance agency.
- 29 m. North Dakota emergency management.
- 30 n. Adjutant general.
- 31 o. State fair association.

- 1 p. State historical society.
- 2 The office of management and budget, subject to approval of the government performance and
- 3 accountability committee, may accelerate or adjust the implementation schedule included in this
- 4 section.