

Introduced by

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

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

5 **SECTION 1. Government performance and accountability system.** The
6 government performance and accountability system is created to provide agency managers, the
7 governor, the legislative assembly, and the public with the information necessary to evaluate
8 and assess agency performance and accountability for the purpose of ensuring that state
9 government services are effective and state resources are used efficiently. The office of
10 management and budget shall establish and maintain, subject to the input of and review by the
11 government performance and accountability committee, the government performance and
12 accountability system for executive branch agencies and departments. The system must focus
13 on the results and outcomes of major agency activities.

14 **SECTION 2. Government performance and accountability committee -**
15 **Appointment - Additional participation.** The legislative council, during each biennium, shall
16 appoint a government performance and accountability committee in the same manner as the
17 council appoints other interim committees. The council shall appoint to the committee up to six
18 members of the house of representatives, no more than four of whom may be from the same
19 political party and up to six members of the senate, no more than four of whom may be from the
20 same political party. The council shall designate the chairman of the committee. The council
21 may appoint up to two citizens to the committee. These members are entitled to compensation
22 under section 54-35-10 for attendance at meetings of the committee. The council shall
23 consider reappointment of members to the committee to maintain continuity. The council may
24 invite the governor, or the governor's designee, and the state auditor, or the state auditor's

1 designee, to be members of the committee. The chairman may invite up to three additional
2 members of the house of representatives and up to three additional members of the senate to
3 attend meetings of the committee when committee discussion relates to the members'
4 legislative standing committee assignments. These members are entitled to compensation
5 under section 54-35-10 for attendance at meetings to which they are invited under this section.
6 The committee shall operate in accordance with the statutes and procedures governing the
7 operation of other legislative council interim committees.

8 **SECTION 3. Government performance and accountability committee - Powers**
9 **and duties.** The government performance and accountability committee has continuing
10 existence and may meet and conduct its business during the legislative session and in the
11 interim between sessions. The committee shall monitor state government performance and
12 accountability by reviewing state agency missions, goals, objectives, strategic plans, and
13 performance measurement indicators. The committee shall report its findings and
14 recommendations along with any necessary legislation, to the legislative council.

15 **SECTION 4. Biennial goals - Performance measurement indicators.** Each
16 executive branch agency and department, as requested by the office of management and
17 budget, shall prepare proposed biennial goals and objectives and related performance
18 measurement indicators and targets for major programs of the agency or department for the
19 next biennium. The performance measurement indicators must provide the data necessary to
20 assess the performance of major agency activities, including a program's efficiency and
21 effectiveness; and be comparable, to the extent possible, to other states' performance results.
22 Each executive branch agency or department shall present its proposed biennial goals and
23 objectives and related performance measurement indicators and targets to the office of
24 management and budget and the government performance and accountability committee upon
25 request and shall make revisions as requested by the office of management and budget or the
26 government and performance and accountability committee.

27 **SECTION 5. State agency strategic plans.** Within two years of approval by the
28 legislative assembly or government performance and accountability committee of an agency's
29 or department's performance measurement indicators, the agency or department shall establish
30 and maintain a five-year strategic plan to guide its operations and activities. The strategic plan
31 must include:

- 1 1. The mission, goals, and objectives of the agency.
- 2 2. Identification of the groups of people served by the agency and the results of any
- 3 user group, public, or employee survey used to improve services.
- 4 3. The strategies and activities utilized to meet agency goals and objectives.
- 5 4. An analysis of the use of agency resources to provide agency services.
- 6 5. Estimated future service requirements and the resources that may be necessary to
- 7 meet those requirements.
- 8 6. External factors affecting services of the agency.
- 9 7. The measurement indicators developed under this Act used to evaluate and
- 10 assess the agency's performance.

11 **SECTION 6. State agency performance reports - State auditor reviews.** Each

12 executive branch agency and department shall prepare an annual performance report that

13 summarizes its goals and objectives and includes comparisons of actual performance data to

14 approved performance targets, explanations of any major variances from performance targets,

15 and multiyear trends in performance data. The annual report shall be available by September

16 first of each year and provided to the appropriations committees of the succeeding legislative

17 assembly. The state auditor, as part of each executive branch agency's biennial operational

18 audit or review as required by section 54-10-01 shall review select agency performance

19 measurement results.

20 **SECTION 7. Government performance - Rewards and reviews.** The government

21 performance and accountability committee may, based on an agency's actual performance,

22 recommend to the legislative assembly that an agency receive a reward or be subject to a

23 review.

- 24 1. A reward may include:
 - 25 a. Additional flexibility to transfer funds between line items of the agency's
 - 26 appropriation.
 - 27 b. Authorization to retain all or a portion of the agency's unspent appropriation
 - 28 authority at the end of a biennium.
 - 29 c. Additional funding for the agency that may be used for employee merit salary
 - 30 increases, employee training, technology improvements, or other productivity
 - 31 enhancements.

- 1 2. A review may include:
2 a. More frequent reporting of agency performance measures.
3 b. A performance audit of select programs of the agency by the state auditor.
4 c. An analysis of the structure of the agency or select programs of the agency.

5 **SECTION 8. Legislative and judicial branch participation.** The legislative branch
6 and the judicial branch shall participate in the government performance and accountability
7 system by providing to the government performance and accountability committee information
8 on their missions, goals, objectives, services provided, strategies and activities, the use of
9 agency resources, estimated future service and resource requirements, and external factors
10 affecting services and performance measurement indicators as requested by the committee.
11 The legislative branch and the judicial branch, as requested, shall assist the government
12 performance and accountability committee to identify appropriate performance measurement
13 indicators to assess their programs and to the extent possible, to be comparable to other states'
14 performance results.

15 **SECTION 9. AMENDMENT.** Section 54-44.1-06 of the North Dakota Century Code, as
16 effective after June 30, 2005, is amended and reenacted as follows:

17 **54-44.1-06. (Effective after June 30, 2005) Preparation of the budget data -**

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

- 20 1. Summary statements of the financial condition of the state, accompanied by the
21 detailed schedules of assets and liabilities as the director of the budget determines
22 desirable, which must include the following:
23 a. Summary statements of fund balances and assets showing in detail for each
24 fund the surplus or deficit at the beginning of each of the two fiscal years of
25 the previous biennium and the first fiscal year of the present biennium, the
26 actual revenue for those years, the total appropriations for the previous and
27 present biennium, and the total expenditures for those fiscal years; and
28 b. Similar summary statements of the estimated fund balances and assets for
29 the current fiscal year and each of the fiscal years of the next biennium.

- 1 Summary statements may include a comparative consolidated balance sheet
2 showing all the assets and liabilities of the state and the surplus or deficit, as the
3 case may be, at the close of the first fiscal year of the current biennium.
- 4 2. Statements of actual revenue for the previous biennium, the first year of the
5 present biennium, and the estimated revenue of the current fiscal year and of the
6 next biennium, and a statement of unappropriated surplus expected to have
7 accrued in the state treasury at the beginning of the next fiscal year. The
8 statement of unappropriated surplus for the general fund must reflect any projected
9 deficiency appropriations relating to expenditures from the general fund for the
10 present biennium. The statements of revenue and estimated revenue must be
11 classified by sources and by budget unit collecting them. Existing sources of
12 revenue must be analyzed as to their equity, productivity, and need for revision,
13 and any proposed new sources of revenue must be explained.
- 14 3. Summary statements of expenditures of the previous biennium and first year of the
15 present biennium, itemized by budget units and classified as prescribed by the
16 director of the budget.
- 17 4. Detailed comparative statements of expenditures and requests for appropriations
18 by funds, budget units and classification of expenditures, showing the expenditures
19 for the previous biennium, the first fiscal year of the present biennium, the budget
20 of the current biennium, and the governor's recommendation for appropriations for
21 each budget unit for the next biennium, all distributed according to the prescribed
22 classification of expenditures. Following the lists of actual and proposed
23 expenditures of each budget unit there must be a brief explanation of the functions
24 of the unit and comments on its policies and plans and on any considerable
25 differences among the amounts recommended, with any descriptive, quantitative,
26 comparative, and other data as to work done, unit costs, and like information as
27 may be considered necessary or desirable. For capital outlay expenditures
28 involving construction projects to be completed in two or more fiscal years, there
29 must be shown the total estimated cost of each such project and the amount
30 thereof recommended to be appropriated and expended in each ensuing fiscal

- 1 year until completion of the project. Capital outlay needs may be projected for at
2 least two years beyond the period covered by the budget.
- 3 5. A detailed statement showing the estimate of all moneys required to be raised or
4 appropriated for the payment of interest upon the funded debt of the state and its
5 other obligations bearing interest, and the amount of money required to be
6 contributed in the two next ensuing fiscal years to the general sinking funds
7 maintained for the redemption and payment of the debts of the state.
- 8 6. A summary statement of the unappropriated fund balance estimated to be
9 available at the beginning of the next biennium, and the estimated revenue of the
10 next biennium, as compared with the total recommended amounts of appropriation
11 for all classes of expenditures for the next biennium, and if the total of the
12 recommended expenditures exceeds the total of the estimated resources,
13 recommendations as to how the deficiency is to be met and estimates of any
14 proposed additional revenue.
- 15 7. For those budget units involved in the government performance and accountability
16 system and which submit budget estimates under section 54-44.1-04, statements
17 summarizing each agency's or department's biennial goals and objectives or
18 strategic plan and performance measurement indicators and targets for the next
19 biennium with comparisons of actual to anticipated performance for recent years.
- 20 8. Drafts of a proposed general appropriations act and special appropriations acts
21 embodying the budget data and recommendations of the governor for
22 appropriations for the next biennium and drafts of such revenues and other acts
23 recommended by the governor for putting into effect the proposed financial plan.
24 The recommended general appropriation for each budget unit must be specified in
25 a separate section of the general appropriations act.
- 26 ~~8.~~ 9. A list of every individual asset or service, excluding real estate, with a value of at
27 least fifty thousand dollars and every group of assets and services comprising a
28 single system with a combined value of at least fifty thousand dollars acquired
29 through a capital or operating lease arrangement or debt financing arrangement by
30 a state agency or institution. The list must include assets or services acquired in

1 the current biennium and anticipated assets or services to be acquired in the next
2 biennium.

3 ~~9-~~ 10. Any other information as the director of the budget determines desirable or as is
4 required by law.

5 **SECTION 10. AMENDMENT.** Section 54-44.1-08 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-44.1-08. Budget report - Contents - When submitted to legislative assembly.**

8 The official budget report must be transmitted by the governor to all holdover legislators and
9 legislators-elect not later than three days after the commencement of the session of the
10 legislative assembly. Such report is not a third-class item under section 46-02-05. The budget
11 director shall provide for the duplication or other satisfactory reproduction or printing of the
12 official budget report, so as to ensure delivery of same as provided in this section. Such reports
13 must contain the budget and revenue proposals recommended by the governor and the
14 information required in subsections 1, 2, 3, 5, ~~and 6,~~ and 7 of section 54-44.1-06 and all other
15 data and information as the governor shall decide. The budget director shall make available
16 any and all information regarding budget data to the governor, the legislative assembly and its
17 designees, legislators, and to the governor-elect as may be requested. The governor may
18 present any additional budget information in any manner to the legislative assembly as the
19 governor may desire.

20 **SECTION 11. Government performance and accountability system -**

21 **Implementation.** The office of management and budget, in developing a government
22 performance and accountability system, shall assist executive branch agencies and
23 departments to develop biennial goals and objectives, strategic plans, and performance
24 measurement indicators and targets to be presented to the government performance and
25 accountability committee. The office of management and budget shall arrange for select state
26 agencies and departments to implement the system during the 2005-07 biennium and the
27 remainder of the agencies and departments during the 2007-09 biennium.

28 **SECTION 12. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET.**

29 There is appropriated out of any moneys in the general fund in the state treasury, not otherwise
30 appropriated, the sum of \$200,000, or so much of the sum as may be necessary, to the office of

1 management and budget for the purpose of administering provisions of this Act for the biennium
2 beginning July 1, 2005, and ending June 30, 2007.

3 **SECTION 13. APPROPRIATION - STATE AUDITOR.** There is appropriated out of any
4 moneys in the general fund in the state treasury, not otherwise appropriated, the sum of
5 \$89,668, or so much of the sum as may be necessary, to the state auditor for the purpose of
6 administering provisions of this Act for the biennium beginning July 1, 2005, and ending
7 June 30, 2007.

8 **SECTION 14. APPROPRIATION - LEGISLATIVE COUNCIL.** There is appropriated
9 out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum
10 of \$115,191, or so much of the sum as may be necessary, to the legislative council for the
11 purpose of administering provisions of this Act for the biennium beginning July 1, 2005, and
12 ending June 30, 2007.