

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

GOVERNMENT PERFORMANCE AND ACCOUNTABILITY COMMITTEE

Wednesday, March 3, 2004
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Al Carlson, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Al Carlson, Ken Svedjan, Dave Weiler; Senators Randel Christmann, Michael A. Every, Ray Holmberg; Citizen Members Dick Hedahl, John Patrick Traynor; Executive Branch Members Pam Sharp, Gordy Smith

Others present: See attached appendix

It was moved by Citizen Member Traynor, seconded by Representative Svedjan, and carried on a voice vote that the minutes of the previous meeting be approved as distributed.

GOVERNMENT PERFORMANCE AND ACCOUNTABILITY STUDY

Ms. Pam Sharp, Director, Office of Management and Budget, presented the Office of Management and Budget's proposal for including performance measure information in 2005-07 biennium budget requests. Ms. Sharp said the budget reporting system will allow performance-related information to be included in the following narrative sections:

1. The agency mission statement.
2. Agency performance measures.
3. Program objectives.
4. Program performance measures.

A copy of the report is on file in the Legislative Council office.

Representative Svedjan asked how the Legislative Assembly may provide input on the agency measures. Ms. Sharp said the Legislative Assembly will have the opportunity to review the agency performance information included in the budget request and may choose to provide further directions to agencies during the legislative session.

Executive Branch Member Smith said if an agency has identified targets or benchmarks relating to its performance, the agency should explain how the targets or benchmarks were established. He expressed concern with limiting agencies to five performance measures. He said agencies may choose to report only the measurement indicators that the agency was successful in attaining. He suggested the Office of Management and Budget direct agencies to include the most significant and appropriate measures that reflect agency activities.

Representative Carlson suggested the information provided by agencies indicate whether the measurement result is positive or negative.

Representative Carlson suggested the committee consider specific elements that should be included in an agency's strategic plan. He said the Texas and Louisiana statutes include certain requirements for agency strategic plans.

Executive Branch Member Smith said if the Office of Management and Budget is designated as the agency to implement a performance budgeting system, it may need an additional full-time equivalent (FTE) position to assist agencies in the development of strategic plans and the identification of appropriate performance measures. He said this would also provide consistency among agency strategic plans and performance reporting.

Senator Christmann suggested the performance information provided as part of agency budget requests allow for agency explanations of programs and activities that are not meeting expectations.

In response to a question from Representative Carlson, Ms. Sharp said the Office of Management and Budget will be releasing the budget request guidelines to state agencies on March 22, 2004.

Citizen Member Traynor suggested the committee consider asking agencies to respond to basic performance-related questions similar to those asked by the majority leaders during the 2003 legislative session. He said those questions were:

1. What is the main purpose of your agency?
2. How do you measure the achievement of your purpose?
3. What can the Legislative Assembly do, financially and otherwise, to help you achieve your purpose?
4. How can you report or measure your results so the public can easily understand your purpose and evaluate your effectiveness?

Representative Carlson said the information being requested of agencies by the Office of Management and Budget as part of the agency budget request is a good start to the process. He suggested agencies focus the information they provide on program outcomes and results.

Representative Carlson said he believes more consistent information would be obtained from

agencies if specific questions similar to those asked by the legislative leaders during the 2003 legislative session were asked of agencies. Ms. Sharp said agencies could be asked to respond to these types of questions in a separate document.

Representative Svedjan questioned the amount of information that can be gathered during this initial biennium. He stressed the importance of the Legislative Assembly using whatever information agencies are asked to provide.

Representative Carlson suggested the Appropriations Committees chairmen, during the next session, could ask agencies to provide their responses to these types of questions as the initial information provided during agency appropriations hearings.

Senator Holmberg suggested limiting the amount of information agencies are asked to complete during this initial phase until the entire Legislative Assembly considers the committee's recommendations.

Representative Svedjan suggested the Office of Management and Budget may wish to gather information on agency program goals as part of agency budget requests.

Ms. Sharp said based on the committee discussion, the Office of Management and Budget will revise the agency budget request guidelines to address, to the extent possible, the committee's comments.

It was moved by Representative Svedjan, seconded by Senator Every, and carried on a voice vote that the committee ask the Legislative Council chairman to encourage the Office of Management and Budget to proceed with including performance-related information in the 2005-07 biennium budget requests.

Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, University System office, encouraged the Office of Management and Budget to consider, as it develops the system, agency information already available to limit the amount of changes that agencies must make to provide the required information.

Ms. Glatt also encouraged the Office of Management and Budget to allow agency flexibility in responses to the narrative information being requested as part of the agency budget requests.

Ms. Tove Mandigo, Department of Human Services, expressed the department's support for the development of performance measure information. She said the department would support presenting this information as part of the agency's appropriations hearing during the legislative session. She suggested that if agencies are expected to develop and provide this performance information, it should become more of the focus of discussion during appropriations hearings.

The Legislative Council staff presented a memorandum entitled *Government Performance and Accountability System - Proposed Bill Draft - Items to Consider*. The Legislative Council staff said if the committee chooses to proceed with recommendations

for the development of a government performance and accountability system, the committee may wish to ask the Legislative Council staff to prepare a bill draft establishing a system in statute. The bill draft could:

1. Require performance-related information to be included in agency budget requests.
2. Direct the Office of Management and Budget to establish and maintain a government performance and accountability system utilizing designated performance measurement indicators to allow agency managers, the Governor, the Legislative Assembly, and the public to evaluate and assess agency performance for the purpose of ensuring state government services are effective and state resources are used efficiently.
3. Establish a legislative government performance and accountability committee to monitor and provide guidance to the Office of Management and Budget on the implementation and operation of the government performance and accountability system.

Senator Christmann asked for the potential cost of operating and maintaining a government performance and accountability system. Ms. Sharp said gathering the performance information as part of the agency budget requests would have minimal cost; however, she said, if the Office of Management and Budget is to provide assistance to agencies in the development of strategic plans or performance measures, additional resources would be required.

Representative Carlson suggested the Legislative Assembly be more involved in the budgeting process prior to the legislative session. He said this committee should consider the level of authority that an interim legislative committee would have in the process of overseeing the government performance and accountability system.

The Legislative Council staff reviewed the provisions of 2003 Engrossed House Bill No. 1497 providing for North Dakota performance and accountability approved by the House of Representatives during the 2003 legislative session. The Legislative Council staff said the engrossed bill directed the Legislative Council to appoint a government performance and accountability committee each biennium. The committee was to select at least five agencies during the initial biennium to develop and implement strategic planning and performance reporting. Under the bill, agencies would have been required to prepare a strategic plan and to report annually on agency performance.

Senator Christmann asked whether development of this system will result in fewer line items in agency appropriations. Representative Carlson said he would not anticipate the appropriations line items changing, but that legislative discussions would focus more on outcomes.

Representative Svedjan said if a legislative committee is established to oversee the system, there may be a need for more legislative members than on the Government Performance and Accountability Committee.

Senator Holmberg suggested the proposed bill draft allow the committee chairman the flexibility to include other legislators who could receive reimbursement for participating in committee discussions in areas they are involved with on other legislative committees.

Senator Every suggested the bill draft identify the number of majority and minority leaders that should be members of the committee.

Chairman Carlson said that at a fall 2004 meeting, select agencies will be asked to review the performance information they include in their 2005-07 budget requests.

Representative Carlson suggested the bill draft establish the legislative committee in statute and that it be comprised of 10 to 12 members. He said the bill draft should include provisions relating to strategic planning with general guidelines for agencies.

Citizen Member Traynor suggested the bill draft require the committee to develop a process for determining agency performance measures.

The legislative budget analyst and auditor said the committee may wish to consider limiting, to some

extent, the committee chairman's flexibility for adding other legislators to the committee. He said as an example limiting the number to four would allow two from each house of the Legislative Assembly.

Chairman Carlson asked the Legislative Council staff to prepare a bill draft based on the committee's discussion for the committee to consider at its next meeting.

Citizen Member Traynor suggested the bill draft identify a potential goal for full implementation of the system.

Chairman Carlson announced the next committee meeting would be tentatively scheduled for June 2004. The committee adjourned subject to the call of the chair at 12:00 noon.

Allen H. Knudson
Assistant Legislative Budget Analyst and Auditor

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1