

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1497

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2003 HOUSE APPROPRIATIONS

IIB 1497

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1497

House Appropriations Committee

Conference Committee

Hearing Date 02-18-03

Tape Number	Side A	Side B	Meter #
1	X		50.0-end
		X	0.0-31.7
Committee Clerk Signature <i>Chris E. Nyberg</i>			

Minutes:

**Chairman Svedjan** Opened HB 1497 for discussion.

**Rep. Carlson** Gave brief introduction of the bill. I move to Amendments 30465.0302 to HB 1497 2nd Brusegaard

**Rep. Monson** We don't have interim committees with citizens on them do we?

**Rep. Brusegaard** Yes we do. The Higher Education Roundtable is an example.

**Rep. Skarphol** A module of PeoplSoft Software gives us an already purchased tool to use

**Rep. Delzer** Are four legislators enough to have on this committee?

**Rep. Carlson** the smaller the number of people on it, the more manageable it is.

**Rep. Timm** The Legislative Council wouldn't have to appoint anyone except legislators to the committee if they wanted, correct? There is nothing in the language to stop them.

**Rep. Carlson** Correct, you can make it more restrictive if you want.

**Rep. Aarsvold** How will this work with the Audit and Fiscal Review Committee?

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House Appropriations Committee  
Bill/Resolution Number HB 1497  
Hearing Date 02-18-03

**Rep. Carlson** I'm not sure.

**Rep. Wald** Audit and Fiscal Review deals with fiscal areas, and this looks more into the policies.

**Rep. Delzer** This drives policy, The Legislative Audit and Fiscal Review Committee looks at the past and its accuracy to the Code.

**Rep. Carlson** The first page, in section 2, lines 21-23 it really says what this Committee is supposed to do. "To improve program effectiveness and accountability by focusing on program impact and result, service quality, and customer satisfaction." These results drive the bottom line. It was not our attempt to duplicate, but it was to set a direction for agencies.

**Chairman Svedjan** This creates an impacting culture on how to more effectively run agencies. There is real value in this.

**Rep. Kerzman** I think this stifles creativity, is labor intensive, and doesn't focus on outcome bases. We shouldn't micro manage.

**Chairman Svedjan** This won't stifle creativity or micro manage. This isn't punitive.

**Rep. Metcalf** This fiscal note isn't effective until we plug in into the budget.

**Rep. Carlson** This doesn't give additional funding. If they already do strategic reports, that's a jump-start.

**Rep. Metcalf** I was looking at the mechanics, not philosophy of it. So my question is to Alan. This doesn't carry any money and we have to implement it into departments.

**Alan Knudson** Correct.

**Rep. Kerzman** Did any of us make any judgments in our subcommittees on the information that was handed out to us? No. We just looked at it and filed it.

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House Appropriations Committee  
Bill/Resolution Number HB 1497  
Hearing Date 02-18-03

**Rep. Carlisle** I think your going to get buried in paperwork with this. How can it be avoided.

**Rep. Carlisle** We are only asking for 5 pieces of information.

**Motion Carries.**

**Rep. Gulleston** I move amendment .30465.0303 to HB 1497. Second Aarsvold.

**Rep. Warnke** How many departments do this, or is it only the Department of Commerce?

**Rep. Carlisle** We just passed the Dept. of Commerce and they have accountability measures already in it.

**Rep. Gulleston** I did see that paragraph in the Commerce bill, but I think there needs to be some consistency in the level of that. This bill indicates a higher level. I can't imagine why we'd have a fear of this.

**Rep. Carlson** This proposed amendment is all right, but if we do it, it won't come out of the bill.

**Rep. Glassheim** As I read the language at the bottom of page 1, this amends, during the initial biennium. One of the 5 during the first 2 years will probably be the Department of Commerce. I don't think this should burden an agency forever.

**Rep. Skarphol** Once an agency is picked, they are expected to continue to do this. Ultimately, we are going to do all the agencies if this works well.

**Rep. Delzer** The Department of Commerce is a pretty big budget. We should leave that up to the committee.

**The motion carries 12 yeas, 11 nays, 0 A/NV**

**Rep. Brusegaard** I move Do Pass As Amended. 2nd by Rep. Carlson.

**Rep. Aarsvold** This encroaches on the responsibilities of the Executive Branch.

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House Appropriations Committee  
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**Rep. Carlson** The legislative body has usurped some of its duties when it comes to budgetary items. If you read the Constitution it is very simple. We were created as a policy making and funding mechanism of government. We have the tie to the people back home. We can't shirk that duty and we must pass this bill.

**Rep. Metcalf** If this committee would have been in existence 8 years ago, it could have averted the problem we have at the Veteran's Home now. It is a step in the right direction.

**Motion Carries 20 yeas, 3 nays, 0 A/NV Rep. Carlson will carry the bill.**

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**FISCAL NOTE**  
Requested by Legislative Council  
04/10/2003

Amendment to: HB 1497

1A. **State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$2,400	\$2,400		\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

Assuming the committee would meet six times during the biennium, legislative pay for the four legislators on the committee would amount to \$2,400 for the biennium.

3. **State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

B. **Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

The \$2,400 of expenditures are related to legislative pay for the four legislators on the committee.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Pam Sharp	Agency:	OMB
Phone Number:	328-4606	Date Prepared:	04/10/2003

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**FISCAL NOTE**  
 Requested by Legislative Council  
 01/21/2003

Bill/Resolution No.: HB 1497

1A. **State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$653,330	\$0	\$690,930	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

The Office of Management and Budget and the respective pilot agencies will incur additional expenses in implementing HB1497. Staff and operating expenses will be necessary for items such as strategic planning, performance reporting, establishing measures, seeking public input, and staff training. The Office of the State Auditor would incur salary expenditures for staff in auditing the performance measures.

3. **State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

This fiscal note assumes general fund expenses only. If an agency with other funds were selected as a pilot agency, the Office of the State Auditor could bill that agency for time spent auditing the performance measures.

B. **Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

The Office of Management and Budget will require 1.00 FTE and operating expenses to cover costs such as personal computer, telephone, office equipment, printing, and training costs.

Salaries and benefits	\$140,000
Operating expenses	<u>25,000</u>
Total	\$165,000

The Office of the State Auditor will incur salary expenditures of \$28,330 for hours spent auditing the performance measures and the time of an audit manager to review the audit.

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Depending on which agencies are selected for participation, costs will vary. For example, a very large department may require staff where smaller agencies may require only operating expenses. Costs will also vary depending on an agency's ability to complete strategic planning internally or their need to use a consultant. Again, large agencies could incur substantially more costs to assure public input than a smaller agency.

Assuming 2 of the 5 agencies would need an additional FTE, salary and benefit costs would be \$280,000. Assuming 4 of the 5 agencies would use consultants to assist in developing strategic plans, costs are estimated at \$100,000 (\$25,000 for 4 agencies). Operating expenses for the 2 agencies hiring an FTE would be \$50,000 (\$25,000 for 2 agencies). Internal operating expenses for the 3 agencies that do not hire an employee are estimated at \$30,000 (\$10,000 for 3 agencies).

Total expenditures of agencies to implement HB1497 are \$653,330.

**C. Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

No appropriations have been provided in the executive budget to implement HB1497.

<b>Name:</b>	Sheila Peterson	<b>Agency:</b>	OMB
<b>Phone Number:</b>	328-4905	<b>Date Prepared:</b>	01/27/2003

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