

**Testimony before House Appropriations Committee
HB 2739 – performance based budgeting
Mike O’Neal, Kansas Chamber CEO
March 18, 2016
(Testimony in support)**

Mr. Chairman and members of the Committee

On behalf of the Kansas Chamber, I am pleased to have the opportunity to appear in support of HB 2739, which would establish a mechanism for the implementation of performance based budgeting. Indeed, this has been a key plank in the Kansas Chamber Legislative Agenda for some time.

Specifically, the Kansas Chamber’s Board-approved 2016 Legislative Agenda encourages government reform aimed at lowering the overall cost of state government so it is more affordable to Kansas businesses and residents through policies that:

- **Implement priority or performance-based budgeting throughout all levels of state government.**
- **Promote adoption of “Lean Government” practices to transform the state into a more efficient enterprise.**
- **Establish transparency and uniformity in budgeting for all levels of government.**
- **Establish a “Brac-like” process for closure or realignment of government functions and agencies.**

For as long as I can remember, appropriators have groused about the sheer magnitude of the state budget and the impossibility of getting one’s arms around it annually in the short amount of time allowed. All too often, even the best of intentions yields to kicking budget cans down the road and managing, it seems, with duct tape and baling wire. When that happens, big government wins and taxpayers lose. Too often the mission of government seems to be to grow and expand rather than serving. If government succeeds in its true mission, we should need less of it.

In order to achieve the ultimate goal of putting elected officials back in charge of monetary oversight of the budgeting process, there must be an effort to implement a structure that works when the Legislature is not in town. Every year appropriators are met with lists of

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“...to continually strive to improve the economic climate for the benefit of every business and citizen and to safeguard our system of free, competitive enterprise”.

new proposals and new priorities. For every new program or priority there are dozens of former new programs or priorities. Have those been measured lately, or at all? What has been the ROI (return on investment) for the tax dollars spend in a particular agency given its stated mission?

The potential task of truly auditing the performance of agency functions is vast but if you don't start you sure can't finish. Budgeting should never become or even be a function of repapering the walls each year with a new appropriation, without giving thought to how many layers lie underneath that are not contributing any longer to the overall mission.

The first step in the process begins with an inventory of programs and subprograms; the enabling authority for those programs; the extent to which they are discretionary or a state or federal mandate. If the latter, is it simply because funds are attached without regard to whether the program serves a legitimate state need; the history of the program(s) and any duplication of function or effort across agencies; whether there has been prioritization and is that prioritization current and valid; the consequence, if any, should the program end and/or whether the function could be performed as well or better by a private sector entity.

HB 2739 meets our objectives for beginning the process of the legislature truly getting its arms around the budget process. Once fully implemented, the limited time available during the budget review process each session is made infinitely more productive and thoughtful. We see this, however, as a first step, not an ultimate step, toward the goal and we applaud the Chairman and this Committee for taking this matter up.

Along the way, much can be learned from the best practices and worst practices experienced by other jurisdictions. We know that CSG, NCSL and ALEC have devoted much time to this and I believe most if not all of you received The Pew Charitable Trust report on Evidence-Based Policymaking. The Kansas Department of Corrections has signed on with Pew's Results First Initiative and I assume you have access to DOC's initial report.