

## MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Vice-Chairperson Melvin Neufeld at 9:05 a.m. on February 3, 2000 in Room 514-S of the Capitol.

All members were present except:     Rep. McKechnie - excused  
  Rep. Jeff Peterson - excused

Committee staff present:     Alan Conroy, Kansas Legislative Research Department  
  Stuart Little, Kansas Legislative Research Department  
  Robert Waller, Kansas Legislative Research Department  
  Tom Severn, Kansas Legislative Research Department  
  Jim Wilson, Office of the Revisor of Statutes  
  Mike Corrigan, Office of the Revisor of Statutes  
  Dave Stallings, Assistant to the Chairman  
  Mary Shaw, Committee Secretary

Conferees appearing before the committee:  
       Duane Goossen, Director, Kansas Division of the Budget

Others attending:     See attached list.

[Vice-Chairman Neufeld mentioned to the Committee that he had mentioned to the Chairman that this is really a session of how they make what little money they have this year, and in future years, really work for us. That is really the goal and how to be the most efficient in writing the budgets concerning the amount. He also mentioned that Chairman Adkins was testifying in House Taxation Committee at the time this meeting started.]

Vice-Chairman Neufeld introduced Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department, who gave a staff presentation regarding performance budgeting (Attachment 1). Mr. Conroy briefed the Committee about general performance budgeting and one state's experience, Oregon, which has done quite a bit in terms of statewide performance measures and benchmarks for agency performance.

Mr. Conroy mentioned that performance budgets use statements of missions, goals, and objectives to communicate the purpose for which funds are allocated. A performance budget typically groups spending authority by goal, showing all units that participate without regard to how a given goal may be the responsibility of different state agencies. This format allows policymakers to grasp the scope and cost of efforts to achieve a particular goal. The hoped-for advantage being that legislators could then "compare the relative effectiveness of different approaches to a problem and avoid unnecessary duplication." Mr. Conroy also noted that a basic principle which guides the application of performance budgeting is accountability for results.

Mr. Conroy explained information regarding the Oregon appropriations process and in particular performance budgeting within the state. He noted that perhaps the most salient difference between the Oregonian budgetary process and that employed in Kansas is Oregon's attempt to develop a method whereby the effectiveness of state spending can be measured, i.e., benchmarks and performance measurements.

Mr. Conroy also noted that the linking of bench marks to agency funding is a process that is still in its early developmental stages. Questions and discussion followed. Vice Chairman Neufeld thanked Mr. Conroy for his staff presentation regarding performance budgeting.

Vice Chairman Neufeld welcomed Mr. Duane Goossen, Director, Division of the Budget. Director Goossen mentioned that performance budgeting is a very important and he appreciated the opportunity to participate in the discussion with the Committee. He hoped that it is a discussion that can continue on throughout the session and that legislators can truly consider some improvements to the performance budgeting process that Kansas currently utilizes. In response to a comment from Vice Chairman Neufeld regarding additional meetings on the subject of performance budgeting, Director Goossen responded that

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the Division of the Budget stands ready to help in that discussion and are interested in improving their performance budgeting capabilities.

Director Goossen gave a description of Performance Budgeting: Preparing a budget that measures performance and focuses on results. He also mentioned that the terms strategic planning, managing for results, bench marking, performance measures and performance budgeting are terms used as part of this larger concept. Director Goossen mentioned that the concept surrounding all this is very simple and it involves answering three basic questions for every agency:

- What is our mission?
- How do we get there?
- How do we measure our progress?

Director Goossen noted that they try to use these answers to base the budget deliberations and budget preparation. He mentioned that they try to do that for three very clear reasons. One is simply to be accountable to the public and to policymakers so that agencies can be accountable. Second is for agencies to learn and improve their operations. Third is to keep focused on priorities. ([Attachment 2](#))

Director Goossen referred the Committee to the following handouts which, are more in depth, to describe what Kansas is currently doing:

### S Agency Strategic Plan ([Attachment 3](#))

Director Goossen mentioned that this 16-page document is pulled from the budget instructions that their office sends out to every state agency. Director Goossen mentioned that each June the Division of the Budget sends a fairly lengthy document to all agencies which instructs an agency on how to put together their budget submission for the Division which ultimately is used to help the governor in drafting the governor's budget report. Part of the instructions refer to strategic planning, development of performance measures, outcome and output measures and how to develop such documents.

### S Narrative Information – DA 40, Division of the Budget ([Attachment 4](#))

Director Goossen mentioned that this document is the portion of an agency's budget submission that was submitted to the Division of the Budget that details their strategic plan, their objectives and the performance measures. He noted this as an example of what an agency submits to the Division of the Budget office.

Director Goossen mentioned that Kansas does a lot on performance budgeting. It is a topic they have been considering for a number of years. Kansas is part of a nationwide movement to try to look much more closely at performance and result-oriented goals as budgets are produced. He also noted that for a number of years Kansas has been making good strides in including more performance and outcome data in the budgeting process. Director Goossen mentioned that this year there are some challenges because there are limited resources available and performance budgeting does not eliminate funding challenges and does not eliminate the obligation to carefully analyze the detailed expenditures proposed for each agency.

Director Goossen noted the following points to consider:

1. Performance measurement is not necessarily easy or a process that is ever fully perfected.
2. Performance measurement is a tool that adds value but will not "revolutionize" Kansas budget deliberations.
3. The most important thing the Legislature can do is to show sustained interest in reviewing strategic plans and performance measures.

Committee questions and discussion followed. Vice Chairman Neufeld thanked Director Goossen for his time in appearing before the Committee and hoped that the Director would be available for further comments if the Committee comes up with a new set of questions.

## Bill Introductions

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A motion was made by Representative Neufeld, and seconded by Representative Ballard, to introduce a bill regarding medication necessary for treatment for social anxiety disorders, an insurance bill. Motion carried.

The meeting was adjourned at 10:30 a.m. The next meeting is scheduled for February 8, 2000.