HB 656-FN – AS INTRODUCED

2013 SESSION

13-0169 05/09

HOUSE BILL 656-FN AN ACT requiring state agencies to develop performance measures and to develop budgets for each biennium. SPONSORS: Rep. Umberger, Carr 2; Rep. L. Ober, Hills 37; Rep. Leishman, Hills 24; Sen. Bradley, Dist 3 COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill:

I. Removes the requirement in current law that agencies submit a maintenance budget as part of the biennial budget process.

II. Requires agencies to submit an organization chart with the agency's request for expenditures.

III. Requires agencies to develop program performance measures and establishes a commission to oversee the development of performance measurement systems by state agencies.

Explanation: Matter added to current law appears in *bold italics*.
 Matter removed from current law appears [in brackets and struckthrough.]
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Thirteen

AN ACT requiring state agencies to develop performance measures and to develop budgets for each biennium.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Requests for Appropriations; Estimates of Expenditure Requirements. RSA 9:4, I and II are 2 repealed and reenacted to read as follows:

3 I. On or before October 1 prior to each biennial legislative session, all departments of the state shall transmit to the commissioner of administrative services, on blanks to be furnished by the 4 $\mathbf{5}$ commissioner, estimates of their expenditure requirements for each fiscal year of the ensuing 6 biennium for administration, operation, and program services, including costs for workers' 7compensation and unemployment compensation. In case of the failure of any department to submit 8 such estimates within the time above specified, the commissioner of administrative services shall 9 cause to be prepared such estimates for such department as in the commissioner's opinion are 10reasonable and proper.

11 II. Each department shall include with the expenditure estimates submitted under 12 paragraph I an organization chart that identifies each employee position by position number, 13 indicates whether the position is funded in the budget submission, and indicates whether the 14 position is vacant or filled.

15 2 New Chapter; Performance Measurement System. Amend RSA by inserting after chapter 2116 U the following new chapter:

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CHAPTER 21-V

PERFORMANCE MEASUREMENT SYSTEM

19 21-V:1 Definitions. In this chapter:

I. "End outcome measures" shall be designed to evaluate an agency's progress toward the achievement of the agency's objectives and the fulfillment of its mission statement. End outcome measures normally focus on the consequences of program implementation and the effect of the program on those served. Because one program may have several different objectives, several different end outcome measures may be necessary so that each objective is measured.

II. "Input measures" measure the amount of resources applied, and, when related to output
 or outcome information, provide indicators of efficiency and productivity.

27 III. "Mission statement" means a succinct definition of purpose to clarify the intended 28 results.

29 IV. "Goals" define what the agency hopes to accomplish within a specific time period.

30 21-V:2 Performance Measurement System. Beginning January 1, 2014, each agency, as defined

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in RSA 21-G:5, III, shall adopt a performance measurement system for each of its programs that measures: a mission statement, the outcomes the program seeks to achieve, and the specific outcome measures that the program intends to use to track performance. The performance measures to be developed shall incorporate both input and end outcome measures. The performance measurement system shall be developed at the departmental level and shall serve as a model for program level performance measurement.

7 21-V:3 Development of Performance Measurement System by Agencies. On or before July 1, 8 2014, each agency, as defined in RSA 21-G:5, III, shall provide to the oversight commission 9 established in RSA 21-V:5 a contact person within the agency who shall be responsible for providing 10 the commission with information as to that agency's development and implementation of the 11 performance measurement system required under RSA 21-V:2. Each agency shall cooperate with the 12 commission and shall provide the requested information in a timely manner.

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21-V:4 Reporting Requirement.

I. On or before January 15, 2014, each agency shall submit an initial report on the development and adoption of a performance measurement system. The report shall identify the performance measures developed pursuant to RSA 21-V:2 and shall report on those measures to the extent of the available data. Copies of the report shall be forwarded to the oversight commission established in RSA 21-V:5, the house and senate finance committees, the speaker of the house of representatives, the president of the senate, the governor, the house clerk, the senate clerk, and the state library.

II. Beginning July 1, 2014, each agency shall submit an annual report of its performance 2122based on the performance measurement systems developed under this chapter. The report shall be 23submitted to the oversight commission established in RSA 21-V:5, the house and senate finance 24committees, the speaker of the house of representatives, the president of the senate, the governor, 25the house clerk, the senate clerk, and the state library. The reports also shall be available to the 26public on the state transparency website in a format that permits data comparisons by performance 27measure, geographic location, and demographic group. The website shall provide data for at least 2 28prior years for each performance indicator so that comparisons may be made and trends identified.

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I. There is established a performance measurement system oversight commission.

21-V:5 Performance Measurement System; Oversight Commission Established.

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(1) One member of the executive branch, appointed by the governor.

33 (2) Five agency commissioners, one of whom shall serve as an alternate, appointed
 34 by the commissioners.

- 35 (3) The chairperson of the senate finance committee.
- 36 (4) The chairperson of the house finance committee.
 - (5) The vice-chairperson of the house finance committee.

II.(a) The members of the commission shall be as follows:

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1	(6) One minority member of the house finance committee, appointed by the
2	chairperson of the finance committee.
3	(7) Two legislative members, appointed by the chairperson of the house finance
4	committee.
5	(8) Two members of legislative policy committees, appointed by the speaker of the
6	house of representatives.
7	(b) Legislative members of the commission shall serve a term co-terminous with their
8	term in office. Members appointed under subparagraphs (a)(1) and (a)(2) shall serve 2-year terms,
9	except that the initial appointment of 2 of the commissioners appointed under subparagraph $(a)(2)$
10	shall be for one-year terms. Members of the commission shall serve without compensation, provided
11	that legislative members of the commission shall receive mileage at the legislative rate when
12	attending to the duties of the commission.
13	III. The commission shall:
14	(a) Oversee the development of performance based measurement systems by state
15	agencies.
16	(b) Study performance based measurement systems used by other states.
17	(c) Provide information and technical assistance to agencies in developing program-
18	specific measurement tools.
19	(d) Make recommendations relative to the integration of the performance based
20	measurement system with the state budget process.
21	IV. The members of the commission shall elect a chairperson from among the members. The
22	first meeting of the commission shall be called by the first-named house member. The first meeting
23	of the commission shall be held within 45 days of the effective date of this section. Seven members of
24	the commission shall constitute a quorum.
25	V. Beginning November 1, 2014 and annually thereafter, the commission shall report its
26	findings and any recommendations for proposed legislation to the speaker of the house of
27	representatives, the president of the senate, the house and senate finance committees, the house
28	clerk, the senate clerk, the governor, and the state library.
29	3 Repeal. RSA 21-V:5, relative to the performance measurement system oversight commission,
30	is repealed.
31	4 Effective Date.
32	I. Section 3 of this act shall take effect January 1, 2019.
33	II. The remainder of this act shall take effect upon its passage.

LBAO 13-0169 Revised 02/06/13

HB 656 FISCAL NOTE

AN ACT requiring state agencies to develop performance measures and to develop budgets for each biennium.

FISCAL IMPACT:

The Department of Administrative Services states this bill, <u>as introduced</u>, may increase state expenditures by an indeterminable amount in FY 2014 and each year thereafter. There will be no impact on state, county, and local revenue, or county and local expenditures.

METHODOLOGY:

The Department of Administrative Services states this bill modifies the agency phase of the biennial budget process and requires agencies develop performance measures for state programs. The bill: removes the requirement in RSA 9:4, II that agencies submit a maintenance budget as part of the budget process; requires agency budget submissions include an organizational chart identifying employees by position number, whether the position is funded or not funded, and whether the position is vacant or filled; requires each agency create a performance measurement system for each state program, report on those measures in an annual report, and publish results on the Transparent NH website in a format that allows data comparisons by performance measure, geographic location, and demographic group; and creates a performance measurement system oversight commission to provide recommendations to state agencies and study performance-based measures in other states.

The Department states it is unable to determine how much time will be required to complete the budget process as outlined in the bill, and whether the process will require additional resources for each agency. Additionally, the Department states it is unable to determine the cost and development time for the Department of Information Technology to modify the Transparent NH website to meet the functionality requirements detailed in the bill, and whether these costs can be absorbed within the Department of Administrative Service's budget for web support and development.