CHAPTER 168 HB 657-FN – FINAL VERSION

29Jan2014... 2279h 05/01/14 1396s

2014 SESSION

13-0072 09/01

HOUSE BILL 657-FN

AN ACT requiring state agencies to submit efficiency expenditure requests as part of the

biennial budget process.

SPONSORS: Rep. Cebrowski, Hills 7; Rep. Weyler, Rock 13; Rep. D. McGuire, Merr 21

COMMITTEE: Finance

ANALYSIS

This bill requires state agencies to submit a department efficiency expenditure request as part of the biennial budget process. The bill eliminates the requirement that agencies submit a maintenance expenditure report.

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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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Fourteen

AN ACT

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requiring state agencies to submit efficiency expenditure requests as part of the biennial budget process.

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

- 168:1 Requests for Appropriations and Statement of Objectives. RSA 9:4 is repealed and reenacted to read as follows:
 - 9:4 Requests for Appropriations and Statement of Objectives; Efficiency Expenditure Requests.
- 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 forms to be furnished by the commissioner, an efficiency expenditure request for each fiscal year of the following biennium for administration, operation, and program services, including costs for workers' compensation and unemployment compensation. In case of the failure of any department to submit such requests within the time specified, the commissioner of administrative services shall cause to be prepared such requests for such department as in the commissioner's opinion are reasonable and proper.
- II. In this section, "efficiency expenditure request" means the cost of providing the services authorized and funded in the preceding biennium, considering and incorporating changes in the population and other factors outside the control of the department, consistent with the objectives in paragraph III. The governor shall communicate additional parameters, including desired departmental organization chart content and formats, and the total expenditure target for the development of efficiency expenditure requests, on or before August 1 prior to each biennial legislative session.
- III. The primary objective of the efficiency expenditure request is to identify expenditure requests to fund current statutory requirements, and those additional statutes and rules, consistent with parameters and expectations as defined in paragraph IV, that will provide improved quality of services to the citizens of New Hampshire as a result of improved department efficiencies and performance. Additional objectives of the efficiency expenditure request are to embed a management culture of continuous improvement, prudence, and accountability and to provide the governor and department heads with a fiscal management work product that extends and emphasizes these objectives.
 - IV. The efficiency expenditure request shall include:
 - (a) An expenditure estimate for the first year of the next biennium. In accordance with

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this paragraph, the governor shall provide a total expenditure target for each department which shall be a percentage of the adjusted authorized budget for the second year of the current biennium. The adjusted authorized budget is the level of funding for the second year of the current operating budget including budget footnote adjustments, executive orders, and adjustments by law including additional appropriations and any changes in laws that affect revenues and expenses outside of the operating budget. The target shall have as its basis revenue and economic forecasts and the

forecasted financial condition of the state for the first year of the next biennium.

- (b) An estimate for the second year of the next biennium. In accordance with this paragraph, the governor shall provide a total expenditure target for each department which is a percentage of the estimate developed for the first year of the next biennium. The target shall have as its basis revenue and economic forecasts for the second year of the next biennium and the financial condition of the state and shall reflect any changes in law that affect both revenues and expenses.
 - (c) The current mission statement of the department and its divisions.
 - (d) The goals of the department and its divisions for the next biennium.
 - (e) The impact of salary grade and steps for each authorized and requested position.
- (f) The identification of special or problematic needs to be funded or supported, consistent with department goals, which will support improved department efficiencies and deliverables. The department shall identify the risks or implications associated with not funding or supporting these special or problematic needs. Such needs are expected to be few and prioritized.
- (g) Outcome and output performance measures, displaying trends over time, and the data used by the department to create those measures, to evaluate the quality and consequence of services it delivers; and the identification of performance measures it may develop and implement in the following biennium.
- (h) Planned reorganization or restructuring initiatives that promise performance improvement and savings.
- (i) The identification of information technology or other technology investments, and the linkage for which the net effect is process improvement, improved quality of deliverables, and the resultant cost reduction.
- (j) The results of innovation initiatives in process improvement and delivery of services executed in the past biennium, if any, and those innovations planned for the following biennium that hold promise of improved efficiencies.
- (k) Investments in staff training and development consistent with department goals, and with the objectives in paragraph III, that show promise of improved productivity, service, and results within a specific time frame.
- (l) Inclusion of additional operating costs associated with previously authorized capital

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1 improvement projects to be completed during the biennium.

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- (m) The source of funding for all expenditures.
- V. Within the meaning of this section, the governor shall make the final determination as to whether a particular cost shall be deemed to be an efficiency expenditure.
- VI. The efficiency expenditure request shall incorporate recommendations for any necessary changes to state statutes and administrative rules which are barriers to the mission of the department, barriers to the attainment of goals, and barriers to enabling delivery of improved quality of services or services which have not been funded and have a financial burden on the department and/or taxpayers.
- VII. Subsequent to submission to the commissioner of administrative services, requests and estimates submitted pursuant to this section shall be made publicly available by each department under RSA 91-A.
 - 168:2 Reference Changes. Amend RSA 9:6 to read as follows:
- Tentative Budget. Upon the receipt of the [estimates of] efficiency expenditure [requirements] requests called for by RSA 9:4 and the preparation of the estimates of income called for by RSA 9:5, and not later than November 1 next succeeding, the commissioner of administrative services shall cause to be prepared a tentative budget conforming as to scope, contents, and character to the requirements of RSA 9:3 and containing the [estimates of] efficiency expenditure requests and estimates of revenue as called for by RSA 9:4 and RSA 9:5, which tentative budget shall be transmitted to the director of the budget for submittal to the governor. The tentative budget shall comply with the requirements of RSA 9:9-b. The budget shall be made available in printed format and in at least one electronic computer file format in common use at the time. The sections of the budget that state: gross appropriations from the highway fund, the highway block grant aid appropriation, the highway fund appropriation to the department of safety, and highway fund appropriations that are transferred to other agencies that comply with part II, article 6-a of the New Hampshire constitution relative to the use of highway funds, shall be reported to the president of the senate, the speaker of the house of representatives, and the chairmen of the house and senate standing committees on finance.
- 29 168:3 Repeal. RSA 9:4, III, relative to reduction level expenditures, is repealed.
- 30 168:4 Effective Date.
 - I. Section 3 of this act shall take effect upon its passage.
- 32 II. The remainder of this act shall take effect June 30, 2015.
- 34 Approved: July 11, 2014
- 35 Effective Date: I. Section 3 shall take effect July 11, 2014.
- 36 II. Remainder shall take effect June 30, 2015.