

# MAINE STATE LEGISLATURE

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## AUDIT AND PROGRAM REVIEW

### Discussion

#### 1. What is program evaluation?

A. Dr. Eleanor Chelimsky, Director of Program and Methodology Division, GAO, has defined program evaluation as "the application of systematic research methods to the assessment of program design, implementation and effectiveness."

B. Essentially the goal of program evaluation (also known as performance auditing, program review, program evaluation, sunset) is to assess the effectiveness and efficiency of programs.

#### 2. History.

Program evaluation as a formal legislative process began in the late 1960s. Hawaii and New York were the first states to establish such a formal process. The model was the General Accounting Office. The goal was to provide accurate, objective and independent information to the legislature about state agencies and programs.

#### 3. Success

A. An NCSL national study conducted in 1983 found that 16% of agencies subject to sunset review between 1980 and 1983 were terminated. Indications are that the majority of these agencies were relatively insignificant.

B. Some states have reported valuable savings:

For example, Florida: In 1988 the Auditor General conducted a performance audit of the administrative structure of a certain service delivery system. The audit found duplication. This led to legislation which restructured the system and resulted in \$700,000 a year in savings

#### 4. Approaches

A. There are two basic structural components to program evaluations: The staff and the committee which oversees the program evaluation. In Georgia and Hawaii there is no committee: the auditors report directly to the whole legislature.

i. Program auditors:

--In some states the program evaluation unit is placed within an existing auditing agency

--In some states there is a separate staff unit which does program evaluation and nothing else.

--In other states the assignment of program evaluation responsibilities is to some existing legislative staff agency (e.g. in Maine, the Office of Program and Fiscal Review).

ii. Evaluation committees:

--In some states, including Maine, there is a performance evaluation joint standing committee

--In some states there are separate evaluation committees in each chamber

--South Carolina has a Legislative Audit Council made up of three citizens elected by the legislature. Six ex officio members (House and Senate leadership) serve on the council. It has full subpoena authority.

--In Hawaii and Georgia the auditor's report directly to the whole legislature.

**5. Factors which influence success**

A. There are several factors which appear clearly to have an effect on the success of program audit procedures.

i. The objectivity and accuracy of the audits

ii. The timeliness of the audits

iii. Availability of the report at appropriate points in the legislative process

iv. The form of the report (is it a form that is useful to decision makers?)

v. Legislative support and involvement

B. Dr. Alan Rosenthal of the Eagleton Institute of Politics, Rutgers University, an authority on program evaluation, has

suggested several factors which he believes determine the success of legislative audits (See Alan Rosenthal, *Conference on Legislative Oversight*):

i. The political environment. He suggests the following factors are conducive to effective evaluations: legislative ethos of fiscal conservatism; a strong, independent legislative branch; partisan tension between the Executive and the Legislature.

ii. Commitment of legislative leadership to the enterprise (especially demonstrated by the appointment of the best people to the evaluation committee).

iii. Committee membership. The committee needs to have prestige and clout in the legislature

iv. Professional staff. The staff needs to be both highly capable in handling substantive matters and skilled in working in a highly political environment.

C. Other factors which have been suggested as relating to the success of program evaluation.

i. Linkage to other committees. Ability of the evaluation committee to work with other committees, including the Appropriations committee.

ii. Evaluation authority. Clear definition of the evaluation unit's authority.

iii. Access to records. Evaluation unit's access to all relevant records.

iv. Independence and linkage. Sufficient independence of unit to allow it to work objectively; sufficient linkage with legislature so that reports are dealt with seriously.

v. On-going review. On-going review of the evaluation process (both of evaluation unit itself by an outside entity and of the reviewed agencies by the evaluation unit to determine whether there has been follow through on recommendations)

vi. Topic development. Involvement of substantive standing committees in identifying topics for evaluation.

vii. Staffing/methodologist. Adequate staffing time and resources devoted to evaluation. Use of a methodologist to design and evaluate research methods.

## 6. Comparative data.

Source: *Legislative Program Evaluation in the States; Presentation to the Idaho Legislature* by Rich Jones (NCSL, January 1988).

A. In FY 83-84 the professional full-time staff for program evaluation ranged from none in Maryland to 48 in Florida. Most had well over 10; 14 had over 20. Maine was at the low end with 3.

B. Committee involvement in designing and conducting evaluations: In Georgia and Hawaii, there is no committee. In Maine and Washington the committee's involvement includes: determining issues to be studied, establishing areas to be evaluated, holding briefings on evaluation design, approving evaluation/ audit design, conducting field visits to agencies, holding briefings on evaluation/audit progress, holding public hearings on issues prior to final report being published, reviewing drafts of evaluation/audit report prior to final publication. In 15 states the committee is not involved until the final report is issued.

C. Final reports: is it considered a committee or a staff report? 24 states view the report as a staff report; 12 states (including Maine) view the report as a committee report. Interestingly, in several states in which the report is viewed a committee report, the committee either does not approve the final report or does not make editorial changes in the report (in Connecticut the committee does neither).

D. Committee approval: Committee approval takes various forms in various states. In Idaho the committee approves the report but does not thereby suggest agreement with its findings. In a number of states (Maine included) the report is approved by a recorded vote of the committee. In Arizona the report is approved by the Attorney General for release to the legislature and the public.

State Government is well served by well-organized, efficient and effective Legislative oversight and review of programs and tax policies/exemptions. Such review and oversight can help ensure accountability, efficiency and effectiveness in state government. While there has been and continues to be some uncertainty as to how the performance of a program review process should ultimately be judged – the debate often revolves around whether the number of program eliminations should be the chief indicator of success – it is clear that the more aggressive, critical and targeted the process the better. Also, the results of the process need to be well integrated into the

Legislative process, particularly the appropriations process, to ensure that timely use may be made of the recommendations.

## **Findings**

While the present program review process conducted by the Joint Standing Committee on Audit and Program Review has resulted in reorganizations, streamlining and other changes which have increased the efficiency of state government, it is a process which can be significantly improved. The Maine Sunset Act, 3 M.R.S.A. §921 et seq. authorizes the Committee to review any agency on its own initiative. The law requires the Committee to review all agency of State government according to the schedule established in the Act. "Agencies" (e.g. the Office of the Treasurer, Bureau of the Budget within the Department of Finance, the Finance Authority of Maine) are reviewed by the Committee, but are not subject to automatic termination. "Independent agencies" (e.g. Seed Potato Board, State Lottery Commission, State Planning Office) are subject to review by the Committee and automatic termination unless continued by Act of the Legislature. This is an inflexible and very time-consuming process (each agency review takes about 2 years to complete). It also is largely insensitive to current issues which may be of more significant concern to the Legislature.

The program review process can be made significantly more focused and responsive to Legislative needs by accelerating the present slow and cumbersome cyclic review process. The more flexible and targeted the process, the more useful and relevant will be the product. In addition, the process needs to be more closely integrated with the appropriations process so that recommendations of the program review process can be used by the Legislature in setting budgeting priorities.

## **Recommendation 1**

The program review process should be made more targeted and responsive to the needs of the Legislature.

(Addendum may be attached)

## **Recommendation 2.**

The make-up of the program review entity should include input from public members. (Committee consensus not reached on what entity should conduct the review: State Auditor, a modified Audit and Program Review Committee, or the various joint standing committees -- addendum may be attached.)

**Recommendation 3.**

The program review process should be integrated with the appropriations process. (Committee consensus not reached on the form this integration should take -- addendum may be attached)

## EVENING OUT EXPENDITURES/CREATION OF RESERVES

### Discussion.

At present, government budgeting is dependent upon revenue forecasts. The Governor, through the Bureau of the Budget, develops revenue estimates for the coming biennium which are incorporated into the Governor's budget which is then submitted to the Legislature for review. These revenue estimates are revised over time and are sometimes altered significantly as assumptions change according to evolving economic expectations. Whatever the accuracy of these projections, which varies significantly, State government is required to expand and contract in direct proportion to the arbitrary fluctuations of the economy and sometimes in significant divergence from original budgetary expectations. This can cause very wrenching and unpleasant reassessments of government programs and services in contexts which do not allow for optimum methodical consideration of choices and alternatives. The result can be a considerable upsetting of citizen expectations with regard to government services and policies.

### Findings.

There is inherent in revenue forecasting a certain degree of inaccuracy. This is particularly true for government which depends upon tax revenues; revenue projections must not only include prognostications concerning trends in the State's economy, but must attempt to understand how these trends will relate to the State's various taxes. Inaccurate revenue forecasts can lead to particular problems when there are unforeseen short-falls. Expectations of citizens can be seriously affected as a result of program cuts and tax changes.

Government spending has tended to expand at a rate equal to the expansion of revenues. It is clear that revenue growth allows government to expand to respond to various needs expressed by the citizenry and to initiate new and creative programs. However, since revenue growth is erratic and unpredictable, government spending which is ruled entirely by revenue flow is subject to the same erratic fluctuations and unpredictability. Smoothing these fluctuations by forcing a more orderly growth of expenditures would produce greater predictability and would allow for the development of significant reserves. (The State presently has several reserve accounts -- e.g. the Rainy Day Fund -- but all are limited-use funds and have fairly low caps.) These reserves would provide a certain degree of protection against revenue shortfalls and would thus obviate at least some of the need for drastic cuts in economic hard times.



**Recommendation**

A mechanism should be established which would require that the expenditures of State government be correlated to an appropriate expenditure trend analysis. This mechanism should provide a smooth curve for the purpose of setting state expenditures which will avoid fluctuations caused by unpredictable bienial revenue undulations. Revenues which exceed the growth curve should be required to be placed in a reserve fund. These reserves would be used when there are revenue shortfalls. A cap should be placed on the amount of reserves which may be accumulated. (Committee consensus not reached on the nature of the mechanism, what the a cap on the reserve fund should be or what precise trigger should cause disbursements from the reserve)

## CONSENSUS FORECASTING

### Discussion

Forecasting revenues is both difficult and imprecise. Since 1977, total general fund estimates as reported in the Governor's original Biennial Budget submission have varied from actual revenues no less than 2.3% and up to 14.9%. Over estimates have resulted in significant shortfalls: in fiscal year 1991, the difference between the general fund estimate reported in the Governor's original Biennial Budget submission and the actual revenues amounted to about \$212.4 million. While it may be that a more sophisticated process could be instituted which would result in more accurate revenue forecasts, all economic forecasting is by nature imperfect. This imperfection, however, can create tension in the budgetary political climate between the Legislature and the Governor if the former distrusts the latter's revenue projections. Excessive wrangling between the two branches as to the accuracy of the projections, including mistrust by the Legislature of a Governor's good faith, is counterproductive and diverts attention from central budgetary issues.

### Findings

At present the Executive is solely responsible for developing the state revenue forecasts. The State Budget Officer, in consultation with others, produces the estimates which form the basis for the Governor's budget submission and the Legislature's review and analysis. The Legislature has no independent capability to produce its own revenue projections. In order for the Legislature's Office of Fiscal and Program Review to be able to produce revenue estimates on its own, there would need to be a significant financial investment including the hiring of several new staff. And while such an independent capability could provide an inside source of information for the Legislature to draw upon in reviewing the Governor's budget, it would not tend to alleviate in any way the tension between the Branches with regard to revenue forecasts; indeed, it would likely exacerbate the tension if estimates significantly differed.

A mechanism which would create a bridge between the Executive and the Legislature on the issue of revenue forecasting and could thereby assuage the political tension which the present process engenders has the potential to increase the efficiency and effectiveness of the budget process.

### Recommendations

(Addendum attached.)

## CONSENSUS FORECASTING

### Recommendations

Economic and revenue forecasting should be an open and public process which facilitates agreement between the Executive and the Legislature on revenue estimates as much as possible. A Consensus Forecasting Committee should be formed. The Committee should

- be composed of five members, all with professional credentials in economic and/or revenue forecasting. Two members should be appointed by the Legislature, two by the Governor. The fifth member should be appointed by these four members. No member should be a Legislator;
- develop economic and revenue forecasts. Biennial revenue forecasts should be prepared and submitted to the Governor and the Legislature no later than November 30th of even-numbered years. If the Governor fails to incorporate into his budget exactly the revenue forecasts submitted by the Committee, the Legislature, could employ the Consensus Forecasting Committee's majority recommendation rather than the Governor's revenue estimates in its review of the budget;
- review any subsequent revisions to the revenue.

## FORM OF THE BUDGET DOCUMENT

### Discussion

The form of the budget document is required by statute (5 MRSA 1664). The law requires the following components:

*Part 1* must include the following items:

The budget message of the Governor

A general budget summary

The loss in revenue caused by tax exemptions, special credits, etc.

Explanatory schedules classifying expenditures

*Part 2* must include the following items:

Detailed budget estimates of expenditures and revenues

Statements on bonded indebtedness

Other statements as Governor desires or as required by Legislature

*Part 3* must include complete drafts or summaries of budget bills and legislative measures to give sanction to the financial plan.

The budget document submitted by the Governor is not in fact structured as "Part 1", "Part 2", "Part 3", although all of the above elements appear in the document.

The term "Part 1", as it is commonly used, does not refer to "Part 1" as defined in the statute. "Part 1" generally refers to the budget bill and connotes that portion of the budget which is known as the "current services" budget. The "current services" budget is not limited to 'maintaining' current services, although it may sometimes be suggested that it is or should be so limited. As occurred this year, reductions can occur in the "Part 1" budget. "Part 2" is that part of the budget which is commonly known as the "new and expanded services" budget, or "Supplemental" budget. "Part 2" can include reductions as well. "Part 1" and "Part 2" are submitted as two separate bills (both are included in the budget document). Usually the legislature deals with "Part 1" earlier in the session (by April or May) and "Part 2" at the end of the session.

## Findings

Regular and careful scrutiny of current programs is essential for sound budgetary planning. The present "Part 1"/"Part 2" budget structure is a hinderance to regular and careful review of current programs. In normal years this structure promotes the status quo and concentrates critical attention on new and expanded programs. No other budget structure, however, would appear to remedy this without creating other significant problems. A single operating budget format has been examined but two problems emerged: 1) A single budget would tend to be dealt with late in the session (as the "Part 2" budget is now) and this would create an unacceptable level of uncertainty with regard to on-going programs. 2) There is a significant probability that review and passage of a single budget could be stalled by relatively minor or unrelated issues.

The budget document is a large and detailed document which provides a wealth of information for those who know how to use it, but is somewhat daunting to those who have not worked extensively with it. Its design and structure could be improved significantly in order to enhance its usefulness to all interested parties including the Executive, the Legislature and the public.

- At present, tax expenditures are listed in one section of the document. Tax revenues are listed in terms of actual revenues estimated or received, and do not factor in tax expenditures.
- Presently 5 MRSA §1664 requires that the budget document list expenditures and revenues for four different periods: the proposed expenditures or estimated revenues for the 1st and 2nd years of the biennium, the estimated expenditures and revenues for the current fiscal year and the actual expenditures and revenues for the last completed fiscal year. The estimated figures for the current year are of limited usefulness.
- The budget document does not provide clear information on the structure and organization of the various agencies of government.
- The budget document invariably includes program/policy changes. There are a present no specific justifications offered in the document for these changes.

## Recommendation 1

An ad hoc group should be established to review the form and substance of the budget document and to make recommendations on how the

document can improved to make it more "user-friendly". The group should include Executive officials who develop the document, Legislators, advocates who commonly use the document, and persons from the private sector who are experienced in using and designing budgets.

### **Recommendation 2**

Figures listed in the budget document representing estimates of current fiscal year revenues or appropriations should be replaced with figures showing actual expenditures or revenues for the immediately prior 12 month period. This will be a more accurate and thus more useful figure for budgetary analysis.

### **Recommendation 3**

The budget document should include organizational charts of each department. This will facilitate understanding, particularly by public users, of the structure and functions of the departments whose budgets are discussed.

### **Recommendation 4**

Tax exemptions (including special exclusions, deductions, credits, etc.) (other than those which conform exactly to the federal tax system) should be treated in the budget document as appropriations. Revenue figures should include potential revenues lost due to tax exemptions. Tax exemption figures should be treated as appropriations to the various groups who receive the tax benefit.

### **Recommendation 5**

The budget document should include short narrative which highlight justifications for any program changes which occur in the budget.

**POLICY CHANGES AND THE BUDGET PROCESS**  
**REVIEW OF FEDERALLY FUNDED PROGRAMS**  
(Majority report)

**Discussion**Federal Expenditures

In the 1970s the legislature passed a law requiring the submission of a federal expenditure budget. This was repealed a year later and replaced with the current law which requires the submission of a unified state budget.

In the context of the entire budget, federal expenditures receive limited review. One cause for this reduced scrutiny is that there simply isn't time to deal with General Fund expenditure, dedicated revenue expenditures and federal expenditures. The sheer volume requires some selectivity. Another factor, however, is the obvious distinction in the source of the money.

It should be noted that the total amount of General Fund appropriations made to federally funded programs is not readily available. This figure is not generated during the budget process nor the state Auditing process.

**Findings**Policy Review.

The Appropriations Committee possesses considerable expertise in a variety of areas. Nevertheless, its expertise with regard to the variety of programs which exist in State Government is necessarily limited. The various other joint standing committees (policy committees) have specialized areas of jurisdiction which allows their members to develop very considerable expertise with regard to the particulars and subtleties of the programs within those areas. This knowledge was tapped in the First Session of the 115th Legislature: the Appropriations Committee asked each of the policy committees to review the budgets of the departments within their jurisdiction and to make recommendations with regard to those budgets. This sort of integration of the policy committees into the Appropriations Committee process permits a considerable body of knowledge and understanding of the various aspects of government to be brought to bear on policies, including statutory changes, proposed in the budget. This integration needs to be strengthened, formalized and institutionalized.

Federal expenditure review.

Federal expenditures are not always without cost to the state. Federal grants often require state commitment in the form of appropriations. It is also the case in some instances that the state is given some flexibility in how it may spend federal dollars. In either case, the current cursory review of federal expenditures does not allow for careful analysis of whether available resources are being put to the best use. More careful review, employing the policy expertise of the various policy committees, needs to occur.

**Recommendations**

The various policy committees which review legislation in the various functional areas of State government should have increased involvement in the appropriations process.

In order to accomplish this, subcommittees of the Joint Standing Committee on Appropriations and Financial Affairs should be established. Each subcommittee should consist of no more than 10 members and should consist of several members of the Appropriations Committee and an equal number of members of a policy committee, appointed by the chairs of that committee. Each subcommittee should consist of equal numbers of members from each party. Each subcommittee should

- Review the budgets of the agencies which fall within the jurisdiction of the policy committee whose members serve on the subcommittee.
- Review all federal expenditures which fall within their policy area to determine whether best use is being made of available resources.
- Make recommendations on agency budgets and federal expenditures to the Appropriations Committee.



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**REVIEW OF FEDERALLY FUNDED PROGRAMS**  
(Minority report)

**Discussion****Federal Expenditures**

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In the context of the entire budget, federal expenditures receive limited review. One cause for this reduced scrutiny is that there simply isn't time to deal with General Fund expenditure, dedicated revenue expenditures and federal expenditures. The sheer volume requires some selectivity. Another factor, however, is the obvious distinction in the source of the money.

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**Recommendations 1**

The various policy committees which review legislation in the various functional areas of State government should have increased involvement in the appropriations process.

**Recommendation 2**

A subcommittee of the Appropriations Committee should be created. This subcommittee should review federal expenditures to determine whether best use is being made of available resources.

## LONG-TERM FISCAL IMPACTS

### Discussion

Prudence suggests that short-term financial planning without consideration of longer-term eventualities can result in unnecessary and unpleasant surprises. While biennial budgeting obviously highlights the period on which primary financial focus must be placed, extra-biennial considerations can provide perspective and may allow future biennial difficulties to be foreseen and avoided.

### Findings

At present bills are required to include fiscal notes which are developed by the Office of Fiscal and Program Review. These notes provide the Legislature an assessment of the fiscal impact (costs and/or savings) which will result from the passage of the bill. Although an attempt is made to provide, where possible, general estimates of longer-term fiscal impacts, the emphasis is on impacts within the biennium.

The fiscal impacts of legislative initiatives are not always uniform over time. Some initiatives may have little fiscal impact over the short-term but have very significant impact over the longer-term. Obviously, the biennial budget cycle and a Constitution which has been interpreted to require a balanced budget, force considerable focus to be placed on short-term fiscal realities. Nevertheless, Government obviously must function beyond the budget cycle. As a result, prudent planning requires that scrutiny be given to the long-term consequences of Legislative actions. To facilitate this, the Legislature needs to have before it, when it considers any bill, the projected fiscal impact of the bill through the next biennium. The Legislature also needs ready access to a projected budget outline for the next biennium which incorporates the cumulative impact of the bills passed during the session.

### Recommendation 1

Each bill (L.D.) considered by the Legislature should include a fiscal note which provides an estimate of the fiscal impact of the bill over both the current biennium and over the following biennium.

### Recommendation 2

A projected budget outline for the biennium following the current biennium should be prepared by the Office of Fiscal and Program Review. This outline should be finalized at the close of each session and should be based on the cumulative fiscal impact of the bills passed by the Legislature during the session.

## CAPITAL INVESTMENTS

### Discussion

Capital investments, especially in new technologies, can cause government to become significantly more efficient and effective. A computer can do in a minute calculations that would take a team of individuals a day to accomplish. Electronic mail is received the moment it is transmitted, interdepartmental mail takes hours to be delivered. A FAX can get vital information into the appropriate hands in a tiny fraction of the time it would take to have the same information delivered by hand or mail or other delivery system. The examples are endless. On the other hand, new capital investments (particularly in new technologies) are not cheap. Whatever is spent on technologies is money not spent on some other aspect of state government. In difficult economic times, the readiness to spend the State's limited resources on technologies is understandably dampened. Even if the long-term benefits would clearly outweigh the short-term costs, the very fact of the short-term cost is a disincentive to making the investment when weighed against other immediate needs. This understandable but overly short-term perspective hampers the over-all efficiency and effectiveness of State Government.

### Findings:

The efficiency and effectiveness of State Government could be improved if the costs and benefits of investments in new technologies were more carefully and systematically examined and mechanisms were created to allow for long-term capital investments in those technologies with long-term cost benefits. Short-term budgetary limitations have dictated to too great an extent whether and when such investments are made.

### Recommendations

Public sector accounting conventions which require the expensing of capital items in the year purchased should not act as a deterrent to capital investment decisions based on sound cost/benefit analysis. Mechanisms should be investigated, developed and pursued which will encourage capital investments to be made based on long-term cost/benefit analysis. Among the mechanisms which should be considered are:

- The creation of a capital pool, funded by specific and regular appropriations, from which agencies could borrow to finance capital improvements;
- Increased use of lease-purchase agreements;

- Use of bonds to finance capital improvements;

Cost benefit analyses should be conducted to determine the appropriateness of individual capital improvements. The merged Department of Finance and Administration should have primary responsibility for investigating, developing and pursuing necessary steps to ensure that such mechanisms are established and employed on a government-wide basis.

## LEGISLATIVE PROCESS LENGTHENING OF TERMS

### Discussion

Legislators in Maine, both Representatives and Senators, serve 2-year terms (Maine Constitution Art. VI, Part First, Sec. 1 and Part Second, Part 1). Twelve other states employ the same term structure including all of the New England states, Connecticut, and New York. In all but 5 states, the terms for members of the upper house are 2 years. Few states have changed upper chamber terms within the last 50 years. No state has changed legislative terms in the last 25 years and no state has altered lower house terms in the last 50 years. While there has been much discussion across the country on term limits, there has been very little discussion concerning altering term lengths.

### Findings

Certain pros and cons of lengthening term limits can be discerned. Among the benefits which may be suggested by proponents are the following: It may allow legislators more time to gain expertise and to climb the learning curve; it may attract persons more dedicated to the process; it would reduce the percentage of a legislator's time spent campaigning; it may provide more continuity in the Legislature. The arguments against lengthening Legislative terms, however, are more persuasive: Since Maine's is a citizen Legislature and members are not paid as professionals, requiring a four year commitment from citizens interested in serving the State is more likely to discourage candidates than it is to attract persons more dedicated to the process. Those who have more time to give and who wish to dedicate a longer period of their lives to the process may run for successive terms. Those who simply can't afford such a long commitment, will be discouraged at the outset from serving in the Legislature. In addition, while more frequent campaigning may interfere to some degree with legislative work, it forces legislators to be responsive to those whom they represent. A measure of public accountability is lost when terms are lengthened. Finally, while it appears on the surface that longer terms might result in greater continuity in the Legislature, evidence from other states suggest this may not always be the case. For instance, members of both chambers of the Mississippi legislature serve 4 year terms. Turnover in the period between 1979 and 1989 was 94% in Mississippi's upper chamber and 86% in its lower chamber. This compares with 85% turnover in Maine's upper chamber and 87% in the lower chamber. Members of West Virginia's upper chamber serve 4 year terms; the turn-over in the 1979 to 1989 period was 94%. Whatever correlation there may be between legislative continuity and term lengths, it is clearly only one of many factors and perhaps not a very significant factor.

**Recommendations**

Legislative terms should not be lengthened.

## SIZE OF THE LEGISLATURE (divided report)

### Discussion

Maine's Senate has 35 members, its House has 151 members for a total of 186 State Legislators. Maine's Constitution requires there to be 151 House members (Art. IV, Part First, Sec. 1) and requires that the Senate consist of not less than 31 nor more than 35. According to the Council of State Governments' 1991 Book of the States, Maine has the 10th largest legislature in the country. Other than Nebraska, which has a unicameral Legislature, the smallest state Legislature is Alaska, with 60 members. The largest is New Hampshire's with 424. Maine's House is equal in size with that of Colorado's; 6 state lower chambers are larger. Maine's Senate is relatively small; 30 state upper chambers are larger.

### Findings

A smaller House will not increase its public accountability, efficiency or effectiveness. Maine's rural House districts are geographically large; the ability of Representatives physically to keep in contact with constituents spread over a large area is limited. Increasing the size of these districts will only further limit constituency contact. Also, a smaller House will mean a greater workload for the remaining membership. Such an increase in workload would seem to warrant an increase in pay. This would offset any savings which might otherwise result. In addition, the fewer the number of members, the less expertise which will be brought to bear on the issues before the House. Concurrently, the increased workload will require members to be spread a bit more thinly, resulting in less development of expertise through specialization. Finally, a smaller House will result in larger constituencies whose needs and concerns Legislators must respond to. Since Maine's is a part-time citizen's Legislature, there is a limit to what may reasonably be asked of its Representatives. The present size of Maine's Legislature adequately balances these factors with the need for efficient and effective law-making.

### Recommendations

The size of Maine's Legislature should not be reduced.



## SIZE OF THE LEGISLATURE (divided report)

### Discussion

Maine's Senate has 35 members, its House 151 has members for a total of 186 State Legislators. Maine's Constitution requires there to be 151 House members (Art. IV, Part First, Sec. 1) and requires that the Senate consist of not less than 31 nor more than 35. According to the Council of State Governments' 1991 Book of the States, Maine has the 10th largest legislature in the country. Other than Nebraska, which has a unicameral Legislature, the smallest state Legislature is Alaska, with 60 members. The largest is New Hampshire's with 424. Maine's House is equal in size with that of Colorado's; 6 state lower chambers are larger. Maine's Senate is relatively small; 30 state upper chambers are larger.

### Findings

Maine's House relative to other states in the nation, is very large. A large legislature is by nature more unwieldy and thus less streamlined and efficient than are smaller legislatures. A large legislature also means that there are more legislators who must be paid. In Maine, a smaller House will allow for streamlining of the Legislative process, greater efficiency and potential cost savings. While it may be suggested that a large House permits members to be more directly responsive to citizen concerns, a smaller, more efficient House is better able to deal effectively with the policy issues which confront it. A smaller House may require additional work for legislators, but a reasonable down-sizing will not place undue burdens on the state's Representatives.

A 20% down-sizing of the House to 123 members will allow for a significant streamlining the Legislative process. Efficiencies will result from the increased manageability of the body. There will be 30 fewer members to pay. This significant but reasonable down-sizing will result in a somewhat greater workload for the remaining members. However, since there will be 30 fewer Legislators introducing legislation, this increase in workload should be modest.

### Recommendations

Maine's Constitution, Art. IV, Part First, Sec. 2, should be amended to provide for a House membership of 123, with appropriate concurrent redistricting.

## LEGISLATIVE TERM LIMITS

### Discussion

Term limits is an issue which is presently much debated across the nation. In California, voters last November approved Proposition 140 which limits that state's senators (and state-wide officeholders) to two four-year terms and Assembly members to 3 two-year terms. (California's rate of turnover between 1979 and 1989 was 53% for the Senate and 70% for the Assembly as compared with Maine's turnover for the same period of 85% for the Senate and 87% for the House.) The California Supreme Court recently upheld the term limitation. A number of other states have passed or are considering term limitations.

### Findings

The solution to problems of poor representation by elected officials is for the electorate to vote those officials out. Term limits do not result in greater efficiencies or effectiveness in government and public accountability can be injured rather than assisted by such measures. Term limits clearly remove from the electorate the power to return to office those that may be serving well their constituency. Term limits also automatically remove from office those who have experience and expertise in dealing with the complex policy issues with which government must deal.

### Recommendations

Since term limits will not result in greater efficiency or effectiveness in State Government, nor will it increase public accountability, we cannot recommend their adoption.

## LEGISLATIVE LEADERSHIP TERM LIMITS

### **Discussion**

Legislative Leadership term limits is a political issue, not an efficiency, effectiveness or public accountability issue.

### **Findings**

Limiting the terms of office of legislative leaders will not result in cost savings, efficiencies, greater effectiveness or greater public accountability.

### **Recommendations**

Since Legislative Leadership term limits will not result in greater efficiency or effectiveness in State Government, nor will it increase public accountability, we cannot recommend their adoption.

## APPOINTMENT OF LEGISLATIVE COMMITTEE MEMBERS

### **Discussion**

Under the Rules of the House, the Speaker of the House appoints House members to the joint standing committees. Under the Rules of the Senate, the President of the Senate appoints Senate members to the joint standing committees. The appointment of minority party members to committees is done in consultation with minority party leadership. Generally minority party recommendations are adopted by the presiding officers.

### **Findings**

The issue of whether minority party leadership ought directly to be able to appoint members to the joint standing committees is an issue for the political arena. The issue is not one of efficiency, effectiveness or public accountability.

### **Recommendations**

Since the issues surrounding the appointment of Legislative committee members do not lend themselves to useful analysis in terms of efficiencies, effectiveness or public accountability, we offer no recommendations on this issue.

## MERGER OF FINANCE AND ADMINISTRATION

### Discussion

The functions of the Departments of Finance and Administration were joined into a single department in 1971 during the Curtis administration. In 1986, the departments were severed into the departments as they now exist. This commission has been given specific direction by the Legislature to examine the possibility of a re-merger of the departments.

### Findings

In consultation with the Commission, representatives of both departments have worked to develop a proposal for this merger which will result in the greatest economy, efficiency and effectiveness possible. Several principles have been identified as useful in guiding the approach to the merger: 1) the need to strike a balance between service and control functions of the new department; 2) the need to strike the correct balance between the internal and external responsibilities of the new department; 3) the need to achieve actual savings in the short term and greater efficiencies over the long term; 4) the need to coordinate like functions while assuring intra-departmental access to vital decision-making tools.

The merger of the Departments of Finance and Administration will result in increased effectiveness, efficiency and in significant dollar savings. At a minimum, projected savings for fiscal year 1993 are \$740,000.

### Recommendations

The departments of Finance and Administration should be merged. (The committee has generally approved of the direction taken by the departments. A final detailed proposal is expected from the Departments before Nov. 1. This proposal will be attached if available.)

## CONSTITUTIONAL OFFICERS

### Discussion

There are three Constitutional officers in Maine: the Secretary of State, the Attorney General and the State Treasurer. The State Auditor is sometimes mistakenly identified as a Constitutional Officer because the office holder is elected by the Legislature in the manner of the Constitutional Officers. It is, however, a statutory office.

The constitutional charge of the Secretary of State is to maintain the State's records, attend the Governor, Senate and House, keep and preserve the records of all official acts and proceedings of the Governor, Senate and House and perform such other duties as required by law or as enjoined by the Constitution. The Department performs a wide range of ministerial functions ranging from filing of articles of incorporation, Uniform Commercial Code transactions and rules adopted pursuant to the Administrative Procedures Act to collection and preservation of all official papers and documents to licensing drivers and registering motor vehicles. It is organized into three basic structural units: the Bureau of Corporations, Elections and Commissions, the Division of Motor Vehicles and the Maine State Archives. It employs about 450 persons.

The responsibilities of the Treasurer are to record all deposits in the State's checking accounts, to invest the State's monies, to borrow money on behalf of the State, to administer the Abandoned Property Program and to serve on various boards including the Finance Authority of Maine and the Maine Municipal Bond Bank. The office employs under 20 persons.

The Attorney General provides legal advice to and represents in litigation the Executive and Legislative Branches. There are several Executive agencies which employ their own legal staff which are not served by the Attorney General's office. The reason for these separate legal staffs are in some cases historical and in some cases practical, including problems of conflict of interest. The office is made up of seven divisions, four of which represent various state agencies (General Government Division, Human Services Division, Natural Resources Division) and three of which do not (Consumer Division, Criminal Division and Opinions and Counsel).

### Findings

The functions which are performed by the various constitutional offices are performed well by these offices. A transfer of any of these functions into the Executive Branch will result in dubious cost savings and little if any increase in efficiencies, effectiveness of public accountability.

Because the Attorney General functions as counsel to both the Executive and the Legislature and as an independent agency is able to provide objective advice to each, transference of its functions into the Executive Branch would be counterproductive.

The Treasurer's office, while perhaps not requiring an independent office to function efficiently and effectively, does in fact function efficiently and effectively as an independent office. No particular savings, improved effectiveness or public accountability is to be gained from transferring its functions elsewhere.

The Treasurer, through his deputy who actually makes the State's investment decisions, takes a very conservative approach to investing the State's monies. While this is both prudent and largely mandated by law, there is a considerable variety of investment instruments in the global financial community which offer little or no risk and which, if carefully examined, might prove useful in enhancing the State's return on investment.

Several possible reorganizations relating to the functions of the Secretary of State have appeared worthy of careful examination: transfer of Motor Vehicles to the Department of Transportation, transfer of Corporation to the Department of Professional and Financial Regulation and transfer of Archives to the Maine State Library.

- Transfer of Corporations to the Department of Professional and Financial Regulation(DPFR): 1) No efficiencies would be gained. Since DPFR does not presently possess the data processing capabilities which would allow handling of the record-keeping functions of Corporations, and it would not be possible to simply shift the capabilities from the Department of State, a transfer would result initially in increased costs; 2) The transfer could cause public confusion since Corporations has been with the Secretary of State since 1862; 3) The missions of Corporations and DPFR are different, suggesting no natural marriage between the two. DPFR is an enforcement and regulation agency, while Corporations involves record keeping. Also, DPFR deals with a number of confidentiality issues, while Corporations within the Department of State is designed for maximum public accessibility.
- Transfer of Archives to the Maine State Library. 1) No apparent savings in staff or space needs would result; 2) the Constitution specifically directs the Secretary of State to handle this function; 3) The missions of the Secretary of State and Archives are significantly different. Archives collects official documents for permanent preservation, the Library collects items of research value and is not generally concerned or interested in permanent preservation.

- Transfer of Motor Vehicles (DMV) to the Department of Transportation (DOT). 1) No significant cost savings would result. There is little duplication which could be eliminated. 2) No apparent increase in efficiencies or effectiveness would result. There is no evidence that DOT could more effectively administer these functions. 3) DOT has about 2400 employees. DMV has about 375. The Secretary of State is presently in the process of attempting to make DMV more accessible to the public. If DMV were shifted into a department the size of DOT, this process may well lose the priority it not enjoys.

### **Recommendations**

The functions performed by the Secretary of State, State Treasurer and Attorney General should not be transferred away from those Offices.

The Treasurer should examine the State's investment policies and should examine whether there are investment options, including opportunities in international financial markets, which are not presently being exploited which improve the State's return on investment. If the Treasurer determines that there are statutory restrictions imposed on his investment authority which are resulting in prudent, profitable investment opportunities being lost, he should actively seek appropriate statutory changes.



## ADMINISTRATION OF LANDS AND BUILDINGS

### Discussion

- Regionalization/co-location of offices. As a result of changes in the law which occurred in the Supplemental Budget for fiscal year 1991 (PL 1991, Ch. 9, Sec. L.2) the Bureau of Public Improvements (BPI) within the Department of Administration now holds all real property leases of State Government for the purpose of ensuring that these are managed to the best economic advantage of the State. Since passage of this law, BPI has been examining the State's leases with the intent to consolidate regional office space. A regional center has been established in Farmington which provides space for the District Court, Corrections, Conservation and Human Services. Limited regional centers are operating in Skowhegan and Calais.
- Leasing vs. Owning. The Special Committee for the New Capitol Area Master Plan made a preliminary finding that over the long term it is in the interest of the State to own facilities. However, a detailed financial analysis which includes consideration of tax issues, flexibility needs, building management costs, inflation trends and rental rates, limitations on current funds and other relevant issues has not been done. The State currently spends about \$13 million a year on leases.

### Findings

While the present law authorizes the Bureau of Public Improvements to require the co-location of leased regional offices, BPI could be more aggressive in pursuing such co-location. There are three central parameters which ought to guide co-location efforts: 1) increased efficiency, 2) cost savings and 3) increased public accessibility. There has been no complete analysis of the feasibility and appropriateness of converting leased space into owned space. This issue is related to the issue of co-location of offices and must be examined in concert with regionalization efforts in order to maximize the effectiveness of both efforts.

### Recommendations

The Bureau of Public Improvements should be given a more specific directive to aggressively pursue co-location of regional offices. The criteria which govern co-location efforts should be the following:

- 1) Can efficiencies result from co-location?

2) Will long-term or short-term cost savings occur? Cost benefit analysis should occur.

3) Will co-location promote greater public accessibility and convenience?

The Bureau should be directed to conduct a detailed financial analysis to determine whether the State would be benefited by greater investment in land and building acquisition and ownership. This analysis should be integrated into the regionalization/co-location efforts of the Bureau. This effort should also be coordinated with capital investment strategies which should be developed within the merged Department of Finance and Administration.

## Boards & Commissions

### Discussion

Introduction: The Commission is charged by its enabling legislation to review "each board and commission ... to determine the continuing need for the board or commission and to weigh the need against the staffing and other operating costs..." (P.L. 1991, c.528). With the assistance of the Secretary of State, the Commission undertook this review subject to the limits of available time and other resources. The large number of boards and the very wide range of their roles and importance in conjunction with the Commission's other responsibilities precluded individual review of each board and commission. Rather, the Commission reviewed the state's mechanisms for managing its boards and commissions and makes recommendations to improve that system along with a proposal to force substantive review of the numerous advisory panels over a two-year period.

Categories: Based on the mechanism for creation, there are three types of governmental board:

1. Statutory enactment- generally established and described in the Maine Revised Statutes Annotated, typically with a reference in 5 MRSA §12001 et seq. Establishment in unallocated public or private and special law is also possible.
2. Other legislative action- established by resolve, joint order or action by the Legislative Council.
3. Executive action - established by executive order or bureaucratic initiative.

Boards of the first type (statutory) have codified descriptions, missions and procedures. There are currently 289 boards listed in the statutory inventory found at 5 MRSA §12001 et seq. Commission staff identified an additional \_ boards in statute without reference to these provisions of Title 5 for a total of \_ statutory boards. By comparison, there were 196 and 242 statutory boards in 1983 and 1987 respectively. There may be a small number of statutory boards not found by the staff's research in other statutes or in unallocated provisions of public or private and special laws. Amendment or the termination of statutory boards requires actions by both the Legislature and the Governor.

The statutory inventory provides twelve categories of boards ranging from "occupational and professional" boards to "advisory boards with minimal authority". As illustrated in Figure \_\_, fully 45% of the boards are advisory in nature.

While the boards in the second category (other legislative action), may vary widely in their permanence and authority, these boards tend to be temporary in duration and focussed on specific finite tasks. Most typical of this group are study commissions given a one to two year charge and a specific reporting date. The Legislative Council has adopted a set of policies to ensure that the boards it creates of this type are staffed appropriately, have reasonably well-defined goals and have specific schedules and reporting (termination) dates. At any given time there may be 10 to 15 of these entities. Because they are largely self-extinguishing they are not treated further here.

The final category of boards (executive action) presents a more difficult inventory problem than that of the other types. There is not a central inventory and the lists that do exist frequently mingle this type with the others resulting in a substantial level of confusion. In general however, these boards are created by the Governor or a departmental executive to advise the executive branch on some aspect of its operations. The legal limits on the delegation of executive authority to such entities have not been explored. While it is impossible to give any precise estimate of the number of active boards in this category, it could be as large a group as the statutory boards based on a review of information submitted by several of the larger departments. The role and continued existence of boards in the category is entirely within the control of the executive branch.

Current status of administration of boards: As noted earlier, the Secretary of State administers a system to track appointments to and activities of statutory boards. All entities listed in 5 MRSA §12004-A through §12004-L are required to report a variety of information regarding meetings, membership and expenditures to the Secretary of State. Under 5 MRSA §12006, members of boards that fail to report are not eligible to receive any compensation or reimbursement of expenses. The Secretary of State provides a list of all nonreporting boards to the Commissioner of Finance who, in turn, must contact these boards to collect the necessary information. A board's failure to respond after these efforts constitutes "unwillingness to fulfill a public purpose" and, under 5 MRSA §12006, triggers abolition of the board by the Commissioner of Finance. The Secretary of State provides an annual report on all boards to the Governor and the joint standing committee of the Legislature having jurisdiction over state government.

In 1990, 82 statutory boards, primarily advisory, did not report to the Secretary of State. As best as can be determined, the Secretary of State did not seek reports from these boards. In some instances, the boards have claimed an exemption from the reporting requirements. The legal basis for such an exemption is not apparent. In other instances, the Secretary of State staff report that, upon the past suggestion of the Commissioner of Finance's office, they use the Annual Report of State Government rather than the Title 5 MRSA inventory as the source of the list of boards required to report.

Purposes and costs: As can be seen from the large number of types of boards created in statute, these entities can serve many purposes. Since the last major reorganization of state government (1970-73) and during the intervening period, the purely administrative role of boards has been greatly reduced. Most boards today can be described as regulatory or policy setting, coordinating, or advisory. Because the advisory category is the largest single group and because the Commission interprets its mandate to focus on this type, further discussion, with the noted exceptions, concentrates on this group.

All advisory boards and commissions were created for purposes that, at the time, were viewed as important to the operation of a particular piece of state government. The start-up of a new agency or program is frequently accompanied by the creation of one or more advisory boards to oversee implementation. Frequently, these boards are also seen as having a continuing role in the operation of the new program. In other situations, a judgment is made that an existing program would benefit from an advisory board. In all of these situations, several objectives are sought that form the basis of evaluative criteria recommended by the Commission.

1. Provide public input into governmental decision making beyond that occurring informally or as part of various rule-making procedures.
2. Provide a higher level of independent oversight of governmental actions. Closely related to #1 but frequently given as the objective for controversial programs.
3. Provide a forum for the mediation/discussion of controversial aspects of a governmental action. Again, closely related to #1 & 2.
4. Provide a source of organized public support for a program.
5. Provide access to specific expertise unavailable within state government.

While advisory boards certainly can provide many useful functions they are not without their costs. Keeping in mind that these costs may all be justifiable in any given circumstance, the costs can be broken into three groups

1. Direct financial costs. These are relatively minor since most advisory board members receive minimal, if any, per diem payments along with expense reimbursements for attendance at board meetings.
2. Administrative costs. The Secretary of State, the Department of Finance and the various appointing authorities (most frequently the Governor) must keep track of the administrative details of the boards, including maintenance of membership and tracking of expenses. This activity obviously requires some staff effort although, for any given board, the level of this effort is generally low.
3. Interaction costs. The agency that is paired with the advisory board incurs staff costs in its relation to the board. While some of these are relatively insignificant, such as arranging meetings, collecting expense vouchers and the like, other staffing requirements may be more significant. The agency may have to prepare and respond to substantive agenda of an advisory board. In controversial situations, an advisory board may be the source of public pressure for an agency to change its actions in ways that will incur costs. Some government officials, by virtue of their position, are ex-officio members of many boards thus creating a substantial drain on their time.

Because there is no central administration of all boards and commissions it is not possible to estimate costs with any degree of precision. The direct financial outlay of roughly \$560,900 reported as the compensation and direct expenses of all boards (\$87,600 for advisory boards) gives a rough indication of the magnitude of these costs. As noted earlier, some 82 boards, mostly advisory, did not report in 1990. In addition, some boards have staff allocated directly to them. These costs are not reported here. Thus, these figures underestimate total direct financial costs.

## Findings

The absence of annual reports from 28% of all statutory boards undermines the conclusions that can be drawn from available data on costs and level of activity. In addition, the existence of statutory boards with no reference in the Title 5 MRSA inventory and the lack of any comprehensive data on boards created by the executive branch further clouds the picture.

Despite the system and procedures laid out in statute, there remains a great deal of confusion over the reporting responsibilities of boards and procedural responsibilities of the Secretary of State and Commissioner of Finance. Commission staff found no occurrence of board abolition due to nonreporting. Given the high level of nonreporting, this indicates that the existing mechanism for winnowing out inactive or nonresponsive boards is ineffective.

While cost data is incomplete, it does appear that direct cost savings resulting from the consolidation or elimination of boards would be modest at best in the overall context of the state budget. However, the indirect costs and other demands boards place on executive branch agencies are substantial and do warrant detailed review, particularly in the advisory area.

While the Commission has not reviewed the occupational and professional licensing boards in detail, there appears to be at least some potential for consolidation or elimination of these boards. The Commission notes the existence in statute of a sound set of criteria that could be used in such an effort.

## Recommendations

Given the level of confusion and nonreporting in the tracking system administered by the Secretary of State, the Commission recommends following actions:

### Consolidation and elimination

- With an effective date of July 1, 1994, enact a repeal of all ??? advisory boards referenced in Title 5 MRSA along with all other statutory references.
- All statutory advisory boards should be reviewed by the legislative committees of jurisdiction during the 2-year period to assess need and potential for consolidation or elimination. Those boards retained or consolidated should have inserted in their enabling statutes a codified (statutory) repealer clause to force future review after some period not to exceed 5 years.
- The Legislature should adopt, by joint rule, a review policy that would be applied by the joint standing committees of the Legislature over the 2-year period preceding the proposed repeal date for all statutory advisory panels. The policy should incorporate the criteria discussed below. Legislative committees should be required to issue written reports justifying the retention, elimination or consolidation of any advisory panels with which they deal. The policy should be retained for the ongoing review envisioned in the preceding recommendation.

- The Governor should conduct a review of all boards created by executive order for possible consolidation or elimination.
- The Governor should direct all Commissioners and other agency heads to conduct a review of all informally-created boards for possible consolidation or elimination.
- The Governor should adopt by executive order standards for the establishment and periodic rejustification of ad-hoc boards & commissions.
- The Commission recommends that the Legislature and the Governor employ the following criteria for evaluating the boards affected by preceding recommendations:
  1. Is the board required by federal law?
  2. If the board was intended a source of expertise and/or public input during the start-up of a new program and the program is implemented, is the board still necessary?
  3. Is it likely that the agency will obtain adequate public input and access to special expertise through other channels, thus obviating the need for the board?

NOTE: The flexibility of an informal group should be balanced with the possibility that the commissioner being "advised" may be disinclined or otherwise less likely to hear dissenting opinions coming from an informal group.

4. Related to #3, is the area of the agency's responsibility sufficiently important and/or controversial so as to require a formal advisory function through a statutorily-created board as a matter of good government?
5. Does the board undertake actions or have responsibilities that are redundant with those of the agency or that violate sound management principals?
6. Can one board assume the responsibilities and authority of another board that are redundant with its own?
7. Can qualified board members be recruited on a regular basis?
8. Is the board's level of activity sufficient to fulfill its purposes? Frequency and length of meetings; level of member attendance. Note that some boards may need to meet frequently and/or regularly while others may only serve intermittent needs.
9. Is the compensation policy being consistently applied?

NOTE: Maine law provides generally that members of advisory boards should not receive more than \$25 per day of compensation in addition to reimbursement of expenses. Since this policy was adopted however, nine exceptions have been made to this policy.

10. Are the issues under consideration by the board of sufficient public interest or importance to warrant the procedural safeguards of the Maine Freedom of Access law (notice, public access to meetings and documents)?

#### Administrative

- The Revisor of Statutes and the Secretary of State should review statutes to locate any statutory boards for which there is not a reference in the Title 5 MRSA inventory. These parties should submit legislation incorporating the appropriate references to the joint standing committee having jurisdiction over state government.
- The Secretary of State should seek reports from all boards referenced in 5 MRSA §12001 et seq and should not use the Annual Report of State Government as its primary source. The Secretary of State should refer exemption requests to Legislature for further consideration.
- The Secretary of State should introduce legislation on or before March 1 in the first regular session of each biennium to repeal all boards that did not report in prior calendar year.
- Repeal the provisions requiring the Commissioner of Finance to abolish nonreporting boards. However, retain the provision the prohibits the Commissioner of Finance from authorizing the payment of compensation or expense reimbursements to members of nonreporting boards.
- Direct the Commissioner of Professional and Financial Regulation to conduct an assessment of potential for consolidating or eliminating any of the professional regulatory boards with its jurisdiction.



## Addendum DATA MANAGEMENT

### Discussion

At present the Office of Information Services (OIS) within the Department of Administration is charged with "providing information services in data processing, planning for telecommunications and planning for the coordination of data processing throughout State Government" (5 MRSA §1885). OIS is required to develop and administer written standards for data processing and telecommunications with regard to acquisition of equipment and computer systems, development of computer systems and programs and computer operations. OIS is also required to develop and maintain strategic planning initiatives for all of State Government and specific state agencies for data processing and telecommunications (5 MRSA §1886). The Deputy Commissioner of Administration for Information Services, the head of OIS, is assisted by the Information Services Policy Board. The Board is charged with assisting in the development of strategic and departmental planning and must approve all written standards developed by OIS. As a result of legislation passed last session (PL 1991, Ch. 291) the Board is now composed of 17 voting members and 2 non-voting members. All but 2 members are drawn from State Government. Those 2 members are administrators or managers of data processing systems in the private sector. According to the Secretary of State, the Board met 8 times in 1990.

OIS has recently entered into an agreement with the Bureau of Income Maintenance within the Department of Human Services (DHS) which establishes OIS as project manager for the Family Assistance Management Information System (FAMIS). FAMIS is an extensive automation project which OIS plans to expand into a system which will fully integrate data processing within DHS. OIS will use knowledge gained from this project in its efforts to coordinate data processing activities across state government.

### Findings

The achievement of the mandate which OIS has been given is essential for efficient and effective functioning of State Government. While OIS is actively and successfully carrying out its legislative charge, the process could be improved by ensuring that the needs of public users are addressed. At present, no public users have formal input into the development of data processing standards. Such input, could avoid the adoption of standards which improve intra-governmental data processing but ignore public user requirements.

### Recommendations

The development of data and information management and processing standards and coordination should include input from public data users. The make-up of the Information Services Policy Board should be expanded to include members of the public who regularly use data and information generated by State Government.

Addendum  
TAX COLLECTION

**Discussion**

At present sales taxes are remitted to the State on a monthly basis. Income tax withholdings are remitted on a quarterly basis. This results in accumulations of tax revenues outside State Government and thus reduces the period over which these revenues can be invested by the State.

**Findings**

State government methods of collection of tax revenues should be reexamined and improved where possible to ensure that the State has maximum use of its revenues. The earlier the State has revenues, the earlier those revenues can be invested and made to work for the State.

**Recommendations**

The Bureau of Taxation, in consultation with the State Treasurer, should develop and implement methods of more timely collection of taxes. State income tax withholdings should be remitted on same schedule as are federal income tax withholdings. All sales taxes collected above some reasonable daily threshold should be remitted on an ongoing basis.