

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals
(text not searchable)

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, JR., PRINCIPAL ANALYST
JULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
JON CLARK
AN M. DYTTER
GRO FLATEBO
DEBORAH C. FRIEDMAN
MICHAEL D. HIGGINS



KAREN L. HRUBY
JILL IPPOLITI
JOHN B. KNOX
PATRICK NORTON
MARGARET J. REINSCH
PAUL J. SAUCIER
HAVEN WHITESIDE
MILA M. DWELLEY, RES. ASST.
ROY W. LENARDSON, RES. ASST.
BRET A. PRESTON, RES. ASST.

STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

September 12, 1991

TO: Members, Staff, Committee on Government Relations and Process

FROM: Jon Clark, Analyst, OPLA

RE: Summary of September 11, 1991 Meeting

The committee held a work session/informational meeting on Wednesday, September 11th. All members attended.

Staff distributed materials under cover memo dated September 11, 1991. These materials were briefly discussed.

The committee then reviewed the working outline which was distributed by staff. An outline of the committee's work follows:

A. Audit and Program Review.

1. Is there a need for more effective review of current programs and of tax exemptions by the Legislature?

Working approach:

1. Talk with persons knowledgeable about Maine's program review process (e.g. Cheryl Ring, current members of the Audit and Program Review Committee).

2. Examine other state's approaches (e.g. Virginia's).

3. Establish goals to be achieved by program evaluation process; determine best process to

achieve goals. (Interest was expressed in having the program review process establish priorities among programs. Interest was also expressed in linking the Appropriations Committee process and the Audit Committee process.)

B. The budget process

1. Matching of expenditures to revenues. Should growth in expenditures be smoothed out and reserves created to avoid revenue short falls in down economies?

Working approach:

1. Make some general findings about the inaccuracy of revenue forecasting and the problems this creates in down economies. (The committee discussed whether revenues can be forecasted accurately; the committee agreed it would further discuss this issues at a later time.)

2. Discuss and make conceptual recommendations as to other possible approaches.

2. Consensus forecasting. Should a version of consensus forecasting be adopted?

Working approach:

1. Make general findings about the relationship between the Executive and the Legislature in the process.

2. Gather more information on various approaches to revenue forecasting. Develop goals to be achieved by consensus forecasting.

3. Recommend that some form of consensus forecasting be instituted.

3. The budget document/process

- a. Is the form of the budget document conducive to efficient and effective Legislative review?

Working approach:

1. Review the form of the budget.

2. Question interested parties (Legislators, Executive officials, others) as to where improvements might be made in the form of the document.

3. Make recommendations for specific changes in the form.

b. When is it appropriate to insert statutory changes in the budget document? Should tax policies (especially business tax credits) be integrated more effectively into the budget process? What is the best method of handling program changes in relation to the budget process?

Working approach:

1. Examine other states' approaches.

3. Question interested persons (Appropriations Committee members, Legislative leadership, Executive officials).

4. Make recommendations.

c. Should the budget, or parts thereof, be received and passed earlier by the legislature?

Working approach:

1. Make findings as to whether the budget can be usefully submitted and passed earlier.

2. Make recommendations that budget or parts thereof be submitted and passed earlier. Offer specific statutory changes to implement these recommendations.

d. Do staffing resources need to be reorganized to cause more efficient analysis of budget proposals?

Working approach:

1. Make findings.

2. Make recommendations that some sort of reorganization occur.

4. Long-range cost estimates and revenue estimates. Should a process be instituted whereby projections of costs of current programs together with projections of revenues are developed for the future biennium?

a. Fiscal notes. Should fiscal notes include estimates of the long-term costs of the legislation?

Working approach:

1. Discuss needs and possibilities with budget office officials and OFPR. Review Rhode Island's long-term budgeting.

5. Legislative access to information. Does the OFPR need better access to information on future cost expectations for programs? Does the Executive Branch need improved capabilities of providing that sort of information (i.e. is the information available within the Executive departments)? Is there a need for greater integration of computer systems and for better information flow between OFPR and the Budget Office and the Executive departments?

Working approach:

1. Have panel discussion with representatives of Appropriations Committee, Finance Dept. and OFPR.

2. Make findings and final recommendations.

6. Contracts and obligations. Do executive departments enter into binding obligations before appropriations have been made for the programs? If so, is there a need to institute some process to curb this practice?

The committee's primary concern at this point is whether in fact this is occurring.

7. Capital expenses. Should cost/benefit analyses be conducted to determine the appropriateness of capital investments? Does there need to be more capital investments in certain technologies?

a. Renting vs. buying. Should the State put a greater emphasis on purchasing lands and buildings rather than renting?

Possible approach:

1. Obtain cost/benefit analysis of renting vs. buying.

2. Make recommendations as to changes in the present emphasis.

8. Review of federally-funded programs. Is there a need for more careful review of federally funded programs?

Working approach:

1. Explore whether information on state funds spent on federally funded programs is readily available. Examine report of Appropriations Committee on review of federally funded programs.
2. Make findings and recommendations.

C. Legislative Process

1. Legislative terms. Should legislative terms be extended?

Possible approach:

1. Make findings as to present terms in this state and in other states.
2. List pros and cons of extending terms

2. Legislative size. Should the size of the legislature be reduced?

Working approach:

1. Make findings as to the size of Maine's Legislature and other State's legislatures
2. Discuss pros and cons of reducing the size of the Legislature.

D. Executive Department

1. The structure of the department. Determine whether other committees are dealing with issues of concern here, i.e. DCS and Office of Substance Abuse.

E. Executive Branch

1. The merger of the Departments of Finance and Administration. Should the departments of Finance and Administration be merged and if so how should it be done?

Working approach:

1. Review the information and proposals submitted on this issue by Finance Commissioner Sawin Millet and acting Administration Commissioner Dale Doughty

F. Constitutional officers

1. Functions which may be dealt with by the Executive Branch. Are there functions which are performed by the Treasurer and the Secretary of State which could be as effectively and more efficiently dealt with by appropriate executive departments while preserving adequate public accountability?

Working approach:

1. Discuss with Executive officials and Constitutional Officers costs/benefits of moving certain functions into the Executive Branch.

a. Return on investments. Does the state get the best return on its investments? Should professional money managers be used in setting investment practices?)

Working approach:

1. Examine results in states which use professional money managers in making investments.

2. Make recommendations as to whether money managers should be integrated into the investment-making process.

G. Administration of lands and buildings

1. Use of regional offices. Is it appropriate for there to be a rearrangement of regional offices and perhaps an elimination or merger of some offices?

Working approach:

1. Review report/recommendations of Dept. of Admin.

H. Independent boards and commissions

Approach:

1. Develop criteria for evaluating boards and commissions.
2. Apply criteria to various boards and commissions.

I. Judicial Branch

The committee has determined that it will not deal further with issues related to the Judicial Branch, since that Branch is being carefully studied elsewhere, particularly by the Commission on the Future of Maine's Courts.

After reviewing the outline, the committee had a working lunch with Cheryl Ring, Principal Analyst, OFPR, and John Wakefield, Director of OFPR. Ms. Ring passed out several documents including a paper entitled "The Audit and Program Review Process in Maine" and written testimony by Phyllis Erwin to the State and Local Government Committee which outlines the purpose of the Audit and Program Review Committee (APRC), the benefits of the current process and notable accomplishments of the audit process. Ms. Ring briefly guided the committee through these documents. She stated that APRC has the authority to conduct reviews of programs as it deems appropriate, in addition to its statutorily required review under the 11 year sunset review cycle. She stated that there are 3 staff persons who serve APRC. She stated that APRC meets through the summer and fall and produces its draft report in February. The legislation which accompanies the report is referred by the Legislature back to APRC and the committee then holds hearings and work sessions. One year later, the agency is invited back for a compliance review.

Ms. Ring indicated that there have been very few terminations of programs. She indicated that the success of the process should not be judged by how many programs are eliminated. The purpose of the committee is not to terminate programs, but to increase efficiency, economy and accountability of the programs. And in this way the committee has been a success. She referred to the above-mentioned documents which list accomplishments. She stated that when a review occurs, the chairs of the policy committee which oversees the department reviewed is invited to choose representatives of the committee to sit on the Audit committee during the review.

She indicated that the links between APRC and the Appropriations committee are two-fold: the staff of both committees are in OFPR, and APRC sends out many letters to inform various entities, including the Appropriations Committee, of issues it is examining.

When asked how the process might be improved, Ms. Ring indicated that she did not feel she was in a position to make recommendations other than to suggest that if APRC felt that it needed more information than it was presently receiving, then staffing for the committee might be increased.

Mr. Wakefield suggested several possibilities that he was aware had been suggested at one time or another: Modifying the review cycle (perhaps speeding it up), increasing the selectivity in the choice of programs evaluated, discontinuing review of boards and commissions, establishing some form of regular review of new programs within a few years of their conception, increasing timeliness of topics reviewed (possibly having Legislative Council assign current problem issues to the committee).

Question was raised regarding the pros and cons of having policy committees do the program review. Mr. Wakefield indicated that the down side might be that it would be more difficult for the 3 staff persons to serve so many committees. Also there might be more expense involved in having policy committees meeting over the summer on a regular basis. The benefit would be the fact that these committees have greater expertise in their policy areas.

Ms. Ring indicated that APRC does review federally funded programs. She also indicated that she does make use of OPLA staff in the review process, but only informally to obtain access to certain sorts of information. She indicated that APRC staff persons do get involved in helping the Appropriations Committee.

Mr. Wakefield indicated that APRC report bill, if it has a fiscal note, is eventually tabled on the Appropriations Table and sits there until dealt with at the end of the session. He also commented on the level of review which federal programs receive, suggesting that careful scrutiny would be extremely time consuming. He also remarked that the federal budget is not passed until after the State budget, so all figures on federal funds are merely estimates. He pointed out that APRC does not review federal programs as a unit but only by program within each agency review.

The committee thanked Mr. Wakefield and Ms. Ring for their presentations.

The committee then had a discussion on boards and commissions with Don Weismer from the Office of the Secretary of State, Kim Russell, Appointment Secretary to the Governor, Representative Dan Gwadosky, and Ted Potter from the House Majority office. Tim Glidden first handed out a memo on boards and commissions dated September 11, 1991.

Mr. Weismer briefly described what the Secretary of State's office does in the way of record keeping on boards and commissions: It compiles a record of all boards and commissions as required by 5 MRSA 12005-A et seq. It also collects annual reports. He indicated that the annual reports are not on a computer data base. He indicated that little use seems to be made of the annual reports. He pointed out that these are not used to supply the information which appears in the Annual Report of the State.

Ms. Russell handed out a list of boards which the Governor suggested for elimination last session. The list had begun as a list of about 100. However, if there was any opposition to a particular board being on the list, the board was removed. The end result was a list of 27. The criteria for selecting boards for the list included whether there was a high turn over of members, whether it was hard to find people who would be willing to serve on the board, whether the board met infrequently.

Rep. Gwadosky passed out an outline describing 2 projects with which he was involved which looked at boards and commissions. The first was a study which resulted in the present classification scheme set out in Title 5. The second was the Board of Commissions study which examined restructuring and termination of boards and commissions. He pointed out that the Commission recommended 30 boards for elimination and only 19 actually were eliminated. At the end of the outline is a suggested list of criteria for evaluating boards and commissions. He suggested that criteria should be established and that one way to encourage constant review of boards and commissions might be to flag on the Legislature's Calender bills which include references to boards.

The committee discussed whether some sort of general sunset of all boards might be useful. Concern was raised that this would force a good deal of work to be done in terms of review, and the returns might not justify that work. The suggestion was raised that policy committees could do the reviews. Concern was raised that these committees might not be the most independent judge of the boards in their jurisdiction.

The committee returned again to the idea of establishing a set of criteria for evaluating boards and establishing a

process whereby that criteria would be systematically applied. The suggestion was made that perhaps bills establishing new boards should be required to include a repealer which would require further legislative action in a couple of years or the board would be terminated.

Ms. Russell indicated that she would provide a list to the committee of the boards to which making appointments were difficult.

The committee thanked the panel for their comments.

The Committee adjourned.

2413/2470nrg

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, JR., PRINCIPAL ANALYST
JULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
JON CLARK
DANIEL M. DYTTER
C. LATEBO
DEBORAH C. FRIEDMAN
MICHAEL D. HIGGINS



STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

KAREN L. HRUBY
JILL IPPOLITI
JOHN B. KNOX
PATRICK NORTON
MARGARET J. REINSCH
PAUL J. SAUCIER
HAVEN WHITESIDE
MILA M. DWELLEY, RES. ASST.
ROY W. LENARDSON, RES. ASST.
BRET A. PRESTON, RES. ASST.

September 9, 1991

TO: Members, Staff, Committee on Government Relations and Process

FROM: Jon Clark, Analyst

RE: Summary of September 6, 1991 Meeting

The committee met for a work session on Friday, September 6, 1991. Linwood Higgins was unable to attend.

The committee first reviewed a draft of the committee's interim report and after slight revision, approved it. The committee agreed that the committee's working outline, as formed at the end of the day's session, should be attached to the report with indication of the status of each issue.

Staff handed out a memo on and briefly discussed Legislative program evaluation.

The committee then discussed the working outline prepared by staff. The following is a summary of the issues as organized by the committee and the committee's decisions with regard to them:

A. Audit and Program Review.

The committee determined that this issue was a very high priority and would receive further attention.

1. Is there a need for more effective review of current programs and of tax exemptions by the Legislature?

B. The budget process

Unless otherwise indicated, the committee determined that it would like to undertake further examination of the issues listed under this heading.

1. Matching of expenditures to revenues. Should growth in expenditures be smoothed out and reserves created to avoid revenue short falls in down economies?

The committee determined that it would deal with this issue on a conceptual basis.

2. Consensus forecasting. Should a version of consensus forecasting be adopted?

The committee determined that it would deal with this issue on a conceptual basis.

3. The budget document/process

- a. Is the form of the budget document conducive to efficient and effective Legislative review?

- b. When is it appropriate to insert statutory changes in the budget document?

- c. Should tax policies (especially business tax credits) be integrated more effectively into the budget process? What is the best method of handling program changes in relation to the budget process?

- d. Should the budget, or parts thereof, be received and passed earlier by the legislature?

The committee agreed that not a great deal of time should be devoted to this issue.

- e. Do staffing resources need to be reorganized to cause more efficient analysis of budget proposals?

4. Long-range cost estimates and revenue estimates. Should a process be instituted whereby projections of costs of current programs together with projections of revenues are developed for the future biennium?

The committee determined it would deal with this issue on a conceptual basis.

- a. Fiscal notes. Should fiscal notes include estimates of the long-term costs of the legislation?

5. Legislative access to information. Does the OFPR need better access to information on future cost expectations for programs? Does the Executive Branch need improved capabilities of providing that sort of information (i.e. is the information available within the Executive departments)? Is there a need for greater integration of computer systems and for better information flow between OFPR and the Budget Office and the Executive departments?

6. Contracts and obligations. Do executive departments enter into binding obligations before appropriations have been made for the programs? If so, is it appropriate for there to be a limitation on this practice? *The committee's primary concern at this point is whether in fact this is occurring.*

7. Capital expenses. Should cost/benefit analyses be conducted to determine the appropriateness of capital investments? Does there need to be more capital investments in certain technologies? How should capital expenses be financed?

a. Renting vs. buying. Should the State put a greater emphasis on purchasing lands and buildings rather than renting?

8. Review of federally-funded programs. Is there a need for more careful review of federally funded programs?

9. Revenue forecasting. Is there a need for closer integration of resources between the Budget Office and the Tax Bureau. *The committee decided that this issue did not warrant mention as a separate area for investigation. It was determined that in considering the budget process, the committee would naturally address this issue if it in fact appeared to require addressing.*

C. Legislative Process

1. Legislative terms. Should legislative terms be extended? *The committee decided that this issue should receive some further attention.*

2. Legislative size. Should the size of the legislature be reduced? *The committee decided that this issue should receive some further attention.*

3. Partisan staffing. Is there a need for partisan legislative staff and if so, how large does that staff need to be? *The committee decided that this issue should be reviewed by the whole committee before a decision was made on whether further examination should occur.*

4. Public access to committee work. Is there a need for greater public input into the Legislative Committee process? *The committee determined that this issue did not warrant further examination.*

D. Executive Department

The committee determined that this issue should receive some further consideration.

1. The structure of the department. Is the organizational make-up of the Executive Department appropriate?

E. Executive Branch

1. The merger of the Departments of Finance and Administration. Should the departments of Finance and Administration be merged and if so how should it be done? *The committee determined that it would at the least review the information and proposals submitted on this issue by Finance Commissioner Sawin Millet and acting Administration Commissioner Dale Doughty*

F. Judicial Branch

The committee reaffirmed its decision that it would not deal further with issues related to the Judicial Branch, since that Branch is being carefully studied elsewhere, particularly by the Commission on the Future of Maine's Courts.

G. Constitutional officers

The committee determined that it would consider for further examination only the offices of the Treasurer and Secretary of State. It eliminated from further consideration the Attorney General and the Auditor. The committee discussed the fact that the Committee on Protection of Public Safety and Health was examining the Attorney General's office in the context of certain restructuring proposals. It was suggested that if any recommendation was made to merge the AG into the Executive Branch, the committee should examine that proposal in terms of the issue of the balance of powers.

1. Functions which may be dealt with by the Executive Branch. Are there functions which are performed by the Treasurer and the Secretary of State which could be as effectively and more efficiently dealt with by appropriate executive departments while preserving adequate public accountability?

2. Return on investments. Does the state get the best return on its investments? Should professional money managers be used in setting investment practices?

H. Administration of personnel systems, lands, buildings, information systems and purchasing.

1. Use of regional offices. Is it appropriate for there to be a rearrangement of regional offices and perhaps an elimination or merger of some offices? *The committee determined that this is an issue it would like to consider further.*

2. Utilization of capital resources. Is there a more effective way for the State to utilize its existing capital resources? *The committee determined that while there may well be a problem in this area, it was not a high priority item and also was not a problem which would be possible for the committee to reasonably consider in the time available.*

3. Data processing. Is there a need for increased uniformity and co-ordination of data processing systems? *The committee determined that while there may well be a problem in this area, it was not a high priority item and also was not a problem about which the committee could reasonably make meaningful recommendations in the time available.*

4. Co-ordination of actions, responsibilities, functions between departments. Is there a need for greater co-ordination between the functions and activities of the various executive departments? *The committee determined that while there may well be a problem in this area, it was not a high priority item and also was not a problem about which the committee could reasonably make meaningful recommendations in the time available.*

I. Independent boards and commissions

The committee reaffirmed that its approach to this issue would be to attempt to develop criteria for evaluating the continued justification for individual entities and then to use these criteria to evaluate several individual boards and commissions.

J. Relationship between State and local government

The committee determined that this issue was simply too broad for it to consider as a separate topic. The committee determined that it would, however, keep this issue in mind in formulating recommendations in other areas.

K. State and federal regulatory overlap.

The committee determined that this was not an issue which it would examine further.

After establishing this list, the committee adjourned for a working lunch during which a presentation was given on total quality management. After lunch Wes Bonney and Bonnie Post met and briefly discussed the presentation. They determined that total quality management, while a useful management tool, was not a topic which could be very effectively dealt with by the committee. The approach, it was agreed, was not something which could be readily imposed through formal restructuring but rather would be implemented most effectively on an internal and individual basis by the various governmental agencies.

They also discussed possible approaches to the issues identified on the outline. They determined that the Legislative process issues did not require very much more information gathering before recommendations could be discussed. They agreed that the budget issues and the issues identified with regard to the Executive department, Executive branch and constitutional officers appeared to require further detailed examination.

The committee then adjourned.

Staff assignments:

1. Obtain clarification on the issue of whether contract obligations are created by departments before appropriations are made.
2. Obtain Dept. of Admin. report on regional offices
3. Obtain information on the Rainy Day Fund: are there limits on its use?
4. Obtain information on the Virginia Program Review process.
5. Obtain information on whether and how other states integrate substantive and appropriations committees into the program review process.
6. Obtain information on federally funded programs: how much does state put in? How much does federal government put in?

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, JR., PRINCIPAL ANALYST
JULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
JON CLARK
DYAN M. DYTTER
FLATEBO
ORAH C. FRIEDMAN
MICHAEL D. HIGGINS



KAREN L. HRUBY
JILL IPPOLITI
JOHN B. KNOX
PATRICK NORTON
MARGARET J. REINSCH
PAUL J. SAUCIER
HAVEN WHITESIDE
MILA M. DWELLEY, RES. ASST.
ROY W. LENARDSON, RES. ASST.
BRET A. PRESTON, RES. ASST.

STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

August 28, 1991

TO: Members, Staff, Committee on Governmental Relations
and Process

FROM: Jon Clark

SUBJ: Summary of August 27, 1991 Meeting

The Committee on Governmental Relations and Process held a work session on August 27, 1991. John Lisnik was unable to attend.

The committee briefly discussed the interim report. Concern was raised that all members of the Commission may not have the opportunity to review the reports of all the committees if the reports are drafted for and reviewed by the committees on the August 6th meeting.

The committee briefly reviewed the legislative charge to the Commission. It then reviewed an updated outline of proposed areas for further investigation and attempted to refine the list to sort out those issues which it would pursue further. The following issues emerged:

The budget process:

1. Matching of expenditures to revenues. The committee discussed whether growth in expenditures should be smoothed out and reserves created.
2. Statutory changes in the budget document. The committee discussed the issue of whether and when these are appropriate.

3. Dealing with policy changes in the budget document. The committee discussed how tax policies (especially business tax credits) may be integrated into budget decisions. The committee questioned how program changes should be handled in relation to the budget process.
4. The budget document. The committee discussed the issues of whether there needs to be more detail in some areas and more summary in others.
5. Consensus forecasting. The committee determined that this issue should remain on the table for further discussion.
6. Legislative staffing. The committee discussed whether there may be a way to improve use of staffing resources to cause more efficient analysis of budget proposals.
7. Long-range cost estimates and revenue estimates. The committee discussed whether there may be a benefit in projecting out current programs into the next biennium to see what that budget might look like.
8. Fiscal notes. The committee discussed the value of having long-term costs estimated in fiscal notes.
9. Legislative access to information. The committee discussed the need for OFPR to have access to information on forecasts on future costs of programs and for the Executive Branch to have capabilities to provide that sort of forecasting. The committee also discussed the need for maximum integration of computer systems between OFPR and the Budget Office and the Executive departments.
10. Program review and tax exemption review. The committee discussed the need for more effective review for programs and tax exemptions.
11. Timing of budget receipt by the Legislature and passage. The committee discussed the issue of whether earlier receipt and passage of the budget (or parts thereof) was a good idea.
12. Revenue forecasting. The committee discussed the possible need for closer integration between the Budget Office and the Tax Bureau.
13. Contracts and obligations. The committee questioned whether, as had been suggested to the committee, departments actually enter into binding agreements before appropriations are made.

14. Capital expenses. The committee discussed the potential benefit of having cost/benefit analyses done for capital investments. The committee also discussed the use of technology and the potential long-term savings to be realized from the purchase of certain technologies.

15. Review of federally-funded programs. The committee discussed the need for more careful review of these programs.

Legislative Process

1. Public access to committee work. The committee discussed the possible need for greater public input and the potential for use of interactive TV.

2. Legislative terms. The committee agreed that the issue of whether terms should be extended should remain on the table for further discussion.

3. Legislative size. The committee agreed to keep this issue on the table for further discussion. Also raised in this connection was the idea of the possibility of having legislative members elected on a State-wide basis.

Executive Department

1. The structure of the department. The committee decided the issue of the composition of the department should remain on the table for further consideration.

Executive Branch

1. The merger of the Departments of Finance and Administration. The committee agreed this issue should remain on the table for further consideration.

Judicial Branch

1. The committee decided it would not deal further with issues related to the Judicial Branch, since it felt that Branch was being adequately studied elsewhere, particular by the Commission on the Future of Maine's Courts.

Constitutional officers

1. Functions which may be dealt with by the Executive Branch. The committee discussed whether there may be

functions which are performed by these officers (particularly the Treasurer and the Secretary of State) which could as effectively and more efficiently be dealt with by appropriate executive departments.

Administration of personnel systems, lands, buildings, information systems and purchasing.

The committee determined that following issues should remain on the table for further consideration:

1. Renting vs. buying
2. Use of regional offices
3. Utilization of capital resources (sharing of resources among departments)
4. Data processing: increasing uniformity in the systems
5. Co-ordination of actions, responsibilities, functions between departments

Independent boards and commissions

1. The committee determined that its approach to this issue would be two-fold: First, it would develop a set of criteria for evaluating the continued justification for individual entities; Second, it would use these criteria to evaluate a few boards and commissions.

Relationship between State and local government

The committee determined that it would put on the table for further consideration the issue of State/local relations, particularly the issue of the devolving of power and responsibilities to local governments.

State and federal regulatory overlap

The committee determined that it would put on the table for further consideration the issue of overlap and duplication between the State and federal regulations.

Partisan staffing

The committee determined that it would put on the table for further consideration the issues of whether legislative partisan staffing was appropriate and if so what the size of that staff should be.

The committee decided that it would meet again on Friday the 6th of September to set priorities among these issues and to develop a work plan. It was agreed that it should meet again on the 11th of September for an all-day work session.

The committee then adjourned.

Staff assignments:

1. List boards and commissions that have not met in last year (for August 11).
2. Develop suggested criteria for evaluating continued justification for individual boards and commissions (for August 11).
3. Research other states' approaches to program review and tax exemption policy review (for August 11).
4. Update working outline (for August 6).

2314nrg

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, JR., PRINCIPAL ANALYST
JILLIE S. JONES, PRINCIPAL ANALYST
D. C. ELLIOTT, PRINCIPAL ANALYST
JON CLARK
DY M. BYTTMER
GI LATEBO
DEBORAH C. FRIEDMAN
MICHAEL D. HIGGINS



STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

KAREN L. HRUBY
JILL IPPOLITI
JOHN B. KNOX
PATRICK NORTON
MARGARET J. REINSCH
PAUL J. SAUCIER
HAVEN WHITESIDE
MILA M. DWELLEY, RES. ASST.
ROY W. LENARDSON, RES. ASST.
BRET A. PRESTON, RES. ASST.

August 25, 1991

TO: Members, Staff, Committee on Governmental Relations
and Process

FROM: Jon Clark, Analyst

SUBJ: Summary of August 23, 1991 Meeting

The committee held an informational meeting on Friday, August 23, 1991. John Lisnik was unable to attend.

In the morning, the committee heard presentations from and had discussion with a panel of the following Legislators: Senate President Charles Pray, Senate Assistant Minority Leader Pamela Cahill, Representative Gary Reed and Representative Charlene Rydell.

Senator Pray briefly described the budget process. He suggested the following recommendations to the committee: The Judicial Branch should submit its budget to the Executive and directly to the Legislature; the Legislature should have ready access to the Administration's revenue estimates and to program cost expectations. He indicated that at the federal level the move has been steadily to devolve authority and responsibility for many aspects of governance to the states. This trend has required and continues to require changes in state processes. He suggested that legislative access to long-term cost estimates will help the Legislature prioritize programs. Senator Pray was questioned whether politics would allow that sort of use of such information. He indicated that he thought such information would help the Legislature prioritize. He also suggested that the Part 1 budget ought to be passed by April 1st.

Senator Pamela Cahill agreed that the Judicial Branch should submit its budget directly to the Legislature. She indicated that she was not an expert with regard to the Appropriations process. She had the following comments. She suggested that entitlements and grants constitute a large portion of the budget; little money is left over to be dealt with by the Legislature. She suggested that greater review and examination by the Legislature of these programs should be encouraged. She suggested that the Audit and Program Review process needs improvement. When asked whether she was aware of any programs being recommended for sunset by the committee, she indicated that she was aware of only one such recommendation about five years ago. She briefly spoke about revenue forecasting and indicated that there may be a place for some sort of consensus forecasting. She indicated that the Office of Program and Fiscal Review simply doesn't have the resources to forecast at present. She agreed when it was suggested that revenue forecasting is inherently inaccurate and can tend to create unfortunate public expectations. She suggested that the state needs to change the way it spends money; the problem, she pointed out, is that everyone has different priorities in spending. She suggested that it was inappropriate to attempt to run government like a business.

Senator Cahill suggested that the practice of dealing with bills which have fiscal notes through the Appropriations table process was confusing and frustrating.

Representative Rydell spoke about the problem the Appropriations Committee faces (particularly in years of reductions) when departments enter into future obligations and commitments before Appropriations has an opportunity to assess the programs. She acknowledged the difficulty departments have in holding off on making such commitments. She also spoke about the Audit and Program Review process. She indicated that the process is not conducive to producing serious critiques: those who are involved in the programs may feel that admitting the need for cuts in the programs is tantamount to admitting failure. She suggested that there needs to be better coordination of program review between the policy committees, the Audit and Program Review Committee and the Appropriations Committee.

Representative Rydell spoke briefly about the Appropriations committee process. She suggested that there needs to be better information flow between the Administration and the Legislature. She indicated that the fluidity of budget numbers makes the process even more difficult. She indicated that the State needs a better process for dealing with downturns in the economy. She suggested that federal mandates impose additional constraints on efficient and effective management of state affairs. She suggested that the insertion of legislative changes into the budget document is not always appropriate.

Senator Pray indicated that the system is not broken but that it simply did not work well this year. He suggested that earlier submission of Part I of the budget would help. He indicated that this year's problems came largely from the lateness of the submission of certain parts of the budget and the number of changes in the budget figures. Question was raised whether having a budget submitted earlier would be a benefit considering that the budget numbers would be that much less finalized. Senator Pray indicated that he saw the Part I budget as a guarantee of minimum services which should be dealt with early.

Representative Reed made the following points. There is need for more continuing justification of programs. Committee work should be held at times and places conducive to facilitating greater public participation. The Legislature needs to have access to and to evaluate the actual expenditures of the agencies over the prior year (possibly a rolling 12 month period). Federally funded programs should be reviewed more carefully. Programs which are funded in whole or in part through the federal government are often too much controlled at the federal level to allow for more creative administration of the funds at the state level. With regard to revenue estimates, he agreed that they were obviously imperfect. There may be a benefit to consensus forecasting, he suggested. He indicated that he feels government should create reserves and not spend all its revenues.

Representative Rydell agreed that the Legislature should carefully examine all sources of revenue spending. She also indicated that some agreements between the Legislature and the Administration as to how programs are to be carried out are not put into legislation and are sometimes not observed by the Administration as factors change.

All the Legislators were asked whether the terms of legislators ought to be extended. Senator Pray suggested that while such a change might have benefits including reducing the amount of time legislators must spend campaigning, he questioned whether individuals would be willing to commit to 4 year terms. Representative Rydell spoke of the rising cost of elections and the increasing amount of time Legislators must spend fund raising. She agreed that increasing the term to 4 years might cut down on time spent campaigning but also agreed that individuals might find it hard to make that long a commitment. Senator Cahill agreed that a 4 year term may be too long. Representative Reed indicated he would perhaps support a 3 year term. He commented that 2 years was short compared to the learning curve required for effective legislative work.

Senator Pray indicated that more and more time commitment is being required of Legislators. He indicated that increased legislative staffing has helped the Legislature do its job and remain a "citizen legislature".

When asked whether the Administration and the Legislature should work more closely in developing the revenue and cost estimates, Senator Pray indicated that the roles of each branch should remain clear, but that the information flow between the Executive Branch and the Legislature needs to be improved. Charlene Rydell suggested that the Administration be asked how its budget process has changed since the recent acquisitions of new technologies. She agreed that the Legislature needs better access to information on actual expenditures by the agencies.

The committee thanked the Legislators for coming before the committee and offering their comments and suggestions.

The committee then briefly discussed with staff the issue of boards and commissions. Tim Glidden reviewed his memo to the committee dated August 22, 1991 re: boards and commissions and an attached copy of relevant statutory references. The committee then adjourned for lunch.

After lunch the committee heard presentations by Finance Commissioner Sawin Millett and Acting Administration Commissioner Dale Doughty. With the commissioners were Bill Buker, State Budget Officer, Jack Nicholas, Deputy Budget Officer and Edward Karass, Director of Management and Budget Policy.

Commissioner Millett, together with Mr. Buker, reviewed handouts provided to the committee which outline the budget process. They indicated that Part I of the budget represents a continuation of existing programs at current funding levels. The Part II budget represents adjustments to the current funding patterns, alternative growth limits and reductions. Commissioner Millett indicated that the process generally works fairly well. He indicated that the 2 year budget cycle is appropriate for the state. He suggested that the largest single item in the budget is personnel.

When asked how much flexibility the Administration has in the design of the budget document itself, i.e. what has to be in the document, Mr. Buker indicated that most of the budget is required by law. He pointed out that it is difficult to provide finalized numbers at any point since the numbers represent merely an ongoing dynamic reality. Commissioner Millett indicated that while the pressure seems to be to have the document out earlier, it may be useful to consider giving the Administration more time to work on the budget before submitting it to the Legislature. He indicated that he saw the possibility of some unnecessary duplication in the fact that both his office and the Legislature print the budget document.

When asked about records of actual expenditures, Mr. Buker indicated that the first column in the budget document represent an estimate of expenditures for the current year as approved for the particular agency. He indicated that it may be possible to provide the Legislature with a rolling 12 month figure showing actual expenditures. He also indicated that updated figures could be provided in April. Commissioner Millett indicated that existing technology could perhaps be used more effectively by his department.

Commissioner Millett and Mr. Buker discussed their handout on revenue forecasting. Mr. Buker, as Budget Officer, is responsible for revenue forecasting. He indicated that his office's capabilities have recently become significantly more sophisticated and that he now is able to gather and process a considerable amount of economic data. He indicated that revenue estimates, however, are only as good as the underlying assumptions. He presented and explained charts showing actual revenues as compared with revenue estimates over the last decade. Errors ranged from .1% to -32%. When asked whether something other than revenue estimates ought to be used in setting the state's budget, Commissioner Millett suggested that other methods might still result in shortfalls.

Mr. Buker indicated that his office is heavily dependent upon the Bureau of Taxation for information on sales and income tax revenues. He indicated that the bureau has become reluctantly involved in revenue estimating in the last 5 years. Commissioner Millett indicated that meetings between the Tax Bureau and the Budget Office help facilitate the flow of expertise. Question was raised whether the Budget Office ought to possess in-house all the expertise required to develop its revenue estimates.

When asked whether it is possible to forecast revenues to within 1-2% , Mr. Buker admitted that even with the best information, achieving that sort of accuracy is next to impossible. Commissioner Millett indicated that rainy day funds or other set asides may help alleviate problems in years when revenues are short.

Mr. Nicholas reviewed his handout concerning the Budget Officer's coordination with the Legislature's Office of Fiscal and Program Review. He indicated that electronic data processing has allowed speedier transmission of budget data to the Legislature. He indicated that budget bill changes have caused some problems since the Budget Office prepares these on a PC which does not allow for easy conversion to the computer forms required by OFPR. He indicated that data requests of agencies by the Legislature are still responded to manually but that this may be changed and the forms loaded into the computers.

Commissioner Millett indicated that each agency has a budget person. He indicated that he views this as a good arrangement.

Commissioner Doughty briefly reviewed his handout outlining the duties and functions of the Department of Administration. Included in the handout are comments on the appropriateness of privatization of the various functions. He admitted these were not unbiased comments.

Commissioner Millett then discussed the issue of merging the Departments of Administration and Finance. He indicated the following advantages of such a merger: allowing greater balance of control and service functions, maximization of services provided by both agencies, consolidation of potentially over-lapping functions. He indicated a willingness to work with the committee in developing a design for the proposed new department.

Question was raised whether Administration had the authority to deal with the issue of merging regional offices. Commissioner Doughty indicated that he did have the authority, and that he had a report on the issue which he would be happy to share with the committee. He also indicated that his department has begun work on full standardization of data processing.

Question was raised whether the Legislature could have access to the data base of the Budget office. Mr. Buker suggested problems with this arrangement. He suggested that not all of the information is public information; he suggested that while the Governor develops his budget some of the data used is not public information. Sawin Millett suggested that there is sometimes a tension between the branches with regard to the information flow. He indicated that at times the Legislature's requests for information are not well defined and that the amount of time allowed for responses is sometimes too little. Mr. Buker suggested that it takes time to put data on the data base and to verify it. He indicated, however, that information on expenditures is collected by the Controller and is moved electronically to the Budget Office and is available to OFPR. Comment was made that this seemed to conflict with what Legislators had indicated.

Question was raised about inter-departmental access to information/data. Commissioner Doughty indicated that the hindrance to such information flow was a matter of policy not of system incapability.

Question was raised whether putting statutory language in budget bills was appropriate. Commissioner Millett indicated that this year was an aberration. He indicated that because of so much down-sizing and reorganization, more budget-related statutory changes occurred.

The committee thanked the presenters for their comments and suggestions.

The committee adjourned.

Staff assignments:

1. List of recommendations from Peat Marwick study indicating whether implemented
2. List of items Legislature specifically directed commission to examine
3. List boards and commissions that have not met in last year
4. Develop suggested criteria for evaluating boards and commissions
5. Research other states' approaches to program review.
6. Update working outline.

2314nrg

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, JR., PRINCIPAL ANALYST
JULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
JON CLARK
C. M. DYTTER
G. FLATEBO
DEBORAH C. FRIEDMAN
MICHAEL D. HIGGINS



KAREN L. HRUBY
JILL IPPOLITI
JOHN B. KNOX
PATRICK NORTON
MARGARET J. REINSCH
PAUL J. SAUCIER
HAVEN WHITESIDE
MILA M. DWELLEY, RES. ASST.
ROY W. LENARDSON, RES. ASST.
BRET A. PRESTON, RES. ASST.

STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS

ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

August 13, 1991

TO: Members and Staff, Committee on Governmental Relations
and Process

FROM: Jon Clark, Analyst, OPLA

SUBJ: Summary of August 9, 1991 Meeting

The committee held its third meeting on Friday, August 9, 1991. Bonnie Post was unable to attend.

After brief discussion concerning the committee's planned noon presentation to the full Commission on the budget process, and following a short discussion of the outline offered by staff (August 9th memo and attached outline) the committee welcomed Samuel Shapiro, State Treasurer.

Mr Shapiro described the Treasurer's responsibilities as being five-fold: Recording all deposits in the State's various checking accounts (this is done together with the State Controller), investing the state's money, borrowing the state's money, running the abandoned property program and serving on various boards such as FAME, the Maine Bond Bank, and the Maine Housing Authority. He indicated that the abandoned property program brought into the general fund last year \$2.9 million, which was \$1.6 million over its budget. He indicated that over the last 10 years his office has had to reduce personnel from 15 to 11 positions. He indicated that he did not see much need for any restructuring of his office. He did suggest that the Treasurer could handle more authority and that in some states the Treasurer does have more authority. He suggested that the Treasurer's office could handle the Lottery and Liquor sales.

He indicated that this would relieve the Department of Finance of some of its work so it could spend more time on the budget.

Mr. Shapiro indicated that his office's total budget is about \$1 million: about \$318,000 in "all other" and about \$700,000 for salaries. He indicated that about \$100,000 was spent on postage, largely for handling checks. He indicated that he saw no room for making cuts in his office. He suggested that more scrutiny ought to be given to high-employment departments where there may be duplication and waste.

When asked whether Trasurers in other states deal with lottery and liquor, he indicated that Treasurers in other states did. He indicated that in Maryland, the Treasurer is practically the finance commissioner. When asked whether his office handled all deposits for all state agencies, he indicated that most agencies handle deposits on their own and simply send the deposit slip to the Treasurer. He did not think that centralization of this function would produce very much more efficiency.

He indicated that the final decisions on investments were made by his deputy. When asked how the State's return on investment compared with other states, he indicated that the state is very conservative in its investments and that its investments are short term. He indicated that the State is in the top ten in the nation in terms of return. He indicated that the state's cash flow is \$147 million in the red and that the state will soon be borrowing to make up for this short-fall. When asked the reason for this negative cash flow figure, he suggested that as far as he could tell no one seems to know quite why but he indicated that part of the short-fall was due to the accruing of revenue which has not been and may be very difficult to actually collect. He indicated that the accrual of new revenues and the collection of old accruals tends to "wash out". He indicated that the negative cash flow figure began in September of last year.

The committee thanked Mr. Shapiro for taking the time to come to offer his comments.

Rich Silkman gave a short presentation next. He was asked what reasons he was aware of for the State's negative cash flow situation. He indicated that a major factor was that spending is fairly even over the year, month to month, whereas revenues tend to be seasonal: sales tax revenues come in largely during August and September, income tax in April. He indicated that cash flow is an issue but was not, he thought, a serious problem since there are other pools of money the State may draw down on. He indicated that this situation has up until now not had any effect on the State's bond rating. He indicated that

bond houses are more interested in whether revenues are holding and expenditures held under control on a year to year basis. Accounts receivable are a small portion of the budget, he indicated.

He then went on to describe the Executive Branch. He characterized the Executive Branch as being essentially everything in State government which is not in the Judiciary and the Legislature. The Governor has more or less control over the various parts of the Executive Branch depending on the agency. He went on to describe the Executive Department within the Executive Branch as comprising the Governor office and a dozen other offices including SPO, the Public Advocate, the Department of Community Services, the Office of Substance abuse and the Solid Waste Management Agency. He roughly estimated that the budget of the Executive Branch is about \$1.5 billion and the budget of the Executive Department is about \$16 million. He described some of the main functions of the Executive Branch as being the development and submission of the budget and rule-making. Another responsibility is to guide, recommend and develop policies. The operations of the legislature, he indicated, are more or less specifically defined by legislation. Some agencies have very detailed directions from legislation, others much more general direction. He described the Administration and Finance functions of the Executive Branch as corresponding generally to personnel and budget in the private sector.

The committee apologized to Rich Silkman for having to interrupt his presentation, but due to scheduling conflicts, the representative for the Attorney General's office was only available for a short while and so was invited to give his presentation. Vendeen Vafiades, Chief Deputy, had been scheduled to appear, but was unable to attend the meeting. Cab Howard, Deputy Attorney General, gave a presentation in her stead.

He described the function of the AG's office as two-fold: to give advice to the Executive and Legislative Branches and to represent the same in litigation. The AG's office provides advice to all Executive agencies except 8 - 10 agencies which have their own legal staff, such as the PUC, DOT, etc. The reason for separate counsel within these agencies is in some cases historical accident and in others for practical reasons such as potential conflict of interest. He characterized the fact that the AG is responsible to so many agencies as being healthy. Such a situation allows the AG, who is independent of the agency, to more easily give advice, especially when it is advice the agency does not wish to hear.

The Attorney General is elected by the Legislature every two years. The office is made up of seven divisions, 4 of

which represent state agencies (General Government Division, Human Services Division, Natural Resources Division, and Opinions and Counsel), and three of which do not (Consumer Division, Criminal Division and Civil Litigation Division). When asked whether political turn-over of the Attorney General was a problem, Mr. Howard indicated he did not think it was. When asked what the trend over time has been in the work load and budget of the office, he indicated that in the 1970s there was an explosion in the size of the office, largely due to the increase in State legislation on matters such as environmental protection and child protection. When asked whether the agencies are charged for representation by the AG, he indicated that if the agency is funded out of the General Fund then it is not charged but that otherwise it is. He indicated that an agency needs express authorization to seek outside representation. He indicated that the housing of the AG's office in one place, as it is now, is good for morale and efficiency. The Office has two satellite offices in Bangor and Portland which handle Human Services issues.

The committee thanked Mr. Howard for his presentation.

Next, State Auditor, Rodney Scribner gave a presentation. He pointed out that the Auditor is a statutory, not a constitutional office, though there is sometimes confusion on this issue. The Auditor is elected by the Legislature to a 4 year term. His office has normally 50 positions. At present it has about 41 because of unfilled vacancies. He indicated that as a result his office is no longer capable of doing regular audits of the courts. He indicated that the Auditor is authorized but not required to audit the courts. He briefly described the Federal Single Audit which federal law requires the State to complete yearly in order to receive federal funds. The federal government refunds the state for approximately 2/3 to 3/4 of the cost of the audit. The Auditor also does audits for certain cities, towns, school districts etc. These are usually done for remote towns or entities with special needs. He mentioned that President Bush gave him an award recognizing the quality of his work.

When asked when State purchasing of property is more cost effective than renting, he indicated that over the long term buying often makes more sense. He indicated that cost studies he is aware of tend to suggest that after 8 - 9 years, purchasing becomes more cost effective than renting. When asked about revenue forecasting, he indicated that he feels there has been too much of a trend toward economists making the revenue forecasts. He feels that it is a managerial responsibility and should not be delegated to economists. When asked what alternatives there may be to revenue forecasting to control spending, he indicated that there are several possible methods: use of some sort of monthly allotment system, hiring

freezes, and lay-offs. He indicated that one problem with lay offs is that the State pays unemployment and so may save very little. He indicated that there may be some extra red tape involved in the monthly allotment system, but did not think it would be unmanageable. He also mentioned allotment reserves as being another means of controlling expenditures. When asked how revenue forecasting is presently done, he indicated that he has never really used any models or indexes. His office reviews agency forecasts after they are reviewed by the budget office.

The committee thanked Mr. Scribner for his presentation.

The committee then briefly discussed the planned noon discussion on the budget. Two focuses appeared: the difficulty of revenue forecasting and the possible need to smooth out forecasts using historical trends, and the Appropriations process and the shortness of the time given the Legislature to review the budget. Question was asked when the budget must be submitted to the Legislature; it must be submitted by the Friday after the first Monday in January, unless the Governor is new, in which case it is the Friday after the first Monday in February.

The committee adjourned for lunch where it led a discussion of the budget process. Members of the commission raised these points: 1) There is an assumption that state revenues will always go up and this assumption may sometimes be wrong; 2) The State should be more market-oriented in revenue forecasting so that trends in the economy are more accurately assessed, 3) There may be methods which exist which could replace revenue forecasting; 4) Some private sector operations use "base-case forecasts" where economists draw out the high case and the low case forecasts (the suggestion was that the Appropriations Committee should take testimony from economists on high and low cases).

After lunch the committee heard a presentation by Janet Waldron, Assistant Secretary of State. She handed out an outline, which she followed quite closely, which covers the selection of the Secretary of State (elected biennially by the Legislature), the Secretary of State's constitutional charge (maintain 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, perform other duties), and the evolution of the Constitutional charge. She indicated that the Secretary of State's office has 450 employees. When asked about the use of information systems, she indicated that the Secretary of State's office is in need of much improvement in this area. Certain divisions, such as Motor Vehicles, have outgrown their systems and need

updating. She indicated that the department does not have the resources to thoroughly study the matter and bring all divisions up to where they ought to be in this area.

When asked what could be done to make the department more efficient she again pointed to the information systems. She stated that this seemed to her to be a project which should be undertaken internally, since it is the people on the systems who know the problems and needs. She also indicated that it is important for the department to maximize its working relationships with other agencies. She also suggested that from her personal point of view efficiency might be increased if there were fewer managerial controls. When asked why vehicle registrations are not mailed in, she indicated two reasons: 1) administratively the department could not handle the paper work at present and 2) there is a trend to tie the registration process in with other matters, such as the collection of local excise taxes.

The committee thanked Ms. Waldron for her presentation.

Rich Silkman returned and spoke about the structure of State government. He spoke about personnel management and the fact that state government tends to be more invasive in its management than is the private sector. When asked about performance evaluation, he indicated that there is some input evaluation but no real output evaluation. He mentioned the difficulty of closing operations that seem inefficient because of the interests of constituencies. He then discussed 3 means of down-sizing state government: 1) Closing the least cost-effective operations/branch offices, 2) changing personnel policies (lay-offs, giving early retirements, changing benefits) 3) increasing the efficiency of internal operations (better utilization of technology, contracting out work) 4) reducing capital costs (this, he suggested, was not a major issue). He indicated that there are structural, institutional roadblocks to making changes in these areas. When asked what means there may be to motivating cost-saving initiatives, he indicated several possibilities: 1) performance awards, 2) shared savings programs (if the program saves money, the department/entity is allowed to keep the excess budgeted to the program), 3) dedicated account programs. He indicated that performance awards would be more likely to succeed if done on an institutional basis.

He also spoke about systemic constraints which he feels may detract from efficiency. He mentioned that the SPO has a budget of \$2.5 million, yet, as director, he is authorized to write contracts for no more than \$1,200. He stated that he felt that there was little or no fraud in state government and that as a result some less centralization of power would be appropriate. He suggested that it is a problem if the

Legislature sees itself as an administrative body rather than as a policy-making body. He suggested that the Legislature needs to give the Executive more authority to operate. He discussed the personnel policy which he described as offering very little flexibility in hiring: personnel must generally be hired "off the register".

The committee thanked Rich for his presentation.

Staff assignments:

- 1) List of pros and cons for increasing length of legislative terms. (Jon)
- 2) Examination of long-term vs short-term budgeting. (Jon and Carol)
- 3) Development of charts showing: Forecasts vs actual revenues over the last 10 years; variation in actual yearly revenues over the same period; number of changes in revenue forecasts during forecast years. (Carol)
- 4) Reasearch other methods of revenue forecasting; alternatives to revenue forecasting; other state's approaches. (Jon)
- 5) Research mechanisms for recognizing tax revenues (system used in Norway). (Carol and Jon)
- 6) Scheduling Sawin Millett to discuss the budget process from the perspective of the Executive (Carol) and scheduling of representatives of the Legislature to discuss the budget process from the Legislative perspective. (Jon)
- 7) Draft target work plan (Jon and Carol)

2314nrg

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, JR., PRINCIPAL ANALYST
JULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
JON CLARK
N M. DYTTER
D FLATEBO
DEBORAH C. FRIEDMAN
MICHAEL D. HIGGINS



KAREN L. HRUBY
JILL IPPOLITI
JOHN B. KNOX
PATRICK NORTON
MARGARET J. REINSCH
PAUL J. SAUCIER
HAVEN WHITESIDE
MILA M. DWELLEY, RES. ASST.
ROY W. LENARDSON, RES. ASST.
BRET A. PRESTON, RES. ASST.

STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

August 9, 1991

TO: Members and Staff of Committee on Governmental Process
and Restructuring

FROM: Jon Clark, Analyst, OPLA

SUBJ: Summary of August 7th meeting

The committee held its second meeting on August 7, 1991.
All members attended.

The committee had scheduled to have presentations from
Sally Tubbesing, Executive Director of the Legislative Council,
John Wakefield, Director, Office of Program and Fiscal Review
(OPFR) and Rich Silkman, Director, State Planning Office.
Time, however, did not allow a presentation by Rich Silkman.

The first to make a presentation was Ms. Tubbesing who
described the makeup of the Legislative Council, its origins
and mission. She distributed several copies of the Legislative
Council's Guide to Organization and Administration, copies of a
chart showing the organization of the legislative offices and
copies of 1991 Senate and House Registers. She described the
mission of the Council as being to rationalize management
aspects of the legislative process and to improve the quality
of the legislative product, i.e. the laws. She indicated that
one of the prominent features of the Council is its openness to
the public. The other distinctive feature is its non-partisan
staff.

She also described briefly the House and Senate offices
which deal largely with in-chamber administration and process.
She mentioned that the growth in all legislative staff,

including part-time staff has been, in 1981-91 period, from 143 to 208. She also mentioned that FY 1990-91 cuts resulted in 14 positions being eliminated, most at the mid-management level. The question was raised whether, as a result of these cuts, the Legislature has suffered in terms of quality of product and Ms. Tubbesing indicated that because of the quality of the persons the legislature employs, she didn't think the quality of the product had suffered.

Question was raised regarding the idea of concept bill drafting. Ms. Tubbesing indicated some possible problems with the idea, including a shifting towards greater influence by lobbyists in controlling the drafting and development of legislation.

With regard to general legislative process, Ms. Tubbesing pointed out that Maine is one of only a couple of states that use joint standing committees. These, she indicated, are very effective and efficient in helping the Legislature deal with the vast number and variety of bills which come before it. These committees have significant power because they are made up of members of both houses; many legislators develop over time significant expertise in the issues with which their committees deal. She pointed out that a unanimous report of a committee is highly respected and usually adopted by the full Legislature.

There was discussion concerning deadlines for committees for dealing with their bills. Ms. Tubbesing pointed out that this tends to place substantial issues before the full Legislature earlier in the session. It also helps committees with smaller work loads finish so that staff can be shifted to busier committees.

Ms. Tubbesing pointed out that the committee process is one that is very accessible to the public; anyone may come to and testify before a committee during hearings on bills.

Question was raised regarding the term of legislators, particularly whether the shortness of legislator's terms may not contribute to legislative inefficiency. It was suggested that longer terms might discourage some people from serving in the Legislature; since the time commitment is great and the remuneration small, many persons may not be in a position to commit more than two years to the Legislature. However, concern was raised that issues such as the length of term and the size of the legislature not be put aside entirely.

Question was raised whether it may promote efficiency to place limits on the amount of time a committee could deal with any particular bill. It was suggested that a committee can sometimes more effectively and efficiently deal with an issue

when it has gathered a clump of bills that all relate to the issue, rather than handling the issue piecemeal.

Question was raised whether fewer committees might be more efficient and effective. Ms. Tubbesing noted that the present number of committees allows a spreading of the work load and allows committee members to develop expertise on a manageable number of issues. Question was also raised whether fewer committees and the development of formal subcommittees would be useful. It was pointed out that Congress uses this approach and that it has resulted in a proliferation of subcommittees. Question was also raised whether there is any formal process whereby committee workload is analyzed at session end to determine trends, problems and so forth. Ms. Tubbesing indicated that there was no formal process.

The committee thanked Ms. Tubbesing for coming before the committee and for her valuable comments.

John Wakefield gave a presentation on the budget process. He explained that Maine has a biennial budget. It is a unified budget. It is organized around 3 line items, "personal services", "all other" and "capital equipment". He indicated that generally the budget breaks down into about 20% for personal services, 79% for all other and 1% for capital expenses. The budget is traditionally divided into two parts, current operating expenses and expanded services. Mr Wakefield divided the budget process into 4 stages: department requests, budget office review, Governor's recommendations and Legislative review and approval. OPFR's analysis includes acquiring further particularized information from the departments and careful review thereof. OPFR staffs the Appropriations Committee which examines the budget in detail. During public hearings on the budget, the committee invites each department to come before it to go through its budget account by account. The committee then holds work sessions during which the final committee report is arrived at.

Mr Wakefield was asked how this process might be improved. He indicated that it would be helpful if the scheduling of work sessions could be improved so there was more advance notice of when a department was going to be reviewed. He also indicated that his staff was too small to do a very detailed analysis of all programs. He also mentioned that this year's budget document, though an aberration from what has occurred in the past, was extremely long and difficult to deal with, particularly as a result of the amount of statutory changes which were placed in the budget.

The issues of revenue forecasting and the difficulty departments have developing budgets within current time frames were touched on. Mr. Wakefield was asked where in the process

a summary review of programs occurs. He indicated three points: the Appropriations Committee, the Audit and Program Review Committee (which reviews programs under the sunset laws), and the State Auditor's review. Question was raised whether the budget process is able to work well "in reverse", that is in times of cut backs, or whether the process is designed better to handle growth. Question was also raised whether a biennial budget represents a too short-term approach. The issue was raised whether the legislature should become more involved in revenue forecasting. The concept of "consensus forecasting" was discussed. Mr. Wakefield indicated that the Peat Marwick study had recommended the legislature develop a capability to do revenue forecasting. He indicated that it may be wasteful to have both branches doing separate forecasting. He indicated Executive/Legislative meetings and a good working relationship may be the most productive approach. There are currently meetings between his office and the budget office on the budget and forecasting.

Concern was raised that the fiscal note process may rely too heavily on department information and that the OPFR may need more ability to develop fiscal notes independently. Mr. Wakefield indicated that his office does carefully review department information and that it is his office, not the departments, who has the final say as to what goes into the fiscal note.

The issue of information flow between the budget office, the departments and the Legislature was discussed. Better integration of information systems was suggested.

The issue was raised whether not enough energy is given to review of the budget as a policy document. There was a discussion of the process that was employed this year for reviewing policy questions: the referral by the Appropriations Committee of sections of the budget to the committees within whose jurisdiction the departments and programs fall. There was some difference of opinion as to how successful this process had been, although there was general agreement that there were real deficiencies. It was generally agreed that the committees tended to be advocates for current programs, largely due to the fact that the committees had previously dealt with the issue of the usefulness of these programs in their normal committee work.

There was discussion concerning the usefulness of the Audit and Program Review Committee process. Question was raised whether any real cutting is done by the committee and it was suggested that very few if any programs have been eliminated by the committee during its sunset review process.

Discussion again turned to the budget process and whether

the Appropriations Committee is equipped with the necessary expertise to deal with the range of issues it must handle. The question was raised whether, in examining the budget process, it is appropriate to view the experience of the last session as an aberration or rather as a foretaste of what is to come. If the latter, then what is the problem and how might it be dealt with. Finally, the issue was raised as to the role of the legislature; to what degree ought the Legislature's review of the budget be concerned with administrative level decision making and to what degree should its review be centered on policy issues.

The committee thanked Mr. Wakefield for coming before the committee and for his valuable comments.

Before adjourning, the committee apologized for not having time to hear Rich Silkman's presentation on the Executive Department. Rich agreed to come to the Friday, August 9, 1991 meeting to give his presentation. The committee asked that Sawin Millett be invited to discuss the budget process from the point of view of the Executive Branch. (Carol Michel will arrange this) The committee also asked to have representatives of the constitutional offices be invited to speak to the committee. (Jon Clark will arrange this.)

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, JR., PRINCIPAL ANALYST
JULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
JON CLARK
RYAN M. DYTTER
D FLATEBO
DEBORAH C. FRIEDMAN
MICHAEL D. HIGGINS



KAREN L. HRUBY
JILL IPPOLITI
JOHN B. KNOX
PATRICK NORTON
MARGARET J. REINSCH
PAUL J. SAUCIER
HAVEN WHITESIDE
MILA M. DWELLEY, RES. ASST.
ROY W. LENARDSON, RES. ASST.
BRET A. PRESTON, RES. ASST.

STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

July 30, 1991

To: Members and Staff of the Committee on Governmental Relations and Process

From: Jon Clark, Analyst, OPLA

Subj: Summary of the July 31 Committee Meeting

The Committee on Governmental Relations and Process held its first meeting on July 31, 1991. Linwood Higgins was unable to attend. Mr. Howaniec's replacement had not yet been appointed to the Restructuring Commission.

After the initial meeting of the commission, the committee went to its room to deliberate and begin to define its mission and purpose. Initial discussion centered on the possibility of bringing in persons from outside the commission to sit on the committee to provide additional perspectives on the issues with which the committee will deal. It was decided that the committee should first deal with the business at hand and return to this topic at a later time.

Discussion then turned to the Committee Process Outline provided to the committees by the commission chairs (memo dated July 23, 1991) in order to define the focus of the committee's work. The suggested function statement was examined (page 11 of the July 23 memo). Concern was raised that state government may spend too little of its efforts on quality control, that there may be an imbalance in favor of the "input" as opposed to the quality of the "output". Also, concern was raised that state government needs to work effectively with not only local government but all levels of government. The committee resolved that their function statement would read as follows:

Function Statement: In order that it fulfill its responsibilities, state government must organize itself efficiently and effectively, employing sound management practices, to provide total quality service to its

citizens. At the same time, the process of government must be structured to promote public participation and full accountability of its officials. Furthermore, it is essential that the three branches of state government maintain their distinct and separate roles and that state government as a whole establish and maintain an effective and responsible relationship with all levels of government.

The committee then considered what areas of investigation on which the committee should focus its attention. The first issue raised was whether state government may have a too short-term orientation. The committee then reviewed the list of possible areas of investigation provided in the July 23 memo. It determined that, as a first cut at the pie, the following areas were worth at least some further consideration:

A. The structure and process of the following: legislative branch, Executive Department, judicial branch and constitutional officers.

B. The budget process

C. The independent agencies, boards and commissions: the workings of individual entities and more generally the conceptual framework within which all these entities exist and operate.

D. The administration of personnel systems, buildings and land, information systems, purchasing.

The committee rejected the other proposed areas of investigation on the basis that they were either of less importance or would more appropriately be dealt with in the context of other committees.

Discussion concerning the independent agencies, boards and commissions involved several issues: First, since there are so many of them, any examination of individual agencies, boards and commissions must be time-consuming and that at the least such examination should be divided between the committees within whose subject matter jurisdiction particular entities fall; second, it may be valuable to examine the conceptual framework within which these entities can and should operate, and that there may be many of these entities which survive beyond their useful life; third, that some of these entities may use up more time and resources than their product justifies; fourth, these entities may provide an important avenue for increased public participation in governmental process.

Consideration of the administration of personnel systems, buildings and land, information systems and purchasing as a topic for investigation engendered discussion concerning the following: the possibility that concrete recommendations in this area could make a real difference; that, on the other hand, it may be appropriate, given time constraints, to develop recommendations as to what requires further detailed study; that the proper use and organization of information systems may be an area in which careful restructuring and improvement could result in better data flow and efficiency and concurrently considerable cost savings.

The committee considered whether other issues should also be considered for further investigation. Comment was made regarding the use of federal monies and the value of integration of these monies into ongoing systems and programs. The committee resolved that the broader issue of the state's working relationships with other levels of government should be presented to the full commission as an issue which each committee should examine in dealing with the subjects before it. The committee also resolved that the issue of state mandates, the examination of individual independent agencies, boards and commissions, the issues of long term vs short term orientation and of quality control (input vs output) should be presented to the full commission as topics for other committees to consider as they work through their areas of investigation.

The committee then returned to discussion of the issue of whether the committee should expand its size. It was suggested that other members of the commission could provide differing perspectives. It was also suggested that it was perhaps useful to keep the group small and compact in order to facilitate the efficient and orderly handling of the committee's business.

After lunch with the full commission the committee reconvened to attempt quickly to establish its priorities among the areas of investigation. In the limited time available, the committee determined that judicial structure should be of a lower priority since other studies have recently and are presently being conducted in that area.

The committee decided that in order to make any further decisions on priorities, it needed a little better understanding of the various areas of investigation it had identified. It was resolved the committee should meet again on August 9, 1991 from 11:00 am to 1:30 pm. At this meeting the committee will hear from representatives of the executive department (to be arranged by SPO staff person Carol Michael) and the legislature (to be arranged by OPLA staff person Jon

Clark). The topics for consideration will be the structure and process of the legislature and the Executive Department and the budget process. The committee then rejoined the commission to hear the reports of the other committees and to present its report and recommendations.

cc: Members, Special Commission of Governmental Restructuring