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APPROPRIATIONS AND FINANCIAL AFFAIRS

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STATE OF MAINE HOUSE OF REPRESENTATIVES 118TH LEGISLATURE SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1438, L.D. 2002, Bill, "An Act to Delay the Implementation of Performance Budgeting for State Government"

Amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting in its place the following:

'Sec. 1. 5 MRSA §1710-K, sub-§1, as amended by PL 1997, c. 184, §2, is further amended to read:

1. Definitions. As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

A. "Commission" means the Commission on Performance Budgeting.

B. "Measurable objective" means a specific quantifiable outcome that defines how an agency will achieve its goals and that defines the actual impact on the public being served rather than the level of effort expended by the agency. The use of a measurable objective is a tool to assess the effectiveness of an agency's performance and the public benefit derived.

C. "Performance budgeting" means the method for developing and finalizing an agency's request for appropriations or allocations derived from its strategic plan and consistent with an agency's statutory responsibilities. Performance budgeting allocates resources based on the achievement of measurable objectives, which in turn are related to the agency's mission and goals.

COMMITTEE AMENDMENT

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2 D. ~~"Policy area" means a broad functional category into~~
4 ~~which executive departments, state agencies, organizations,~~
6 ~~corporations, associations or programs and subprograms are~~
8 ~~grouped according to the degree to which they share the same~~
10 ~~or similar goals; encompass activities that share a common~~
 ~~purpose; have common or similar customers; have common or~~
 ~~similar measurable objectives; and may be analyzed by~~
 ~~similar methods as defined by the State Budget Officer and~~
 ~~the Legislative Council or the council's designee.~~

12 E. "Program" means a grouping of activities and expected
14 results that are directed toward the accomplishment of a set
16 of goals and objectives consistent with statutorily defined
18 missions and ~~represent~~ represents a department, bureau,
20 division or operational entity to which the Legislature
22 appropriates or allocates resources as defined by the State
24 Budget Officer and the Legislative Council or the council's
26 designee Legislature.

28 F. "State agency" means a an executive department,
30 executive agency, independent agency, organization,
32 corporation or association that receives a direct
34 appropriation or allocation from the State or is required to
36 comply with chapter 149, except that for the purposes of
38 this chapter "state agency" does not include the Maine
40 Sardine Council, the Maine Lobster Promotion Council, the
42 Maine Potato Board, the Maine Dairy Promotion Board, the
44 Maine Dairy and Nutrition Council, the Maine Blueberry
46 Commission or the Maine Indian Tribal-State Commission.
48 "State agency" does not include the legislative branch or
 the judicial branch.

 G. "Strategic plan" means a long-range, policy-oriented
document that maps an explicit path between the present and
a vision of the future. A strategic plan is derived from an
assessment, goal-setting and decision-making process that
relies on careful consideration of an agency's capabilities
and environment. A strategic plan identifies a state
agency's statutorily defined mission, goals, measurable
objectives and strategies and leads to priority-based
resource allocation and other decisions. For purposes of
implementing this chapter, the State Planning Office Bureau
of the Budget may prescribe the format and process for
developing a the strategic plan for performance budgeting.

 H. ~~"Subprogram" means a grouping of activities and expected~~
~~results that is directed toward a set of measurable~~
~~objectives and represents a subset of a program.~~

2 I. "Department or agency goals" means general ends toward
4 which a department or agency directs its efforts based on
6 issues that have been identified as priorities. They are
8 broad statements of department or agency policy, as derived
from the statutorily defined mission, that are ambitious and
provide a direction toward which the department or agency
intends to head.

10 J. "Strategy" means the methods to achieve department or
12 agency goals and objectives. A strategy may be employed by
14 a department or agency bureau, division, program or
organizational entity having identifiable management
responsibility and measures of accountability approved by
the Legislature.

16 **Sec. 2. 5 MRSA §1710-L, sub-§1**, as amended by PL 1997, c. 184,
18 §4, is further amended to read:

20 **1. Membership.** The commission is composed of the following
22 14 13 members:

24 A. Two members of the Senate and 2 members of the House of
26 Representatives who serve on the joint standing committee of
28 the Legislature having jurisdiction over appropriations and
financial affairs, appointed by the presiding officers of
their respective legislative bodies;

30 B. One member of the Senate and one member of the House of
32 Representatives who serve on the joint standing committee of
34 the Legislature having jurisdiction over state and local
government matters, appointed by the presiding officers of
their respective legislative bodies;

36 C. ~~Four~~ Six members representing state departments,
appointed by the Governor; and

38 ~~D.--The-Direector-of-the-State-Planning-Office;~~

40 ~~E.--The-State-Budget-Officer;~~

42 ~~F.--The-State-Centroller;-and~~

44 G. One member representing the judiciary, appointed by the
46 Chief Justice.

48 At least one of the legislative members appointed by the
President of the Senate and one of the members appointed by the
Speaker of the House of Representatives must belong to the

political party that has the 2nd largest number of members in the legislative body of that appointed member.

Sec. 3. 5 MRSA §1710-L, sub-§2, as enacted by PL 1995, c. 395, Pt. B, §1, is amended to read:

2. Chair. The Governor, ~~the~~ President of the Senate and the Speaker of the House of Representatives shall appoint a chair from among the legislative members of the commission.

Sec. 4. 5 MRSA §1710-M, sub-§4-A is enacted to read:

4-A. Auditing. No later than January 15, 1999, recommend to the Legislature and the Governor the most cost-effective method for State Government to annually validate measurable objectives and conduct audits of the performance budgets for the most recent fiscal year.

Sec. 5. 5 MRSA §1710-N, as enacted by PL 1995, c. 395, Pt. B, §1, is amended to read:

§1710-N. Staffing

The commission may shall receive staff assistance from the Legislative Council, ~~the~~ The State Planning Office, the Bureau of the Budget, the Department of Audit and the Department of Administrative and Financial Services shall provide staff assistance upon the request of the chair of the commission. The heads of all departments and agencies of State Government shall cooperate with the commission on matters related to performance budgeting including, as necessary, the provision of staff to work with the Bureau of the Budget, the State Planning Office, the Legislative Council, the Department of Audit and the Department of Administrative and Financial Services.

Sec. 6. 5 MRSA §1710-P, as amended by PL 1997, c. 184, §§7 to 10, is further amended to read:

§1710-P. Performance budgeting

State Government shall fully implement performance budgeting according to the following schedule.

~~1. -- Development of a draft strategic plan. -- By August 1, 1996, each state agency shall develop a draft strategic plan. During preparation of the plan, each agency shall consult with and receive comments from the joint standing committee of the Legislature having jurisdiction over that agency's matters. -- Each state agency shall provide copies of its draft strategic plan to the Director of the State Planning Office, the State Budget~~

Officer, the Director of the Office of Fiscal and Program Review and the joint standing committee of the Legislature having jurisdiction over that agency's matters.

1-A. Development of a draft strategic plan. By December 1, 1998, each state agency shall develop a draft strategic plan. During preparation of the plan, each agency shall consult with and receive comments from the joint standing committee of the Legislature having jurisdiction over that agency's matters. Each state agency shall provide copies of its draft strategic plan to the Director of the State Planning Office, the State Budget Officer, the Director of the Office of Fiscal and Program Review, the Director of the Office of Policy and Legal Analysis and the joint standing committee of the Legislature having jurisdiction over that agency's matters for their review and comment.

2. Selection of a program within each agency. By September 1, 1996, each state agency shall develop for one program budget proposals that are tied to measurable objectives for that program. During selection of the program, each agency shall consult with and receive comments from the joint standing committee of the Legislature having jurisdiction over that agency's matters, the State Budget Officer and the Director of the Office of Fiscal and Program Review.

3. Submission of the final strategic plan and program selection for legislative review. No later than February 1, 1997, each state agency shall submit its final strategic plan and budget proposal for the selected program to be piloted for performance budgeting for review by the joint standing committee of the Legislature having jurisdiction over that agency's matters. Copies of each final strategic plan and pilot budget proposal must be provided to the Director of the State Planning Office, the State Budget Officer and the Director of the Office of Fiscal and Program Review.

3-A. Pilot performance budgets. The State Budget Officer and the Director of the Office of Fiscal and Program Review shall coordinate the submission of agencies' pilot budget proposals to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs for the purposes of reviewing and evaluating the pilots.

3-B. Submission of a final strategic plan for legislative review. No later than December 1, 1999, each state agency shall submit its final strategic plan for review and comment to the joint standing committee of the Legislature having jurisdiction over that agency's matters. Copies of each final strategic plan must be provided to the Director of the State Planning Office,

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the State Budget Officer, the Director of the Office of Fiscal and Program Review and the Director of the Office of Policy and Legal Analysis.

~~4. -- Selection of program by policy area. -- By September 1, 1997, each state agency shall identify at least one program or significant subprogram within a policy area that has the same or similar goals and objectives as one or more other state agencies; develop jointly with those state agencies measurable objectives; and coordinate strategies for achieving those objectives. -- During selection of the program, and development of the joint goals and objectives, each agency shall consult with and receive comments from the joint standing committee of the Legislature having jurisdiction over that agency's matters, the State Budget Officer and the Director of the Office of Fiscal and Program Review.~~

~~Each state agency shall submit its joint measurable objectives and strategies to the Director of the State Planning Office, who shall provide copies to the State Budget Officer, the Office of Fiscal and Program Review and the joint standing committee of the Legislature having jurisdiction over the agency's matters.~~

~~5. -- Development of policy areas. -- By December 31, 1997, the State Budget Officer and the Legislative Council or the council's designee, in consultation with state agencies, shall group all state agencies into policy areas, which must be formed around common goals and measurable objectives. -- Any grouping that proposes to transfer or modify the existing statutory mission or mandate of an agency must be submitted to and approved by the Legislature prior to implementation.~~

~~6. -- Development of joint strategic plans. -- By June 30, 1998, state agencies within each policy area shall develop joint strategic plans that identify common goals, measurable objectives and strategies for all programs. -- Plans must be submitted to the Director of the State Planning Office. -- The Director of the State Planning Office shall provide copies to the joint standing committees of the Legislature having jurisdiction over the matters encompassed by each policy area.~~

6-A. Interagency coordination of strategic plans. By September 1, 2001, each state agency shall identify programs within the agency that have the same or similar goals and objectives as one or more other state agencies; consult with those agencies; coordinate strategies for achieving those goals and objectives so the goals, objectives and strategies of the agencies are not in conflict; and submit revised strategic plans for review and comment to the Director of the State Planning Office, the State Budget Officer, the Director of the Office of

2 Fiscal and Program Review, the Director of the Office of Policy
3 and Legal Analysis and the joint standing committee of the
4 Legislature having jurisdiction over that agency's matters.

5 ~~7. -- Development of joint budget proposals. -- By September 1,~~
6 ~~1998, state agencies within each policy area shall develop budget~~
7 ~~proposals that are tied to their joint measurable objectives in~~
8 ~~their strategic plan.~~

9 ~~8. -- Demonstration project; job training programs. -- The~~
10 ~~Department of Labor, the Department of Education, the Department~~
11 ~~of Human Services, the Department of Mental Health, Mental~~
12 ~~Retardation and Substance Abuse Services and the Maine Technical~~
13 ~~College System shall at a minimum select job training and develop~~
14 ~~joint goals and objectives and coordinate strategies as a~~
15 ~~demonstration project for the purposes of carrying out the~~
16 ~~requirements of subsections 4 to 7.~~

17 9. Prototype performance budget. By December 31, 1999, the
18 Governor shall present a prototype budget bill and budget
19 document to the Second Regular Session of the 119th Legislature
20 for its review in a performance budget format utilizing
21 performance measures and indicators that reflect legislatively
22 approved appropriations and allocations for fiscal year 1999-2000
23 and 2000-01. The Second Regular Session of the 119th Legislature
24 shall, by resolve, make recommendations to the Governor for
25 changes or modifications to the prototype budget bill and budget
26 document for use in the 2002-2003 biennial budget submission.

27 10. Development of state agency budget proposals consistent
28 with strategic plans. By September 1, 2000, in accordance with
29 section 1665, each state agency and associations receiving or
30 desiring to receive state funds under provisions of law shall
31 prepare and submit to the Bureau of the Budget proposals for the
32 2000-2003 biennium in a strategic plan and performance budget
33 format prescribed by the Bureau of the Budget. Goals, measurable
34 objectives and strategies for each program must be identified in
35 a budget document and a budget bill. In accordance with section
36 1666, the Governor, with assistance from the Bureau of the
37 Budget, shall review, revise, alter, and increase or decrease the
38 budget proposals in a strategic plan and performance budgeting
39 approach for submission to the First Regular Session of the 120th
40 Legislature including a budget document and budget bills
41 representing the Governor's budget recommendations and priorities
42 in a strategic plan and performance budget format for the
43 2002-2003 biennium.

44 11. Biennial strategic plan revisions and performance
45 budgets. Each state agency shall periodically review, and after
46 consultation with the joint standing committee of the Legislature

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2 having jurisdiction over that agency's matters, update and revise
3 its strategic plan, including goals, measurable objectives and
4 strategies for fulfilling its statutory responsibilities.
5 Revised plans must be submitted no later than December 1, 2000
6 and no later than December 1st of each even-numbered year
7 thereafter to the Director of the State Planning Office, the
8 State Budget Officer, the Director of the Office Fiscal and
9 Program Review, the Director of the Office of Policy and Legal
10 Analysis and the joint standing committee of the Legislature
11 having jurisdiction over that agency's matters for their review
12 and comment.

13 **12. Participation.** The legislative branch and the judicial
14 branch may elect to participate or to not participate in any
15 aspect of this chapter.

16 The goals, measurable objectives and strategies, as revised,
17 that support each program for which an appropriation or
18 allocation is provided or sought must be identified in each
19 budget document and budget bill representing the Governor's
20 budget recommendations and priorities for subsequent biennia.

21 **Sec. 7. 5 MRSA §1710-Q,** as enacted by PL 1995, c. 705, §2,
22 is amended to read:

23 **§1710-Q. Repeal**

24 This chapter is repealed July 1, 2003 2007.'

25 Further amend the bill by inserting at the end before the
26 summary the following:

27 **FISCAL NOTE**

28 The delay in implementing strategic planning and performance
29 budgeting initiatives will defer some costs associated with these
30 initiatives. The amounts can not be determined at this time.

31 The Legislature will incur additional costs associated with
32 the role of legislative committees in reviewing and commenting on
33 the strategic plans and performance budgets of state departments
34 and agencies. The amounts can not be determined at this time.'

35 **SUMMARY**

36 This amendment does the following:

COMMITTEE AMENDMENT "A" to H.P. 1438, L.D. 2002

1. Clarifies that the legislative and judicial branches may elect to participate or to not participate in the strategic planning and performance budgeting initiative;

2. Eliminates all reference to "policy area" planning or budgeting;

3. Adds or clarifies certain definitions related to strategic planning and performance budgeting;

4. Reduces the size of the Commission on Performance Budgeting to 13 members, calls on the President of the Senate and the Speaker of the House to appoint the chair from the legislative members and calls on the commission to be staffed primarily by Legislative Council staff;

5. Calls on state agencies to submit updated draft strategic plans by December 1, 1998, submit final strategic plans by December 1, 1999 and submit biennial strategic plan revisions by December 1, 2000 and December 1st of each even-numbered year thereafter to the joint standing committee of the Legislature having jurisdiction over that agency's matters for its review and comment;

6. Calls on state agencies to identify programs within their agency having the same or similar goals and objectives as one or more other state agencies, consult and coordinate their strategies toward common goals and objectives and submit any revised strategic plans by September 1, 2001 to the joint standing committee of the Legislature having jurisdiction over that agency's matters, as well as to the State Planning Office, the Bureau of the Budget, the Office of Fiscal and Program Review and the Office of Policy and Legal Analysis, for their review and comment;

7. Requires the Governor to present a prototype budget bill and budget document to the Second Regular Session of the 119th Legislature for the Legislature's review and recommendation; and

8. Requires the 2002-2003 biennial budget to be prepared and presented to the First Regular Session of the 120th Legislature in a performance budget format by state agencies consistent with each agency's strategic plan.

The amendment also adds a fiscal note to the bill.