

HOUSE COMMITTEE ON AUDITS

February 17, 2005 Hearing Room D

8:30 A.M. Tapes 25 - 26

MEMBERS PRESENT: Rep. Tom Butler, Vice-Chair

Rep. Diane Rosenbaum Vice-Chair

Rep. Alan Brown

Rep. Jackie Dingfelder

MEMBER EXCUSED: Rep. Jerry Krummel, Chair

STAFF PRESENT: Jim Keller, Committee Administrator

Kellie Whiting, Committee Assistant

MEASURES/ISSUES HEARD:

Hearing Invited Testimony on Oregon's Budget Process - Public

HCR 2- Public Hearing

HB 2384- Public Hearing

HB 2385- Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
---------------	----------------	-----------------

TAPE 25, A

002	Vice-Chair Butler	Calls the meeting to order at 8:38 a.m. Opens the public hearing for invited testimony on Oregon's budget process.
-----	-------------------	--

INVITED TESTIMONY ON OREGON'S BUDGET PROCESS - PUBLIC HEARING

043	Ken Rocco	Legislative Fiscal Officer. Submits and refers to Oregon's Budget Process (EXHIBIT A). Comments the budget is a plan for expenditures and is not a planning document. Notes the budget plan should be flexible. States that the budget is a political exercise. Explains that it is not technical. Provides a brief overview of pages four through six.
119	Vice-Chair Butler	Inquires how much of Oregon's budget plan is published and available online.
120	Rocco	Responds that little is available online, but the state is moving towards publishing the information online. Refers to page six and provides an overview of the budget cycle.
150	Vice-Chair Butler	Inquires what the basis for the agency budget is.
153	Rocco	Responds that the system requires the agency to develop a quarterly plan for spending appropriated funds.
160	Rep. Dingfelder	Inquires about the budget cycle on page six and asks if there has been an analysis for Oregon in regards to adapting to the changes.
173	Rocco	Responds that it depends on the size of the budget and they have considered annual reconciliation to assist in adjusting the budget.
214	Rocco	Refers to page 12 and 13 and explains the budget preparation and instructions. Comments about the existing systems that are in effect.

253	Vice-Chair Butler	Inquires if legislative members who serve on the Ways and Means Committee propose more legislative revisions in the budget process than legislative members who do not serve on the Ways and means Committee.
258	Rocco	Responds that the proposals are from members who do not serve on the Ways and Means Committee.
261	Rep. Rosenbaum	Inquires why the priority based budgeting is not listed as one of the alternative systems listed on pages 19 through 21.
266	Rocco	Responds it is categorized as a performance based system.
271	Rep. Dingfelder	States that people do not understand the tax expenditures in regards to the budget process. Inquires about having tax expenditures reviewed in the same manner as the budget reviews.
290	Rocco	States that the Revenue Committees look at tax expenditures. Responds that they are required to be published along with the Governor's budget.
303	Rep. Dingfelder	Responds that she had contacted Mr. Warner and found that the tax expenditures are not reviewed or audited.
345	Jason Williams	Executive Director, Taxpayers Association of Oregon. Submits and reads from prepared written testimony (EXHIBIT B) . Submits <i>175 Ways to Balance the State Budget</i> (EXHIBIT C) .
418	Wayne Brady	States that the schools do not have a strong incentive to hold down costs. States there needs to be a better insight as to how the money is being spent.

TAPE 26, A

020	Paul Canoble	States that performance based budgeting is in the near future. States they need to know what services are being provided by the agencies and at what cost.
079	Vice-Chair Butler	Comments that the suggestion should be presented to Rep. Donna Nelson in regards to overhead costs.

096	Vice-Chair Butler	Closes the public hearing for invited testimony on Oregon's budget process and opens the public hearing on HRC 2.
-----	-------------------	---

HRC-2 – PUBLIC HEARING

100	Vice-Chair Butler	States that HB 2235 and HB 2239 will be heard at the next meeting.
-----	-------------------	--

103	Jim Keller	Committee Administrator. Reads HRC 2.
-----	------------	---------------------------------------

113	Rep. John Lim	House District 50. Testifies in support of HRC 2.
-----	---------------	---

181	Vice-Chair Butler	Comments that it may involve the suggestion by the Joint Legislative Committee on Legislative Efficiency that all committees be joined. Inquires if that is what Rep. Lim is stating.
-----	-------------------	---

190	Rep. Lim	Responds that HCR 2 is mandate that the commissions are created by leadership, not by legislative action.
-----	----------	---

	Vice-Chair Butler	Closes the public hearing on HRC 2 and opens the public hearing on HB 2384.
--	-------------------	---

HB-2384- PUBLIC HEARING

200	Jim Keller	Reads HB 2384.
-----	------------	----------------

215	David Gulliver	Intern in the office of Rep. Donna Nelson. Submits and reads prepared written testimony of Rep. Nelson in support of HB 2384 (EXHIBIT D) .
-----	----------------	---

277	Vice-Chair Butler	Inquires if there has been an indication of how an item is calculated and reported back to the legislature in regards to overhead as a separate item.
-----	-------------------	---

292	Keller	Responds none.
-----	--------	----------------

295	Vice-Chair Butler	Poses the question to Mr. Gulliver to report to Rep. Nelson. Announces the committee is meeting as a subcommittee. Closes the public hearing on HB 2384 and opens the public hearing on HB 2385.
-----	-------------------	--

HB-2385- PUBLIC HEARING

325	Keller	Reads HB 2585.
339	Jacquie Howard	Office of Rep. Donna Nelson. Submits and reads from prepared written testimony of Rep. Nelson in support for HB 2385 (EXHIBIT E).
374	Vice-Chair Butler	Requests that Ms. Howard bring (EXHIBIT A) to Rep. Nelson for review. Acknowledges the return of Rep. Dingfelder and that the committee is now a full committee.

TAPE 25, B

004	Rep. Dingfelder	Comments about the tax expenditures and states that it is important that the tax dollars are spent wisely. States that now is a good time to explore the idea of zero-based budgeting for tax expenditures. Requests that the questions are posed to Rep. Donna Nelson.
025	Vice-Chair Butler	Comments that Mr. Rocco was receptive to the concept and requests Rep. Dingfelder to explore the policy further.
078	Vice-Chair Butler	Closes the public hearing on HB 2385. Adjourns the meeting at 9:44 a.m.

EXHIBIT SUMMARY

- A. Oregon's Budget Process, prepared written testimony, Ken Rocco, 22 pp
- B. Oregon's Budget Process, prepared written testimony, Jason Williams, 2 pp
- C. Oregon's Budget Process, 175 Ways to Balance the State Budget, Jason Williams, 10 pp
- D. HB 2384, prepared written testimony of Rep. Donna Nelson, David Gulliver, 1 pp
- E. HB 2385, prepared written testimony of Rep. Donna Nelson, Jacquie Howard, 1 pp