

HOUSE COMMITTEE ON GENERAL GOVERNMENT

January 23, 2003 Hearing Room D
8:30 AM Tapes 5 - 6

MEMBERS PRESENT: Rep. Jerry Krummel, Chair Krummel
Rep. Donna Rep. Nelson, Vice-Chair Krummel
Rep. Floyd Prozanski, Vice-Chair Krummel
Rep. Brad Avakian
Rep. Derrick Kitts
Rep. John Mabrey

MEMBER EXCUSED: Rep. Kelley Wirth

STAFF PRESENT: Patrick Brennan, Committee Administrator
Jeana Harrington, Committee Assistant

MEASURE/ISSUES HEARD: HB 2148 - Informational 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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 5, A		
004	Chair Krummel	Calls meeting to order at 8:41 AM. Hands gavel to Rep. Nelson. Proceeds to witness table.
011	Rep. Nelson	Welcomes members. Opens information hearing on HB 2148. Welcomes testimony of Rep. Krummel.
<u>HB 2148 INFORMATIONAL HEARING</u>		
015	Chair Krummel	Thanks committee. States intention to provide overview of HB 2148. Adds he supports HB 2148. Provides history of the current statutes governing budget. Explains purpose of the proposed budget model. Provides that it would not take effect until the 2005-2007 budget year. Adds that there is no emergency clause. Introduces concepts presented in the bill. Refers to section two as the major component of the bill.
064	Chair Krummel	Call attention to line twenty-two and provides further explanation.
074	Chair Krummel	Overviews page two of bill. Lists requirements of the bill. Expresses desire to empower agencies to be proactive by establishing a contingency reserve. Expands on policies for the recover of costs.
104	Chair Krummel	Highlights of section three.
111	Chair Krummel	Summarizes section four.
115	Chair Krummel	Outlines section five. Identifies standards and objectives of the Governor as outlined by the bill.
125	Chair Krummel	Delineates line eleven of page three relating to Department of Administrative Services (DAS). States this would provide the legislature with further oversight.
133	Chair Krummel	Summarizes section six on the collection of revenue

142	Chair Krummel	Comments on section seven relating to debt structure. Asserts that the state would have been better prepared with regard to its current financial position had sections six and seven already implemented.
161	Chair Krummel	Highlights section eight.
166	Chair Krummel	Explains section nine relating to capital assets and the utilization of funds.
177	Chair Krummel	Illustrates on page six, line thirty-six the outcome of un-obligated funds. Points out that budget manager cannot reserve more than five percent of their funds.
187	Chair Krummel	Continues that HB 2148 is a model that has worked before, adding that as he used the model as mayor of Wilsonville. States that the bill will end false expectations relating to budgets. Mentions that this bill will be amended and that he recommends changes. Supports public, gubernatorial, and legislative participation in shaping the bill. States desire for bill to succeed. Invites the committee members to ask questions.
211	Rep. Prozanski	Asks whether analysis of the model has been done in terms of additional costs for implementation.
216	Chair Krummel	Answers that although guidance was sought for the model, analysis has not yet been done.
227	Rep. Prozanski	Inquires if the model will be cyclical or recurring being that it has a length of five years.
232	Chair Krummel	Envisions a rolling period so that every two years the plan would be updated. Adds that the flexibility inherent in the model would allow for amendments and additions to the plan. Anticipates additionally both a long-term and short-term plans for the model.
250	Rep. Prozanski	Insinuates that the measure would not be the specific model or that it would be the current service plan for all agencies.
258	Chair Krummel	Answers that HB 2148 would become the budget model and the bill or one like it would create the model that the state would subscribe to. Adds that current service level budgeting could then be eliminated.
267	Rep. Nelson	States that the current service level model appears to be disliked by a majority of her constituents. Wonders why a zero-based budget was not incorporated into the bill.
292	Chair Krummel	Counters that his intention was to lay out a structure, then begin conversation as to which language should be incorporated. Answers that as to inclusion of a strict, zero-based budget, that there is room in this bill for that, as well as for other changes. Reiterates his intention to create a basic structure with an understanding of changes to language.
313	Rep. Nelson	Questions whether it would be better to have one bill or several relating to different aspect of this model.
332	Chair Krummel	Comments that "politics is the art of possible". Continues that if an omnibus bill would be the preferable method of implementation. States he does not desire a package in the form of multiple bills, where some are not passed.
378	Rep. Nelson	Worries that the committee should have the Governor present his own concepts for the committee. Stresses the need to hear from Governor and have him present his concepts.

TAPE 6,A

- 003 Rep. Nelson Continues. Expresses belief that in order to develop a bill of this magnitude numerous work sessions and hearing and hearing will be required to gain further information.
- 028 Chair Krummel Returns that he has requested time with the Governor and will seek input from his office as to this model. Recognizes the fact that this will be a drawn out process. States that this is a non-partisan, collective issue meant to enhance the state. Reiterates that this will be a long process.
- 076 Rep. Nelson Agrees. Remarks on lack of commonality in decisions regarding the budget. Questions how the public would better understand the use of their tax paying dollars.
- 100 Chair Krummel Points out a resolution he has filed, HCR 1, that sets out broad priorities involving allocation and use of funds. Adds that there are constitutional mandates and national mandates that also help to explain this. Asserts that the legislature needs to articulate its priorities to the public through the media, legislators, etc. Adds that in sections three and four of HB 2148 priorities are outlined for this.
- 158 Rep. Nelson Discusses other programs she is concerned with. Comments on the budget process with regard to the hungry, the elderly, and special needs individuals. Indicates she would like a portion of this bill relating to be implemented immediately, so at least the immediate needs of the people will be alleviated.
- 221 Chair Krummel Comments that if it were possible for this bill to take effect next biennium, he would gladly add an emergency clause. Reiterates the informational purpose of this meeting. Calls for committee to recognize that utilization of principles is lost for 2003-2005 budget due to the fact that budgets have already been submitted by agencies. Adds that this is the reasoning behind a rolling-plan
- 336 Rep. Nelson Summarizes feelings. States it is critically important the committee take a leadership role and makes critical changes now. Calls for look into state priorities and the creation of requirements, limits, and policies.

TAPE 5,B

- 003 Rep. Nelson Reiterates the necessity of criteria and intent in any budget plan. Voices disquiet the legislature never receive a budget in totality.
- 042 Rep. Mabrey Comments the bill is a solid and concise piece of work, which builds on the concept of continuity presented by Rep. Nelson. Comments on the tempting nature inherent in unallocated agency funds.
- 092 Chair Krummel Agrees that there is always a danger and that a chain-of-command is necessary in the allocation of funds. States that Rep. Nelson eloquently made her case for why the bill should become effective upon passage, but points out that other members may not see it that way.
- 147 Rep. Nelson Thanks Rep. Krummel. Begins discussion on non-essential spending due absence of incentives for reserving or for transferring funds.
- 181 Chair Krummel Thanks Rep. Nelson and continues her discussion on incentives. Adds that would need to be taken up by a different bill.
- 220 Rep. Nelson Reiterates support for Rep. Mabrey in area of agency funds.

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Rep. Nelson

Closes information hearing.

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Chair Krummel

Adjourns hearing at 9:51AM.