

HOUSE COMMITTEE ON GOVERNMENT EFFICIENCY

January 23, 2001
8:30 a.m.

Hearing Room D
Tapes 7 - 8

MEMBERS PRESENT: Rep. Jerry Krummel, Chair
 Rep. Chris Beck, Vice-Chair
 Rep. Patti Smith, Vice-Chair
 Rep. Alan Brown
 Rep. Bill Garrard
 Rep. Jim Hill
 Rep. Deborah Kafoury
 Rep. Jeff Kruse
 Rep. Steve March
 Rep. Carolyn Tomei
 Rep. Kelley Wirth

STAFF PRESENT: Matt Wingard, Committee Administrator
 Patrick Brennan, Committee Assistant

MEASURE/ISSUES HEARD: Oregon Progress Board Report
 HB 2098 Work Session
 HB 2234 Public Hearing and Work Session

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>
<u>TAPE 7, A</u>		
004	Chair Krummel	Calls the meeting to order at 8:34 a.m. Opens a work session on HB 2098
<u>HB 2098 WORK SESSION</u>		
014	Rep. Hill	MOTION: Moves HB 2098 to the floor with a DO PASS recommendation and BE REFERRED to the Committee on School Funding and Tax Fairness/Revenue by prior reference.
020		VOTE: 8-0
	Chair Krummel	EXCUSED: 3 - Beck, Kafoury, Kruse
025	Chair Krummel	Hearing no objection, declares the motion CARRIED.
		Closes the work session on HB 2095.
<u>OREGON PROGRESS BOARD REPORT</u>		
028	Jeffrey Tryens	Executive Director, Oregon Progress Board (OPB). Submits copies of his presentation (EXHIBIT A). Describes the Oregon Shines program. Says that state governments are typically disorganized and uncoordinated and require a unified vision, organized around meaningful measures. Says the Oregon Shines program was originated by the legislature in 1993 (EXHIBIT B).
070	Tryens	Says the benchmarks come in three categories: economy, people, and environment. Mentions that the most recent version of the report has been mailed to all legislators and legislative candidates. Describes the praise that has been given about the 93 Oregon benchmarks. Asserts that the benchmarks measure

		results as opposed to effort or processes, trends rather than a static situation. Explains how benchmarks are set and how progress toward them is measured. Comments that the legislature has the power to alter the benchmarks that are used by OPB.
110	Tryens	Describes Oregon's overall grade for public management in 1998 as a B-minus. Predicts that the rating will fall slightly when the new report is issued, due in part to the negative effect of the initiative process. Reviews some specific findings outlined in the report: <ul style="list-style-type: none"> • Oregon's bond rating has improved, but fell short of targets • Oregon is becoming more efficient in that it garners less revenue through taxes
178	Rep. Kruse	Asks whether the bond rating is compiled into the overall rating, seeing as how it cannot improve much beyond its current rating.
183	Tryens	Responds that the board recognizes it would be difficult to improve to a AAA bond rating while the state operates the initiative system. Indicates that the board decided to set the bar high and seek the higher bond rating.
193	Rep. Kruse	Reiterates that it will be next to impossible to raise the bond rating and maintain the initiative process.
198	Tryens	Offers to take the issue to the board.
201	Rep. March	Suggests that the bond rating might be improved by creating a rainy day fund.
206	Tryens	Acknowledges that Oregon is one of only a handful of states without a rainy day fund. Continues reviewing specific findings from the report: <ul style="list-style-type: none"> • Oregon has achieved its target on the "Cost of Doing Business" index • The state's competitive advantage of a cheap supply of energy is dwindling rapidly • Oregon's labor productivity has boomed, in large part to high-technology industries • Oregon's tax ranking has improved throughout the 1990s
253	Tryens	Continues reviewing specific findings from the report: <ul style="list-style-type: none"> • Few Oregonians understand the tax system: only 40 percent were aware that the income tax is the largest source of state revenue, and only 23 percent know that education is the largest expenditure • Timeliness of permit issuance has varied greatly during the 1990s
300	Tryens	States that benchmarks provide the basis by which agencies can develop shared strategies and improve efficiency. Describes the ways in which OPB, the Governor, and the legislature influence benchmarks. Says that some state benchmarks have no linkages to agency operations, such as reducing the number of weapons kids take to school.
346	Tryens	Implores the legislature to encourage more coordination toward benchmarks, as some may need several agencies to address them while others need but a few. Reiterates that the goal in the end is to use the benchmarks to improve agency performance. Utilizes

the prenatal care benchmark to illustrate how they should properly be used to adjust state government performance to solve problems.

TAPE 8, A

020	Tryens	Continues describing the effort to improve the prenatal care benchmark. Acknowledges that progress is slow but that the agencies are moving in the right direction with increased home visitation and Healthy Start programs.
046	Tryens	Comments on the practice of issuing letter grades to quantify benchmark results. Suggests it is also helpful to consider public opinion of the job Oregon is doing in the areas benchmarks are used to quantify. Reviews findings from the public survey: <ul style="list-style-type: none">• The state program rated highest by the public is perennially community colleges• The state program rated lowest is drug use prevention• The overall rating of state government given by the public is 80 percent• The most improved state program during the 1990s was crime prevention• The worst negative change during the 1990s has been in relation to the state of roads and bridges statewide
105	Tryens	Discusses the use of performance measures as tools for agency oversight, an area in which Oregon was once a national leader and pioneer. States that OPB has spent much time creating tiered measures that allow for intermediate outcomes. Agencies produce outputs, which influence joint action with other groups which are in turn influenced on the way to achieving benchmarks
145	Tryens	Utilizes juvenile crime prevention as an example of joint action and intermediate results designed to facilitate benchmark outcomes.
165	Rep. Hill	Wonders how individual programs are held accountable for their activities when the focus is placed on the overall benchmarks. Asserts that some programs may be totally ineffectual and yet made to look like successes by the efficiency of overlapping programs that work toward the same goals.
185	Tryens	Replies that it is difficult to measure the results of specific programs in some cases but not all. Says the benchmarks offer more concrete, quantifiable results than any other available measure. Suggests that legislative committees review agency performance with regard to benchmarks.
221	Tryens	Delineates the difference between efficiency measures and effectiveness measures. Argues that all state agencies should be made accountable for substantive oversight regarding performance measures in their issue area.
280	Tryens	Reviews key terms used in measuring outcomes. Explains how state agencies should relate to performance measures. Lists characteristics of good agency performance measures: <ul style="list-style-type: none">• Relevant• Understandable• Comparable to a standard

- Timely
- Consistent over time
- Reliable
- Include a future target level

330 Tryens States that the goal is not necessarily to eliminate all waste in state government but to provide a new performance tool and logic model framework for measuring results. Stresses the need to judge agencies on their success in producing outputs and intermediate outcomes, rather than on the basis of macro-level benchmarks.

400 Tryens Describes the improvement program in Vermont that succeeded as a result of “an unwavering focus on results.” Asserts that Oregon can achieve similar results, but only if the legislature dedicates itself to coaxing agencies to perform.

TAPE 7, B

018 Rep. Garrard Asks how large a role public perception plays in benchmark measures.

023 Tryens Replies that public perception is utilized in but a handful of measures, such as perceived health status. Says that such measures allow the state to compare real success to perceived success.

032 Rep. Kruse Notes that one of the measures by which the Oregon Department of Economic Development (OEDD) is measured is telecommunications connectivity. Indicates that connectivity was driven primarily by the passage of SB 622 (1999) and coordination between the state and business community. Wonders how much credit agencies receive for efforts made by the public sector.

043 Tryens Clarifies that the measure was designed to monitor whether the money allocated for connectivity was being used effectively. Acknowledges the possibility that the measure might not be applicable to OEDD.

060 Rep. Kruse Cautions not to give credit unless it is due. Notes that Oregon received a C-plus rating on environment. Inquires what standards the state was compared to for environment. Estimates that the state should receive an A for air quality.

078 Tryens Reiterates that grades are based upon progress toward set benchmark goals, which set relatively ambitious goals for environmental concerns. Indicates that Oregon received an A for air quality, but was given an F for salmon.

093 Rep. Kruse Wonders how the salmon grade was determined, considering that there are no targets for salmon.

097 Tryens Replies that OPB has a measure for salmon, but that the Oregon Department of Fish and Wildlife (ODFW) has not adopted it, nor has it generated one of its own. Mentions that a group of scientists assisted in the creation of the salmon target. Offers to provide additional documentation to the committee.

113 Rep. Beck Requests advice as to how the legislature could provide more support to OPB and better review of the progress toward benchmarks. Suggests that the information is better suited for interim legislative work, when there is more time to focus on the data. Opines that term limits will have a huge negative impact on

		the legislature's ability to focus in a meaningful way, especially during session. Asks if there is a forum for understanding how the legislature can take a more proactive approach, such as a benchmark committee.
141	Tryens	Agrees that the current structure of the legislature is inefficient. Recommends that it would be easier to acclimate new legislators to the process if legislative sessions were held immediately before the election, as opposed to immediately after. Opines that many interim committee chairs are disinclined to do much when they will not be returning for the next session. Asserts that knowing the results achieved by allocated funds is as important as knowing where it is being spent. Maintains that substantive legislative committees can have a positive impact on the achievement of performance measures.
199	Rep. Hill	Recalls that former governor Neil Goldschmidt created the Oregon Shines program as a campaign document. Submits that the program can be successful only if it is directed by an executive who has a coherent vision. Insists that the Governor should be accountable for agency effectiveness. Comments that legislators must represent too many different constituencies to be able to provide the narrow focus necessary for a program like Oregon Shines.
238	Tryens	Mentions that Governor John Kitzhaber reworked the program in 1996. Says OPB has a strong desire not to be too attached to a single individual, as that lends itself to partisan accusations.
294	Rep. Wirth	Asks what broad societal concern is measured by the prenatal care benchmark.
306	Tryens	Replies that prenatal care is a facet of safe, caring, and engaged communities.
314	Rep. Wirth	Requests an example of an immediate outcome for the prenatal benchmark that an agency can seek to advance.
320	Tryens	Provides the example of the number of health maintenance organizations (HMOs) that have negotiated agreements for voluntary prenatal care. Suggests that an intermediate outcome could be the an increase in the percentage of women who are part of an HMO that offers prenatal care.
339	Rep. Wirth	Suggests that benchmarks are not necessarily guarantees as to how to meet social goals, but rather are a best guess attempt to quantify those goals.
350	Tryens	Concurs.
359	Rep. Wirth	Asks whether salmon assistance is a broader goal.
361	Tryens	Articulates the benchmark for salmon to be the percentage of salmon recovery in key areas, which is part of the larger goal of maintaining the fish as a healthy, sustainable species. Concedes that the exact language of both benchmarks and overall goals is often in need of improvement.
400	Chair Krummel	Proposes that the Joint Interim Audit Committee might be the appropriate committee to designate with the task of monitoring benchmark progress.

TAPE 8, B

013 Chair Krummel

HB 2234 PUBLIC HEARING

015 Matt Wingard

Opens a public hearing on HB 2234.

Committee Administrator. Gives a brief description of the bill. Says the bill raises the threshold for referring debt collection to

022	Jon DuFrene	private agencies from \$25 to \$100. Coordinator, Accounts Receivable Program, Department of Administrative Services (DAS). Testifies in support of HB 2234 (EXHIBIT C) . Explains that the state is currently required to pursue collection of all debts of \$25 or more, even if the cost of collection is higher than the actual amount collected. Says the measure will provide greater flexibility. Mentions that if the measure passes it will become active July 1, 2001, so as to coincide with the start of the next budget cycle.
051	Rep. March	Requests an estimate of the number of debt collections that would be eliminated by raising the threshold to \$100.
054	DuFrene	Replies that it is difficult to make such an estimation, given the magnitude of various agencies and their debt collection load. Projects about 5,000 accounts will be cut loose from mandatory collection by the bill.
072	Matt Markee	Oregon Collectors Association. Testifies in support of HB 2234. States that the \$25 threshold was too low and that \$100 is more appropriate.
080	Rep. Garrard	Asks what percentage of funds collected by private agencies is kept as fee by the agency.
083	Markee	Responds that the average commission is between 15-17 percent.
091	Chair Krummel	Closes the public hearing and opens a work session on HB 2234.
<u>HB 2234 WORK SESSION</u>		
094	Rep. Kruse	MOTION: Moves HB 2234 to the floor with a DO PASS recommendation.
099	Chair Krummel	Notes that the measure had a subsequent referral to the House Committee on School Funding and Tax Fairness/Revenue, but that the referral was rescinded by the Speaker.
015	Chair Krummel	VOTE: 11-0 Hearing no objection, declares the motion CARRIED.
108	Rep. Kruse	MOTION: Moves HB 2234 be placed on the consent calendar for floor consideration.
110	Chair Krummel	VOTE: 11-0 Hearing no objection, declares the motion CARRIED.
112	Chair Krummel	Adjourns the meeting at 10:10 a.m.

Submitted By,

Reviewed By,

Patrick Brennan,
Committee Assistant

Matt Wingard,
Committee Administrator

EXHIBIT SUMMARY

- A – Oregon Progress Board, presentation, Jeff Tryens, 31 pp.**
- B – Oregon Progress Board, HB 3422 (1993), Jeff Tryens, 1 p.**
- C – HB 2234, testimony, Jon DuFrene, 1 p.**