

# HOUSE COMMITTEE ON GOVERNMENT EFFICIENCY

April 17, 2001 Hearing Room D  
8:30 AM Tapes 55 - 56

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

**STAFF PRESENT:** Matt Wingard, Committee Administrator  
Pamela Johansen, Committee Assistant

**MEASURE/ISSUES HEARD:** HB 2906 Work Session  
HJR 43 Public Hearing  
HB 3890 Public Hearing  
HJR 60 Public Hearing  
HR 5 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>
<b>TAPE 55, A</b> 004	Chair Krummel	Calls the meeting to order at 8:45 a.m. and opens a work session on HB 2906.
<b><u>HB 2906 WORK SESSION</u></b> 009	Matt Wingard	Committee Administrator. States HB 2906 authorizes state agency to enter into agreement with American Indian tribe or agency of American Indian tribe regardless of limitation in law on state agency's authority to enter into contract or on terms of contract.
017	<b>Rep. Kruse</b>	<b>MOTION: Moves HB 2906 to the floor with a DO PASS recommendation.</b>
	<b>Chair Krummel</b>	<b>VOTE: 11-0</b> <b>Hearing no objection, declares the motion CARRIED.</b> <b>REP. KRUSE will lead discussion on the floor.</b>
039	Chair Krummel	Closes the work session on HB 2906 and opens public hearing on HJR 43.
<b><u>HJR 43 PUBLIC HEARING</u></b> 043	Rep. Bill Morrisette	House - District 42. Testifies in support of HJR 43. Submits and refers to written testimony ( <b>EXHIBIT A</b> ). States his intentions for the bill is to hold state agencies more accountable in an effort to reform state budgeting by measuring the effectiveness of

088	Rep. Hill	agency spending. Comments that he currently sits on the Ways and Means committee and is frustrated on how the budget is put together using current service levels.
113	Rep. Morrisette	Responds that Senator Yih also sits on the Ways and Means and has also expressed those concerns. States he would like to see a pilot project based on a program used in Florida ( <b>EXHIBIT B</b> ). Comments these would be a good source for some benchmarks.
153	Rep. Kruse	Asks what level of accountability are they trying to achieve.
176	Rep. Morrisette	Responds agency activities should not be put down as goals. Refers to page 11 of PB2 handout.
195	Rep. Kruse	Expresses concerns over funding methods.
211	Rep. Morrisette	Comments that by identifying unit costs agencies would be able to justify an increase in their budget.
241	Rep. Kruse	Expresses some concern over tracking dollars for an agency such as Social Services.
253	Rep. Morrisette	Responds that unit based budgeting is more applicable to some departments than others, but still believes the unit cost strategy could be implemented.
293	Rep. Hill	Comments that we shouldn't lose sight of the detailed pieces of the budget to justify the components. States performance based budgeting versus program and administration budgeting might be more difficult to keep in check.
350	Rep. Morrisette	Suggests setting up a pilot project of 3 agencies and details the model.
380	Rep. March	Compares performance based budgeting to zero based budgeting.
399	Rep. Morrisette	States there must be a measurement for performance based outcomes.
425	Rep. Wirth	Asks why he chose a pilot program over a task force and could these two be combined.
441	Rep. Morrisette	Responds a task force could be done but prefers the pilot program. Says he feels it would be a simpler process with the right agencies.

**TAPE 56, A**

047	Mary Botkin	Comments she doesn't have any real feeling for this bill. Agrees that a pilot program would be a good idea but how do you choose which agency. Expresses concern over how to measure human services.
093	Rep. Hill	Asks if a zero-based approach would be a better tool.
113	Botkin	States she is aware of the limits of the legislature. This bill embodies some of the frustration of how to get to the truth of budgeting.
149	Rep. Tomei	Asks if Oregon Department of Transportation (ODOT) would be a good agency for a pilot program.
157	Botkin	States a program has already been done with ODOT.
159	Chair Krummel	Concurs with Mary Botkin. States that bill is now in statute
161	Botkin	Comments Ralph Groaner worked on the bill.
166	Rep. March	Offers suggestions for measures of performance outcomes for the Department of Corrections. Asks if based on her knowledge would it be possible to sit down and work on some possible solutions for holding the agencies accountable for their outcome.
183	Botkin	Responds yes if it could be done in a cooperative manner where no one feels victimized by a performance base, but rather to feel

189 Chair Krummel they are being partnered with to find better ways to operate their agencies and still be held accountable.  
Closes the public hearing on HJR 43. Comments that he has personally worked with performance based budgeting in a public agency and found it very successful. Says he feels it could be done at a state level.

227 Chair Krummel Opens public hearing on HB 3890 and HJR 43.

**HB 3890 and HJR 60 PUBLIC HEARING**

237 Wingard States HJR 60 creates joint interim committee to study and make recommendations about privatization of state services. States HB 3890 establishes Zero-based Budgeting Task Force.

240 Rep. Donna Nelson House District – 29. Submits and reads from written testimony **(EXHIBIT C)** and **(EXHIBIT D)**. Testifies in support of HB 3890 and HJR 60. Comments that these two bills will combine into

HJR 60 -1.

**TAPE 55, B**

017 Rep. March Asks the reasoning behind combining the two different ideas.  
024 Rep. Nelson Comments the purpose for combining the two is for cost efficiency. States the information that is obtained through the Zero-Based Budgeting Task Force could be used to compare potential provisioning of private service.

028 Rep. March Asks if DAS could use the same information gained from Zero-Based Budgeting to decide if it is more efficient to contract out services versus government provided services.

033 Rep. Tomei Asks for clarification on the proposed Task Force.  
040 Rep. Nelson Responds the first Task Force would be responsible for studying and analyze with an agency the concept of Zero-Based Budgeting and accumulating information. States the second Task Force would then take the same information and evaluate private enterprise that may or may not offer the same service.

056 Rep. Tomei Asks why industrial engineers were suggested for the first Task Force.

059 Rep. Nelson Says private industry has a proven system that works for efficiency in efforts and greatly encompasses the work done at the state government level. Comments this skill would be a good contribution to the Task Force.

060 Rep. Wirth Expresses concern on combining the two Task Forces.

067 Rep. Nelson Comments that they would be combined for efficiency.

071 Rep. Wirth Asks what efficiencies would be found if there are still two Task Forces.

084 Rep. Nelson States the primary savings would be in the time that has been utilized by the first Task Force for the collection of information to be analyzed by the second Task Force.

086 Rep. March Suggests adding a Certified Management Auditor and a Certified Internal Auditor to the Task Force. Says both of these are good with management and internal programs particularly related to government.

090 Rep. Nelson Welcomes the suggestion and will consider the idea.

097 Botkin Comments she would like some clarification on Zero-Based Budgeting. Speaks out in support of the human effort but opposes privatization.

140 Chair Krummel Asks if there are services that would be better served by the

145	Botkin	private sector. Responds that they are open to discussion but feels that the public sector cannot do a better job. Gives example of privatization and DEQ.
162	Chair Krummel	States in regards to privatization “If we ask the questions we can’t be afraid of the answers”.
168	Botkin	Responds they would be involved in that process.
186	Chair Krummel	Closes the public hearing on HB 3890 and HJR 60 and reopens the work session on HB 2906.

**HB 2906 REOPENS WORK SESSION**

195	Chair Krummel	<b>MOTION: Requests unanimous consent that the rules be SUSPENDED to allow REP. BECK, REP. KAFOURY, REP. TOMEI to BE RECORDED as voting AYE on HB 2906.</b>
200	Chair Krummel	Closes the work session on HB 2906 and opens a public hearing on HR 5.

**HR 5 PUBLIC HEARING**

203	Wingard	States HR 5 is a memoriam for Robert D. (Bob) Bigelow, Publisher of the Lake Oswego Review and West Linn Tidings.
208	Chair Krummel	States Mr. Bigelow was a big supporter of local and state government and a very active community member.
218	Rep. Devlin	Comments that some may not have known Mr. Bigelow personally but have known someone in their community like him. States he worked tirelessly to provide the civic infrastructure to make the community a better place. Gives an overview of Mr. Bigelow’s accomplishments and generosity.
250	Chair Krummel	Closes the public hearing on HR 5 and opens a work session on HR 5.

**HR 5 WORK SESSION**

252	Rep. P. Smith	<b>MOTION: Moves HR 5 be sent to the floor with a DO PASS recommendation.</b>
	Chair Krummel	<b>VOTE: 11-0</b> <b>Hearing no objection, declares the motion CARRIED. REP. DEVLIN AND REP. KRUMMEL will lead discussion on the floor.</b>
289	Chair Krummel	Closes public hearing, and adjourns at 10:00 am.

Submitted By,                      Reviewed By,

Pamela Johansen Committee Assistant	Matt Wingard, Committee Administrator
----------------------------------------	------------------------------------------

**EXHIBIT SUMMARY**

- A – HJR 43, written testimony, Rep. Bill Morrisette, 2 pp.**
- B – HJR 43, Oppaga Status Report, Rep. Bill Morrisette, 16 pp.**
- C – HB 3890, written testimony, Rep. Donna Nelson, 3 pp.**
- D – HJR 60-1 proposed amendments, Staff, 2 pp.**
- E – HB 3890 and HJR 60, written testimony, Randy Hilderbrand, 1 p.**

**F – HR 5, newspaper articles, Rep. Richard Devlin, 2 pp.**