STATE OF OKLAHOMA

1st Session of the 47th Legislature (1999)

2ND CONFERENCE COMMITTEE SUBSTITUTE
FOR ENGROSSED
HOUSE BILL NO. 1622 By: Askins, Bryant, Sullivan (John) and Davis of the House

and

Hobson of the Senate

2ND CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to public finance; creating the Oklahoma Program Performance Budgeting and Accountability Act; requiring agencies to comply with certain requirement; requiring collection of data; providing for implementation; defining terms; requiring strategic plans; prescribing procedures for preparation of plans; prescribing content of plans; requiring statement of reasons for certain omitted items; prescribing timing for filing of plans; requiring transmittal of plan to certain persons; defining term; requiring approval of forms; requiring determination of acceptable performance measures; authorizing training or other services; authorizing hearings; authorizing long-range strategic plan; providing for transmittal of plan to certain persons; providing for certain evaluation of certain conformity to strategic plan by State Auditor and Inspector; authorizing additional oversight activities; requiring schedule of program evaluation and performance review; prescribing procedures; authorizing request for certain evaluations; authorizing request for assistance; prescribing requirements with respect to program evaluation; providing for submission of reports; amending Section 4, Chapter 279, O.S.L. 1994, as amended by Section 4, Chapter 292, O.S.L. 1995 (62 O.S. Supp. 1998, Section 41.47), which relates to the Joint Legislative Committee on Budget and Program Oversight; providing for examination and analysis; modifying duties; repealing Section 1, Chapter 279, O.S.L. 1994, as amended by Section 2, Chapter 292, O.S.L. 1995 (62 O.S. Supp. 1998, Section 41.44), which relates to certain initiative; repealing Section 29, Chapter 346, O.S.L. 1995 (62 O.S. Supp. 1998, Section 41.13b), which relates to procedures governing certain federal funds; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 45.1 of Title 62, unless there is created a duplication in numbering, reads as follows:

Sections 1 through 10 of the act shall be known and may be cited as the "Oklahoma Program Performance Budgeting and Accountability Act". All state agencies are to prepare and submit their budgetary systems in a program format. In addition, all state agencies are to collect and identify data to measure performance of their programs.

Implementation of this act shall be designed to better prioritize state funding needs, reduce program duplication, enhance budgeting information necessary to improve the efficiency of state operations and improve state services to the public.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 45.2 of Title 62, unless there is created a duplication in numbering, reads as follows:

In this act, "state agency" means a department, board, commission, or other entity of state government within the Executive Department of the State of Oklahoma, including institutions of higher education, that:

1. Was created by the Constitution or a state statute with an ongoing mission and responsibilities;

2. Is not the Office of the Governor or Lieutenant Governor; and

3. Is not a committee created under state law whose primary function is to advise an agency.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 45.3 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Each state agency shall make a strategic plan for its operations. The first strategic plans will be due October 1, 2001, and in each subsequent even-numbered year. Each state agency plan

shall cover five (5) fiscal years beginning with the next odd-numbered fiscal year.

B. The Office of State Finance shall determine the elements required to be included in each agency's strategic plan. Unless modified by the Office of State Finance, and except as provided by subsection C of this section, a plan must include, but is not limited to, the following items:

1. A statement of the mission and goals of the state agency;

2. A description of the indicators developed under this act and used to measure the output and outcome of the agency and its programs;

3. Identification of the groups of people served by the agency, including those having service priorities, or other service measures established by law, and estimates of changes in those groups expected during the term of the plan;

4. An analysis of the use of the agency's resources to meet the agency's needs, including future needs, and an estimate of additional resources that may be necessary to meet future needs;

5. An analysis of expected changes in the services provided by the agency because of changes in state or federal law;

6. A description of the means and strategies, including cost-containment strategies and efficiency proposals, for meeting the agency's needs, including future needs, and achieving the goals for each area of state government for which the agency provides services;

7. A summary of the capital improvement needs of the agency which were provided to the Long-Range Capital Planning Commission as required by Section 901 of Title 62 of the Oklahoma Statutes; and

8. Other information that may be required.

C. A state agency's plan that does not include an item described by subsection B of this section must include the reason the item does not apply to the agency.

D. Each state agency's plan shall be submitted at the same time as the estimate of funds needed developed pursuant to Section 41.29 of Title 62 of the Oklahoma Statutes.

E. A state agency shall send one copy of the plan each to:

1. The Governor;

2. The President Pro Tempore of the State Senate;

3. The Speaker of the House of Representatives;

4. The Chair and Vice Chair of the Joint Legislative Committee on Budget and Program Oversight;

5. The Chair and Vice Chair of the Joint Committee on Accountability in Government;

6. The Director of the Office of State Finance; and

7. The State Auditor and Inspector.

E. In this section, "capital improvement" means any building or infrastructure project that will be owned by the state and built with direct appropriations or with the proceeds of state-issued bonds or paid from revenue sources other than general revenue at a cost of at least Twenty-five Thousand Dollars ($25,000.00) and has a useful life of at least five (5) years.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 45.4 of Title 62, unless there is created a duplication in numbering, reads as follows:

The official forms which must be used in making those plans shall be approved or furnished by the Director of State Finance.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 45.5 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The Office of State Finance and the Joint Legislative Committee on Budget and Program Oversight shall work with each state agency to determine acceptable measures of output, outcome, unit cost, and cost-effectiveness for use in the agency's plan.

B. The Office of Personnel Management is authorized to provide training or other services to state agencies pursuant to this act.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 45.6 of Title 62, unless there is created a duplication in numbering, reads as follows:

The Office of State Finance, the Joint Legislative Committee on Budget and Program Oversight, or the Joint Committee on Accountability in Government, jointly or separately, may hold hearings on any matter required by this act.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 45.7 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The Governor and the State Legislature may compile a long-range strategic plan for state government using the state agency plans issued under this act.

B. The long-range strategic state plan shall be sent to the Governor, Lieutenant Governor, State Auditor and Inspector, and each member of the Legislature not later than when the Governor delivers the annual message on the condition of the state pursuant to Section 9 of Article VI of the Constitution of the State of Oklahoma.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 45.8 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The State Auditor and Inspector when in the conduct of a performance audit of a state agency shall consider in the evaluation of an agency the extent to which the agency conforms to the agency's strategic plan.

B. The Joint Committee on Accountability in Government pursuant to its procedures may conduct a performance investigation of a state agency to consider to what extent an agency has improved performance.

C. The activities of the Joint Committee shall not preclude other oversight activities by other legislative entities.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 45.9 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The Joint Legislative Committee on Budget and Program Oversight shall annually establish a schedule of program evaluation and performance review for state agencies. In establishing this schedule the Joint Legislative Committee on Budget and Program Oversight shall take into consideration the work plan of studies, program evaluations and other related performance reviews developed by the Joint Committee on Accountability in Government. Where appropriate, the Joint Legislative Committee on Budget and Program Oversight shall coordinate its schedule with related work plan items of the Joint Accountability in Government Committee.

The Joint Legislative Committee on Budget and Program Oversight may request the Joint Committee on Accountability in Government to include additional evaluations or reviews to their schedule or expand any scheduled evaluation or review to include issues of interest to the Joint Legislative Committee on Budget and Program Oversight.

The Joint Legislative Committee on Budget and Program Oversight may request any assistance necessary from the Office of the State Auditor and Inspector in regard to program evaluations or performance reviews scheduled by the Committee.

B. The program evaluation and justification review shall be conducted on major programs, but may include other programs. The review shall be comprehensive in its scope but, at a minimum, must be conducted in such a manner as to specifically determine the following, and to consider and determine what changes, if any, are needed with respect thereto:

1. The specific purpose of each program, as well as the specific public benefit derived therefrom;

2. The progress toward achieving the outputs and outcomes associated with each program;

3. An explanation of circumstances contributing to the state agency's ability to achieve, not achieve, or exceed its projected outputs and outcomes associated with each program;

4. The identifiable cost of each program;

5. Alternate courses of action that would result in administration of the same program in a more efficient or effective manner. The courses of action to be considered must include, but are not limited to:

a. whether the program could be organized in a more efficient and effective manner, whether the program's mission, goals, or objectives should be redefined, or, when the state agency cannot demonstrate that its efforts have had a positive effect, whether the program should be reduced in size or eliminated,

b. whether the program could be administered more efficiently or effectively to avoid duplication of activities and ensure that activities are adequately coordinated,

c. whether the program could be performed more efficiently or more effectively by another unit of government, including political subdivisions of the state, or a private entity, or whether a program performed by a private entity could be performed more efficiently and effectively by a state agency,

d. when compared to costs, whether effectiveness warrants elimination of the program or, if the program serves a limited interest, whether it should be redesigned to require users to finance program costs,

e. whether the cost to administer the program exceeds license and other fee revenues paid by those being regulated, and

f. whether other changes could improve the efficiency and effectiveness of the program;

6. The consequences of discontinuing such program. If any discontinuation is recommended, such recommendation must be accompanied by a description of alternatives to implement such recommendation, including an implementation schedule for discontinuation and recommended procedures for assisting state agency employees affected by the discontinuation;

7. Determination as to public policy, which may include recommendations as to whether it would be sound public policy to continue or discontinue funding the program, either in whole or in part, in the existing manner; and

8. Whether state agency management has established control systems sufficient to ensure that performance data are maintained and supported by state agency records and accurately presented in state agency performance reports.

C. Evaluations and reviews may include consideration of programs provided by other agencies which are integrally related to the programs administered by the state agency.

D. Reports issued upon the completion of any performance evaluations and program reviews by the Joint Legislative Committee on Budget and Program Oversight shall be submitted to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the State Senate. All reports issued shall be available to the public once they have been submitted to the parties listed in this section.

SECTION 10. AMENDATORY Section 4, Chapter 279, O.S.L. 1994, as amended by Section 4, Chapter 292, O.S.L. 1995 (62 O.S. Supp. 1998, Section 41.47), is amended to read as follows:

Section 41.47 A. There is hereby established the Joint Legislative Committee on Budget and Program Oversight. The purposes of this committee shall include oversight of the implementation of a system of program budgeting for state agencies. Where appropriate, the Joint Committee shall also develop a process to link expenditures for program categories to corresponding program outcome measures.

B. The Joint Committee's duties shall also include:

1. Development of agency budget request forms and instructions in conjunction with the Office of State Finance;

2. Directing studies to aid in the development of legislative and procedural changes to further improve the budgetary, financial, accounting, reporting, personnel, and purchasing processes and systems of the state;

3. Direction of program evaluation and management studies;

4. Oversight and reporting on executive branch compliance with the legislative intent of appropriation measures. Such oversight and reporting duties may include:

a. agency reorganization actions,

b. executive orders calling for reduction of full-time-equivalents or hiring freezes, and

c. transfer of funds by the executive branch;

5. The development of revenue and expenditure estimates and analyses<u>; and</u>

<u>6. Conduct examination and analysis pursuant to the Oklahoma Program Performance Budgeting and Accountability Act</u>.

C. Any reference in the Oklahoma Statutes to the Joint Committee on Fiscal Operations shall be a reference to the Joint Legislative Committee on Budget and Program Oversight.

D. The Joint Committee shall be composed of the following members:

1. Seven (7) members of the Senate as appointed by the President Pro Tempore of the Senate; and

2. Thirteen (13) members of the House of Representatives as appointed by the Speaker of the House of Representatives. A majority vote of the members appointed by each appointing authority shall be required for any action.

Members of the Joint Committee shall be appointed for each Legislature at the time the Legislature convenes by the respective presiding officers of the two houses of the Legislature and shall serve for two (2) years. The Chair and Vice Chair of the Joint Committee shall rotate every two (2) years between the Senate and the House of Representatives beginning with a Senate member serving as Chair in 1995. The Joint Committee shall meet at least four (4) times per year and at other times as called by the Chair. The Joint Legislative Committee on Budget and Program Oversight shall function as a committee of the Legislature when the Legislature is in session and is not in session. Each member of the Joint Committee shall serve until a successor is appointed.

E. The Joint Committee shall be staffed jointly by the staff of the fiscal divisions of the Senate and the House of Representatives.

F. The Joint Committee may make use of all available teleconferencing technology to facilitate meetings of the Joint Committee when the Legislature is not in session. The Committee shall take any appropriate action to make such teleconferenced meetings comply with the provisions of the Oklahoma Open Meeting Act, Section 301 et seq. of Title 25 of the Oklahoma Statutes.

G. The Joint Committee shall periodically meet in different geographical regions of the state to enhance the Joint Committee's understanding of local conditions and to help educate the public as to the fiscal condition of the state.

SECTION 11. REPEALER Section 1, Chapter 279, O.S.L. 1994, as amended by Section 2, Chapter 292, O.S.L. 1995 (62 O.S. Supp. 1998, Section 41.44), is hereby repealed.

SECTION 12. REPEALER Section 29, Chapter 346, O.S.L. 1995 (62 O.S. Supp. 1998, Section 41.13b), is hereby repealed.

SECTION 13. This act shall become effective July 1, 1999.

SECTION 14. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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