

HOUSE FINANCE COMMITTEE  
February 11, 2013  
1:36 p.m.

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CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:36 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair  
Representative Bill Stoltze, Co-Chair  
Representative Mark Neuman, Vice-Chair  
Representative Bryce Edgmon  
Representative Les Gara  
Representative Lindsey Holmes  
Representative Scott Kawasaki, Alternate  
Representative Cathy Munoz  
Representative Steve Thompson  
Representative Tammie Wilson

MEMBERS ABSENT

Representative David Guttenberg  
Representative Mia Costello

ALSO PRESENT

Mike Chenault, Speaker of the House; Joshua Walton, Staff, Representative Costello; Kris Curtis, Legislative Auditor, Legislative Budget and Audit; Sharon Kelly, Staff, Speaker Chenault.

SUMMARY

HB 30 STATE AGENCY PERFORMANCE AUDITS

HB 30 was was HEARD and HELD in committee for further consideration.

#hb30

HOUSE BILL NO. 30

"An Act relating to performance reviews, audits, and termination of executive and legislative branch agencies, the University of Alaska, and the Alaska Court System; and providing for an effective date."

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Co-Chair Stoltze stated that the quorum was available

Co-Chair Stoltze stated that the subcommittee for HB 30 was chaired by Representative Costello.

Vice-Chair Neuman MOVED to ADOPT proposed committee substitute for HB 30, Work Draft 28-LS0180\Y (FIN). There being NO OBJECTION, it was so ordered.

Co-Chair Stoltze invited the Speaker to discuss the subcommittee processes.

MIKE CHENAULT, SPEAKER OF THE HOUSE, discussed the staff.

JOSHUA WALTON, STAFF, REPRESENTATIVE COSTELLO, discussed the CS and the changes made. He expressed gratitude for the subcommittee members. He stated that the subcommittee met twice and heard testimony from the speaker and analysts. The subcommittee deliberations led to the changes. The first change on page 4, lines 12 and 14, which replaced all instances of the year 2015 with 2017. Page 4, line 15 replaced 2016 with 2015. Page 4, line 16 replaced 2017 with 2016. He added that agencies were listed in chronological order. The effect of the changes led to a different order beginning with Department of Corrections in 2014 and Department of Health and Social Services in 2015, Department of Education and Early Development in 2016, Office of the Governor, Legislature and Alaska Court System in 2017. The agencies in the following years remained unchanged. The intent was to allow for early evaluation of the larger departments for use by the legislature.

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Mr. Walton discussed agency information for review teams. He began with page 5, line 14, which replaced paragraph C "are not essential" with "are not essential to the agency mission or delivery of the agency's core services. The intent was to clarify the meaning of the word "essential."

He pointed out that the changes were relocated on lines 14 and 15 of page 5 of the CS. Page 5, line 17 - 19 deleted "all material" and replace with "all information submitted to the legislature in the agency's most recent submission under Alaska statutes 37.07.050 including agency mission, results based measures, prioritization of core services and all programs within the core services from the most important to the least important." The changes were located on lines 18 - 21 of the CS. The statutory reference referred to agency's financial plans including mission statements, measures and ten-year plans. The intent of the change was to include results-based measuring within the information required from agencies for the review team.

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Mr. Walton discussed page 6, line 10 of the CS, where a new paragraph 1 was inserted stating "all material provided under Alaska statutes 44.66.020 section c, paragraph 4." The change would direct the review team to analyze the previously specified material as part of their analysis.

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Mr. Walton discussed the report generated by the review team. The first change deleted paragraph 1, page 7, line 4 "evaluate the efficiency and the effectiveness of the agency's program" and insert "evaluate the success of the agency in achieving its mission through the effective and efficient delivery of its core services, goals, programs and objectives." Insert paragraph two, "determine whether the agency's results-based measures demonstrate the effectiveness and efficiency of the agency's core services, goals, programs and objectives and recommend changes if necessary." Insert paragraph three, "determine whether the results-based measures were useful in conducting a review and recommend changes if necessary." He stated that the original bill evaluated the review team's report for program effectiveness and efficiency and the success that the agency had in meeting its mission. The changes resulted in the review team's report containing evaluation of the agency's success via program effectiveness and efficiency.

Mr. Walton pointed out page 7, lines 6 - 8: delete paragraph 4, which was replaced as part of the first 3 paragraphs. Paragraphs 1 and 2 were removed and reinserted with an additional focus on the results-based measures.

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Mr. Walton highlighted the next three changes found on page 7, line 10. Page 7, lines 17 and 23 were grammar repairs. He mentioned a change to page 7, lines 25 - 27; deleting "all material" and replacing with paragraph 13 "identify services provided by programs and functions duplicated by another government agency or private entity and recommend the most effective and efficient way to perform those services." The change was relocated to page 8, lines 1 - 3. The intent behind the amendment was to identify programs and functions, but the subcommittee prioritized services.

Mr. Walton discussed page 8, line 2, insert the words "and efficiencies" following the words "identify reductions." The CS shows the changes on paragraph 16 with the intent that efficiencies and reductions were addressed in the report. The final change renumbered the sections appropriately.

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Speaker Chenault complimented the subcommittee on their work eliminating some of the members' issues.

Co-Chair Stoltze closed public testimony. He discussed the fiscal notes.

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Representative Kawasaki asked about the contractual consultant costs detailed on the fiscal note. He wondered if LB&A could use internal staff as opposed to hiring a consultant.

KRIS CURTIS, LEGISLATIVE AUDITOR, LEGISLATIVE BUDGET AND AUDIT, explained that the amounts listed in the fiscal note compiled costs for contractual entities. She understood that the issue was discussed at length in previous years. The work included performance reviews as opposed to audits. She mentioned that the contractual consultants had expertise that the division did not have on staff. She stated that the experts would have knowledge of other states' processes.

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Representative Kawasaki commented that the performance reviews might be valuable in the future and in-house employees might be available for future work.

Co-Chair Stoltze asked if a person doing a performance review in one agency would employ the same expertise for another agency's review. Was the skill transferable?

Ms. Curtis did not know. She clarified that support positions would be added at LB&A to serve the consultants. The support team would allow the transfer of expertise from the contracted consultants following the review.

Representative Munoz stated that two people hired first with a third person hired later. She asked if the new employees would work for LB&A.

Ms. Curtis affirmed that the employees would work for LB&A. The employees would not function as auditors. The employees will procure the consultants, draft contracts, monitor contracts and facilitating the report process. The positions will be full time and focus on performance reviews.

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Representative Munoz asked why personnel cost increases were not reflected in the fiscal note.

Ms. Curtis stated that the annual increases were not known.

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Representative Gara wondered if the reason for the proposed cuts were clear to the reader of the legislation. He asked about a requirement that the reader understand the reason for a cut.

SHARON KELLY, STAFF, SPEAKER CHENAULT, stated that an agency employee would seek out the information regarding reasons for the cuts.

Representative Gara agreed with Ms. Kelly, but recommended amending the bill to clarify the issue.

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HB 30 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 2:01 p.m.