

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

March 1, 2022

11:33 a.m.

MEMBERS PRESENT

Representative Ivy Spohnholz, Chair
Representative Andy Josephson
Representative Calvin Schrage
Representative Andi Story
Representative Mike Prax

MEMBERS ABSENT

Representative Adam Wool, Vice Chair
Representative David Eastman

COMMITTEE CALENDAR

PRESENTATION(S): NEW YORK STATE SPENDING AND GOVERNMENT
EFFICIENCY COMMISSION

- HEARD

HOUSE BILL NO. 223

"An Act relating to the curriculum improvement and best practices fund; relating to the fuel emergency fund and fuel emergency grants; relating to the Railbelt energy fund; relating to the Alaska affordable energy fund; relating to the special Alaska Historical Commission receipts account; relating to the rural electrification revolving loan fund and loans from the fund; relating to the Southeast energy fund and grants from the fund; and relating to the Exxon Valdez oil spill unincorporated rural community grant fund and grants from the fund."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 223

SHORT TITLE: REPEALING FUNDS, ACCOUNTS, AND PROGRAMS

SPONSOR(S): REPRESENTATIVE(S) KAUFMAN

01/18/22	(H)	PREFILE RELEASED 1/7/22
01/18/22	(H)	READ THE FIRST TIME - REFERRALS
01/18/22	(H)	W&M, FIN

02/24/22 (H) W&M AT 11:30 AM DAVIS 106
02/24/22 (H) Heard & Held
02/24/22 (H) MINUTE (W&M)
03/01/22 (H) W&M AT 11:30 AM DAVIS 106

WITNESS REGISTER

PAUL FRANCIS, Senior Advisor to the Commissioner
New York State Department of Health
(No address provided)

POSITION STATEMENT: Provided a PowerPoint, entitled "Discussion of the New York SAGE Commission Report," during the New York State Spending and Government Efficiency Commission presentation.

ACTION NARRATIVE

[11:32:53 AM](#)

CHAIR IVY SPOHNHOLZ called the House Special Committee on Ways and Means meeting to order at 11:33 a.m. Representatives Josephson, Schrage, Story, Prax, and Spohnholz were present at the call to order.

PRESENTATION(S): New York State Spending and Government Efficiency Commission

[11:33:55 AM](#)

CHAIR SPOHNHOLZ announced that the first order of business would be a presentation on the New York State Spending and Government Efficiency Commission.

[11:34:26 AM](#)

PAUL FRANCIS, Senior Advisor to the Commissioner, New York State Department of Health, stated that he is testifying in a personal capacity, not on behalf of Governor Hochul. He began a PowerPoint presentation, titled "Discussion of the New York SAGE Commission Report" [hard copy included in the committee packet]. He noted the commission convened from 2011 to 2013. This commission focused on state government operations as opposed to programs funded by the state government. The SAGE commission consisted of members of the legislature, local elected officials, representatives of organized labor, and business leaders. The mission of the SAGE Commission charter was to "modernize and right-size government to make it more efficient,

effective, and accountable." It included four missions: reorganize state government; reduce costs; improve services; build a culture of performance and accountability; and focus on core mission and implementation.

[11:38:48 AM](#)

MR. FRANCIS said that reorganizing the government involved consolidating and merging agencies and authorities while integrating agencies with a clear chain of command. There were issues with merging certain agencies with differing labor unions, for example the New York Department of Transportation and the Thruway Authority. It was important to merge horizontal functions across the state, like procurement and real estate, which created less bureaucratic resistance to change. Horizontal consolidation was more successful in consolidating the state's "footprint" and helped to shrink the facilities and workforce needed. However, a tradeoff was employment security. The centralization of Information Technology (IT) helped to avoid redundancy and achieve economies of scale. Common data centers and cloud hosting helped to increase efficiency at IT. Significant progress was made in digital delivery of government services, such as functions at the New York Department of Motor Vehicles, grant applications, and business licenses. Efforts to reduce costs and improve services involved modernizing the workforce through ongoing replacement of civil service workers with contracted services including those from the non-profit sector.

[11:55:06 AM](#)

MR. FRANCIS noted that unlike the private sector, the New York State government lacked an incentive system to reward employees for better performance. Improvements in performance management metrics involved finding a balance between governmental transparency and strategic metrics. There was reluctance among political leaders to be specific about targets for metrics such as crime rates. There was also resistance from state agencies about measuring performance because employees don't always have full control over whether goals can be achieved or not. Mr. Francis urged the committee to create a similar commission to the SAGE commission by creating a team with an unbiased view and identifying options for improving efficiency and effectiveness.

[11:58:49 AM](#)

MR. FRANCIS, in response to committee questions, emphasized the benefits of horizontal consolidations over merging vertical state agencies. Fiscal austerity forced innovation for systemic changes recommended by the SAGE commission. He detailed the timeline for implementation which took 12-18 months to develop recommendations and 4-5 months to develop a final report from SAGE. Mr. Francis looked to Maryland, Washington, and New York City governments for performance management system recommendations. He also recommended that performance measurement should capture the whole chain from input to outcome.

MR. FRANCIS, in response to a question about tradeoffs for efficiency versus employment security, mentioned in example that one area of state government has been moved 75 percent into the private or nonprofit sector, which saves the state money; the only reason that the other 25 percent hasn't been moved out of government is for the employment security of those workers. The state offers more financial benefits to its employees than the private sector and "the governor politely believes that that is how he would like all workers to be treated, but for competitive reasons, can't impose it on the private sector, but it is willing to impose it on itself."

HB 223-REPEALING FUNDS, ACCOUNTS, AND PROGRAMS

[12:16:25 PM](#)

CHAIR SPOHNHOLZ announced that the final order of business would be HOUSE BILL NO. 223, "An Act relating to the curriculum improvement and best practices fund; relating to the fuel emergency fund and fuel emergency grants; relating to the Railbelt energy fund; relating to the Alaska affordable energy fund; relating to the special Alaska Historical Commission receipts account; relating to the rural electrification revolving loan fund and loans from the fund; relating to the Southeast energy fund and grants from the fund; and relating to the Exxon Valdez oil spill unincorporated rural community grant fund and grants from the fund."

[12:16:49 PM](#)

CHAIR SPOHNHOLZ opened public testimony on HB 223. After ascertaining that no one wished to testify, she closed public testimony.

[12:17:09 PM](#)

CHAIR SPOHNHOLZ announced that HB 223 was held over.

[12:17:48 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Ways and Means meeting was adjourned at 12:17 p.m.