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Bill Analysis
Legislative Service Commission

H.B. 186

126th General Assembly
(As Introduced)

Reps. Buehrer, Seaver, Hood

BILL SUMMARY

- Requires the Office of Budget and Management (OBM) to review all services performed, and goods provided, by the state that are of a commercial nature and to issue a report identifying which of those services and goods may be opened to competition by private enterprise and recommending the manner in which they may be opened to that competition; and, by July 1, 2006, to open 5% of those identified services and goods to that competition.
- Requires OBM to develop a proposal for approval by the General Assembly for a program to provide incentives to public employees and state agencies to identify services performed and goods provided by the state that may be opened to competition by private enterprise and for implementing programs to open those services and goods to that competition.
- Requires OBM to review the delivery structure of all administrative support services within state government for the purpose of determining the efficiency of the provision of those services, and to issue a report making recommendations for their consolidation, reformation, and restructuring.
- Requires OBM to develop and to submit to the General Assembly a rating system for evaluating the effectiveness of all state programs.
- Requires the Governor, in submitting the proposed operating budget for the 2008-2009 biennium to the General Assembly, to include with it a catalog indicating the rating received by each state program, if the rating system developed by OBM is implemented.

- Creates the Asset and Enterprise Review Committee, the purposes of which are to inventory and appraise all assets and enterprises of the state, review those assets and enterprises to determine which of them may be sold, leased, or otherwise removed from state ownership or operation, make recommendations regarding the process and time frame for the disposal of such assets and enterprises, and make recommendations regarding the manner in which any cost savings realized from that disposal must be dispersed.
- Requires the Asset and Enterprise Review Committee to prepare its inventory, appraisal, and recommendations not later than December 31, 2005, and to file a written copy of them with the Governor, the Speaker of the House of Representatives, and the President of the Senate.
- Earmarks an appropriation for OBM to conduct duties required under the bill.

CONTENT AND OPERATION

Review of services performed and goods provided by the state that are of a commercial nature

(Section 1)

The bill requires the Office of Budget and Management (OBM) to review all services performed by the state (including services performed by public colleges and universities) and all goods provided by the state that are of a "commercial nature," and to issue a report (1) identifying which of those services and goods may be opened to competition by private enterprise and (2) recommending the manner in which those services and goods may be opened to that competition.¹ OBM must issue the report to the Governor, Speaker of the House of Representatives, and President of the Senate not later than December 31, 2005. By July 1, 2006, OBM must implement a program to open to competition by private enterprise at least 5% of the services performed, and of the goods provided, by the state which are identified in the report.

¹ *"Commercial nature" means that the performing of services or the providing of goods involves services or goods that normally can be obtained from a private enterprise. "Private enterprise" means an individual, partnership, joint venture, corporation, limited liability company, association, or other legal entity in the private sector that engages in the manufacturing, processing, sale, offering for sale, rental, leasing, delivery, dispensing, distributing, or advertising of services or goods for profit.*

OBM also must develop a proposal for approval by the General Assembly for a program to provide incentives to public employees and state agencies to identify services performed, and goods provided, by the state that may be opened to competition by private enterprise and for implementing programs to open those services and goods to that competition. Incentives provided in the proposal may include, but are not limited to, cash payments to employees and state agencies retaining a percentage of any budgetary savings realized through the implementation of competition with private enterprise. OBM must submit the proposal to the General Assembly not later than March 31, 2006.

The delivery structure of all administrative support services within state government

(Section 2)

The bill further requires OBM to review the delivery structure of all administrative support services within state government for the purpose of determining the efficiency of the provision of those services. The review must include, but is not limited to, each of the following categories of administrative support services: fiscal management and oversight, human resources, purchasing, printing, fleet management, and contracting.

For each category of administrative support services, the review must include or discuss an accounting of all personnel engaged in the service, consideration of the responsibility and role of the service, a determination of the existence of duplicative equipment and systems, the appropriate level of oversight of the service, the role of OBM and the Department of Administrative Services in providing oversight of the service, operational efficiencies, and the cost of providing the service. OBM must issue a report to the General Assembly, not later than January 31, 2006, making recommendations for the consolidation, reformation, and restructuring of the services and identifying any changes that must be made to codified or uncodified law to implement those recommendations.

Rating the effectiveness of state programs

(Section 3)

The bill requires OBM to develop a rating system for evaluating the effectiveness of all state programs. The rating system may consider the cost of a program, the accountability of spending under the program, the appropriateness of state government performing the services it offers, the program's impact, and whether the program is meeting its stated goals, if any. OBM must submit the rating system to the General Assembly for its approval or rejection not later than May 1, 2006. If, within 60 days after it is submitted, the General Assembly fails

to prohibit the rating system from taking effect the system is deemed to be approved, and OBM must implement it. If the rating system is implemented, the Governor, in submitting the proposed operating budget for the 2008-2009 biennium, must include with that budget a catalog indicating the rating received by each state program.

The Asset and Enterprise Review Committee

(Section 4)

The bill creates the Asset and Enterprise Review Committee, the purposes of which are to inventory and appraise all assets and enterprises of the state, review those assets and enterprises to determine which of them may be sold, leased, or otherwise removed from state ownership or operation, make recommendations regarding the process and time frame for the disposal of such assets and enterprises, and make recommendations regarding the manner in which any cost savings realized from that disposal must be dispersed. In determining the manner in which the cost savings must be dispersed, the Committee must consider recommending that the agency that owns or controls the asset or enterprise being disposed of be allowed to retain a portion of the savings realized through that disposal.

The Committee must consist of 13 members:

- The Director of Administrative Services or the Director's designee;
- The Director of Budget and Management or the Director's designee;
- Two members of the Governor's administration, to be appointed by the Governor;
- Three members of the House of Representatives, to be appointed by the Speaker of the House of Representatives;
- Three members of the Senate, to be appointed by the President of the Senate;
- One member of the private sector, to be appointed by the Governor;
- One member of the private sector, to be appointed by the Speaker;
- One member of the private sector, to be appointed by the President of the Senate.

Members must be appointed within 30 days after the bill's effective date. Vacancies on the Committee must be filled in the manner provided for original appointments. Membership on the Committee does not constitute the holding of another public office or employment, and no Committee member is disqualified from holding, or forfeits, any other public office or employment because of membership on the Committee.

In appointing the legislative members of the Committee, the Speaker and the President each must designate one member as a co-chairperson of the Committee. The co-chairpersons must convene meetings of the Committee as they consider necessary to carry out its purposes. Members of the Committee receive no compensation, but must be reimbursed for necessary expenses incurred in the performance of official duties.

Not later than December 31, 2005, the Committee must prepare its inventory, appraisal, and all required recommendations and file a written copy of them with the Governor, the Speaker, and the President. When the Committee has filed its inventory, appraisal, and recommendations, it will cease to exist.

Appropriation earmark for OBM

(Sections 5, 6, and 7)

The bill amends Am. Sub. H.B. 95 (the Biennial Budget for fiscal years 2004 and 2005) to create a \$495,443 earmark to pay for OBM's duties under the bill. The amendment is to go into immediate effect when the bill becomes law.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	04-07-05	p. 377

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