

***You Can Download the Granite State Taxpayers "Responsible Government Plan" here: <http://www.granitestatetaxpayers.org/pdf/GSTBudgetPlan101015.pdf>***

***Objective:***

Granite State Taxpayers and its partners propose that the State of New Hampshire implement a plan for fundamentally changing and gaining control of spending in Concord, and instituting management, review and oversight strategies to monitor Governments performance against the plan and its ability to provide the most effective, efficient services to its citizens at the lowest cost and highest quality.

***Summary of the Purpose and Necessity of Reforming Government***

The budget and fiscal management process in the State of New Hampshire is out of control, managed by special interests and lacking in specific controls, management oversight, fiscal analysis, accountability and discipline. After years of precedent, the system is biased toward increased cost and an inability to sunset marginal and in many cases ineffectual programs. The system is biased toward finding revenue to support established programs rather than modifying programs to remain within a current or reduced cost level. This tendency toward increased spending results in the establishment of new taxes and fees that draw capital from private uses, inhibiting the development of private business and a robust economy.

This document provides recommendations on structural changes in the way the New Hampshire budget is generated, how spending and programs are managed, and how the performance of the State government is reviewed, and reauthorized by the Legislature.

The intent is to provide a structure that focuses on effective, efficient provision of necessary services to the citizen (the Customer) in the most cost effective manner that respects the resources of the taxpayer (the providers of funding). In the proposed structure, the State bureaucracy and contractors are the vendors that are responsible for organizing themselves to serve the needs of the citizen and the taxpayer. The Legislature (as well as public special interest groups and taxpayers) is provided with additional opportunities for oversight and prioritization of spending.

This proposal relies upon a series of concepts that have been applied successfully in various regimens under the general topic of Total Quality Management (TQM). In summary, successful organizations provide for the needs of the customer in a fashion that is competitive, that is, at a price that is and remains acceptable to the customer, and at a quality level that is acceptable to the customer. In the case of the State government, the Customer (the users of services) and the Taxpayer (who fund the services) is not always the same person.

Improvements to the State budgeting and spending process must deal with the practice and

incentives that apply to three areas that impact the process. These include:

- Methods and Assumptions used in Budget Generation
- Reporting Structure for Management of Spending
- Measuring Performance and Justifying Programs

This document will deal with the issues in the above areas that bias the system toward increased spending, and recommend alternatives that will bias the system toward the provision of services that are efficient and effective.

### ***Overview of the Budget Process***

The budget process begins with the generation of spending proposals by department heads and the Governor's office. In accordance with law, this new budget is required to be a "maintenance budget", defined as a budget that maintains all existing programs and services at their current levels as included in the then current budget.

Following generation of the budget proposal, it is presented to the House in the middle of February. The House has approximately 6 weeks to review the budget and then pass it to the Senate, which also has approximately 6 weeks to review it. The House and Senate budgets then go to a conference committee which has 6 weeks to resolve differences. The final version passed by both House and the Senate must be signed by the Governor before June 30.

### ***Summary of the current fiscal situation and future trend***

The budget for the current biennium includes projected spending of \$11.5 Billion. Since the current budget and state spending include one-time (non-recurring) Federal stimulus funds, the next budget will have a built-in deficit of \$600 to \$800 Million

### ***Specific Areas and Recommendations for Improvement***

#### **Budget Process with Specific Goals and Parameters – Governor & Legislature**

Establish overall State priorities; done by Governor as part of the budget process  
Legislation to enable and mandate zero-based or spending-reduced evaluations  
Process applies to individual contracts, programs, departments and State bureaucracy  
One-page management summary for each program and contract to facilitate review  
Goals/Purpose by project and department (including original goal)  
Define success in quantifiable terms (recidivism rate, jobs found, etc.)  
Define metrics and quantifiable measurements (\$ per \_\_, staffing per \_\_, etc.)  
Spending plan (cost) for the program

Milestones to evaluate the actual level of success for the program  
Sunset date – program or contract ends after 6 years unless reauthorized  
Budget spending separate from the projection of revenue  
Initial spending target limited to 95% of last biennium actual revenues  
Revenue projections done by independent revenue forecast group or commission  
Reconcile spending and revenue by adjusting spending based upon priority  
Legislation that requires public comment on any proposed tax or fee increases

#### Reporting Structure and Management of Spending - Governor

Transparent, timely reporting (web based for public, legislature, interested parties)  
State expenditures on-line in detail  
One-page management summary for each program and contract to facilitate review  
Governor manages Department Heads, budget, staff, and spending  
Department managers responsible for spending and results per measurement parameters  
Legislation so that terms of Department Heads end when the term of their appointer ends  
Legislation to allow Department Heads to be dismissed with Executive Council approval  
Executive Council meeting agenda available on-line two weeks prior to meeting  
Executive Council agenda to include copies of contracts and spending to be approved

#### Measuring Performance and Justifying Programs - Legislature

Periodic reporting by Department Heads of budget and performance against goals  
One-page management summary for each program and contract to facilitate review  
Evaluate performance and prioritize programs and practices that are most effective  
Legislature reviews and approves inclusion of programs within the next budget  
Redeploy assets (personnel, funds) for best service based upon performance to goals  
Redeploy assets from underperforming programs to more effective, efficient programs  
Opportunity for input by interested parties

#### ***Benefits of a Better Process for Management of State Programs***

Budget process with visibility to individual programs  
Additional time for Legislative review and public comment  
Transparent availability of spending and contracts  
Identification of Program goals and measurement metrics; Program priorities are clearer  
Evaluation of programs, contracts and suppliers based upon performance  
Responsibility and Authority for spending and management are clear  
Taxpayers and interested parties can evaluate the performance of government

#### ***Specific steps for a new Legislature and Executive committed to controlling spending***

Action plan for increasing public outreach, engagement and oversight, for example, through on-line viewing of State expenditures and proposed contracts, etc.  
Legislation to enable/mandate zero-based budget evaluations

Legislation for requirements for public hearing on all tax and or fee increases before being included in HB-2 or added as an amendment to another bill

Legislation to allow Department Heads to be dismissed with Executive Council approval

Legislation requiring the House and the Senate in the second year of the biennium to review and make recommendations on all programs as to their continuation based on the one page management summary. Those programs without a management summary would be automatically terminated.