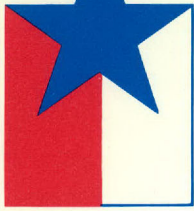


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MORE EFFICIENT GOVERNMENT
THROUGH RESEARCH

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ANALYSIS

THE EYES OF TEXAS

"Reinventing Government" has recently gained notoriety throughout the nation. Led by the Vice President, the federal administration sifted through bureaucratic rubble that has accumulated over the years. The intent was to streamline government operations by cutting red tape and eliminating duplicate and outdated programs.

It is no secret that the Texas Comptroller of Public Accounts' *Texas Performance Review* influenced the structure and procedure of the National Performance Review. At the request of the legislature, the *Texas Performance Review* has been prepared biennially since 1991 to suggest procedures to increase state government efficiency and to provide budget-cutting options.

What few people realize is that the *Performance Review* is not the only tool used in Texas to "reinvent government." Over the last 15 years, the manpower and attention directed toward legislative oversight has increased rapidly as agencies, committees and commissions take a closer look at financial, performance, and procedural practices.

WHY LEGISLATIVE OVERSIGHT?

Texas' forefathers originally structured a limited government to ensure minimal involvement in people's lives. However, as the 20th century comes to a close, either the state or federal government seems present in almost every aspect of day-to-day life. The State of Texas is responsible for regulating haircuts and telecommunications, finding "deadbeat dads" and running the lottery. Government has evolved from a provider of last resort to a fundamental dispenser of social goods and services.

About This Issue

Is the State of Texas still inefficient in spite of increasing attention to waste cutting and bureaucracy purging? This issue of *Analysis* is taken from a larger study evaluating the development and operations of legislative oversight and performance evaluation procedures. Copies of the full study are available at no charge to League supporters.

This additional responsibility has made it increasingly difficult for the part-time legislator to keep up; help was needed. Hence, various oversight tools were developed by state lawmakers to strengthen their influence, to support policy development and to seek out solutions to persistent state problems.

Factors which have driven legislative oversight are, in chronological order:

- lack of information,
- lack of confidence, and
- lack of money.

As problems arise, additional oversight evaluation cycles are built upon an already existing oversight infrastructure. Lawmakers are a classic case study of Darwinian evolution as they create new oversight appendages to compensate for political inadequacies.

The following is a summary of the three legislative motivations behind oversight and the entities each produced.

LACK OF INFORMATION

As state government expanded, lawmakers began to believe that they were losing their grasp on policy implementation. Legislators established oversight bodies to serve as conduits of information to the legislature, thereby attempting to police more effectively the administrative side of the law. Initially, the Texas Legislative Council (TLC) was created in 1949 "to study [agency] functions and problems." The Program Evaluation Section of the LBB was established in 1973 and eventually acquired TLC oversight duties.

LACK OF CONFIDENCE

The post-Watergate/Vietnam years produced numerous studies, polls, and commentaries expressing citizen discontent with a bloated bureaucracy. In addition, every two years Texas legislators would return to Austin only to discover that the 140 day session was much too short to bring the increasingly sovereign state agencies to the table for discussion--much less to work out any needed compromises. In 1977 Texas became one of 30 states which would eventually adopt "sunset" statutes intent on eliminating outdated state agencies and on increasing agency accountability.

For a closer look at specific agency tasks, Texas lawmakers have recently set a pattern of creating specialized oversight entities to monitor major state issues, state crises, or organizational restructuring. Specialized oversight committees may be divided into two different categories.

The first is the legislative board. These boards may be defined as legislative "task forces" consisting of the lieutenant governor, speaker of the house of representatives, and chairs of the house and senate committees relevant to the subject (e.g. chair of the senate Health and Human Services committee for the Legislative Health and Human Services Board). While the intentions behind legislative boards are good, a lack of subsequent legislative attention and/or direction has made them little more than an infrequent forum, rarely performing in a meaningful oversight capacity.

The Criminal Justice Policy Council (CJPC) and the Legislative Oversight Committee on Workers'

LEGISLATIVE BUDGET BOARD

Each biennium Legislative Budget Board (LBB) program analysts conduct performance audits of every agency receiving state funds. Recommendations are compiled into the *Legislative Budget Board Performance Report*. The objective of this biennial publication is two-fold: to provide information to the legislature concerning the operation of state agencies, and to assist the LBB in implementing performance-based budgeting techniques.

SUNSET ADVISORY COMMISSION

In Texas the sun sets every 12 years. The unique feature of sunset review is automatic agency termination unless explicitly reinstated through legislation. Initially, elimination of outdated agencies, such as the Pink Bollworm Commission, was a primary objective of the sunset process. But continued eradication of state agencies is sometimes difficult because of involved constituencies, and is often unwarranted due to the valuable services they provide. Therefore, sunset now concentrates on promoting government "competition"; searching out ways government services and regulation may be altered to better serve clientele (a.k.a. citizen) needs.

SPECIALIZED OVERSIGHT

Since 1983 a total of six legislative oversight entities have developed to keep a close eye on "hot topic" agencies in state government. A list of those both active and discontinued follows:

- Criminal Justice Policy Council (1983),
- Legislative Education Board (1984-1993),
- Legislative Criminal Justice Board (1989),
- Legislative Oversight Committee on Workers' Compensation (1989),
- Legislative Natural Resources Board (1991-1993), and
- Legislative Health and Human Services Board (1991).

Compensation (LOCWC) make up the second category of specialized oversight committees. Although they vary in many ways from each other, both are very easy to distinguish in operation and substance from legislative boards. The CJPC and the LOCWC keep in constant touch with the agencies under their jurisdiction, and work behind the scenes to produce policy options and in-depth information instead of the brief updates typical of the legislative boards.

LACK OF MONEY

Oversight recently has gained impetus nationally because of budgetary shortfalls. The drive to reduce expenditures and to avoid tax increases has prompted many legislatures to address the issue of efficiency in state government. To weed out the inefficiencies of government so lawmakers may fill in funding holes, oversight duties in Texas have been delegated to the State Auditor's Office, and the Comptroller's Office.

In 1991 the Texas legislature adopted the Strategic Planning and Budgeting (SPB) system which also acts as an oversight mechanism. The SPB system was developed to coordinate state appropriations with agency effectiveness. The SPB advocates claim that requiring agencies to evaluate past actions and to focus on long term planning, rather than to conduct rote calculation of estimated operational costs, will result in an increased supply of adequate information for both the agency and the legislature. Ideally this will lead to informed and responsible decision making.

The LBB, the SAO, and the Governor's Budget Office have worked together to develop this budgetary system and will continue to play a major role in supervising agency implementation and compliance.

THE IMPACT OF OVERSIGHT

The oversight expansion which has occurred during the past two decades is a result of inadequacies in existing program evaluations rather than an emulation of successful procedures. Ironically, the Texas legislature has continued to hand out oversight duties, but has failed to review the progress of those already in place.

Oversight recommendations provide valuable information in identifying a problem. However,

adding additional layers of oversight only serves to confirm the problem, not to provide a solution. The same agency problems are approached from several angles without the necessary in-depth study to discover the "root" of the problem, or what a comprehensive solution may entail.

Broad, comprehensive entities (e.g. sunset, LBB, SAO and the comptroller) focus on different aspects of the agencies, but often produce overlapping and/or similar recommendations. Legislative oversight bodies which research a specific topic have a narrow scope of review. However, they are rarely equipped with the necessary resources nor given adequate legislative attention to furnish substantial conclusions.

A major substantive factor in oversight effectiveness is simple: legislator involvement. The Texas legislature must pay close attention to the oversight duties and responsibilities they are placing

STATE AUDITOR'S OFFICE

The role of the State Auditor's Office (SAO) traditionally focused on auditing agency expenditures. In 1987, with the introduction of performance auditing, the SAO's duty was expanded to evaluate agencies' statutory compliance and to ensure that governmental services were being conducted in the most productive manner possible. These audits reached beyond the traditional fiscal focus, and into the practices and procedures of agency operation.

COMPTROLLER OF PUBLIC ACCOUNTS

In 1991 the Texas Comptroller of Public Accounts acquired the responsibility to make biennial recommendations concerning structural and fiscal changes that would aid legislators in their quest to reduce government red ink. The Texas Performance Review presents methods to cut the budget as well as to improve the Texas agency "service philosophy" through the assimilation of good ideas from around the state and nation. It then provides recommendations to put these solutions to work in Texas.

upon state agencies. Intentions to increase efficiency may prove to be counterproductive if paperwork and esoteric exercises consume the time of agency personnel. Lawmakers must interact with, and respond to, the agency evaluation process. Otherwise, legislative oversight will develop into the very thing it was meant to monitor: state operations beyond the grasp of the legislator.

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