

Minutes
LEGISLATIVE AUDIT COMMISSION
February 9, 2012

Members Present:

Representative Michael Beard	Senator James Metzen
Representative Rick Hansen	Senator Roger Reinert
Representative Mary Liz Holberg	Senator Ann H. Rest
Representative Phyllis Kahn	Senator Claire Robling
Representative Steve Simon	

Members Absent:

Representative Sondra Erickson	Senator David Hann
	Senator Mike Parry

Senator Roger Reinert, Vice Chair, called the Legislative Audit Commission meeting to order at 12:33 p.m. Senator Reinert said the purpose of the meeting was to release the evaluation, *Fiscal Notes*.

Senator Reinert introduced Jim Nobles, Legislative Auditor. Mr. Nobles gave a brief overview of the evaluation and then introduced Joel Alter, Evaluation Manager, to give more details. Mr. Alter said that the fiscal note system needs some adjustment but overall is not fundamentally broken. He said that agency-prepared fiscal notes need careful scrutiny because they sometimes have errors or questionable assumptions. He also said that improved agency-legislative communication and fiscal note transparency can help avoid or address problems with fiscal estimates. Mr. Alter added that the due dates established for fiscal notes have at times been difficult for agencies to meet. But, generally, legislative staff said fiscal notes have been prepared in time to meet key legislative milestones. The evaluation recommends that the Legislature: 1) require, with limited exceptions, completion of a fiscal note before a finance committee votes on a bill's passage; 2) classify fiscal notes as "not public" until their bills are introduced; 3) clarify in law what a fiscal note is; 4) communicate early with agencies regarding bills that are large or complex; 5) provide sufficient notice of upcoming hearings and agendas; and 6) provide orientation to legislators and their staff on the fiscal note process. The report recommends that the Minnesota Department of Management and Budget (MMB): 1) help ensure that fiscal notes have adequate explanation and transparency; 2) improve fiscal note instructions to agencies in several key areas; 3) adopt a "default" fiscal note due date longer than five days (for cases in which legislative staff do not specify a due date); 4) consider an alternative format for pension-related fiscal notes; and 5) comply with laws governing MMB's use of county aid for local impact notes.

After some discussion among the members, Representative Beard invited the representatives from MMB to address the commission with comments. Margaret Kelly, State Budget Director, thanked the OLA for their professional and thorough work on the evaluation, and she said that the report conveys the complexity of the process. She said that MMB agrees that the fiscal note process is not broken, but that there are opportunities for improvement. She noted alignment between OLA recommendations and the recommendations made by MMB to the Department of Human Services in a 2011 report. She explained that MMB is currently implementing several of the recommendations: revising the fiscal note manual and training that is provided to agencies and fiscal note staff, improving coordination of multi-agency fiscal notes, and increasing the default due date in the fiscal note system to eight working days for nonurgent requests. She said that some

recommendations will be difficult to implement because the computer system is old and it would need to be updated.

Representative Hansen asked for updates on upcoming reports. Mr. Nobles said it is becoming a real challenge to get all the members together for meetings. He said the upcoming *Child Protection Screening* report will be released to the House Health and Human Services Reform Committee on Tuesday, February 21. Mr. Nobles said the next report to be released will be *Helping Communities Recover from Disasters*, and the Topic Selection Subcommittee will be meeting on Monday, March 5.

With no further business, the meeting was adjourned at 1:47 p.m.

Representative Michael Beard, Chair

Shelly Watterud, Recording Secretary