**Opening Statement**

My Chair, members, my name is Patrick McCormack, and I am from House Research.

I am here with a several nonpartisan staff to provide background information about the legislative process.

***1. We Are Here to Describe. There are real limits to what nonpartisan staff can contribute to reform efforts.***

From the viewpoint of a nonpartisan staffer there is nothing wrong – or right – about the current system. We are trained not to think this way. Our role today is to describe the current system.

In today’s hearing, you might become somewhat frustrated at our very very descriptive testimony. We are about to outline past reform efforts, and then we will outline the current executive/legislative budget system, perhaps ad nauseam. Our testimony will be entirely technical in nature. Because you are the decision makers and we serve at your discretion it would not be professional on our part to advocate for any particular reform...

***2. Brief Review of 2007/2008 Reforms***

In your packet is the report of the Committee on Legislative Process Reform. This report was made in August, 2008. I am not going to walk through this in great detail. The report combined ideas from the NCSL, and from a working group of House members.

In outline form:

A. The first portion describes the committee structure and procedural reforms considered at that time.

B. The second section contains a range of possible floor procedural reforms.

C. The third section outlines conference committee reforms

D. The last section has miscellaneous reform ideas.

Included here are reforms that one legislative body can adopt. However, most of the reforms work best if the Senate and House would agree to the reform or its goal. In fact, as you will see when we discuss the budget, making the most far reaching changes to budgeting require the Governor, House, and Senate to acquiesce. Some reforms require constitutional amendments.

***3. Reforms Enacted Since 2007/2008***

There have been significant reforms adopted since the original Pelowski hearings:

* In 2007, several rules were amended to allow divisions of a committee to directly report bills to the House floor, if the bills had been sent to the division initially. Rule 6.05 was created, specifically for this purpose.
* In 2009, Rule 2.42 was adopted, giving the Rules Committee the power to establish and announce time parameters for consideration of bills on the floor.
* In 2009, Rule 6.40 was amended to allow a conference committee report to be available in electronic or printed form.
* In 2011, Rule 2.42 was stricken, removing the rule that gave the Committee on Rules and Legislative Administration the power to establish time parameters for bills on the House floor.
* In 2011, Rule 4.05, a new rule requiring floor amendments to bills with appropriations to have no increase in spending, or in a spending base. This rule is only operative when a budget resolution is not in place.
* In 2013, Rule 1.10 – language was added allowing bill introductions to be ended after a date specified by the Rules Committee, but not earlier than May 1 in any given session.
* In 2013, Rule 3.33 – A requirement that amendments be prefiled in advance of a floor session was established, and detailed proscriptions for triggering this requirement were stated.
* In 2015, Rule 3.22: A requirement is established for amendments to amendments, preventing an amendment to an amendment from raising a tax or fee, unless the underlying amendment increases the tax or fee in question – this prevents a certain kind of bridge amendment;
* In 2017, 1.15 (c) Concurrences with Senate Files must wait until 12 hours after the Speaker has announced that a message has been received from the Senate – this is waived during the final days of session.

There have also been many changes that are not due to reforms, but just due to the changing nature of technology, communications, and society.

For example:

* In 1989 there were 29 reporters listed in the Capitol Press Directory. In 2019, there were 53
* In 1989, there were 1174 lobbyists registered, in 2019 there were 1317
* In 1989, there was only the beginnings of emails, no twitter, no social media, and meeting notices were tiny placards posted on bulletin boards, in 2019 this is all electronic, trackable by the public
* State agencies have more assigned legislative liasons – many did not even have this position during the 1980s – and today legislation can be pulled up onto your desktop computer and read in real time
* During the 1980s, a daily clipping service delivered articles that were clipped from newspapers, and circulated in a paper format, late in the day. Today, the news is on your phone.

These changes, and many others, have changed the nature of law-making by changing the nature of the social milieu in which laws are made. There is more attention paid to the Capitol, in real time.

 ***4. The Budget Cycle: Constitutional Constraints on the Two Year Budget Cycle***

Today, a group of nonpartisan staff is going to outline the structure of executive-legislative budget preparation. The goal is to describe how budgets get built – both on the data level, and the procedures.

Some preliminary comments:

First, each item in the overall budget requires a specific kind of data – school enrollment, income tax collections, dozens of kinds of forecasted spending changes – the two year budget cycle rests on a structure of data collection about public programs.

This complex data driven system requires MMB to merge the spending and revenue data in a timely manner, to help the Governor create a budget, and the Legislature to enact a budget. MMB is a nationally recognized agency, they do great work each year to make the budget happen. It is not an easy job.

This huge annual and biennial task is designed to create a final decision period…. 3-6 weeks every year, where decisions must be made, to set the next annual or biennial budget. For example, in the first year of the biennium, if the February forecast happens on February 28th, then House Rules require a budget resolution 25 days later, or March 25th. This allows omnibus bills to be drafted, and completed, usually by a third deadline that wraps this completion around a break for Easter. The Speaker and Majority Leader usually have bills into conference committee sometime around May 1, each year, and this leaves a final 3-4 weeks to finish work.

The point is, creation of House targets by late March allows creation of bills by mid-April, which focuses House leadership on negotiations and decisions within the April 15 – May 20th period. 30-45 days, at most, and much of that time is also filled with other duties and decisions.

The process as currently constructed creates a tension between four values. We want budget setting to be efficient – the constitution makes the Legislature adjourn at a specified date. We want budget setting to be transparent – to empower both the people and their elected agents, both Governor and legislators. We want budget changes to be acceptable – to garner the votes and signatures necessary to be enacted. Finally, we want the budget setting to be accurate – to get the right numbers so that the budget is balanced in a real fashion.

So we want to get done efficiently. To get done transparently. To get done accurately. And to get done via democratically held votes and Gubernatorial endorsement. These four values are in constant tension.

The Minnesota Constitution creates some parameters on budget making:

* ***Flexible Sessions Amendment:*** Constitutional and statutory regulations establish what is called a “flexible biennial session.” The session is flexible because each legislature may schedule its regular session meetings as it pleases, as long as it does not exceed 120 legislative days or meet outside of the January-to-May period. The session is biennial because each legislature is allowed, though not required, to meet in both years of the biennium: when it closes the regular session in the first year, the legislature can choose to adjourn either *sine die* or to a date it specifies in the following year.
* ***Balanced budget requirement:*** The balanced budget requirement is not stated explicitly in the state constitution. Rather, it derives from the limits on borrowing contained in the constitution. The state may issue debt only for specified purposes. Borrowing money to pay for a deficit at the end of the biennium is not one of these purposes. Thus the budget must be in balance at the end of the biennium. [Minn. Const., art. XI, sec 5](https://www.revisor.mn.gov/constitution/#article_11).

These two requirements --- that the budget be balanced, and that the Legislature only meet from January through May – provide a goal and a timing structure for the biennial legislative sessions.

I am now going to step aside and let Bill Marx take over….

Later… Opening Testimony on Omnibus Bills….

**How Omnibus Bills Work**

Omnibus bills exist for several reasons. Non-budget omnibus bills – a bill regulating realty, a banking omnibus bill, data practices, liquor, etc – put all regulation on a particular topic in one place, ensuring that the Legislature’s decisions will be consistent and that statutes are not written in different ways in different bills.

Budget Omnibus bills are known in Rule as “major finance and revenue bills” and are 12 broken up into categories by Rule. The House Rule is Rule 4.03. The Senate divides budget omnibus bills into the same 12 categories under Rule 7.3

These categories could be changed – we could have 20 bills, or 5 bills. Particular accounts under each category are also negotiated each year between the House and the Senate. There is no “reason” that we structure bills this way.

Some points:

* The Constitution’s Single Subject Rule is broadly interpreted – these bills are bills to fund state government.
* Each bill has different data it needs, different relations with “their” departments, different timelines and as a result, a different and unique culture.
* Therefore, reforms can be better informed if the reformers understand each bill. Why is the HHS bill so long? Why do we go some years without a tax bill? Why is K12 data driven, and formula driven? Understanding that not all omnibus bills are the same is a starting point for budget reform.

Staff is here to briefly outline 3 of the 12 omnibus bills, as examples ---