

Legislative Performance Audit

Committee

Committee Members:
Senator John Harms, Chair
Senator Heath Mello, Vice Chair
Speaker Mike Flood
Senator Annette Dubas
Senator Lavon Heidemann
Senator Bob Krist
Senator John Wightman

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Memorandum

To: Committee Members
From: Clarence Mabin
Date: January 31, 2011
Re: Required Reports Preaudit

You asked the Performance Audit Section (Section) to conduct a pre-audit of statutorily required reports (reports). The purpose of the pre-audit was to determine potential cost savings from the repeal of reports that are no longer useful. We also considered potential cost savings if agencies issued more reports in electronic rather than printed form. The Section focused on reports designated for the Legislature.

Report Requirements

We identified 110 reports required to be provided to the Legislature.¹ Eighty-three (75%) of the reports are received by the Clerk, and 31 are received by specific committees or the Speaker or the Executive Board. Two reports are provided to each member² and three reports are available to individual legislators on request. The Legislative Fiscal Analyst is the intended recipient of two reports.³

The reports statutes vary in specificity. For example, a statute may simply state that an agency is to report annually to the Legislature on the expenditure of funds and the outcome of the expenditure. Another statute might enumerate a dozen or more elements that agencies must include in their reports. The reports themselves may vary significantly in length, ranging from a single sheet highlighting expenditures for the previous year, to documents with several hundred pages of text, numbers tables, pie charts and photographs. Most reports are created annually; others are issued on a quarterly, biennial, quadrennial, etc. basis.

Report Usefulness

We picked two measures of report usefulness: whether Committee staff found the reports they receive useful and whether many people viewed the paper copies filed with the Clerk. Committee staff responding to our inquiry did not identify any obsolete reports. Some staff said they read all the reports submitted to their committees; others indicated they valued the reports as *potential* sources of useful information. The Clerk's Office estimates that they receive only 10 to 12 requests for reports a year.

¹ We identified these requirements through a statutory search, responses from some of the standing committees, and review of the reports filed with the Clerk. We believe this approach captured most, but possibly not all, such requirements.

² The two reports are: the Paid and Incurred Losses Annual Report, issued by the Comprehensive Health and Insurance Pool Board; and the Annual Report on The Value of Present and Prospective Assets and Liabilities of Judges' Retirement Fund, issued by the Nebraska Public Employees Retirement System.

³ The total of these numbers (121) exceeds 110 because some of the reports have multiple recipients within the Legislature.

Cost Considerations

The primary costs associated with the production of reports are labor expended to create the actual documents and the printing costs. We did not attempt to assess labor costs because it would have been a time consuming task requiring contact with multiple individuals in many agencies.

We reviewed a sample of statutorily required reports filed with the Clerk to estimate printing cost. In 2009, the Department of Health and Human (DHHS) services filed 12 statutorily required reports with the Clerk, the most of any single agency. We estimate it cost about 60 cents to print each report, for a total of about \$6.60 for all 12 reports.⁴ Based on this sample, the cost for all of the 83 reports filed with the Clerk in 2009 was about \$50.00. Even if the reports in the sample do not perfectly reflect the rest of the reports, these estimates show that the costs were very low.

Some agencies file reports electronically, thereby eliminating the cost of paper copies. However, based on our estimates, the savings from electronic filing of all reports to the Legislature would be insignificant. (In addition, any move to require that all reports be filed electronically would also need to take into account whether adequate computer capacity currently exists.)

Discussion

Our analysis suggests no significant problems with agencies producing unnecessary reports for the Legislature and that the cost of reports filed with the Clerk is insubstantial, at least compared with the current budget deficit. The low number of requests to review the reports filed with the Clerk in 2009 may suggest that those interested in the reports are accessing them in other ways.

Although we believe conversion to electronic filing of Legislature reports would result in insignificant savings, those reports represent only a subset of reports designated for constitutional, code and non-code agencies and the general public. Consequently, additional savings could be found—possibly substantial savings—if all state agency reports were provided electronically. Some other states have found such savings. For example, a 2003 Florida state study found increased electronic documentation and distribution in that state resulted in a 25 percent reduction in publication costs during the past decade.

The Committee may also want to encourage:

- standing committees to periodically review the reports they receive and consider elimination of any that are no longer useful;
- agencies that believe labor costs outweigh the usefulness of any reports to discuss their concerns with the relevant standing committee staff;
- agencies to provide reports in electronic format, when appropriate, to reduce copying costs;
- a review of the two reports that are provided to each member of the Legislature to determine whether they could be filed solely with the Clerk to reduce copying costs; and
- a review of all statutorily required reports to determine if some could be eliminated or filed electronically.

⁴ The estimate is based on the costs of color and black and white copies for the proportion of each in our sample. Audit staff can provide a detailed description of the methodology upon request.