



REPRESENTATIVE STEVE THOMPSON

House Majority Leader

Serving House District 2 • Fairbanks and North Pole

List of Repealers

House Bill 121

"An Act relating to performance reviews and audits of state agencies, the University of Alaska, and the Alaska Court System; and providing for an effective date."

Sec.24.20.231(7)

(7) identify the actual reduction in state expenditures in the first fiscal year following a review under AS 44.66.040 resulting from that review and inform the Legislative Budget and Audit Committee of the amount of the reduction; and

Sec.24.20.271(2)

(2) conduct a performance review of the agencies listed in AS 44.66.020(a) and make the final review report available to the legislature not later than the first day of the regular session convening in the year after the year designated for each agency performance review in AS 44.66.020(a);

Sec.24.20.311(b)

(b) The annual report must include the actual and projected reductions in state expenditures resulting from reviews conducted under AS 44.66.040.

Sec. 44.66.020. Agency programs.

(a) Every year, the legislative audit division shall ensure that the review team conducts a performance review of the appropriate programs of the agencies listed in this subsection. Programs that are administered by more than one agency shall be reviewed with the agency that the Legislative Budget and Audit Committee designates. Reviews may be conducted before the dates set out in this subsection at the discretion of the Legislative Budget and Audit Committee. The first review shall occur in the calendar year set out after each agency's name, as follows, and subsequent reviews of each agency, or part of an agency, shall occur every 10 years:

- (1) Department of Corrections, 2014;
- (2) Department of Health and Social Services, 2015;
- (3) Department of Education and Early Development, including the foundation formula, 2016;
- (4) Office of the Governor, 2017;
- (5) agencies of the legislative branch, 2017;
- (6) Alaska Court System, 2017;

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- (7) University of Alaska, 2018;
- (8) Department of Transportation and Public Facilities, 2019;
- (9) Department of Administration, 2020;
- (10) Department of Commerce, Community, and Economic Development, 2020;
- (11) Department of Fish and Game, 2021;
- (12) Department of Environmental Conservation, 2021;
- (13) Department of Natural Resources, 2021;
- (14) Department of Revenue, 2022;
- (15) Department of Law, 2022;
- (16) Department of Public Safety, 2022;
- (17) Department of Military and Veterans Affairs, 2023;
- (18) Department of Labor and Workforce Development, 2023.

(b) Subject to appropriation, the legislative audit division shall hire individuals and contract with individuals or firms to form a review team or teams to complete the reviews under this section.

(c) In the year before the year designated as the year for review in (a) of this section, the agency shall provide to the review team, before November 1,

(1) citations to the agency's authority under the Constitution of the State of Alaska or the Alaska Statutes to administer its programs;

(2) a list of programs or elements of programs that compose at least 10 percent of the general funds in the agency's budget appropriated from the general fund that could be reduced or eliminated; the agency shall consider first those programs or elements of programs that

(A) do not serve a current need;

(B) are not authorized by the Constitution of the State of Alaska or the Alaska Statutes; or

(C) are not essential to the agency mission or delivery of the agency's core services;

(3) a list of active encumbrances and an explanation of the continuing need for any encumbrance unsatisfied more than one year after it was incurred;

(4) all information submitted to the legislature in the agency's most recent submission under AS 37.07.050, including agency mission, results-based measures, prioritization of core services, and all programs within the core services from the most important to the least important.

Sec. 44.66.040. Duties of the review team.

(a) During a review year set out in AS 44.66.020(a), the legislative audit division shall determine the scope of the performance review subject to approval by the Legislative Budget and Audit Committee, and the review team shall

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- (1) collaborate with the legislative audit division and the legislative finance division to identify any earlier audit findings or budgetary issues for the agency;
- (2) through the Legislative Budget and Audit committee or the senate or house finance committees of the state legislature, schedule public hearings in Juneau, Anchorage, Fairbanks, and other locations as determined by the committees to review agency activities and identify problems or concerns;
- (3) consult with other states and appropriate public policy organizations to establish best practices for the agency;
- (4) analyze the agency priorities reported to the legislature under AS 37.07.050(a)(13); and
- (5) evaluate the agency process for development of capital projects.
- (b) The review team shall analyze materials relevant to the performance of the agency, including
 - (1) all material provided under AS 44.66.020(c)(4);
 - (2) a 10-year growth history and a 10-year projection of agency expenses by funding source, prepared by the office of management and budget;
 - (3) organizational charts, personnel charts by location that show the number of positions and the functions of each position, and a list of transfers of personal services funding to or from other line items within the agency during the preceding 10 years, prepared by the office of management and budget;
 - (4) audit information, including a list of agency audit recommendations, prepared by the legislative audit division;
 - (5) a list of any financial issues relating to the agency's operating or capital expenditures, prepared by the legislative finance division;
 - (6) an explanation of the function and procedure for dedicated funds or any other special funds in the agency, prepared by the legislative finance division;
 - (7) a 10-year history of any budget ratifications or supplemental budget requests, prepared by the legislative finance division; and
 - (8) analysis and summary of confidential information that the review team may request, through the Legislative Budget and Audit Committee, from the legislative audit division, if necessary to complete the team's review.
- (c) Before December 16 of the review year set out in AS 44.66.020(a), the review team shall provide a confidential preliminary report to the Legislative Budget and Audit Committee.
- (d) One week before the first day of the regular session of the legislature in the year following the review year set out in AS 44.66.020(a), the review team shall provide to the chairs or cochairs of the senate and house finance committees a final report. In the report, the review team may

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- (1) evaluate the success of the agency in achieving its mission through the effective and efficient delivery of its core services, goals, programs, and objectives;
- (2) determine whether the agency's results-based measures demonstrate the effectiveness and efficiency of the agency's core services, goals, programs, and objectives and recommend changes if necessary;
- (3) determine whether the results-based measures were useful in conducting the review and recommend changes if necessary;
- (4) evaluate the appropriateness of the budget reductions proposed under AS 44.66.020(c);
- (5) determine whether the agency acted in good faith to correct problems identified in any previous audit or review;
- (6) list agency programs or actions not authorized by statute and identify other authority for those actions;
- (7) identify agency authority to collect fees, conduct inspections, enforce state law, or impose penalties;
- (8) recommend improvements to agency practices and procedures, including means to decrease regulatory burdens or restrictions without decreasing public service and safety;
- (9) identify areas in which programs and jurisdiction of agencies overlap and assess the quality of interagency cooperation in those areas;
- (10) evaluate whether the agency promptly and effectively addresses complaints;
- (11) evaluate to what extent the agency encourages and uses public participation in rulemaking and other decision making;
- (12) evaluate the agency's process for implementing technology and recommend new types or uses of technology to improve agency efficiency and effectiveness;
- (13) identify services provided by programs and functions duplicated by another government agency or private entity and recommend the most effective and efficient way to perform those services;
- (14) evaluate whether the agency priorities reported to the legislature under AS 37.07.050(a)(13) and the list of programs or elements of programs provided under AS 44.66.020(c)(2) are consistent with the results of the performance review;
- (15) identify agencies that could be terminated or consolidated, reductions in costs, and potential program or cost reductions based on policy changes;
- (16) identify reductions and efficiencies recommended as a result of a review conducted under this section;

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(17) identify the extent to which statutory, regulatory, budgetary, or other changes are necessary to enable the agency to better serve the interests of the public and to correct problems identified during the review;

(18) analyze how the review team's recommendation to terminate the agency or to terminate any program within the agency would affect federal funding or instigate federal intervention;

(19) include draft legislation to correct problems identified in the report that shall be introduced by the senate and house finance committees of the state legislature during the current legislative session;

(20) identify areas that need in-depth review in order to provide complete information to the Legislative Budget and Audit Committee for consideration in the audit process; and

(21) identify any other elements appropriate to a performance management review.

(e) The Legislative Budget and Audit Committee shall, based on the amount of the actual reduction in state expenditures reported by the legislative finance division under AS 24.20.231(7) increased by an appropriate inflationary factor to be determined by the Legislative Budget and Audit Committee, estimate the anticipated savings for the second through fifth fiscal years following the review. The Legislative Budget and Audit Committee shall include the amount of the actual reduction and the anticipated future savings in its annual report under AS 24.20.311 for the second fiscal year following the review and each of the subsequent four reports.

(f) The senate and house finance committee chairs, cochair, and subcommittees may incorporate the recommendations of a report submitted under (d) of this section into the budget for the fiscal year following the report.

Sec.44.66.070(2)

(2) "review team" means appropriate professionals hired by or under contract with the legislative audit division to complete a performance review under AS 44.66.020 – 44.66.040.

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