

HOUSE CS FOR CS FOR SENATE BILL NO. 76(FIN) am H

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 4/15/98

Offered: 4/6/98

Sponsor(s): SENATORS PARNELL, Wilken, Donley, Pearce

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to results-based government and the state budget; relating to
2 state agency program and financial plans; relating to the withholding or reduction
3 of appropriations to a state agency; and relating to state agency performance and
4 other reports."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** AS 37.07 is amended by adding new sections to read:

7 **Sec. 37.07.014. Responsibilities of the legislature.** (a) To carry out its
8 legislative power under art. II, sec. 1, Constitution of the State of Alaska, and to
9 promote results-based government, the legislature shall issue a mission statement for
10 each agency and the desired results the agency should achieve. The legislature may
11 issue a separate mission statement for a subunit of an agency. A mission statement
12 and desired results should promote the efficient, measured use of the state's resources.
13 A mission statement and desired results constitute policy under which an agency shall
14 operate, and, where appropriate, the mission statement may be implemented by statute.

(b) The legislature shall provide for a budget review function that promotes results-based government. The legislature shall adopt a method of measuring results for each agency, and measurements shall be reported semi-annually by each agency to the legislature. The reports shall be used by the legislature to evaluate whether the mission and desired results for that agency or subunit of the agency are being achieved.

(c) The legislature shall analyze the comprehensive operating and capital improvements programs and financial plans recommended by the governor.

(d) To foster results-based government, to carry out the mission statements, and to obtain desired results, the legislature shall authorize the comprehensive operating and capital improvements programs and financial plans. The legislature shall allocate the state's resources for effective and efficient delivery of public services by

(1) clearly identifying desired results;

(2) setting priorities;

(3) assigning accountability; and

(4) using methods for measuring, reporting, and evaluating results.

(e) The legislature shall

(1) provide for a post-audit function to cover financial transactions, program accomplishment, and compliance with legislative intent;

(2) adopt or revise the estimate of receipts required to balance the succeeding fiscal year's budget in order that proposed expenditures do not exceed estimated receipts for that fiscal year;

(3) adopt, revise, or initiate revenue measures in order to balance the succeeding fiscal year's budget and the capital improvements section of the budget for the succeeding six years.

(f) To help fulfill the legislature's responsibilities under this section and achieve results-based government, each agency shall

(1) allocate resources to achieve the mission and desired results established by the legislature;

(2) express desired results established by the legislature and other program results in measurable terms;

(3) measure progress towards mission statements and desired results established by the legislature and other results;

(4) promote activities consistent with mission statements and desired results established by the legislature that reduce or avoid future costs;

(5) plan for the short-term and the long-term using consistent assumptions for major demographic and other trends; and

(6) require accountability at all levels for meeting program mission statements and desired results established by the legislature.

Sec. 37.07.016. Governor's primary duty. To carry out the executive power under art. III, sec. 1 and sec. 16, Constitution of the State of Alaska, the governor shall use the mission statements and desired results issued by the legislature as a guide to implement and execute the law. The governor shall assure that each agency complies with the mission statement and achieves the desired results identified by the legislature.

* **Sec. 2.** AS 37.07.020(a) is amended to read:

(a) The governor shall prepare a budget for the succeeding fiscal year that must cover all estimated receipts, including all grants, loans, and money received from the federal government and all proposed expenditures of the state government. The budget shall be organized so that the proposed expenditures for each agency are presented separately. The budget must be accompanied by **the information required under AS 37.07.050 and by** the following separate bills: (1) an appropriation bill authorizing the operating and capital expenditures of the state's integrated comprehensive mental health program under AS 37.14.003(a); (2) an appropriation bill authorizing state operating expenditures other than those included in the state's integrated comprehensive mental health program; (3) an appropriation bill authorizing capital expenditures other than those included in the state's integrated comprehensive mental health program; and (4) a bill or bills covering recommendations, if any, in the budget for new or additional revenue. The budget for the succeeding fiscal year and each of the bills shall become public information on December 15 at which time the governor shall submit copies to the legislature and make copies available to the public. The bills, identical in content to the copies released on December 15, shall be delivered to the rules committee of each house before the fourth legislative day of the

1 next regular session for introduction.

2 * **Sec. 3.** AS 37.07.040(4) is amended to read:

3 (4) assist state agencies in their statement of goals and objectives **to**
 4 **achieve, among other things, the legislature's mission and desired results,**
 5 **preparation of plans, assessments of the extent to which missions and desired**
 6 **results have been achieved,** budget requests, and reporting of program performance;
 7 all documents forwarded by the office to a state agency containing instructions for the
 8 preparation of program plans and budget requests and the reporting of program
 9 performance are public information after the date they are forwarded;

10 * **Sec. 4.** AS 37.07.050(a) is repealed and reenacted to read:

11 (a) The agencies shall assure the development of a statewide system of results-
 12 based government designed to increase efficiency and effectiveness of state programs
 13 and services. Toward that end, each state agency shall, on a semi-annual basis,
 14 identify results-based measures that have been used to work toward achievement of the
 15 mission statement and desired results issued by the legislature and of other goals of
 16 the agency, and set out the results as measured. Each state agency shall also prepare
 17 information that shall be compiled and submitted on December 15 each year to the
 18 office, the legislature, and the legislative finance division; this information must

19 (1) identify the agency mission and desired results established by the
 20 legislature;

21 (2) identify the goals and objectives the agency will use to achieve the
 22 legislature's mission and desired results;

23 (3) set out the results of any user group surveys and, if the results do
 24 not agree with the mission and desired results, goals, and objectives, explain why;

25 (4) include written, defined methods of measuring results that apply to
 26 the responsibilities, products, and services of the agency;

27 (5) identify results-based measures that have been used to work toward
 28 achievement of the mission statement and desired results issued by the legislature and
 29 other goals of the agency, and set out the results as measured;

30 (6) identify surveys or other methods of gathering user group opinions
 31 that have been used by the agency to identify ways to improve its programs;

(7) identify methods of measuring performance when the mission statement and desired results issued by the legislature involves more than one agency and make recommendations to eliminate duplication of government functions and waste;

(8) identify ways in which the agency has involved its employees in the development of methods of measuring results, including opportunities for employee representatives to participate in committees established to develop methods of measuring results;

(9) include the budget requested to carry out the agency's proposed plans in the succeeding fiscal year, including information reflecting the expenditures during the last fiscal year, the expenditures authorized for the current fiscal year, the expenditures proposed for the succeeding fiscal year, an explanation of the services to be provided, the number of total positions for all persons employed or under contract by the agency for personal services including those rendered for capital improvement projects, the need for the services, the cost of the services, and other information requested by the office;

(10) include a report of agency receipts during the last fiscal year, an estimate of receipts during the current fiscal year, and an estimate of receipts for the succeeding fiscal year;

(11) identify legislation required to implement the proposed programs and financial plans;

(12) include an evaluation of the advantages and disadvantages of specific alternatives to existing or proposed agency activities or administrative methods.

* **Sec. 5.** AS 37.07.050 is amended by adding a new subsection to read:

(h) Each agency shall, with participation of its employees, develop methods for measuring agency results. A group or committee established by an agency to develop methods of measuring results shall include a representative of each of the bargaining units that represents employees of the agency.

* **Sec. 6.** AS 37.07.060(a) is amended to read:

(a) The governor shall formulate the operating and capital improvements

programs and financial plans required to be recommended to the legislature by AS 37.07.020 after considering the state agency proposed program and financial plans, and other programs and alternatives that the governor considers appropriate. The plans must include the governor's recommended missions [GOALS] and results [POLICIES], recommended strategies [PLANS] to implement the missions [GOALS] and results, recommended measures for determining whether the missions and desired results are achieved, including an assessment of whether prior year missions and desired results have been achieved [POLICIES], recommended operating program for the succeeding fiscal year, recommended capital improvements program for the succeeding six fiscal years, recommended programs for the upgrading of public buildings and facilities prepared in accordance with AS 35.10.015, and recommended revenue measures to support the programs.

* **Sec. 7.** AS 37.07.080(a) is amended to read:

(a) Except as limited by executive [POLICY] decisions of the governor, the mission statements and desired results issued by the legislature, appropriations by the legislature, and other provisions of law, the several state agencies have full authority for administering their program service assignments and are responsible for their proper management.

* **Sec. 8.** AS 37.07.080(c) is amended to read:

(c) The office shall

(1) review each operations plan to determine that it is consistent with the executive [POLICY] decisions of the governor, the mission statement and desired results issued by the legislature, [AND] appropriations by the legislature, and other provisions of law, that it reflects proper planning and efficient management methods, and that appropriations have been made for the legislatively established [PLANNED] purpose and will not be exhausted before the end of the fiscal year;

(2) approve the operations plan if satisfied that it meets the requirements under (1) of this subsection; otherwise, the office shall require revision of the operations plan in whole or in part.

* **Sec. 9.** AS 37.07.030, 37.07.080(g)(2), and 37.07.090 are repealed.