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## House of Representatives DISTRICT 8

### CS For Sponsor Substitute For House Bill 194 (W&M) v.R CONSENSUS ESTIMATING CONFERENCES; BUDGET Sectional Analysis

#### **Section 1**

Amends the fish and game fund (AS 16.05.110 (b)) to conform to changing the section in the executive budget act regarding budget preparation in this bill.

#### **Section 2**

Amends fiscal note requirements (AS 24.08.035) to allow the sponsor for a bill or a committee to request a special impact estimating conference to evaluate a fiscal note.

#### **Section 3**

Adds a new section to (AS 24.08.035) that allows a special impact estimating conference to evaluate fiscal notes and prepare a new fiscal note to replace any existing fiscal note for a bill.

#### **Section 4**

Adds to the duties to the Legislative Budget and Audit Committee (AS 24.20.206) to adopt a method of measuring results for state agencies and to provide the measures to the Governor's Office of Management and Budget (OMB).

#### **Section 5**

Amends the Statement of Policy for the Executive Budget Act (AS 37.07.010) to include strategic and performance plans and setting and measuring program and financial goals.

## **Section 6**

Adds to requirements for the Legislature under the Executive Budget Act (AS 37.07.014 (a)) to review the performance and financial plans approved by the governor and to organize the budget by service and program area and to include the service or program cost and the desired measurements for each.

## **Section 7**

Requires the Legislative Budget and Audit Committee (AS 37.07.014 (b)) to adopt a method of measuring results for each agency and to provide the measures it has set for each agency to the OMB by August 1st each year.

## **Section 8**

Amends requirements of the Legislature to foster results-based government (AS 37.07.014 (d)), to clearly identify service, program, and financial goals and desired results and to assign service or program measurements for agencies and to assess progress toward those goals. LB&A will assign methods for measuring, reporting, and evaluating results.

## **Section 9**

Amends the requirements of the Governor under Article III Sections 1 (Executive Power) and 16 (Executive Authority: responsibility for faithful execution of the laws) of the Constitution to approve strategic and performance plans for each state agency and use the financial goals and desired results to implement and execute the law. The Governor shall review the agency's strategic and performance plans and approve or require the Office of Management and Budget to revise them. The Governor shall ensure that each agency complies with the service and program measurements and achieves the desired results identified by the legislature.

## **Section 10**

Amends the requirements of the Governor in preparing the Governor's budget. Requires the budget be organized by program or service of each agency and include service and program cost and desired results for each. Each service and program expenditure request must include detailed unit cost and performance of the service or program expenditure.

Changes the Governor's budget submission deadline for a newly elected governor from December 15 to January 15.

## **Section 11**

Requires the Governor's budget to include projections for three succeeding fiscal years rather than ten succeeding years.

## **Section 12**

Requires the proposed expenditures in the budget not to exceed estimated revenues for the succeeding fiscal year. Operating expenditure may not exceed official estimates of recurring

revenue. This provision will allow non-recurring revenue to only be used for capital projects or for savings.

### **Section 13**

Adds a new section of the Executive Budget Act to require the Governor to submit an alternative budget plan for the next fiscal year, and projections for the next three succeeding fiscal years, based on the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast over the preceding ten years.

Requires the Governor to submit an alternate budget plan based on \$70 per barrel for Alaska North Slope crude oil.

### **Section 14**

Adds a new section of law that creates a consensus estimating process. Consensus estimating conferences are created in the legislature for economic and demographic forecasts, revenue estimates, and expenditure estimates for education, criminal justice, social services, and retirement costs.

The membership of each conference consists of principals and participants. Principals of the conference are the director of the legislative finance division or the director's designee. Participants include staff of the house and senate designated by the Speaker and President, and participants appointed by the governor.

Each conference shall develop "official information" within its area of responsibility that the conference determines, by consensus, is needed for the purpose of preparing the state budget.

Provides for the procedures of the estimating conferences, including public meetings.

Conferences develop "official information" based on current law. Following the regular session of the legislature, each conference shall convene in a final session to revise the official information of the conference to reflect changes made in law.

Adds special impact estimating conferences that can be requested by the Speaker of the House or the President of the Senate to evaluate a legislative proposal. The official information from a special impact conference will serve as a fiscal note.

### **Section 15**

Adds to the duties of the Office of Management and Budget in AS 38.07.040 shall assist the Governor in meeting the requirements of this Act in the development of performance and financial plans and coordination and analysis of state agency goals issued by the legislature.

OMB is required to submit a five-year capital improvements plan to the legislature by December 15 each year that must include estimated cost of construction and maintenance, the estimated project timeline, potential funding sources, and justification for each project.

OMB is required to provide electronic data used in building its budget to the legislature at least seven days before the legislative session.

OMB is required to submit to the legislature by December 15 each year an annually updated five-year capital improvements program, which must include the estimated cost of construction and maintenance, the estimated project timeline, potential funding sources, and justification for each project.

## **Section 16**

Adds to requirements of state agencies in AS 37.07.050 for each state agency to include in its strategic, financial, and performance plans progress made toward achievement of service, program, financial goals and desired results issued by the legislature, and to submit these plans to the legislature by December 15 each year. the results of the measures set by the legislature and achievement of program, service, and financial goals.

## **Section 17**

Adds a new section of law (AS 37.07.055) Boards and commissions shall submit a financial plan by December 15th to OMB, Legislative Finance, and the legislature.

Each plan must include the requested budget for next fiscal year, expenditures made during previous fiscal year, expenditures authorized for current fiscal year, explanation of services, need for services, and cost of services, number of total positions employed or under contract, including those for capital improvements.

Each board and commission must include a report of receipts and expenditures for the previous fiscal year, an estimate of receipts for the current fiscal year, and an estimate of receipts and expenditures for the succeeding fiscal year.

Each board and commission must identify any legislation required to implement financial plans.

Boards and commissions shall submit an annual operations plan by a date prescribed by OMB.

OMB shall review each operations plan for alignment with statewide priorities, appropriations, planning methods, and legislative authority, approve or require revision of the operations plan.

OMB shall assist in preparation of financial plan and OMB may prepare financial, or operations plans if a board or commission fails to transmit either plan by an OMB specified date. OMB shall compile and submit a summary of boards and commissions financial plans by December 15th to a governor elect.

Budget requests from boards and commissions shall include identification of objectives intended for the program and problem or need that the program is intended to address, an assessment of achievement of original objectives of the program, a statement of costs, performance, and accomplishments in each of last four fiscal years, a statement of number and types of persons affected by the program, a summary statement of the number and cost of personnel employed or under contract over the last three completed fiscal years, an assessment of the effect of the program on the economy of the state, an assessment of the how the policies meet the objective of the legislature, an analysis of services and performance estimated to be achieved over the life of

the agency, a prioritized list of the activities the board or commission would expect to perform if the life of the agency were to be continued.

Boards and commissions shall develop methods for measuring agency results.

OMB shall report quarterly to the governor and legislature on operations of the boards and commissions.

### **Section 18**

Adds to requirements for the governor's budget recommendation (AS 37.07.060) for the governor to identify three to five statewide priorities, include agency performance plans that implement the service, program, and financial goals, recommended measures for determining whether those goals have been met, and an assessment of whether prior year goals have been met.

### **Sections 19, 20**

Adds to program execution (AS 37.07.080) conforming language to include strategic plans and service, program, and financial goals to agency programs execution requirements.

### **Section 21**

Adds to programs execution to require OMB to review strategic plans to determine that the plan is consistent with the goals issued by the legislature and approve or revise those plans.

### **Section 22, 23**

Conforming language to change agency operating plans to strategic plans.

### **Section 24**

Adds a new section to this Act (AS 37.07.085) to create agency Performance Plans and Financial Plans.

Each agency shall develop annual performance and financial consistent with the strategic plan. Plans must be submitted to Legislative Finance, the Senate, and the House by December 15th of each year.

The Performance plan must include a description of the agency's program structure and any proposed changes, identification of each program, constitutional and/or statutory authority, a program purpose statement which describes the services provided, the customers served by the program, the benefit or intended outcome of the program.

Each plan must identify performance measures which contribute to progress towards the agency's strategic plan, identify goals and objectives that each performance measure corresponds, identify results for each performance measure over the past four fiscal years, and identify performance targets for each performance measure for the succeeding fiscal year.

Each plan must include revenue and expenditures for each program for the prior four fiscal years, breakdowns of revenue and expenditures for each program, estimates of revenue and expenditures for current and next fiscal year, budget requested to carry out proposed plans of the agency in succeeding fiscal year, expenditures authorized for current fiscal year, expenditures proposed for the succeeding fiscal year, number or positions employed or under contract, cost of services provided by each program, a report of receipts of agency for expenditures made during prior year, estimate for current year, and estimate for next year, identification of legislation required to implement the proposed financial plan.

OMB shall assist in preparation of financial plan and OMB may prepare financial, or operations plans if a board or commission fails to transmit either plan by an OMB specified date. OMB shall compile and submit a summary of boards and commissions financial plans by December 15th to a governor elect.

### **Section 25**

Amends Section AS 44.66.050(a): Legislative Oversight to include reference to the new requirements of boards and commissions.

### **Section 26**

Repeals AS 37.07.014 (f).

### **Section 27**

Effective date for Section 7 (LB&A to set program measures) is July 1, 2025.

### **Section 28**

Provides an effective date of July 1, 2024, for the remainder of this Act.