

ALASKA STATE LEGISLATURE

HOUSE FINANCE COMMITTEE

Rep. Neal Foster, Co-Chair
State Capitol, Room 505
Juneau, AK 99801-1185
Phone (907) 465-3789
Rep.Neal.Foster@akleg.gov



Rep. Kelly Merrick, Co-Chair
State Capitol, Room 511
Juneau, AK 99801-1185
Phone (907) 465-3777
Rep.Kelly.Merrick@akleg.gov

DATE: February 24th, 2021
TO: House Finance Members Subcommittee Chairs
FROM: Representative Neal Foster, Co-Chair
House Finance Committee
RE: FY22 Operating Budget Subcommittees

This memo provides a high-level framework for reviewing the operating budget by the House Finance Operating Budget Subcommittees. The subcommittee process is meant to increase members' understanding of the responsibilities and challenges facing the agencies and make relevant recommendations to the Fiscal Year 2022 (FY22) budget. Our goal will be ensuring that basic services are provided in an efficient and focused manner.

This year's *Legislative Fiscal Analyst's Overview of the Governor's Request* is available at <http://www.legfin.akleg.gov/Overview/Overview2022.pdf> Please begin reviewing and working with your Legislative Finance Analyst.

SUBCOMMITTEE ADMINISTRATION AND OPERATION

Subcommittees should begin meeting the week of March 1st. The first subcommittee meetings should reach the following goals:

- 1) Understand budgetary actions taken over the past 10 years and the impact to the Department.
- 2) Understand the FY21 budget along with impacts and responses from agencies throughout the COVID pandemic.
- 3) Review the FY22 Budget; including increments, decrements, and any requests related to the overall success in completing the department's mission offered in the Governor's budget.
- 4) Provide a report to the House Finance Committee on the actions and recommendations of the subcommittee.

The subcommittees will utilize the Legislative Finance Division (LFD) and various materials specific to the Departments to help subcommittee members understand the historic significance of previous Legislatures and review of the Departments. An all-inclusive approach should be applied to the subcommittees action as they make decisions on the FY22 budget.

SUBCOMMITTEE BUDGET REVIEW PROCESS & REQUIREMENT

Subcommittees are to review the numbers section of their agency budgets and discuss budget detail transactions such as increments, decrements, transfers, new positions or position changes, fund source changes, etc. It is the expectation that all subcommittees will work with the LFD Budget Analyst to ensure a comprehensive and succinct schedule is created for each Subcommittee. This will ensure the necessary budget actions are addressed as the Subcommittee moves through the process.

The main tool of the Subcommittee will be the Subcommittee Binders. Should include the following:

- 1) *Statewide Budget Items*
 - a. *Fiscal Summaries*
 - b. *Budget History Graph*
 - i. *Long Term*
 - ii. *Short Term*
 - c. *Swoop Graph (specifically reflecting the departments relation to the overall budget)*
 - d. *Approximate Fund Balances*
- 2) *Agency FY12-FY22 Look Back Graphs*
 - a. *All Funds Graph*
 - b. *GF Only Graph*
 - c. *GF Only Appropriation/Allocation Summary*
- 3) *Transaction Comparison (FY22 Adjusted Base to FY22 Governor's Amended Request)*
- 4) *Department Program Priority Matrix*
- 5) *FY22 Subcommittee Book*
- 6) *FY21 CC Book*
- 7) *Individual Subcommittee Meeting materials*

Binders and the detailed information should be made available to all subcommittee members online by the first meeting of the subcommittee. At least one physical binder with the essential material should be provided to the office of each subcommittee member. The OMB Operating Budget Details reports <https://omb.alaska.gov/fiscal-year-2022-amended-budget/> should be made available to all subcommittee members online.

During the subcommittee process members should consider:

1. The subcommittee will not add any increments that increase the budget above the Adjusted Base (Unrestricted General Funds) unless there is a corresponding decrement to offset the additional funds or a valid fund source change.
2. The Governor's FY22 Amendments should be considered as part of the overall review of each subcommittee.
3. Accepting and/or declining Interdepartmental Transfer-Ins (ATrIns) and Transfers-Outs (ATrOuts) require coordination between both subcommittees impacted, LFD, and the Operating Budget Co-chair before a decision is made.
4. Budget items not to be considered by the Subcommittee are as follows:
 - a. Governor's Supplemental Budget
 - b. Changes to the Language section of the Operating Budget
 - c. Structure changes to appropriations

- i. Structure changes is reserved for House Finance Committee. A subcommittee can recommend structure changes to a specific appropriation, but the House Finance Committee will vote and approve the change.
5. How the past year's FY21 budget changes were implemented in each Appropriation/ Results Delivery Unit (RDU), and how they impact the future budget of the department? (example: Past veto Impacts, COVID Funding, continued efficacies identified during the response to the COVID pandemic, impacts to programs and divisions from funding reductions).
6. FY22 services the department provides, what it costs, and the results Alaskans receive for their investment; along with any reductions or improvement of services expected due to budgetary actions.
7. Changes the department anticipates in the future and the sustainability of services the department provides.
8. (as applicable) Any budget actions that would require statutory changes that could change funding or decrease expenditures.
9. (as applicable) Indirect Expenditures, what are the priority statutory could increase revenue?
10. *Regarding Items 8 & 9, the subcommittee should not discuss the legislation, instead review the potential fiscal changes that would impact the department's operating budget and make recommendations to the House Finance Committee if potential legislation is required.*

SUBCOMMITTEE CLOSE-OUT

The agency budgets should be reported out of the subcommittee and subcommittees closed out no later than March 26th.

Subcommittee chairs should use the Budget Action (BA) sheets provided by Legislative Finance as part of the close-out procedures. In addition to the BA sheets and the associated reports, Chairs will also need to prepare a subcommittee narrative that highlights actions taken in subcommittee. Detailed Close-Out Memo will be provided before subcommittees close out.

MEETINGS

Subcommittees should be given the highest priority possible during the scheduled time frame for standing and special committees until the subcommittee closes out. Subcommittees are not to be scheduled during the normal House Finance Committee meeting time of 1:30 to 3:30 p.m., Monday through Friday without prior approval and notification.

CLOSING

Please feel free to contact me or my staff, Brodie Anderson at 465-4858 or Patrick Fitzgerald at 465-6841, if you have questions or suggestions.