

Alaska State Legislature

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SENATOR JAMES KAUFMAN

Sectional Analysis for SB 21 – Bill Version A

"An Act relating to the Executive Budget Act; relating to strategic plans, mission statements, performance plans, and financial plans for executive branch agencies; and providing for an effective date."

Section 1:

Revises an existing Executive Budget Act reference in AS 16.05.110(b) to the newly created AS 37.07.085, "Performance and Financial Plans", due to the reference to budget request supporting information.

Section 2:

Revises AS 37.07.010 to include reference to strategic plans, associated strategies, and the change to multiple planning periods.

Section 3:

Revisions to AS 37.07.014(a): Responsibilities of the legislature.

- Changes the role of the legislature from issuing mission statements for agencies and subunits to reviewing and analyzing mission statements and performance plans issued by the governor for each agency.
 - Some missions are set in statute and therefore the current method can still be carried out. Where not set in statute there is not a clear mechanism for the legislature to change mission statements of agencies. Providing agencies with the ability to write and communicate their mission statements will allow a higher likelihood of progress in the direction of statewide priorities.
- Removes the issuance of desired results and replaces with reference to the performance plan.

Section 4:

Revisions to AS 37.07.014(b): Responsibilities of the legislature.

- Removes language directing the legislature to adopt a method of measuring results.

- There is not a clear way of adopting these ‘methods of measuring results’ so they do not often change.
- Replaces the semi-annual reporting requirement with a reference to AS 37.07.014(f)
 - This bill adds a requirement for a quarterly performance report to be made available on a public-facing website in subsection (f)
- Adds a reference to a strategic plan.

Section 5:

Revision to AS 37.07.014(c): Responsibilities of the Legislature

- Replaces ‘operating program’ with strategic plans and financial plans.

Section 6:

Revision to AS 37.07.014(d): Responsibilities of the Legislature

- Adds a reference to strategic planning.
- Clarifies that the legislature’s role is to authorize the capital program and financial plans necessary to implement agency performance plans.
- Reinforces the hierarchy of planning, from strategic planning to performance and financial plans.
 - Review and analyze strategic plans and mission statements.
 - Assess how annual plans contribute to multi-year plans.
 - Review and integrate financial plans into performance plans
 - Maintain all plans on a publicly available internet website.

Section 7:

Revision to AS 37.07.014(f): Responsibilities of the Legislature

- To help fulfill the legislature’s responsibilities, **each agency shall:**
 - Allocate resources to implement multi-year plans.
 - Express program results in measurable terms
 - Measure progress towards multi-year plans and other results
 - Promote activities consistent with multi-year plans that reduce future costs.
 - Plan for both the short- and long-term
 - Require accountability at all levels for meeting multi-year plans.
 - Adds a reference to strategic planning.
 - Requires quarterly reporting to OMB on progress towards the performance plan.

Section 8:

Revision to AS 37.07.014(g): Responsibilities of the Legislature

- Removes Boards and Commissions from this section.

- Boards and Commissions are moved to a newly created section (AS 37.07.055)

Section 9:

Revision to AS 37.07.016: Governor’s use of strategic plans, mission statements, and performance plans

- Adds reference to strategic plans and performance plans in title of section.
- Directs the Governor’s to review strategic plans, mission statements, and performance plans.
- After review, the Governor shall approve, or require OMB to revise, the strategic plans, mission statements, and performance plans.
- Strategic plans and mission statements shall be used to implement and execute the law.
- Performance plans shall be used to achieve the desired results of the strategic plans and mission statements.

Section 10:

Revision to AS 37.07.020: Responsibilities of the Governor

- Adds reference to two new sections.
 - The additional references ensure that agency strategic, performance, and financial plans as well as boards and commissions operations and financial plans will be submitted along with the budget.

Section 11:

Revision to AS 37.07.040: Office of Management and Budget

- Adds new plan names to the list of plans in which OMB must assist in coordination, analysis, development, and updates.
- Removes OMB’s responsibility for the administration of a state agency program performance management system.
- Adds three new subsections which clarify OMB’s role in the hierarchy of planning and reporting.
 - (12) Compile strategic plans and submit to the governor
 - (13) Compile performance plans and submit to the governor
 - (14) Compile quarterly reports and submit to the legislature

Section 12:

Repeals and Reenacts AS 37.07.050: Agency Strategic Plans; Mission statements

- Each agency shall develop 4-year strategic plans that are consistent with authority and the governor’s statewide priorities.
- Plans must be updated and submitted to OMB at the beginning of each gubernatorial term and at least once every two years.
- Strategic plan must include:

- Description of strategic plan and mission statement
 - Mission Statement must:
 - state the public purpose of agency and programs.
 - describe services provided and activities conducted.
 - include explanation of why and for whom services and activities are provided or conducted.
- Identify three – six **goals** for the agency.
 - **Sec 20:** “goal” means a broad statement generally describing a desired outcome for an agency or a program of the agency.
- Identify specific, measurable, realistic, and timely **objectives** related to each goal.
 - Must contribute to progress towards goals.
 - Must be based on recommendations of division directors of the agency.
- Describe methods of gathering user group opinions
- Describe population served by the agency and trends affecting that population.
- Identify key external factors that could affect progress.
- Identify legislation and regulatory changes required.
- OMB’s role in development of the hierarchy of plans
 - Review the strategic plan. Ensure consistency with statewide priorities and other provisions.
 - Approve or require agencies to revise the strategic plans.
 - Review each performance plan. Ensure consistency with statewide priorities and strategic plans.
 - Approve or require agencies to revise the performance plans.
- OMB may prepare strategic plans if a state agency fails to transmit information by a date specified by OMB.
- All documents submitted to the office under this section are public information.
- Removes boards and commissions from this section.

Section 13:

Adds a new section AS 37.07.055: Boards and commissions: programs; operations and financial plans.

- Financial Plans
 - Boards and commissions shall submit a financial plan by December 15th to OMB, Legislative Finance, and the legislature.
 - Plan must include:
 - Budget information
 - Budget requested for next fiscal year.
 - Expenditures made during previous fiscal year.
 - Expenditures authorized for current fiscal year.
 - Expenditures proposed for next fiscal year.
 - Explanation of services, need for services, and cost of services.
 - Number of total positions employed or under contract, including for capital improvements.
 - Other information required by OMB.

- Receipts information
 - Receipts for previous fiscal year
 - Estimate of receipts for current fiscal year
 - Estimate of receipts for next fiscal year
 - Identification of legislation required to implement financial plan.
- Operations 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.
- 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.
- All information from a board or commission to OMB is public information.
- Appropriations requests
 - 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 14:

Revision to AS 37.07.060(a): Governor's Recommendation

- Requires the governor to identify three to five statewide priorities to guide strategic and annual planning.
- Adds reference to the new planning statutes.
- Adds reference to new plan structure.
- Removes reference to the previously used mission and desired results.

Section 15:

Adds a new section to AS 37.07.060: Governor’s Recommendation

- Requires the governor to present the strategic plans and mission statements in a joint session at the same time as the governor’s budget message.

Section 16:

Amends section AS 37.07.070: Legislative Review

- Adds the new, cohesive structure of planning to the legislative review list.

Section 17:

Amends section AS 37.07.080(a): Program Execution

- Adds a reference to strategic plans.
- Removes desired results as an exception to the agencies’ authority to execute their programs.

Section 18:

Amends section AS 37.07.080(d): Program Execution

- Clarifies that salary increases must be in accordance with strategic and performance plans as well as any annual operations plan.

Section 19:

Adds a new section AS 37.07.085: Performance Plan and Financial Plan

- 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:
 - 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.
 - Identify performance measures which contribute to progress towards the agency’s strategic plan.
 - Identify goals and objectives that each performance measure corresponds to
 - Identify results for each performance measure over the past four fiscal years.

- Identify performance targets for each performance measure for the succeeding fiscal year.
- The financial plan must include:
 - Revenue and expenditures for each program for the prior four fiscal years
 - Breakdowns of revenue and expenditures for each program: Amounts received by each revenue source and amounts expended on each type of expenditure.
 - 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 succeeding fiscal year.
 - Number or positions employed or under contract.
 - Cost of services provided by each program.
 - 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.
 - Other information as necessary
- OMB shall assist in preparation of performance and financial plans.
- If any state agency fails to submit these plans, the plans may be prepared by OMB.
- Once each calendar quarter, each agency must prepare and present a performance report.
 - Identification of performance measures and related goals and objectives
 - Results for each performance measure and progress towards target
- All performance and financial plan documents and reports are public information once forwarded to OMB.
- All plans and reports must be published on a publicly available internet website.
- Performance plans must be developed with employee participation.

Section 20:

Adds new paragraphs to AS 37.07.120: Definitions

- Goal: A broad statement generally describing a desired outcome for an agency or a program of the agency
- Objective: A measurable target that describes the end result that a service or program is expected to accomplish in a given amount of time
- Performance Measure: A quantifiable and enduring measure of an outcome, output, efficiency, or effectiveness
- Strategic plan: A strategic plan developed under AS 37.07.050

Section 21:

Amends Section AS 44.66.020(c): Agency Programs

- Removes reference to previous method of mission and measures.

Section 22:

Amends Section AS 44.66.020(d): Agency Programs

- Removes reference to previous method of agency priorities.

Section 23:

Amends Section AS 44.66.050(a): Legislative Oversight

- Updates the new reference to the budget of boards and commissions.