

HOUSE BILL NO. 406

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE KEMPLER

Introduced: 2/16/00

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to five-year strategic plans and plan benchmarks for executive**
2 **branch agencies."**

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

4 *** Section 1.** AS 37.07.010 is amended to read:

5 **Sec. 37.07.010. Statement of policy.** It is the purpose of this chapter to
6 establish a comprehensive system for state program and financial management that
7 furthers the capacity of the governor and legislature to plan and finance the services
8 that they determine the state will provide for its citizens. The system must include
9 procedures for

10 (1) the orderly establishment, continuing review, and periodic revision
11 of the **five-year strategic plans**, program goals, and policies of state agencies and
12 financial goals and policies of the state;

13 (2) the development, coordination and review of long-range program
14 and financial plans that will implement established state **strategies**, goals, and policies;

1 (3) the preparation, coordination, analysis, and enactment of a budget
 2 that is organized to focus on the services provided by state agencies and on the cost
 3 of those services and that provides for implementation of policies and plans [,] in the
 4 succeeding budget **periods** [PERIOD];

5 (4) the evaluation of alternatives to existing policies, plans, and
 6 procedures that offer potential for more efficient state services;

7 (5) the regular appraisal and reporting of program performance;

8 (6) public participation in the development of the annual budget **and**
 9 **the five-year strategic plans of state agencies**, including opportunity for the public
 10 to review and comment upon the plans and programs of the Office of the Governor
 11 and all state agencies in the executive branch, the legislature, the judicial system, the
 12 University of Alaska, and the public corporations of the state.

13 * **Sec. 2.** AS 37.07.014(a) is amended to read:

14 (a) To carry out its legislative power under art. II, sec. 1, Constitution of the
 15 State of Alaska, **to strengthen public participation in state government policy**
 16 **making, to promote a sense of common cause among the residents of the state,** and
 17 to promote results-based government, the legislature shall **approve a five-year**
 18 **strategic plan and benchmarks to assess progress under the plan** [ISSUE A
 19 MISSION STATEMENT] for each agency and **shall identify** the desired results the
 20 agency should achieve. The legislature may **approve** [ISSUE] a separate **strategic**
 21 **plan and separate benchmarks** [MISSION STATEMENT] for a subunit of an
 22 agency. A **strategic plan, benchmarks,** [MISSION STATEMENT] and desired
 23 results should promote the efficient, measured use of the state's resources. A **strategic**
 24 **plan, benchmarks,** [MISSION STATEMENT] and desired results constitute policy
 25 under which an agency shall operate, and, where appropriate, the **strategic plan and**
 26 **benchmarks** [MISSION STATEMENT] may be implemented by statute.

27 * **Sec. 3.** AS 37.07.014(b) is amended to read:

28 (b) The legislature shall provide for a budget review function that promotes
 29 results-based government. The legislature shall adopt a method of measuring results
 30 for each agency, and measurements shall be reported semi-annually by each agency
 31 to the legislature. The reports shall be used by the legislature to evaluate whether the

1 **benchmarks** [MISSION] and desired results for that agency or subunit of the agency
2 are being achieved.

3 * **Sec. 4.** AS 37.07.014(c) is amended to read:

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

6 * **Sec. 5.** AS 37.07.014(d) is amended to read:

7 (d) To foster results-based government, to **implement the five-year strategic**
8 **plans** [CARRY OUT THE MISSION STATEMENTS], and to obtain desired results,
9 the legislature shall **approve** [AUTHORIZE] the **strategic plans**, comprehensive
10 operating and capital improvements programs, and financial plans. The legislature
11 shall allocate the state's resources for effective and efficient delivery of public services
12 by

- 13 (1) clearly identifying desired results;
- 14 (2) setting priorities;
- 15 (3) assigning accountability; [AND]
- 16 (4) using methods for measuring, reporting, and evaluating results; **and**
- 17 **(5) identifying benchmarks.**

18 * **Sec. 6.** AS 37.07.014(f) is amended to read:

19 (f) To help fulfill the legislature's responsibilities under this section, **foster**
20 **public participation and a strong civic sector**, and achieve results-based government,
21 each agency shall

- 22 (1) allocate resources to **implement its five-year strategic plan and**
23 **to** achieve the **benchmarks** [MISSION] and desired results **approved**
24 [ESTABLISHED] by the legislature;
- 25 (2) express desired results **approved** [ESTABLISHED] by the
26 legislature and other program results in measurable terms;
- 27 (3) measure progress towards **strategic plans, benchmarks**, [MISSION
28 STATEMENTS] and desired results **approved** [ESTABLISHED] by the legislature and
29 other results;
- 30 (4) promote activities consistent with **strategic plans, benchmarks**,
31 [MISSION STATEMENTS] and desired results **approved** [ESTABLISHED] by the

1 legislature that reduce or avoid future costs;

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

4 (6) require accountability at all levels for meeting **strategic plans,**
5 **benchmarks,** [PROGRAM MISSION STATEMENTS] and desired results **approved**
6 [ESTABLISHED] by the legislature.

7 * **Sec. 7.** AS 37.07.016 is amended to read:

8 **Sec. 37.07.016. Governor's primary duty.** To carry out the executive power
9 under art. III, sec. 1 and sec. 16, Constitution of the State of Alaska, the governor shall
10 use the **five-year strategic plans, benchmarks,** [MISSION STATEMENTS] and
11 desired results **approved** [ISSUED] by the legislature as a guide to implement and
12 execute the law. The governor shall assure that each agency complies with **its**
13 **strategic plan** [THE MISSION STATEMENT] and achieves the **benchmark and**
14 desired results identified by the legislature.

15 * **Sec. 8.** AS 37.07.020(a) is amended to read:

16 (a) The governor shall prepare a budget for the succeeding fiscal year that
17 must cover all estimated receipts, including all grants, loans, and money received from
18 the federal government and all proposed expenditures of the state government. The
19 budget shall be organized **to show anticipated expenditures and receipts, grants,**
20 **loans, and federal money for five succeeding years. Proposed** [SO THAT THE
21 PROPOSED] expenditures for each agency are presented separately. The budget must
22 be accompanied by the information required under AS 37.07.050 and by the following
23 separate bills: (1) an appropriation bill authorizing the operating and capital
24 expenditures of the state's integrated comprehensive mental health program under
25 AS 37.14.003(a); (2) an appropriation bill authorizing state operating expenditures
26 other than those included in the state's integrated comprehensive mental health
27 program; (3) an appropriation bill authorizing capital expenditures other than those
28 included in the state's integrated comprehensive mental health program; and (4) a bill
29 or bills covering recommendations, if any, in the budget for new or additional revenue.
30 The budget for the succeeding fiscal year and each of the bills shall become public
31 information on December 15, at which time the governor shall submit copies to the

1 legislature and make copies available to the public. The bills, identical in content to
 2 the copies released on December 15, shall be delivered to the rules committee of each
 3 house before the fourth legislative day of the next regular session for introduction.

4 * **Sec. 9.** AS 37.07.020(c) is amended to read:

5 (c) Proposed expenditures may not exceed estimated revenue for the
 6 succeeding fiscal year. The expenditures proposed **in the agency five-year strategic**
 7 **plans and** in the six-year capital improvements program and financial plan may not
 8 exceed the estimated revenue and bond authorizations passed and proposed.

9 * **Sec. 10.** AS 37.07.040 is amended to read:

10 **Sec. 37.07.040. Office of management and budget.** The Alaska office of
 11 management and budget shall

12 (1) assist the governor in the preparation and explanation of the
 13 proposed comprehensive program and financial plan, including the coordination and
 14 analysis of state agency goals and objectives, **strategic and other** plans, and budget
 15 requests;

16 (2) prepare for submission to the governor an annually updated six-year
 17 capital improvements program and the proposed capital improvements budget for the
 18 coming fiscal year, the latter to include individual project justification with
 19 documentation of estimated project cost;

20 (3) develop procedures to produce the information needed for effective
 21 policy decision making, including procedures to provide for the dissemination of
 22 information about plans, programs, and budget requests to be included in the annual
 23 budget and opportunity for public review and comment during the period of budget
 24 preparation;

25 (4) assist state agencies in **developing and updating their five-year**
 26 **strategic plans and** their statement of goals and objectives to achieve, among other
 27 things, the **benchmarks** [LEGISLATURE'S MISSION] and desired results **approved**
 28 **by the legislature**, preparation of plans, assessments of the extent to which
 29 **benchmarks** [MISSIONS] and desired results have been achieved, budget requests,
 30 and reporting of program performance; all documents forwarded by the office to a state
 31 agency containing instructions for the preparation of program plans and budget

1 requests and the reporting of program performance are public information after the date
2 they are forwarded;

3 (5) administer its responsibilities under the program execution
4 provisions of this chapter so that the policy decisions and budget determinations of the
5 governor and the legislature are implemented;

6 (6) provide the legislative finance division with the budget information
7 it may request;

8 (7) provide the legislative finance division with an advance copy of the
9 governor's budget workbooks by the first Monday in January of each year, except that,
10 following a gubernatorial election year, the advance copy shall be provided by the
11 second Monday in January;

12 (8) prepare the proposed capital improvements budget for the coming
13 fiscal year evaluating both state and local requests from the standpoint of need, equity,
14 and priorities of the jurisdiction; other factors such as project amounts, population,
15 local financial match, federal funds being used for local match, municipality or
16 unincorporated community acceptance of the facility, and all associated costs of the
17 facility may be considered;

18 (9) for each department in the executive branch, report to the legislature
19 by the 45th day of each regular session the amount of money appropriated to the
20 department that is expected to lapse into the general fund at the end of the current
21 fiscal year;

22 **(10) compile the completed and updated strategic plan for each**
23 **agency into a single state strategic plan for consideration by the governor.**

24 * **Sec. 11.** AS 37.07.050(a) is amended to read:

25 (a) The agencies shall assure the development of a statewide system of results-
26 based government designed **to promote public participation and a strong civic**
27 **sector and** to increase efficiency and effectiveness of state programs and services.
28 Toward that end, each state agency **shall develop and regularly update a five-year**
29 **strategic plan with public participation and** shall, on a semi-annual basis, identify
30 results-based measures that have been used to work toward achievement of the
31 **benchmarks** [MISSION STATEMENT] and desired results **approved** [ISSUED] by

1 the legislature and of other goals of the agency, and set out the results as measured.
 2 Each state agency shall also prepare information that shall be compiled and submitted
 3 on December 15 each year to the office, the legislature, and the legislative finance
 4 division; this information must

5 (1) identify the agency **strategic plan, benchmarks,** [MISSION] and
 6 desired results **approved** [ESTABLISHED] by the legislature;

7 (2) identify the **methods** [GOALS AND OBJECTIVES] the agency will
 8 use to achieve the **benchmarks** [LEGISLATURE'S MISSION] and desired results;

9 (3) set out the results of any user group surveys and, if the results do
 10 not agree with the **benchmarks** [MISSION] and desired results, [GOALS, AND
 11 OBJECTIVES,] explain why;

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

14 (5) identify results-based measures that have been used to work toward
 15 achievement of the **agency benchmarks** [MISSION STATEMENT] and desired results
 16 **approved** [ISSUED] by the legislature and other goals of the agency, and set out the
 17 results as measured;

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

20 (7) identify methods of measuring performance when the **benchmarks**
 21 [MISSION STATEMENT] and desired results **approved** [ISSUED] by the legislature
 22 [INVOLVES] more than one agency and make recommendations to eliminate
 23 duplication of government functions and waste;

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

28 (9) include the budget requested to carry out the agency's proposed
 29 plans in the succeeding fiscal year, including information reflecting the expenditures
 30 during the last fiscal year, the expenditures authorized for the current fiscal year, the
 31 expenditures proposed for the succeeding fiscal year, an explanation of the services to

1 be provided, the number of total positions for all persons employed or under contract
 2 by the agency for personal services including those rendered for capital improvement
 3 projects, the need for the services, the cost of the services, and other information
 4 requested by the office;

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

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

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

13 **(13) identify ways in which the agency has involved the public in**
 14 **the formulation and updating of its five-year strategic plan.**

15 * **Sec. 12.** AS 37.07.060 is amended to read:

16 **Sec. 37.07.060. Governor's recommendation.** (a) The governor shall
 17 formulate **a state five-year strategic plan**, the operating and capital improvements
 18 programs, and financial plans required to be recommended to the legislature by
 19 AS 37.07.020 after considering the state agency proposed program and financial plans,
 20 and other programs and alternatives that the governor considers appropriate. The plans
 21 must include the governor's recommended **benchmarks** [MISSIONS] and results,
 22 recommended strategies to implement the **plans and achieve the benchmarks**
 23 [MISSIONS] and results, recommended measures for determining whether **prior year**
 24 **benchmarks** [THE MISSIONS] and desired results [ARE ACHIEVED, INCLUDING
 25 AN ASSESSMENT OF WHETHER PRIOR YEAR MISSIONS AND DESIRED
 26 RESULTS] have been achieved, recommended operating program for the succeeding
 27 **five** fiscal **years** [YEAR], recommended capital improvements program for the
 28 succeeding six fiscal years, recommended programs for the upgrading of public
 29 buildings and facilities prepared in accordance with AS 35.10.015, and recommended
 30 revenue measures to support the programs.

31 (b) The governor shall present **the proposed state five-year strategic plan**

1 **and** the proposed comprehensive operating and capital improvements programs and
 2 financial plans in a message to a joint session of the legislature before the fourth
 3 legislative day following the convening of the legislature in regular session. The
 4 message must be accompanied by an explanatory report that summarizes recommended
 5 goals, plans, and appropriations. The report must contain

6 (1) **a summary of the state's five-year strategic plan;**

7 (2) the coordinated program goals and objectives **that** [WHICH] the
 8 governor recommends to guide the decisions on the proposed program plans and
 9 budget appropriations;

10 (3) [(2)] the governor's operating program and budget recommendations
 11 for the succeeding fiscal year organized by agency as required by AS 37.07.020(a);

12 (4) [(3)] the governor's capital improvements program and budget
 13 recommendations for the succeeding fiscal year and capital improvements program for
 14 the succeeding six fiscal years, which must include

15 (A) a description of each project, its estimated cost for the year
 16 construction is to start and the estimated cost of the project adjusted for
 17 inflation over the estimated period of construction, and the source of financing
 18 for the project; the project description for a new building or a new facility or
 19 for a major addition to a building or facility should include a site plan,
 20 preliminary drawings, and architect's or engineer's total cost estimate for the
 21 project;

22 (B) a summary of projects previously authorized and not yet
 23 completed;

24 (C) a summary, listed by agency, of all previously proposed
 25 projects that have been deferred beyond the six years covered by the plan and
 26 the year in which construction has been rescheduled to begin;

27 (D) a forecast of the debt structure of the state and the various
 28 debt ratios over the life of the state's bonds outstanding, bonds authorized and
 29 to be issued, and bond authorizations recommended in the plan;

30 (E) a description of additional revenue measures needed to
 31 finance the plan in lieu of debt;

1 (F) bond election bills to authorize the bonds required to fund
2 the projects scheduled for the first three years of the plan;

3 (G) projections of population of the state and its regions and
4 communities;

5 (H) economic data and projections necessary for the evaluation
6 of the plan;

7 (5) [(4)] a summary of state receipts in the last fiscal year, a revised
8 estimate for the current fiscal year, and an estimate for the succeeding **five** fiscal **years**
9 [YEAR];

10 (6) [(5)] a summary of expenditures during the last fiscal year, those
11 authorized for the current fiscal year, and an estimate for the succeeding **five** fiscal
12 **years** [YEAR];

13 (7) [(6)] any additional information that will facilitate understanding
14 of the governor's proposed programs and financial plans by the legislature and the
15 public.

16 * **Sec. 13.** AS 37.07.070 is amended to read:

17 **Sec. 37.07.070. Legislative review. The legislature shall consider the state**
18 **five-year strategic plan offered by the governor.** The legislature shall consider the
19 [GOVERNOR'S] proposed comprehensive operating and capital improvements
20 programs and financial plans, evaluate alternatives to the plans, make program
21 selections among the various alternatives, and determine, subject to available revenues,
22 the level of funding required to support authorized state services. The operating and
23 capital budgets of each agency shall be separately reviewed. During each regular
24 session of the legislature, legislative review of the governor's supplemental
25 appropriation bills and the governor's budget amendments shall be governed by the
26 following time limits:

27 (1) **requests** [REQUESTS] by the governor for supplemental
28 appropriations for state agency operating and capital budgets for the current fiscal year
29 may be introduced by the rules committee only through the 30th legislative day; [.]

30 (2) **requests** [REQUESTS] by the governor for budget amendments to
31 state agency budgets for the budget fiscal year may be received and reviewed by the

1 finance committees only through the 45th legislative day.

2 * **Sec. 14.** AS 37.07.080(a) is amended to read:

3 (a) Except as limited by executive decisions of the governor, the **strategic**
4 **plans, benchmarks,** [MISSION STATEMENTS] and desired results **approved**
5 [ISSUED] by the legislature, appropriations by the legislature, and other provisions of
6 law, the several state agencies have full authority for administering their program
7 service assignments and are responsible for their proper management.

8 * **Sec. 15.** AS 37.07.080(b) is amended to read:

9 (b) Each state agency shall prepare an annual plan **and update its five-year**
10 **strategic plan** for the operation of each of its assigned programs except for programs
11 that are exempted from this requirement by the office. The **strategic and** operations
12 **plans** [PLAN] shall be prepared in the form and content and be transmitted on the date
13 prescribed by the office.

14 * **Sec. 16.** AS 37.07.080(c) is amended to read:

15 (c) The office shall

16 (1) review each **strategic and** operations plan to determine that it is
17 consistent with the executive decisions of the governor, the **benchmarks** [MISSION
18 STATEMENT] and desired results **approved** [ISSUED] by the legislature,
19 appropriations by the legislature, and other provisions of law, that it reflects proper
20 planning and efficient management methods, and that appropriations have been made
21 for the legislatively established purpose and will not be exhausted before the end of
22 the fiscal year;

23 (2) approve the **strategic and** operations **plans** [PLAN] if satisfied that
24 **they meet** [IT MEETS] the requirements under (1) of this subsection; otherwise, the
25 office shall require revision of the **strategic or** operations **plans, as appropriate,**
26 [PLAN] in whole or in part.

27 * **Sec. 17.** AS 37.07.080(f) is amended to read:

28 (f) The office shall report quarterly to the governor and the legislature on the
29 operations of each state agency, relating actual accomplishments to those planned and
30 modifying, if necessary, the **strategic and** operations **plans** [PLAN] of any agency for
31 the balance of the fiscal year.