

**CS FOR SENATE BILL NO. 25(STA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 1/26/07

Referred: Finance

Sponsor(s): SENATORS DYSON, Olson, Wilken

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the state budget and to planning and reports regarding state  
2 finances and operations; and providing for an effective date."

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

4 \* **Section 1.** AS 37.07.020(b) is amended to read:

5 (b) In addition to the budget and bills submitted under (a) of this section, the  
6 governor shall submit a capital improvements program [AND FINANCIAL PLAN]  
7 covering the succeeding six fiscal years and a long-range financial plan covering  
8 the succeeding 15 fiscal years.

9 \* **Sec. 2.** AS 37.07.020(c) is amended to read:

10 (c) Proposed expenditures may not exceed estimated revenue for the  
11 succeeding fiscal year. The expenditures proposed in the six-year capital  
12 improvements program and the 15-year long-range financial plan may not exceed the  
13 estimated revenue and bond authorizations passed and proposed.

14 \* **Sec. 3.** AS 37.07.040 is amended to read:

1           **Sec. 37.07.040. Office of management and budget.** The Alaska office of  
2 management and budget shall

3           (1) assist the governor in the preparation and explanation of the  
4 proposed comprehensive program and **the 15-year long-range** financial plan,  
5 including the coordination and analysis of state agency goals and objectives, plans,  
6 and budget requests;

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

11           (3) develop procedures to produce the information needed for effective  
12 policy decision making, including procedures to provide for the dissemination of  
13 information about plans, programs, and budget requests to be included in the annual  
14 budget and opportunity for public review and comment during the period of budget  
15 preparation;

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

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

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

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

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

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

11 (10) establish and administer a state agency program performance  
 12 management system involving planning, performance budgeting, performance  
 13 measurement, and program evaluation; the office shall ensure that information  
 14 generated under this system is useful for managing and improving the efficiency and  
 15 effectiveness of agency operations.

16 \* **Sec. 4.** AS 37.07.060 is amended to read:

17 **Sec. 37.07.060. Governor's recommendation.** (a) The governor shall  
 18 formulate the operating and capital improvements programs and **the long-range**  
 19 **financial plan** [PLANS] required to be recommended to the legislature by  
 20 AS 37.07.020 after considering the state agency proposed program and financial plans,  
 21 and other programs and alternatives that the governor considers appropriate. The  
 22 **governor's recommended** plans must include

23 **(1) the governor's recommended missions and **desired** results;**

24 **(2) [,] recommended strategies to implement the missions and **desired****  
 25 **results;**

26 **(3) [,] recommended measures for determining whether the missions**  
 27 **and desired results are achieved, including an assessment of whether **adequate****  
 28 **progress has been made toward achieving** prior year missions and desired results;

29 **(4) an estimate, for the succeeding fiscal year, of expected revenue**  
 30 **from all sources, listed by source;**

31 **(5) estimates of amounts for each of the major areas of**

1 **expenditure for the succeeding fiscal year;**

2 **(6) a** [HAVE BEEN ACHIEVED,] recommended operating program  
3 for the succeeding fiscal year;

4 **(7) an estimate for the succeeding six fiscal years of expected**  
5 **revenue from all sources, listed by source;**

6 **(8) a** [,] recommended capital improvements program for the  
7 succeeding six fiscal years;

8 **(9)** [,] recommended programs for the upgrading of public buildings  
9 and facilities prepared in accordance with AS 35.10.015, **including a proposed time**  
10 **to begin each of the upgrading projects;**

11 **(10)** [AND] recommended revenue measures to support the programs  
12 **for the upgrading projects;**

13 **(11) a projection of revenue for the succeeding 15 years**  
14 **categorized by each major source of revenue and an explanation of any**  
15 **significant changes from previous projections;**

16 **(12) projections of the expenditures for the succeeding 15 years**  
17 **listed by each major area of expenditure and an explanation of any significant**  
18 **changes from previous projections;**

19 **(13) the assumptions on which the 15-year projections are made;**

20 **(14) proposed actions for increasing revenue or cutting**  
21 **expenditures as necessary to ensure expenditures do not exceed revenue;**

22 **(15) changes in strategy or new strategies needed as a result of**  
23 **previously unanticipated changes in expenditures, revenue, or unsuccessful**  
24 **strategies;**

25 **(16) an analysis of state debt, identification of the target maximum**  
26 **debt amount, and, if debt is projected to exceed the target maximum, strategies to**  
27 **reduce state debt, satisfy outstanding bonds, and meet deferred maintenance**  
28 **needs;**

29 **(17) the status of unfunded state liabilities, a trend analysis for the**  
30 **liabilities, and the strategy for funding the liabilities;**

31 **(18) an analysis of anticipated changes in federal funding and the**

1 **plan for accommodating the reduced funding;**

2 **(19) the target minimum level of funds in the budget reserve fund**  
 3 **(art. IX, sec. 17, Constitution of the State of Alaska) and, if the amount is less**  
 4 **than the target minimum level, the target level of repayments to the budget**  
 5 **reserve fund together with the plan for achieving the repayments;**

6 **(20) the target level of funding for an emergency fund to address**  
 7 **state disasters and the plan for achieving the funding;**

8 **(21) a plan for using surplus state revenue if there is any;**

9 **(22) actions the legislature must take for the state's financial**  
 10 **strategy to succeed and the time each action must be taken.**

11 (b) The governor shall present the proposed comprehensive operating and  
 12 capital improvements programs and **the long-range** financial **plan** [PLANS] in a  
 13 message to a joint session of the legislature before the fourth legislative day following  
 14 the convening of the legislature in regular session. The message must be **preceded**  
 15 [ACCOMPANIED] by an explanatory report that summarizes recommended goals,  
 16 plans, and appropriations. The report must contain

17 (1) the coordinated program goals and objectives **that** [WHICH] the  
 18 governor recommends to guide the decisions on the proposed program plans and  
 19 budget appropriations;

20 (2) the governor's operating program and budget recommendations for  
 21 the succeeding fiscal year organized by agency as required by AS 37.07.020(a);

22 (3) the governor's capital improvements program and budget  
 23 recommendations for the succeeding fiscal year, **the** [AND] capital improvements  
 24 program for the succeeding six fiscal years, **and the long-range financial plan for**  
 25 **the succeeding 15 years, including** [WHICH MUST INCLUDE]

26 (A) a description of each **capital** project, its estimated cost for  
 27 the year construction is to start and the estimated cost of the project adjusted  
 28 for inflation over the estimated period of construction, and the source of  
 29 financing for the project; the project description for a new building or a new  
 30 facility or for a major addition to a building or facility should include a site  
 31 plan, preliminary drawings, and architect's or engineer's total cost estimate for

1 the project;

2 (B) a summary of projects previously authorized and not yet  
3 completed;

4 (C) a summary, listed by agency, of all previously proposed  
5 projects that have been deferred beyond the six years covered by the **capital**  
6 **improvements program** [PLAN] and the year in which construction has been  
7 rescheduled to begin;

8 (D) a forecast of the debt structure of the state and the various  
9 debt ratios over the life of the state's bonds outstanding, bonds authorized and  
10 to be issued, and bond authorizations recommended in the **capital**  
11 **improvements program and the long-term financial** plan;

12 (E) a description of additional revenue measures needed to  
13 finance the **capital improvements program and the long-term financial** plan  
14 in lieu of debt;

15 (F) bond election bills to authorize the bonds required to fund  
16 the projects scheduled for the first three years of the **capital improvements**  
17 **program** [PLAN];

18 (G) projections of population of the state and its regions and  
19 communities **used in developing the capital improvements program and**  
20 **the long-range financial plan**;

21 (H) economic data and projections necessary for the evaluation  
22 of the **capital improvements program and the long-range financial** plan;

23 **(I) long-range projections of state revenue and expenditures**  
24 **listed by major areas of expenditure**;

25 (4) a summary of state receipts in the last fiscal year, a revised estimate  
26 for the current fiscal year, and an estimate for the succeeding fiscal year;

27 (5) a summary of expenditures during the last fiscal year, those  
28 authorized for the current fiscal year, and an estimate for the succeeding fiscal year;

29 (6) any additional information that will facilitate understanding of the  
30 governor's proposed programs and financial plans by the legislature and the public.

31 \* **Sec. 5.** This Act takes effect July 1, 2007.