

HOUSE FINANCE COMMITTEE
January 26, 2009
1:31 p.m.

CALL TO ORDER

Co-Chair Hawker called the House Finance Committee meeting to order at [1:31:57 PM](#).

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Bill Thomas, Jr., Vice-Chair
Representative Allan Austerman
Representative Harry Crawford
Representative Anna Fairclough
Representative Richard Foster
Representative Les Gara
Representative Reggie Joule
Representative Mike Kelly
Representative Woodie Salmon

MEMBERS ABSENT

None

ALSO PRESENT

Karen Rehfeld, Director, Office of Management and Budget;
John Boucher, Senior Economist, Office of Management and Budget, Office of the Governor

PRESENT VIA TELECONFERENCE

None

SUMMARY

OFFICE OF MANAGEMENT AND BUDGET - BUDGET OVERVIEW

Co-Chair Hawker reviewed the purpose of the meeting, which is to begin the public part of the budgeting process beginning with the Office of Management and Budget.

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KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, introduced the staff of the Office of Management and Budget (OMB): Jack Kreinheder, Jo Ellen Hanrahan, Diane Burnham, Steve Hildebrand, Mike Crabb, Mary Sutton, Lena Simmons, Kym Mauseth, Karen Elliott, Barbara Towne, John Boucher, and Joan Brown.[lcc1]

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Ms. Rehfeld referred to four handouts used in the presentation. She began with the handout entitled "FY 09/FY 10 Budget Overview" (copy on file.) She listed the budget guidelines as found on page 2. The budget starts with clearly established goals communicated to state agencies, the legislature, and the public. She emphasized that every correspondence with individuals and communities requesting budget information or assistance contains these guidelines.

Ms. Rehfeld reviewed the budget timelines on page 3. She pointed out that the budget is a continuing process and is a planning tool. He outlined the year-long budget process. The fiscal year begins July 1 and goes to June 30. Planning starts almost immediately with the new fiscal year. Detailed instructions are sent to the departments around the first of August. Discussions begin in September and the budget is refined and delivered to the legislature and the public on December 15, as required by statute.

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Ms. Rehfeld described the budget direction and fundamental building blocks on page 4. These building blocks are used to frame the discussion with agencies: What are the core services; what efficiencies can be found in service deliveries; and can savings be identified within the department or can existing resource be redirected to hire priority items. She clarified that the goal is to look critically at programs and services in order to find savings and efficiencies, while still providing needed services.

Representative Fairclough asked if all departments were given these budget directions. Ms. Rehfeld explained that the same detailed instruction is provided to all departments. She offered to provide that information.

Representative Fairclough requested a copy of the instructions given to the departments in order to meet the administration's goals.

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Ms. Rehfeld turned to budget preparation - page 5. She described the fundamentals, which include accountability, a framework that has been embraced by some and resisted by others. Part of the effort this year was to engage departments in revisiting performance measures. She maintained that there are positive things happening in performance management, but it still has a ways to go.

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Ms. Rehfeld described the past year as unprecedented volatility in revenue. She walked through page 6, FY 09 revenues and expenditures. In December of 2007 a budget was proposed based on a forecasted revenue price of \$66.32 per barrel with about \$5.3 billion in revenue. At that time a surplus was projected. She spoke of the revised oil forecast as it progressed from December 15, 2007, through the spring of 2008. The price per barrel was up to \$83.04 with a potential for \$7.5 billion in revenue. Budget appropriations were about \$5 billion and savings increased to over \$1 billion. After the legislature adjourned, the price per barrel increased to over \$100 per barrel increasing revenue expectations. At the same time, Alaskans were hit by high fuel costs. During the special session additional appropriations were made. From September to December 15, 2008, the price of oil rapidly declined. The budget in December was based on the 2008 fall forecast, a price per barrel of \$77.66, and a shortfall of \$400,000. The last column on page 6 shows a possible interim update and is not an official forecast, but there will be a revenue shortfall and there will be options to address it.

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Co-Chair Hawker asked why the term "shortfall" was used in FY 09 and "shortfall" is being used for FY 10. Ms. Rehfeld explained that money was put into savings and with the shortfall, not as much money will continue to be put into savings. If the revenue shortfall exceeds the amount in savings, then expenditures would need to be reduced and

reserves tapped in order to address the deficit. She said authorization would be needed to access reserve accounts.

Co-Chair Hawker emphasized that the discussion is referring to the current fiscal year - FY 09. Ms. Rehfeld clarified that the current fiscal year ends June 30, 2009.

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Representative Gara questioned if the price per barrel is the projected average price of oil for FY 09. Ms. Rehfeld said it was. He asked for clarification of how the average price was attained. Ms. Rehfeld explained that it is estimated to be in the \$60's. Representative Gara thought it averaged \$90 per barrel for the first seven months of FY 09. Ms. Rehfeld thought it was about that.

Representative Gara did not consider there to be a deficit this fiscal year. He described a scenario that included \$5 billion in savings. He wondered how the savings account works.

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Ms. Rehfeld explained that of the \$5 billion put into savings over two fiscal years, about \$4 billion went into the Constitutional Budget Reserve (CBR) and \$1 billion went into the Statutory Budget Reserve (SBR). One billion of the deposit to the CBR was made in FY 09; the rest was deposited in FY 08.

Co-Chair Hawker added that a large amount - \$3 billion - was put into the supplemental budget during the last session, but which deal with the FY 08 budget.

Representative Gara noted that another billion was committed to savings for this year. He wondered what would happen if that money was not available. Ms. Rehfeld said that the \$1 billion deposit to the CBR has already occurred. Ms. Rehfeld said that it would require legislative authorization to access any reserve accounts.

Co-Chair Hawker summarized that "you cannot spend without the authority of the legislature".

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Vice-Chair Thomas asked how many votes it would take to access the \$1 billion. Ms. Rehfeld said that it required a three-quarters vote to access the CBR.

Co-Chair Hawker pointed out that there were other reserves to consider when making up for a shortfall, if there is a shortfall.

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Ms. Rehfeld addressed the steps taken and the steps in process to address a revenue shortfall on page 7 of the handout. She noted that the governor was interested in departmental savings in May 2008 when she signed the appropriation bills.

Ms. Rehfeld explained that there is typically a general fund lapse at the end of the fiscal year. The governor encouraged the departments to seek efficiencies at the beginning of the year in order to produce savings. The Departments of Public Safety and Corrections were held harmless from the savings target plan. About half of the \$20 million target was identified as being from personal services. The departments were to report back quarterly. Ms. Rehfeld thought the FY 09 supplemental bill would have reductions in current year expenditures.

Co-Chair Hawker wished to discuss the \$20 million reduction during the supplemental proposal process.

Representative Austerman asked where the \$20 million in savings would come from. Ms. Rehfeld said it targets the current year's budget.

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Ms. Rehfeld spoke of a recent hiring freeze proposed by the governor. Also included is a ban on non-essential purchases.

Co-Chair Hawker questioned what "non-essential" items were. He suggested never funding those items. He questioned how much state spending is really not needed. Ms. Rehfeld thought it would be up to the commissioners to determine non-essential items.

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Representative Crawford wondered how many positions would be affected by the hiring freeze and what the savings might be.

Ms. Rehfeld said that as of December 31, 2008, there were approximately 1,500 vacant full-time positions, which, if left open, could result in \$12 million worth of savings. Some of the positions might already be involved in the \$20 million savings attempt. Some might be exempt. They would need to be addressed case by case. She opined that general fund savings would be reduced by a hiring freeze. She termed it a management tool.

Representative Crawford questioned further how many positions might not be filled. Ms. Rehfeld could not provide that number.

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Co-Chair Hawker commented on how the agencies are struggling to hire competent workers in needed positions. He mentioned an example of a petroleum economist who would soon need to be replaced. He maintained that a hiring freeze was not a spending freeze because agencies are free to reallocate the dollars saved by not filling a position. He requested information on hiring freeze constraints that might result in a true savings plan.

Ms. Rehfeld agreed that agencies are having a difficult time recruiting and retaining positions. She assumed many of those types of positions would be exempt from the freeze. She thought a further conversation was needed on recruitment. She emphasized that under the current financial situation, departments do need to reduce the general fund by limiting hiring. She spoke of transfers in and out of personal services and a heightened awareness by OMB of managing the cost of positions across all departments.

Co-Chair Hawker thought there were internal controls regarding line-item transfers in personal services that were working well.

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Representative Fairclough wondered about the list of vacancy factors and the aging of how long the positions have been held open. Co-Chair Hawker said that information is agency specific and available. He referred to reference books about budgeting vacancy factors. Representative Fairclough requested information specifically on the aging of particular positions. Co-Chair Hawker suggested asking the agencies for that information.

Representative Fairclough asked about the impact of a hiring freeze on small businesses and unemployment. She agreed with the statement, "We can't cut our way out of a \$1 billion problem." Ms. Rehfeld reported that there was a conversation about that. The goal is to minimize the impact to the economy. She pointed out that state funds provide resources to stabilize all communities.

Co-Chair Stoltze thought there were built-in safety valves. He opined that state employees are for carrying out state functions, not just in order to provide an economic stimulus in the state.

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Representative Gara questioned the hiring freeze and thought that commissioners were not included in the decision. Ms. Rehfeld explained the process used to find solutions to the budget shortfall. The decision to implement the hiring freeze was made by the Governor but previously discussed with the commissioners. Representative Gara said it had not been communicated to the departments. Ms. Rehfeld reiterated that the commissioners were aware of it.

Representative Gara inquired if other budget-saving options were discussed. Ms. Rehfeld reported that many options were discussed. She termed the hiring freeze as a management tool in order to reduce the general fund spending.

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Representative Austerman said it was unusual to see a request by the governor to cut \$20 million out of the current budget. He asked if those cuts would be highlighted in the supplemental budget.

Ms. Rehfeld spoke of the supplemental bill's goal to look at operating and capital reductions in the current year, in addition to their savings plan. She provided a scenario with supplemental requests reduced due to savings mechanisms in place.

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Representative Austerman wished to see the \$20 million in cuts depicted in the budget. Ms. Rehfeld said an approach to include a savings target amount in the supplemental bill was considered. Instead, requests should be offset by the amount of savings from cuts.

Co-Chair Hawker pointed out that the supplemental approach is still being developed. He agreed with Representative Austerman's request to see evidence of savings in the supplemental budget.

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Vice-Chair Thomas spoke of the Department of Fish and Game and Office of Public Defender budgets, which are federally mandated. He wondered if they would be exempt. Ms. Rehfeld addressed the Public Defender budget and how safeguards were built in, in order to deliver the services needed without the need for a large supplemental request. She maintained that even mandated budgets could be looked at for reductions.

Vice-Chair Thomas thought the hiring freeze would impact necessary positions in Fish and Game and in the Administration. Ms. Rehfeld said exemptions would be considered on a case by case basis. Given the current situation, the hiring freeze is an appropriated management tool.

Co-Chair Hawker mentioned departments with seasonal employees. He wondered if the freeze would accommodate those needs. Ms. Rehfeld said OMB would be discussing that with the departments.

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Representative Gara said it was difficult to provide a list of unnecessary services. Ms. Rehfeld thought that conversation should be broader than just a list by the

governor. Co-Chair Hawker hoped that the discussion would be a part of a public forum.

Representative Gara asked about exemptions on employees that save the state money. Ms. Rehfeld said there were some specific exemptions and others that would require a waiver.

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Ms. Rehfeld turned to page 8, the estimated balances in the reserves as of December 31, 2008. There is about \$6.8 billion in the CBR, split between the main fund with \$3.2 billion and the sub fund at \$3.6 billion

Co-Chair Hawker asked if it was market value adjusted. Ms. Rehfeld said she would have to find out.

Ms. Rehfeld listed the amount of funds in various reserves: the Statutory Budget Reserve - \$1 billion; the Public Education Fund - \$1 billion; and the Alaska Housing Capital Fund - \$342.3 million.

Representative Austerman asked what the sub fund in the CBR was. Ms. Rehfeld explained that it is the fund that can be more aggressively invested yielding a higher rate of return. Co-Chair Hawker called it "longer horizon investments".

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Ms. Rehfeld explained the FY 09 supplemental bill as described on page 9. The supplemental bill is due to the legislature on February 3, 2009, and will be accompanied by an interim FY 09 forecast. Reductions in the current year operating and capital budgets are expected. OMB will be seeking authorization to access reserve funds to balance the budget.

Ms. Rehfeld brought attention to the FY 09 Economic Stimulus Bill, page 10, which is moving quickly at the federal level. It is expected to be done by mid-February. OMB is working closely with the Alaska delegation on the components of the bill. The bill is formula and grant driven and would require a request for authorization to receive and spend federal stimulus dollars.

Co-Chair Hawker emphasized that much of past federal spending was in earmarks. He understood that this would no longer hold true. The stimulus package would be looking at formulaic funding to existing programs which need approval by the legislature. Ms. Rehfeld noted that a large part of the package would be from the Department of Transportation and Public Facilities.

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Ms. Rehfeld addressed page 11 - the FY 10 budget overview. The FY 10 budget proposes to spend less general fund dollars than the current year, \$4.9 billion compared to \$5.2 billion in the current year, excluding the resource rebate. Co-Chair Hawker argued that it should be included. Ms. Rehfeld agreed that it needed to be included as a FY 09 expenditure.

Ms. Rehfeld pointed out that the administration budgeted \$389 million below the fall revenue forecast of \$5.27 billion. An interim forecast will be provided on February 18 along with budget amendments. The current economic circumstances may also impact the amended budget request.

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Ms. Rehfeld highlighted a pie chart entitled "FY 10 Budget Proposal Totals \$11.2 Billion". Of the \$11.2 billion, \$4.9 billion is general fund dollars. The Agency and University Operations, Non-Formula, equals \$3.7 billion.

Co-Chair Hawker interjected that there were past conversations about the use of consistent, comparable forecast language between the administration and the legislature. He voiced appreciation for efforts in that area. Ms. Rehfeld agreed that the conversation is now "on the same page".

Ms. Rehfeld noted that the Agency and University Operations part of the budget is about 33 percent of the total budget. It also includes supplementals, new legislation, potential amendments, and fiscal notes.

Ms. Rehfeld reported that the yellow portion called "Formula Programs" represents about 13 percent of the total budget. For the most part, that is the Medicaid area of the budget and includes smaller formula programs. Cost

containment measures have been seen recently in this category, which will appear as savings in the current year. She noted an increase in the federal reimbursement rate for Medicaid. Potentially, in the economic stimulus package there will be an additional increase in the federal rate of reimbursement.

Ms. Rehfeld highlighted the purple portion of the pie labeled "K-12 Education & Pupil Transport" for \$1.1 billion, about 10 percent of the total budget and about 22 percent of the general fund budget. This is funding for Alaska's 53 school districts and 128,357 students. It incorporates the second year of the three-year education plan passed last year. It shows an increase in the base student allocation and the adjustment for intensive students, as well as an increase in the district cost factors. It is roughly a \$50 million increase for education this year. There is also a small increase in the pupil transportation program.

The light blue area labeled "Direct Deposit to Retirement Systems" - \$451 million, the maroon area, "Revenue Sharing" - \$60 million, the orange area, "Oil Tax Credits" \$300 million, and the grey area, "Debt and Fund Capitalizations" - \$334 million, represent 10.2 percent of the total budget.

Ms. Rehfeld explained that the retirement system unfunded liability has been a high priority for the legislature and the governor to address. Based on the valuation, there is an additional deposit of \$160 million in FY 10, and that is included in this analysis. She predicted that area would merit future discussion with the legislature.

Ms. Rehfeld discussed the oil tax credits. The amount of \$400 million was authorized in the current year budget for payment under oil tax credits. The proposal is to reduce this to \$300 million in the FY 10 budget. She explained that it is an issue of timing.

Co-Chair Hawker said he has asked the Department of Natural Resources for a presentation pertaining to this budget item. Ms. Rehfeld agreed that would be helpful.

Ms. Rehfeld continued to explain items under the debt and fund capitalizations category. Co-Chair Hawker commented that the "nuts and bolts" of the budget are in this category. Ms. Rehfeld praised Co-Chair Hawker's

"Legislative Finance Overview" document as being very helpful.

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Ms. Rehfeld spoke of the red portion of the pie entitled "Capital Expenditures" - \$1.7 billion - which represents about 15 percent of the total budget. There are many components within this category: General Fund - \$307.2 million, Federal Funds - \$1,103.9 million, AK Housing Capital Corporation Funds - \$238.4 million, (an area of disagreement between the legislature and the administration in terms of general fund spending), Cruise Ship Tax - 39.2 million, (which is in section 4 of the capital budget bill), AIDEA Dividends - \$22 million, and AHFC Dividends - 62.5 million, (an area of agreement that it should be listed under capital expenditures instead of fund capitalization).

Co-Chair Hawker returned to the Cruise Ship Tax item. He noted a future finance meeting dedicated to this topic. Ms. Rehfeld agreed that would be helpful and added that there were about \$20 million in regional cruise ship impact dollars not yet included in the budget. The gambling tax revenue is also not included, which may better be represented in the general fund column, she opined. OMB is proposing that some of the gambling tax be spent in the capital budget.

Ms. Rehfeld highlighted the larger pieces of the capital budget on page 12 - federal highway, aviation, and water projects, which total about \$887.3 million including \$88.6 million in matching general funds. There are energy projects, including \$50 million for the Renewable Energy Grant Fund, \$41 million to the AK Energy Authority, and \$7.2 million for the AK Housing Finance Corporation. There is also \$79.5 million for Gasline Projects, including \$20 million for the AGIA reimbursement fund. She noted that within both the capital and operating appropriations was a separate section relating to gasline projects so they could be easily identified.

Ms. Rehfeld explained that about \$40.5 million was proposed for major school maintenance projects.

Ms. Rehfeld related that the Permanent Fund component of the budget represents about 19.5 percent of the total

budget. It amount to the expense for dividends and inflation proofing. She thought the numbers would be adjusted in the upcoming budgets.

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Co-Chair Hawker asked to what degree the adjustments would be made. Ms. Rehfeld said the adjustments would be based on the best information available.

Ms. Rehfeld reiterated that 60 percent of the \$11.2 billion total state budget goes to communities, schools, non-profits, and individuals through grants and capital spending. She termed it a significant investment in the state.

Ms. Rehfeld turned attention to the "Fiscal 2010 Governor's Budget Fiscal Summary" (copy on file). She voiced appreciation for the organization of the document with the four main categories of Agency Operating, Statewide, Capital, and Savings providing consistency over time. She noted only a few areas of difference between the administration's and the legislature's view of the budget.

Ms. Rehfeld talked about meeting budget challenges - page 13. She stated that the state faces significant challenges for the FY 09 and FY 10 budgets. The goal is to protect Alaska's economy. She opined that the state has the tools and the fiscal discipline to find savings and efficiencies and to reduce the budget where practical and sustainable. The hiring freeze is a management tool to help reduce spending.

Ms. Rehfeld emphasized the prudent use of reserves in the short term in order to provide long-term stability.

Co-Chair Hawker summarized that the state is looking at a changed fiscal picture and the reality of \$40 per barrel oil.

Representative Kelly referred to page 2 and asked Ms. Rehfeld how the state was doing as far as living within its means. Ms. Rehfeld stated the state has done a good job and has actually put some money into savings accounts. She stressed keeping fiscal discipline in place and using some of the reserves. The things to look at in the long range

would be future investments, using the reserves, and to consider future revenue from the gasline.

Representative Kelly said he did not think the state was managing its budget very well. He maintained that the state has doubled the budget since 2005 and tripled it since 2000. He stressed that the state should be more frugal and protect its economy, not the size of government.

Ms. Rehfeld summarized what has happened in the state since 2005. She mentioned the unfunded liability of the retirement system, significant investments in education, and investment in oil exploration. She agreed that state government should look carefully state agencies and how services are managed and delivered.

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JOHN BOUCHER, SENIOR ECONOMIST, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, listed components of a presentation entitled "FY 2010 10-year Plan" (copy on file.)

Co-Chair Hawker offered that this is the first time this project has taken place. It was authorized in law as HB 125 during the last legislative session. He termed it a "team building year" with the goal to build consensus as much as possible.

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Mr. Boucher explained page 2 of the handout, implementation of schedule, the initial cycle of the ten-year plan process. He said that early on in the process, the implementation of the plan would have to walk hand-in-hand with the regular budget process. It was presented as the introduction of a process. A second iteration of the plan was needed because of the need to connect it to regular budget planning.

Mr. Boucher addressed page 3, the purpose of the plan. Its main purpose is to start a dialogue about the future fiscal health of Alaska. The process must engage both the legislature and Alaskans.

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Mr. Boucher listed the imperatives of the plan on page 4. There are three simple directives: balance the budget, provide for essential state services, and protect Alaska's economic stability.

Co-Chair Hawker explained that the mission statement of the planning process is that every year a 10-year forward projection of all the state's sources and uses of funds must be brought before the legislature. It is a process that meets the three criteria and that will reiterate every year. Mr. Boucher agreed.

Mr. Boucher highlighted the goal of the FY 10 plan on page 5. One of the major challenges to Alaska is diversifying its revenue base. The development of the natural gas pipeline is the best opportunity to achieve that goal. The projected date of achieving a natural gas pipeline is sometime between 2018 and 2020. The current challenge is how to bridge the revenue gap until then.

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Mr. Boucher listed the four principles of the plan as depicted on page 6.

Mr. Boucher explained the plan guidance provided by OMB - page 7. Agencies were provided an instruction memo in mid-August and given latitude to develop projections based on the stated goals of the administration and the plan. OMB did not provide a target growth rate. It was not an opportunity to develop a wish list.

Co-Chair Hawker asked about the risk of a tendency to not bring forward mission critical infrastructure development. Mr. Boucher said a process was encouraged whereby the agencies could bring forth initiatives without repercussion.

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Mr. Boucher described the consistent assumptions as shown on page 8, as required by HB 125. If inflation was to be included in the projection, it had to be documented and an appropriate annual rate used. Projections were not to be automatically adjusted for general inflation. The most recent Department of Labor population growth projections

needed to be used, which averaged about 1 percent a year. Considering both the inflation rate and population growth, the growth rate was about 3.75 percent. If there were population segments vital to specific programs, the agencies were encouraged to use related data.

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Mr. Boucher reported on discreet agency projections - page 9. There were three: baseline, gasline, and initiatives. He explained that baseline is also called a maintenance budget - what it would cost to continue current services for the next ten years. An exception to baseline projections is a program projecting a non-GF fund source decrease.

Mr. Boucher discussed wage and benefit driven increases, which are not seen in individual departments, but rather projected at a statewide level. The projection is for a growth rate of approximately 3.25 percent. An area of the plan that needs improvement is how to disaggregate those increases back to the agencies.

Co-Chair Hawker noted there was no commitment on the part of the administration or bargaining units. It is strictly anticipating presumptive circumstances.

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Mr. Boucher explained the projected scenario regarding costs associated with a gasline project and with initiatives - projected costs associated with expanding the service capacity of the agency beyond the FY 09 service level. Co-Chair Hawker suggested having an A and B category. An A category would be things to expand and B would be things to expire. Mr. Boucher thought that discussion would take place.

Mr. Boucher discussed the level of detail that the agencies would provide - page 11. Department level projections were provided in both operations and capital categories. If there were formula programs, detailed projections were shown.

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Mr. Boucher shared a sample projection - page 12. Co-Chair Hawker noted the attempt to build consistency. He said specimen documents would be made available, as well as a graphic summary. Mr. Boucher agreed that graphs would be provided.

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Mr. Boucher addressed significant improvements to the 10-year planning process, yet to be accomplished - page 13. He emphasized that these are not budget documents, but rather projections. Co-Chair Hawker echoed that comment.

Mr. Boucher noted that planning and budgeting data are not integrated. Statewide "sum of all agencies" is calculated separately from the statewide model. Current models are not holistic. They are focused on general funds. Co-Chair Hawker summarized that the statewide total is figured separately by OMB and is not the sum total of all the agencies. He thought the comparison would be an interesting reconciliation. Mr. Boucher said he does not yet have all the information.

Mr. Boucher thought that there could be public involvement in the future. Co-Chair Hawker reported that he has been approached on that very topic and remains interested in the idea of involving the public.

Mr. Boucher emphasized that the plan would change. He shared the disclaimer on page 14.

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Mr. Boucher summarized the 10-year forecast - page 15. There would be healthy growth of 3 percent through 2019 according to the fall 2008 forecast. The change in the revenue forecast will change that picture. Co-Chair Hawker noted that price and production were important variables. Mr. Boucher said that the prices were based on the department's official forecast.

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Mr. Boucher shared the OMB web site for more information.

Co-Chair Hawker noted that subcommittees would focus on the FY 10 budget. Long-term planning will be part of the

conversation as agencies come before the committee. He emphasized the need for collaboration in order to move the plan forward.

Ms. Rehfeld offered to help out when possible.

#

ADJOURNMENT

The meeting was adjourned at 3:31 PM.