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Introduced: 2/2/70
Referred: State Affairs and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 430

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act to provide for a comprehensive system for
7 state program budgeting and financial management;
8 and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 37 is amended by adding a new chapter to read:

11 CHAPTER 35. EXECUTIVE BUDGET ACT.

12 Sec. 37.35.010. STATEMENT OF POLICY. It is the purpose of this
13 Act to establish a comprehensive system for state program and financial
14 management which furthers the capacity of the governor and legislature
15 to plan and finance the services which they determine the state will
16 provide for its citizens. The system shall include procedures for

17 (1) the orderly establishment, continuing review and
18 periodic revision of the program and financial goals and policies of
19 the state;

20 (2) the development, coordination and review of long-range
21 program and financial plans that will implement established state goals
22 and policies;

23 (3) the preparation, coordination and analysis, and
24 enactment of a budget organized to focus on state services and their
25 costs, that authorizes the implementation of policies and plans in
26 the succeeding budget period;

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

2 (5) the regular appraisal and reporting of program
3 performance.

4 Sec. 37.35.020. RESPONSIBILITIES OF THE GOVERNOR. The governor
5 shall direct the preparation and administration of the state budget.
6 He shall evaluate the long-range program plans, requested budgets and
7 alternatives to state agency policies and programs, and formulate, and
8 recommend for consideration by the legislature, a proposed comprehensive
9 program and financial plan which shall cover all estimated receipts and
10 expenditures of the state government, including all grants, loans, and
11 monies received from the federal government. Proposed expenditures
12 may not exceed estimated receipts and surpluses.

13 Sec. 37.35.030. RESPONSIBILITIES OF THE LEGISLATURE. The
14 legislature shall

15 (1) consider the program and financial plan recommended by
16 the governor, including proposed goals and policies, recommend
17 budget, revenue proposals and proposed long-range program plans;

18 (2) adopt programs and alternatives to the plan recommended
19 by the governor it deems appropriate;

20 (3) adopt legislation to authorize the implementation of a
21 comprehensive program and financial plan;

22 (4) provide for a post audit of financial transactions,
23 program accomplishments and execution of legislative policy direction.

24 Sec. 37.35.040. THE PLANNING AND BUDGETING DIVISION. The
25 Planning and Budgeting Division shall

26 (1) assist the governor in the preparation and explanation
27 of the proposed comprehensive program and financial plan, including
28 the coordination and analysis of state agency program goals and
29 objectives, program plans and program budget requests;

(2) develop procedures to produce the information needed

1 for effective policy decision-making;

2 (3) assist state agencies in their statement of goals and
3 objectives, preparation of program plans, program budget requests and
4 reporting of program performance;

5 (4) administer its responsibilities under the program execu-
6 tion provisions of this chapter so that the policy decisions and budget
7 determinations of the governor and the legislature are implemented to
8 the fullest extent possible within the concepts of proper management;

9 (5) provide the legislature with any budget information it
10 may request.

11 Sec. 37.35.050. AGENCY PROGRAM AND FINANCIAL PLANS. (a) Each
12 state agency, on the date and in the form and content prescribed by
13 the division, shall prepare and forward to the division

14 (1) the goals and objectives of the agency programs,
15 together with proposed supplements, deletions and revisions;

16 (2) its proposed plans to implement the goals and
17 objectives, including estimates of future service needs, planned
18 methods of administration, proposed modification of existing program
19 services and establishment of new program services, and the estimated
20 resources needed to carry out the proposed plan;

21 (3) the budget requested to carry out its proposed plans
22 in the succeeding fiscal year, including information reflecting the
23 expenditures during the last fiscal year, those authorized for the
24 current fiscal year, those proposed for the succeeding fiscal year,
25 an explanation of the services to be provided, the need for the
26 services, the cost of the services, and any other information
27 requested by the division;

28 (4) a report of the receipts during the last fiscal year,
29 an estimate of the receipts during the current fiscal year, and an

1 estimate for the succeeding fiscal year;

2 (5) a statement of legislation required to implement the
3 proposed programs and financial plans;

4 (6) an evaluation of the advantages and disadvantages of
5 specific alternatives to existing or proposed program policies or
6 administrative methods.

7 (b) The state agency proposals prepared under (a) of this
8 section shall describe the relationships of their program services to
9 those of other agencies, of other governments, and of nongovernmental
10 bodies.

11 (c) The division shall assist agencies in the preparation of
12 their proposals under (a) of this section. This assistance may
13 include technical assistance, organization of materials, centrally
14 collected accounting, budgeting and personnel information, standards
15 and guidelines formulation, population and other required data, and
16 any other assistance that will help the state agencies produce the
17 information necessary for efficient agency management and effective
18 decision-making by the governor and the legislature.

19 (d) If any state agency fails to transmit the program and
20 financial information provided under (a) of this section on the
21 specified date, the division may prepare such information.

22 (e) The division shall compile and submit to the governor-
23 elect in any year when a new governor has been elected, not later
24 than November 20, a summary of the program and financial information
25 Prepared by state agencies.

26 Sec. 37.35.060. GOVERNOR'S RECOMMENDATION. (a) The governor
27 shall formulate the program and financial plan to be recommended to
28 the legislature after considering the state agency proposed program
29 and financial plans, and other programs and alternatives that he

1 deems appropriate. The plan shall include his recommended goals and
2 policies, recommended plans to implement the goals and policies,
3 recommended budget for the succeeding fiscal year, and recommended
4 revenue measures to support the budget.

5 (b) The governor shall present the proposed comprehensive
6 program and financial plan in a message to a joint session of the
7 legislature before the fourth legislative day following the convening
8 of the legislature in regular session. The message shall be
9 accompanied by an explanatory report which summarizes recommended
10 goals, plans, and appropriations. The report shall contain

11 (1) the coordinated program goals and objectives which
12 the governor recommends to guide the decisions on the proposed
13 program plans and budget appropriations;

14 (2) his program and budget recommendations for the
15 succeeding fiscal year;

16 (3) a summary of state receipts in the last fiscal year,
17 a revised estimate for the current fiscal year, and an estimate for
18 the succeeding fiscal year;

19 (4) a summary of expenditures during the last fiscal year,
20 those authorized for the current fiscal year, and those recommended
21 by the governor for the succeeding fiscal year; and

22 (5) any additional information which will facilitate
23 understanding of the governor's proposed program and financial plan
24 by the legislature and the public.

25 (c) The governor, at the time of his presentation of the proposed
26 comprehensive program and financial plan in the message to the joint
27 session of the legislature pursuant to (b) of this section, shall also
28 submit a general appropriation bill to authorize the proposed
29 expenditures, and a bill or bills covering recommendations in the

1 budget for new or additional revenues.

2 Sec. 37.35.070. LEGISLATIVE REVIEW. The legislature shall
3 consider the governor's proposed comprehensive program and financial
4 plan, evaluate alternatives to the governor's recommendations, and
5 determine the comprehensive program and financial plan to support
6 the services to be provided the citizens of the state; but its
7 authorized expenditures may not exceed estimated receipts and surpluses.

8 Sec. 37.35.080. PROGRAM EXECUTION. (a) Except as limited by
9 policy decisions of the governor, appropriations by the legislature,
10 and other provisions of law, the several state agencies shall have
11 full authority for administering their program service assignments and
12 shall be responsible for their proper management.

13 (b) Each state agency shall prepare an annual plan for the
14 operation of each of its assigned programs except for programs that
15 are exempted from this requirement by the division. The operations
16 plan shall be prepared in the form and content and be transmitted on
17 the date prescribed by the division.

18 (c) The division shall

19 (1) review each operations plan to determine that it is
20 consistent with the policy decisions of the governor and appropriations
21 by the legislature, that it reflects proper planning and efficient
22 management methods, that appropriations have been made for the planned
23 purpose and will not be exhausted before the end of the fiscal year;

24 (2) approve the operations plan if satisfied that it meets
25 the requirements under (1) of this subsection; otherwise, the
26 division shall require revision of the operations plan in whole or
27 in part;

28 (3) modify or withhold the planned expenditures at any
29 time during the appropriation period if the division finds that such

1 expenditures are greater than those necessary to execute the programs
2 at the level authorized by the governor and the legislature, or that
3 the receipts and surpluses will be insufficient to meet the authorized
4 expenditure levels.

5 (d) No state agency may increase the salaries of its employees,
6 employ additional employees, or expend money or incur any obligations
7 except in accordance with law and properly approved operations plan.

8 (e) Appropriation transfers or changes as between objects of
9 expenditures or activity areas within a program may be made by the
10 head of a state agency upon approval of the division. Appropriation
11 transfers or changes between programs within an agency may be made
12 upon review by the division and approval of the governor, and shall
13 be reported to the legislature quarterly. No transfers may be made
14 between agencies.

15 (f) The division shall report quarterly to the governor and the
16 legislature on the operations of each state agency, relating actual
17 accomplishments to those planned, and modifying, if necessary, the
18 operations plan of any agency for the balance of the fiscal year.

19 Sec. 37.35.090. PERFORMANCE REPORTING. (a) Each state agency
20 shall submit a performance report to the division on or before
21 September 1 for the preceding fiscal year. These reports shall be
22 in the form prescribed by the division after consultation with the
23 legislative affairs agency, and shall include statements concerning
24 (1) the work accomplished and the services provided in the
25 preceding fiscal year or other meaningful work period, relating
26 actual accomplishments to those planned under sec. 80(b) of this
27 chapter.

28 (2) the relationship of accomplishments and services to
29 the policy decisions and budget determinations of the governor and

1 the legislature;

2 (3) the costs of accomplishing the work and providing the
3 services, and, to the extent feasible, citing meaningful measures of
4 program effectiveness and cost;

5 (4) the administrative improvements made in the preceding
6 year, potential improvements in future years, and suggested changes in
7 legislation or administrative procedures to make further improvements.

8 (b) The division shall summarize the performance reports and
9 forward copies to each member of the legislature.

10 Sec. 37.35.100. TRANSMITTAL OF PROPOSED SUPPLEMENTAL OR
11 DEFICIENCY APPROPRIATIONS BY GOVERNOR. The governor from time to time
12 may transmit to the legislature such proposed supplemental or
13 deficiency appropriations as in his judgment are necessary on account
14 of laws enacted after the transmission of the budget, or are otherwise
15 in the public interest. He shall accompany such proposals with a
16 statement of the reasons therefor, including the reasons for their
17 omission from the budget.

18 Sec. 37.35.110. INTERPRETATION OF CHAPTER. This chapter shall
19 be construed as supplemental to all other state laws not in conflict
20 with it. If a section or part of a section of this chapter is in
21 conflict with federal requirements for a program for which federal
22 grant-in-aid funds are available, the section or part, to the extent
23 of the conflict, is inoperative.

24 Sec. 37.35.120. DEFINITIONS. In this chapter

25 (1) "agency" means a department, officer, institution,
26 board, commission, bureau, division, or other administrative unit
27 forming the state government and includes the Alaska Pioneers Home;
28 but does not include the legislature or the judiciary;

29 (2) "division" means the Planning and Budgeting

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Division;

(3) "fiscal year" means a year beginning on July 1 of one calendar year and ending on June 30 of the following calendar year.

Sec. 37.35.130/ SHORT TITLE. This Act may be cited as The Executive Budget Act.

* Sec. 2. AS 37.05.290 is amended to read:

Sec. 37.05.290. PURPOSE. The purpose of this chapter is to provide uniform financial procedures for all state agencies with respect to [BUDGETING] accounting, purchasing, post auditing, and related financial procedures; and to revise financial procedures to obtain economy, efficiency, and integrity in handling public money.

* Sec. 3. The following laws are repealed: AS 37.05.060 - 120.

* Sec. 4. This Act takes effect July 1, 1970.