

Original sponsor: Rules Committee by re-  
quest of the Governor

Offered: 6/2/70  
Today's Calendar

1 IN THE SENATE

BY THE FINANCE COMMITTEE

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HOUSE CS FOR SENATE BILL NO. 430

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTH LEGISLATURE - SECOND SESSION

5

A BILL

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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."

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

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

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CHAPTER 35. EXECUTIVE BUDGET ACT.

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Sec. 37.35.010. STATEMENT OF POLICY. It is the purpose of this

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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

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(1) the orderly establishment, continuing review and

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periodic revision of the program and financial goals and policies of  
19 the state;

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(2) the development, coordination and review of long-range

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program and financial plans that will implement established state goals  
22 and policies;

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(3) the preparation, coordination and analysis, and

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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;

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(4) the evaluation of alternatives to existing policies,

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plans and procedures that offer potential for more efficient state  
29 services;

1 (5) the regular appraisal and reporting of program perfor-  
2 mance.

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

12 Sec. 37.35.030. RESPONSIBILITIES OF THE LEGISLATURE. The legis-  
13 lature shall

14 (1) provide for a budget review function;

15 (2) analyze the comprehensive program and financial plan  
16 recommended by the governor;

17 (3) adopt legislation to authorize implementation of the  
18 governor's comprehensive program and financial plan or appropriate  
19 alternatives to that plan;

20 (4) provide for a post-audit function, to cover financial  
21 transactions, program accomplishment and compliance with legislative  
22 intent.

23 Sec. 37.35.040. DIVISION OF BUDGET AND MANAGEMENT. The budget  
24 and management division shall

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

29 (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;

8 (5) provide the Legislative Affairs Agency with the budget  
9 information it may request.

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

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

16 (2) its proposed plans to implement the goals and objectives,  
17 including estimates of future service needs, planned methods of  
18 administration, proposed modification of existing program services  
19 and establishment of new program services, and the estimated resources  
20 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 requested  
27 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 speci-  
21 fied date, the division may prepare such information.

22 (e) The division shall compile and submit to the governor-elect  
23 in any year when a new governor has been elected, not later than  
24 November 20, a summary of the program and financial information pre-  
25 pared 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 accom-  
9       panied by an explanatory report which summarizes recommended goals,  
10      plans, and appropriations. The report shall contain

11                   (1) the coordinated program goals and objectives which the  
12      governor recommends to guide the decisions on the proposed program  
13      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 plan, make program selections among  
5 the various alternatives and determine, subject to available revenues,  
6 the level of funding required to support authorized state services.

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

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

17 (c) The division shall

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

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

26 (3) modify or withhold the planned expenditures at any time  
27 during the appropriation period if the division finds that such expendi-  
28 tures are greater than those necessary to execute the program at the  
29 level authorized by the governor and the legislature, or that the

1 receipts and surpluses will be insufficient to meet the authorized  
2 expenditure levels.

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

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

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

17 Sec. 37.35.090. PERFORMANCE REPORTING. (a) Each state agency  
18 shall submit a performance report to the division on or before  
19 September 1 for the preceding fiscal year. These reports shall be  
20 in the form prescribed by the division after consultation with the  
21 Legislative Affairs Agency, and shall include statements concerning

22 (1) the work accomplished and the services provided in the  
23 preceding fiscal year or other meaningful work period, relating actual  
24 accomplishments to those planned under sec. 80(b) of this chapter;

25 (2) the relationship of accomplishments and services to  
26 the policy decisions and budget determinations of the governor and the  
27 legislature;

28 (3) the costs of accomplishing the work and providing the  
29 services, and, to the extent feasible, citing meaningful measures of

1 program effectiveness and cost;

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

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

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

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

20 Sec. 37.35.120. DEFINITIONS. In this chapter

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

25 (2) "division" means the division of budget and management,  
26 Department of Administration;

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

29 Sec. 37.35.130. SHORT TITLE. This Act may be cited as The

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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 - 37.05.120.

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