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STATE OF ALASKA

OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

JAY S. HAMMOND, GOVERNOR

POUCH AM — JUNEAU 99811
PHONE 465-2213

December 31, 1977

The Honorable Al Ose
State House of Representatives
Box 832
Palmer, Alaska 99645

Dear Representative Ose:

Attached you will find the Division of Budget and Management's response to SCR #1 concerning zero base budgeting (ZBB).

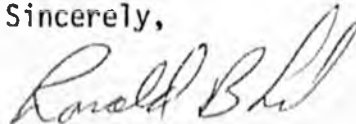
The information in the attachment basically explains the possibilities for a full zero base budget system in Alaska as well as a modified approach which could be considered prioritization budgeting. The specific proposal being made by me does not call for the full implementation of the ZBB philosophy in Alaska and therefore reduces some of the costs associated with implementation and possibly some of the benefits.

During our investigation of zero base budgeting possibilities we had the consulting firm, Management Analysis Center (MAC), that worked on the implementation of Alaska's current budget system, review the possibilities for the use of ZBB in Alaska. As part of their review they prepared a presentation to the Governor and his budget review group showing the steps required to implement ZBB and the possible benefits. Management Analysis Center personnel would be available to give a presentation on ZBB to the interested members of the Legislature.

To arrange for a presentation by the consulting group and to obtain further information on the subject please contact me at 465-2213.

Legislative Reference Library
Legislative Affairs Agency
Pouch Y State Capital
Juneau, Alaska 99811

Sincerely,



Ronald B. Lind, Director
Division of Budget and Management

Legislative Reference Library
Legislative Affairs Agency
Pouch Y State Capital
Juneau, Alaska 99811

PROPOSALS FOR IMPLEMENTATION OF A ZERO-BASED BUDGETING
SYSTEM FOR STATE GOVERNMENT OPERATIONS

Prepared by the Division of Budget and Management

In accordance with SCR 1, passed by the 1977 legislature, "zero-base budgeting" (ZBB) has been reviewed by the Division of Budget and Management for possible use by the State of Alaska. After our initial review and experimentation during this budget preparation cycle, we feel that there are definite advantages that could be gained by integrating some ZBB techniques into our formal process. The following is a description of this review and experimentation, plus summary proposals for integration of such techniques into the state budget process.

Consultant Proposal

A contract was entered into with the Management Analysis Center (MAC), the same consulting firm that initially designed our current budget system. MAC is a recognized authority on zero-base budgeting, having assisted in the design and implementation of ZBB in over 120 organizations, including the states of Texas and Delaware, the California Department of Health, and the Department of Corrections in both Illinois and Pennsylvania. This time, MAC was hired to demonstrate the use of ZBB concepts for Alaska, in part by recasting several existing budgets into a suggested ZBB format.

It may be noted that the consultant believed the most useful and practical elements of ZBB to be 1) the provision for budget requests to be prioritized, and 2) the provision for this prioritization to begin at a level below currently funded operations. ZBB would make a greater contribution to budgetary decision-making by providing several realistic options around the probable margin of decision rather than by attempting to provide specific cost justification for all existing resources on an annual basis. Such an exercise may be more successfully done in a periodic "Sunset" review rather than in an annual budget.

An outline of the ZBB system envisioned by MAC is as follows:

1. Each BRU or "decision unit" would be required to submit a budget for several specified funding levels, with the lowest level typically set below the current year authorization. These various levels would be assigned by the Governor's Office after preliminary budget review early in the fiscal year. A common range of assigned funding levels might be: a) no greater than 80% of current level, b) no greater than 90%, c) approximately current level, and, d) no greater than 120%. By assigning levels to each BRU, more alternatives below the current level may be required for those programs in which cutbacks are being considered, and more alternatives above the current level may be assigned when program expansion is the more likely direction.

2. At least two new "ZBB forms" would be used to express the incremental budgets. Examples drawn up by MAC are shown in Appendix A. A line-item distribution is presented for each funding level. "Program Performance" measures are also included for each level in an attempt to estimate the impact of each funding alternative on agency operations. The measures suggested are primarily workload oriented, in that they are directed more towards quantifying the actions of the agency rather than concentrating on the extent of the problem(s) being addressed, or on the impact of agency operations on the problem(s). This is because quantified "impact measures," or "condition of the world" measures, are both difficult to develop and often imprecise. It was the consultant's opinion that such measures are generally too crude to permit realistic estimates of their response to alternative program funding levels. Instead, the forms provide space for a general narrative description of program effectiveness at each alternative level.

In addition, the forms allow a brief narrative description of program activities to be funded at the specified level, plus any changes from current service levels that would be implied.

3. The ZBB forms provide space for the proposed line-item distribution of funds at each level, along with the number of positions that would be funded. By itself, the suggested ZBB system provides no further level of fiscal detail. In theory, the Governor's Budget Review Committee and the Legislative Finance Committees could forsake the line-item back-up shown on Forms 10-20 of our current budget system, and commit themselves to making somewhat broader resource allocation decisions based primarily on agency descriptions of program operations and impact at various funding levels. There would be less "fine tuning" of the budget, and little verification of agency figures, because the information needed to do it would not be readily available. Decisions would be made on budget "increments", or "packages" of additional funding, instead of on smaller items such as individual positions or an increase in travel funds. Fewer decisions would be made, though on the average each decision would involve more money and have more impact than before.

If the possibilities of "fine tuning" and of checking agency figures by the technical analysts are to be retained, the line-item back-up such as now provided on Forms 10-20 must be retained. The consultant suggests that these forms could be adapted to display sub-object costs by funding increment. For example, instead of displaying all contractual costs in three columns labeled "maintenance", "change", and "request"; such costs could be displayed in four columns representing the amounts to be added at each of four alternative funding levels. Such a display would be more difficult for personal services, but would be made easier by developing an Appropriated Personnel Budget Report that would calculate budget year annualized salary costs for each position, including benefits, so that individual existing positions could be added, deleted, and displayed more clearly.

It is in adapting a line-item budget to the ZBB format where much of the paperwork increase may occur. Instead of explaining telephone expense in two increments (i.e. "maintenance" and "change"), such expense may now be broken into four increments, each with its own explanation.

4. To retain an overall description of the program, and a discussion of its purposes, impact, problems, and legal context, something similar to Forms 1-3 of the current system should be retained. These forms are most often used as a starting point by committee members new to the budget process. Since our government is structured to provide for a periodic infusion of new decision-makers, it seems advisable to retain this aspect of the budget submission.

If the "front forms" of the budget are retained, both as an educational tool for new participants in the process and also as a means of maintaining the visibility of basic issues and policies underlying the program; and if the line-item back-up is retained so that agency costs and figures can be double checked and to provide detail needed for "fine tuning", then the "ZBB system" resembles our current format except that: a) the line-item detail is broken down into more increments, somewhat increasing its size and, b) supplemental "ZBB forms" would be submitted presenting a summary of each alternative, with the first alternative set at a level below the current year authorization.

Division Test Usage - FY 79 Budget

After a review of the consultant's proposal, our approach to the subject was to try to find the most useful and efficient way of incorporating prioritization of budget requests into our existing budget system. An experimental method to accomplish this was designed and tested over the past few months on approximately half of the FY 79 budget.

The main factors that determined the design of our test were as follows:

1. The belief that a composite prioritization of requests for a group of related BRU's would be more useful than separate prioritizations for each BRU. In other words, the importance of a particular request should be weighed against all other funding requests serving similar objectives, not just against those in the same BRU.
2. Information in the increments should be at a specific item level.
3. There should be a minimum amount of disruption and change for people actually preparing the detail budget levels.
4. Items with little discretion, such as formula grant programs, would be excluded.
5. The test would be an "add-on" to our existing budget procedures and not part of our formal submission this year.

In order to implement factor #1 (i.e. that composite prioritizations be prepared for groups of related CRU's), all existing BRU's first had to be formally arranged into such groups. We therefore organized the operating budget into 39 units called "cover programs," each containing a number of BRU's serving related goals and objectives. A full listing of our current "cover program" structure is included in Appendix D.

An example of a "cover program prioritization" submitted this year is included in Appendix B. In this sample submission, requests for discretionary funding increments for all ten BRU's in the "Community Development" cover program (Department of Community and Regional Affairs) are displayed and explained in a single rank order of priority. In this way, the agency offers its view of the relative importance of requested service increments across a broad range of community development programs.

Regarding factor #2 above, we felt that the requested funding increments should be expressed on the incremental package forms with greater attention to fiscal detail, identification of specific items, and with greater emphasis placed on specific justification of distinct requests rather than on more general statements estimating the overall impact of the entire increment. The primary reason for this is that decision-makers will often require the "specifics" in order to adequately understand what the funding increment represents. Agency statements of overall impact on service delivery will often be general, and the credibility of such statements will not go unquestioned. "Input-output" relationships for most State programs are not well defined or easily agreed upon. In addition, grounding the exercise in specific requests should make it clearer for the agencies, and therefore make it more likely that the prioritizations will be completed satisfactorily and on time.

Since this was the first test of our proposed system, prioritization was required only for those items representing General Fund increases on top of a "continuation" base. Full instructions to agencies concerning the prioritization exercise are included in Appendix C.

FY 80 Proposal

Our proposal for next year's budget is as follows:

1. Our existing budget format would be largely retained. However, the classifications of "maintenance" and "change" would be dropped, to be replaced by "continuation" and "addition". "Continuation" would basically include all existing resources (excluding one-time special costs), plus salary increase and inflation. All requests on top of continuation would be classified as "additions".
2. A new form would be created - Form 8. On this form, each BRU (except formula grant programs) would be required to show those items and related services within the continuation budget that would be best to delete if funding for the BRU were to be reduced to a percent below the current year authorization.
3. A supplement similar to our cover program prioritization experiment would be required of all agencies for their

operating budgets. The prioritization base would most often be set at a level below the cover program's current year authorization. All items/services displayed on Form 8, plus all requested "additions" above continuation, would be prioritized in increments above the Base. This would open up more possibilities for both the agencies and the various budget committees to recommend decreases in one area to offset increases in another.

Depending on how much additional work is generated and how useful the system is, a decision could then be made to lower the first increment level for the following year.

4. Prioritization of items within each increment would also be required. The current system has shortcomings because the size of the increments often exceeds the levels of funds available.
5. A prioritization for all cover programs within the same agency and category would also be required. The level of detail provided for this ranking would be much less than that for each cover program.

Appendix A

ZBB Example Drawn Up By Consultant

BUDGET SUBMISSIONS

SERVICE INCREMENTS FOR VOCATIONAL REHABILITATION

Service Increment/ Cost	Description of Services	Cumulative % of Current Year Budget	Program Impact
1 (Minimum) \$2486.6	Continue service to all current participants until they complete program. Accept only severely handicapped in budget year (30% of referrals)	65%	800 non-severely handicapped previously accepted into program will be refused. Rehab rate for those accepted will be 70%.
2 \$917.4	Add acceptance of all non-severely handicapped except drug addicts, alcoholics and public offenders	88%	400 drug addicts, alcoholics and public offenders previously accepted into program will be refused. Rehab rate for those accepted will be 70%.
3 \$952.4	Add acceptance of all drug addicts, alcoholics and public offenders. Brings to level of current program	113%	All referrals will be screened and all individuals capable of rehab will be treated. Rehab rate will be 60%.
4 \$173.4	Add an outreach program to generate 200-300 additional referrals and 100 acceptances. Build rehab center in Anchorage.	118%	Outreach program publicizes services. Rehab Center increases convenience of services—often handicapped must travel outside state to get service. Rehab rate will be 60%.

STATE OF ALASKA

BRU (Package) VOCATIONAL REHAB. (1 of 4)	BRU Code 02-22-06-00-00	BRU Manager MAC, Inc.	Date 5/19/77	Cover Program	Rank
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Statutory Basis

Alaska Statutes 23.15.00 through 23.15.210 and Public Law 93-112

Goals

To provide disabled Alaskans having a handicap to employment, the opportunity to engage in gainful work.
For those individuals determined unemployable because of their disability, consideration for entitlement to cash benefits under Titles II or XVI of the Social Security Act.

Description of Operations for This Level

Provide treatment to all handicapped individuals presently in program as carryovers from previous years' programs; this constitutes approximately 740 severely handicapped (30%) and non-severely handicapped (70%) individuals.

Accept for treatment only severely handicapped referrals in accordance with policy of Public Law 93-112 (Rehability Act of 1973) which specifies that federal matching funds will be made available to states only if severely handicapped receive number one priority. Total number of accepts will be 350 based on total referrals of 1,150.

Changes From Current Operations/Impact on Program Effectiveness

Current program accepts for treatment all severely handicapped and non-severely handicapped individuals who are felt to be rehabilitable. Under this program level, no new non-severely handicapped individuals will be accepted for treatment (normally 70% of all accepts). Because of resulting reduction in total budget, number of individuals referred who are screened will be reduced by 50%, while the total number of individuals rehabilitated will be reduced in numbers by 325 per year. Follow-up services will remain about the same for those individuals rehabilitated.

Workload/Performance Measures	FY76 Actual	FY77 Expected	FY78 Planned	Resources Required	FY76 Actual	FY77 Authorized	FY78	
							Maint.	Recques
1) % of Referrals Screened	100%	100%	50%	Positions - this level				46
2) % of Referrals Accepted for Treat.	56%	60%	17%	- cumulative	83	83	80	46
3) # of Referrals Accepted for Treat.	1008	1145	350	Operating Expense - this level				
4) % of Those Rec. Treat. Who Were Rehab. 69%		69%	60%	- cumulative	3,287.0	3,855.0	4,356.4	2,482
5) # of Those Rec. Treat. Who Were Rehab 600		650	325	- % of prior year		117%	113%	6
6) % of those Rehab'd Who Rec:				Capital Expenditure - this level				
a) Follow-up for 4 Months +	85%	90%	85%	- cumulative				

STATE OF ALASKA

BRU (Package) VOCATIONAL REHAB. (1 of 4)	BRU Code 02-22-06-00-00	BRU Manager MAC, Inc.	Date 5/19/77	Cover Program	Rank
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Impact on Program Effectiveness & Other BRUs of Not Approving This Package

If this package is not approved, federal funding per public law 93-11C will be withdrawn from the state, leaving only general funds available for financing. If such were to occur, the rehab. program would have to be terminated.

Other Levels of Effort Identified

(2 of 4) \$917,400 - Add to Level I treatment population 400 non-severely handicapped individuals (excluding addicts, alcoholics and public offenders).
 (3 of 4) \$952,400 - Add to Level I treatment population all non-severely handicapped individuals including addicts, alcoholics and public offenders (increase of 800 over number of Level I acceptances).
 (4 of 4) - \$178,400 - In addition to Level III, implement a limited out-reach program to attract both severely and non-severely handicapped individuals for appraisal and possible treatment (generating 200-300 referrals and 100 new clients). Establish a major rehabilitation center in Anchorage municipality. Recommend that major subcontracts of services be required to use zero base budgeting in supplying cost-benefit of all recommended levels of support sources.

Object	Object Group Description	FY76 Actual	FY77 Authorized	FY78 Maint.	FY78 Req. Cumulative	FY78 Req. This Lev.
100	Personal Services	1,567.0	1,815.9	1,943.6	1,117.7	1,117.7
200	Travel	68.5	85.0	102.0	58.6	58.6
300	Contractual Services	293.3	344.2	361.1	2207.7	207.7
400	Commodities	10.8	23.0	23.4	13.5	13.5
500	Equipment	5.1	7.4	5.9	3.4	3.4
600	Land, Bldgs., Impr.	-----	-----	32.5	-----	-----
700	Grants, Claims, Shd. R.	1,342.3	1,579.5	1,837.9	1,085.7	1,085.7
800	Miscellaneous	-----	-----	-----	-----	-----
TOTAL		3,287.0	3,855.0	4,356.4	2,486.6	2,486.6

Alternative Means Considered for Accomplishing This Package

Alternative of sending severely handicapped outside the state for services and treatment in Washington (state of) which has more centralized treatment centers and more diverse training programs.

Fund. Code	Funding Source Description	FY76 Actual	FY77 Authorized	FY78 Maint.	FY78 Req. Cumulative	FY78 Req. This Lev.
002	Federal Receipts	2,555.6	2,632.3	2,708.4	1,989.3	1,989.3
003	Reqd. G. F. Match	577.3	617.0	623.9	497.3	497.3
004	Other General Fund	107.5	510.7	928.8	-----	-----
005	Inter-Agency Receipts	45.8	90.0	90.0	-----	-----
006	Program Receipts	.8	5.0	5.3	-----	-----
TOTAL		3,287.0	3,855.0	4,356.4	2,486.6	2,486.6
Positions		83	83	80	46	46
Capital Expenditure		-----	-----	-----	-----	-----

BRU (Package) VOCATIONAL REHAB. (2 of 4)	BRU Code 02-22-06 00-00	BRU Manager MAC, Inc	Date 5-19-77	Cover Program	Rank
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Impact on Program Effectiveness & Other BRUs of Not Approving This Package

State would not be adding to Alaska Statutes 23.15.00 through 23.15.210 in that Voc. Rehab. would not be offering services to all needy individuals in state, but rather would be providing services only to severely handicapped. If not approved, 70% of individuals with non-severe handicaps would be deprived of services.

Other Levels of Effort Identified

(1 of 4) - \$248,600 - Provide treatment only to those 740 handicapped persons who participated in previous years programs. Accept only 30% of severely handicapped referrals as new clients.
 (3 of 4) - \$952,400 - Add to Level I treatment population, all non-severely handicapped individuals, including addicts, alcoholics and public offenders (increase of 800 over number of Level I acceptances).
 (4 of 4) - \$178,400 - In addition to Level III, implement a limited out-reach program to attract both severely and non-severely handicapped individuals for appraisal and possible treatment (generating 200-300 referrals and 100 new clients). Establish a major rehabilitation center in Anchorage municipality.
 **** see below

Object Group	Object Group Description	FY76 Actual	FY77 Authorized	FY78 Maint.	FY78 Req. Cumulative	FY78 Req. This Level
100	Personal Services	1,567.0	1,815.9	1,943.6	1,530.1	412.4
200	Travel	68.5	85.0	102.0	80.3	21.7
300	Contractual Services	293.3	344.2	361.1	284.3	76.6
400	Commodities	10.8	23.0	23.4	18.4	5.9
500	Equipment	5.1	7.4	5.9	4.6	1.2
600	Land, Bldgs., Impr.	----	-----	32.5	----	-----
700	Grants, Claims, Shd.R.	1,342.3	1,579.5	1,887.9	1,486.3	400.0
800	Miscellaneous	----	-----	-----	-----	-----
TOTAL		3,287.0	3,855.0	4,356.4	3,404.0	917.4

Alternative Means Considered for Accomplishing This Package

Alternative of sending severely handicapped outside the state for services and treatment in Washington (state of) which has more centralized treatment centers and more diverse training programs.

Fund. Code	Funding Source Description	FY76 Actual	FY77 Authorized	FY78 Maint.	FY78 Req. Cumulative	FY78 Req. This Level
002	Federal Receipts	2,555.6	2,632.3	2,708.4	2,708.4	719.1
003	Reqd. G. F. Match	577.3	617.0	623.9	623.9	126.0
004	Other General Fund	107.5	510.7	928.8	71.7	71.7
005	Inter-Agency Receipts	45.8	90.0	90.0	-----	-----
006	Program Receipts	.8	5.0	5.3	-----	-----
TOTAL		3,287.0	3,855.0	4,356.4	3,404.0	917.4
Positions		83	83	80	63	17
Capital Expenditure					-----	-----
TOTAL CAPITAL EXPENDITURE					-----	-----

 Recommend that major subcontractors of services be required to use zero base budgeting in specifying cost-benefit of all recommended levels of support services.

BRU (Package) VOCATIONAL REHAB. (3 of 4)	BRU Code 02-22-06-00-00	BRU Manager MAC. INC.	Date 5/19/77	Cover Program	Rank
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<u>Statutory Basis</u> Alaska Statutes 23.15.00 through 23.15.210 and Public Law 93-112	<u>Goals</u> To provide disabled Alaskans having a handicap to employment the opportunity to engage in gainful work. For those individuals determined unemployable because of their disability, consideration for entitlement to cash benefits under Titles II or XVI of the Social Security Act.
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Description of Operations for This Level

Accept all additional non-severely handicapped individuals who are referred for treatment and who are judged to be rehabilitable. This would include referrals in previously eliminated categories of drug dependency, alcoholism and public offenders. Increase in the number accepted would be approximately 400.

Changes From Current Operations/Impact on Program Effectiveness

All non-severely handicapped individuals referred, who are rehabilitable, will receive treatment and services. Services will not be provided on a first come-first serve basis for non-severely handicapped. Program effectiveness will increase to current maintenance levels where 100% are screened with 60% accepted for treatment. Total rehabilitated increases to 650 individuals, double that of increment 1.

Workload/Performance Measures	FY76 Actual	FY77 Expected	FY78 Planned	Resources Required	FY76 Actual	FY77 Authorized	FY78	
							Maint.	Request
1) % of Referrals Screened	100%	100%	100%	Positions	- this level			17
2) % of Referrals Accepted for Treat	56%	60%	60%		- cumulative	83	83	80
3) # of Referrals Accepted for Treat.	1008	1145	1145	Operating Expense	- this level			952.4
4) % of Those Rec. Treat. Who Were Rel	69%	69%	69%		- cumulative	3287.0	3855.0	4356.4
5) # of Those Rec. Treat. Who Were Rel	650	650	650	- % of prior year		117%	113%	113%
6) % of Those Rehabil. Who Rec:				Capital Expenditure	- this level			32.5
a) Follow-up for 4 Months+	85%	90%	90%		- cumulative			
b) Follow-up for 1 Year+	50%	10%	10%	Total General Funds	684.8	1,127.7	1,552.7	1,552.7

BRU (Package) Vocational Rehab (3 of 4)	BRU Code 02-22-06-00-00	BRU Manager MAC, Inc.	Date 5/19/77	Cover Program	Rank
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Impact on Program Effectiveness & Other BRUs of Not Approving This Package

Services and treatment for non-seriously handicapped will be provided on a first come-first serve basis. Treatment would not be provided to drug dependency, alcoholism and public offender handicapping conditions.

Other Levels of Effort Identified

(1 of 4) - \$248,600 - Provide treatment only to those 740 handicapped persons who participated in previous years' programs. Accept only 30% of severely handicapped referrals as new clients.
 (2 of 4) - \$917,400 - Add to Level I treatment population, 400 non-severely handicapped individuals (excluding addicts, alcoholics and public offenders)
 (4 of 4) - \$178,400 - In addition to Level III, implement a limited out-reach program to attract both severely and non-severely handicapped individuals for appraisal and possible treatment (generating 200-300 referrals and 100 new clients). Establish a major rehabilitation center in Anchorage municipality. Recommend that major subcontractors of services be required to use zero base budgeting in specifying cost-benefit of all recommended levels of support services.

Object Group	Object Group Description	FY76 Actual	FY77 Authorized	FY78 Maint.	FY78 Req. Cumulative	FY78 Req. This Level
100	Personal Services	1,567.0	1,815.9	1,943.6	1,943.6	414.5
200	Travel	68.5	85.0	102.0	102.0	21.7
300	Contractual Services	293.3	344.2	361.1	361.1	76.8
400	Commodities	10.8	23.0	23.4	23.4	5.0
500	Equipment	5.1	7.4	5.9	5.9	1.3
600	Land,Bldgs., Impr.	----	-----	32.5	32.5	32.5
700	Grants, Claims, Shd.R.	1,342.3	1,579.5	1,887.9	1,887.9	401.6
800	Miscellaneous					----
TOTAL		3,287.0	3,855.0	4,356.4	4,356.4	952.4

Alternative Means Considered for Accomplishing This Package

Fund. Code	Funding Source Description	FY76 Actual	FY77 Authorized	FY78 Maint.	FY78 Req. Cumulative	FY78 Req. This Level
002	Federal Receipts	2,555.6	2,632.3	2,708.4	2,708.4	-----
003	Reqd. G. F. Match	577.3	617.0	623.9	623.9	-- ----
004	Other General Fund	107.5	510.7	928.8	928.8	857.1
005	Inter-Agency Receipts	45.8	90.0	90.0	90.0	90.0
006	Program Receipts	.8	5.0	5.3	5.3	5.3
TOTAL		3,287.0	3,855.0	4,356.4	4,356.4	952.4
Positions		83	83	80	80	17
Capital Expenditure					32.5	32.5
TOTAL GENERAL FUNDS						952.4

STATE OF ALASKA

BRU (Package) VOCATIONAL REHAB. (4 of 4)	BRU Code 02-22-06-00-00	BRU Manager MAC, Inc.	Date 5-19-77	Cover Program	Rank
<u>Statutory Basis</u> Alaska Statutes 23.15.00 through 23.15.210 and Public Law 93-112	<u>Goals</u> To provide disabled Alaskans having a handicap to employment, the opportunity to engage in gainful work. For those individuals determined unemployable because of their disability, consideration for entitlement to cash benefits under Titles II or XVI of the Social Security Act.				

Description of Operations for This Level

Limited out-reach program to bring in individuals (both severely and non-severely handicapped) for appraisal and possible treatment. Goal of program is to generate 200-300 additional referrals and accepts 100 additional individuals for services.

Establish one major rehabilitation center in Anchorage municipality to service and provide treatment to handicapped individuals in that portion of the state.

Changes From Current Operations/Impact on Program Effectiveness

Currently there is no active program to encourage referrals, or increase penetration of the department into that segment of the handicapped population who are unaware of the treatment available or reluctant to seek assistance. It is felt that the 200-300 additional referrals and the 100 accepts will come from this segment of the population.

Building a rehab. center in Anchorage will provide more continuous and convenient services to handicapped individuals who presently have to travel to other cities in order to receive services. A rehab. center will also eliminate \$80,000 of subcontractor services (and expenses) which are needed because of lack of adequate state-owned facilities in the central part of the state. A minimal increase in numbers of personnel will be required for the rehab. centers.

Numbers of individuals rehabilitated will increase to nearly 700 per year. The addition of three staff dedicated primarily to follow-up work will allow 100% follow-up at the four-month level and also will provide 50% of total rehabs with follow-up services up to one year after placement.

Workload/Performance Measures	FY76 Actual	FY77 Expected	FY78 Planned	Resources Required	FY76 Actual	FY77 Authorized	FY78		
							Maint.	Request	
1) % of Referrals Screened	100%	100%	100%	Positions	- this level			6	
2) % of Referrals Accepted for Treatment	56%	60%	60%		- cumulative	83	83	80	86
3) # of Ref. Accepted for Treat.	1,008	1,145	1245	Operating Expense	- this level			178.4	
4) % of Those Rec. Treat. Who Were Rehab.	69%	69%	69%		- cumulative	3,287.	3,855.	4,356.4	4,534.5
5) % of Those Rec. Treat. Who Were Rehab.	600	650	685		- % of prior year		117%	115%	118%
6) % of Those Rehab'd. Who Rec:				Capital Expenditure	- this level			750	
a) Follow-up for 4 Months+	85%	90%	100%		- cumulative				282.5

BRU (Package) VOCATIONAL REHAB. (4 of 4)	BRU Code 02-22-06-00-00	BRU Manager MAC, Inc.	Date 5-19-77	Cover Program	Rank
---	----------------------------	--------------------------	-----------------	---------------	------

Impact on Program Effectiveness & Other BRUs of Not Approving This Package

Not funding this package will result in a maintenance level program in 1978. An initial step towards setting up a statewide system of rehab. centers would not be taken.

Other Levels of Effort Identified

(1 of 4)--\$248,000--Provide treatment only to those 740 handicapped persons who participated in previous year's programs. Accept only 30% of severely handicapped referrals as new clients.
 (2 of 4)--\$917,400--Add to Level I treatment population 400 non-severely handicapped individuals (excluding addicts, alcoholics & public offenders).
 (3 of 4)--\$952,400--Add to Level I treatment population all non-severely handicapped individuals, including addicts, alcoholics and public offenders (increase of 800 over number of Level I acceptances).

Recommend that major subcontractors of services be required to use zero-base budgeting in specifying cost-benefit of all recommended levels of support serv.

Object Group	Object Group Description	FY76 Actual	FY77 Authorized	FY78 Maint.	FY78 Req. Cumulative	FY78 Req. This Level
100	Personal Services	1,567.0	1,815.9	1,943.6	2,095.3	151.7
200	Travel	68.5	85.0	102.0	107.0	5.0
300	Contractual Services	293.3	344.2	361.1	281.1	(80.0)
400	Commodities	10.8	23.0	23.4	24.6	1.2
500	Equipment	5.1	7.4	5.9	6.2	.3
600	Land,Bldgs.,Impr.	---	---	32.5	32.5	-0-
700	Grants,Claims,Shd.R.	1,342.3	1,579.5	1,887.9	1,988.1	100.2
800	Miscellaneous	---	---	---	---	---
TOTAL		3,287.0	3,855.0	4,356.4	4,534.8	178.4

Alternative Means Considered for Accomplishing This Package

Capital expenditure of \$750K would be used to buy some subcontract services; however, state would in effect be renting the services and not buying them for long term use.

Fund. Code	Funding Source Description	FY76 Actual	FY77 Authorized	FY78 Maint.	FY78 Req. Cumulative	FY78 Req. This Level
002	Federal Receipts	2,555.6	2,632.3	2,708.4	2,708.4	---
003	Reqd. G. F. Match	577.3	617.0	623.9	623.9	---
004	Other General Fund	107.5	510.7	928.8	1,107.2	178.4
005	Inter-Agency Receipts	45.8	90.0	90.0	90.0	---
006	Program Receipts	.8	5.0	5.3	5.3	---
TOTAL		3,287.0	3,855.0	4,356.4	4,534.8	178.4
Positions		83	83	80	86	6
Capital Expenditure					782.5	750

STATE OF ALASKA
OBJECT GROUP SUMMARY

BRU: VOCATIONAL REHAB.		BRU CODE: 02-22-06-00-00		BRU MANAGER: MAC, Inc.		DATE 5/19/77		DEPARTMENT: DIVISION: COVER PROGRAM:			
OBJECT GROUP No. Description		FY 76 Actual	FY 77 Authorized	FY 78 Maintenance	FY 78 REQUEST						TOTAL
					Package Number:						
					1 of 4	2 of 4	3 of 4	4 of 4	5 of	6 of	
100	Personal Services	1,567.0	1,815.9	1,943.6	1,117.7	412.4	413.5	151.7			2,095.3
200	Travel	68.5	85.0	107.0	58.6	21.7	21.7	5.0			107.0
300	Contractual Services	293.3	344.2	361.1	207.7	76.6	76.8	(80.0)			281.1
400	Commodities	10.8	23.0	23.4	13.5	4.9	5.0	1.2			24.6
500	Equipment	5.1	7.4	5.9	3.4	1.2	1.3	.3			6.2
600	Land, Buildings, Improvements	---	---	32.5	---	---	32.5	---			32.5
700	Grants, Claims, Shared Revenue	1,342.3	1,579.5	1,887.9	1,095.7	400.0	401.6	100.2			1,986.1
800	Miscellaneous	---	---	---	---	---	---	---			---
TOTAL		3,287.0	3,855.0	4,356.4	2,486.6	917.4	952.4	178.4			4,534.8

FUNDING SOURCE											
Code Description											
002	Federal Receipts	2,555.6	2,632.3	2,708.4	1,989.3	719.1	---	---			2,708.4
003	Reqd. General Fund Match.	577.3	617.0	623.9	497.3	126.6	---	---			623.9
004	Other General Fund	107.5	510.7	928.8	---	71.7	857.1	178.4			1,107.3
005	Inter-Agency Receipts	45.8	90.0	90.0	---	---	90.0	---			90.0
006	Program Receipts	.8	5.0	5.3	---	---	5.3	---			5.3
TOTAL		3,287.0	3,855.0	4,356.4	2,486.6	917.4	952.4	178.4			4,534.8
Positions		83	53	80	46	17	17	6			86
Capital Expenditures		---	---	---	---	---	32.5	750.0			782.5
TOTAL GENERAL FUNDS		684.6	127.7	1,552.7	497.3	198.3	857.1	178.4			1,731.1

Appendix B

FY 79 Cover Program Prioritization

Sample Agency Submission

4 COVER PROGRAM FINANCIAL SUMMARY

BRU		PY ACTUAL	CY AUTH.	BY REQUEST	BY PAGE	GROUP I	GROUP II	INC #1	INC #2	INC #3	INC #4	INC #5	INC #6	INC #7	INC #8	INC #9	INC #10	
Municipal Lands Trustee	GF TOTAL	-0- -0-	61.7 61.7	143.2 143.2	79.7 79.7	-0- -0-	68.3 68.3	65.5 65.5										
Local Government Assistance	GF TOTAL	354.6 378.1	362.4 382.4	537.2 623.9	431.5 431.5	-0- -0-	103.7 103.7	60.1 60.1	22.7 22.7	22.9 22.9								
Local Boundary Commission	GF TOTAL	87.7 87.7	98.9 98.9	120.7 120.7	114.7 114.7	-0- -0-	6.0 6.0			6.0 6.0								
State Assessor Office	GF TOTAL	291.9 291.9	361.2 361.2	479.1 479.1	406.4 406.4	-0- -0-	72.7 72.7			22.7 22.7	30.0 30.0							
Municipal Revenue Sharing	GF TOTAL	16,645.1 16,645.1	18,729.7 18,729.7	20,009.4 20,009.4	20,000.8 20,000.8	-0- -0-	8.0 8.0			8.0 8.0								
National Forest Receipts	GF TOTAL	141.5 141.5	664.8 664.8	1,335.2 1,335.2	1,335.2 1,335.2	-0- -0-	-0- -0-											
Community Legal Assistance Grants	GF TOTAL	2.7 2.7	20.0 20.0	45.0 45.0	20.0 20.0	-0- -0-	23.0 23.0					23.0 23.0						
Community Planning Assistance	GF TOTAL	397.1 1,146.3	425.9 1,199.1	476.7 1,276.7	376.7 1,176.7	-0- -0-	100.0 100.0	14.0 14.0	40.0 40.0	46.0 46.0								
GRAND TOTALS		XXXXXXXXXX	See Page	XXXXXXXXXX	XXXXXXXXXX													
GEN. FUND																		
FUNDING SOURCES																		
Cover Program / Agency	% INCREASE OVER CY AUTH.	GF	%	%	%	%		%	%	%	%	%	%	%	%	%	%	%
Community Development Page 1		TOTAL	%	%	%	%		%	%	%	%	%	%	%	%	%	%	%

SIGNATURE OF AGENCY HEAD Lee M. Overman

Actual - not page

4 Y COVER PROGRAM FINANCIAL SUMMARY

BRU		FY ACTUAL	CY AUTH.	BY REQUEST	BY BASE	GROUP I	GROUP II	INC #1	INC #2	INC #3	INC #4	INC #5	INC #6	INC #7	INC #8	INC #9	INC #10
Administration and Support	GF TOTAL	397.3	426.2	561.6	481.0	30.6	50.0	17.7				32.3					
		418.6	426.2	609.3	481.0	30.6	93.7	61.4				32.3					
Community and Rural Development	GF TOTAL	703.8	1,290.1	1,152.4	1,152.4	-0-	-0-										
		1,513.4	1,571.1	1,436.4	1,436.4	-0-	-0-										
	GF TOTAL																
	GF TOTAL																
	GF TOTAL																
	GF TOTAL																
	GF TOTAL																
	GF TOTAL																
GRAND TOTALS		20,153.3	21,516.1	26,079.9	25,470.4	117.3	460.2	143.9	100.1	100.0	78.9	57.3					
FUNDING SOURCES	GEN. FUND	19,021.7	22,063.3	24,865.5	24,398.5	30.6	436.5	100.2	100.1	100.0	78.9	57.3					
	Federal Receipts	566.6	353.6	370.7	284.9	86.7	43.7										
	IAR	117.0	1,100.6	843.7	800.0		43.7	41.7									
COVER PROGRAM / AGENCY		% INCREASE OVER CY AUTH.	GF	12.7 %	10.6 %	10.7 %		11.2 %	11.6 %	12.0 %	12.4 %	12.7 %	%	%	%	%	%
Community Development			TOTAL	10.9 %	8.3 %	8.8 %		9.4 %	9.9 %	10.1 %	10.6 %	10.9 %	%	%	%	%	%
Page 2																	

SIGNATURE OF AGENCY HEAD Lee M. Anderson

4 X COVER PROGRAM INCREMENT

AMOUNT		PFT POS.	ITEM	REASON FOR REQUEST / PROJECTED OUTPUT	INPUT DESCRIPTION	
GF	TOTAL					
				<u>Municipal Lands Trustee</u>		
39.1	39.3	1.0		To relieve the Municipal Lands Trustee of technical work by mapping, platting and physical land capability analysis.	Realty Specialist	
11.1	11.3	.5		Legislation requires the maintaining of revenue and title records for the Municipal Lands Trustee Program. This activity, plus handling correspondence between the trustee and over 100 villages under the program will be the projected output. This position will be shared with the Senior Citizens Housing Program.	Clerk Typist	
8.9	8.9			Extensive travel will be required to complete initial contacts and to provide follow-up with village leaders in order to document needs and to thoroughly explain program elements.	Travel to villages	
9.0	9.0			Statutes require the establishment and maintenance of record systems. Village title record plats, village revenue records and their audit and trespass and land use studies to determine the extent of conflict of claims and to settle claims prior to conveyance of title.	Establishment and maintenance of record systems.	
				<u>Administration and Support</u>		
3.1	14.0	1.0		PSE Salary Differential: State Match for Federal Comprehensive Employment and Training Act (CETA) funds maximum of \$833/month. State funds required to supplement to the State Wage level.	Clerk Typist III	
3.0	14.0	1.0		Provides clerical support to 12 fiscal positions.	Clerk Typist III	
3.9	14.8	1.0		Provides supply assistance for the department.	Clerk IV	
4.0	14.9	1.0		Provides records retention and property accounting assistance for the Department.	Clerk IV	
2.2	2.2	1.0		Position reclass: This position provides primary support to the Departmental field offices in the areas of per diem claims, purchasing, supply & property management.	Clerk Typist II to Clerk IV	
COVER PROGRAM / AGENCY		INCREMENT # 1	AMOUNT OF THIS INCREMENT		CUMULATIVE REQUEST	% INCREASE OVER FY 1976
Community Development		Group II	GF	TOTAL PFT POS.	GF TOTAL PFT POS.	GF TOTAL
						%

4 X COVER PROGRAM INCREMENT

AMOUNT		PFT Pos.	ITEM	
GE	TOTAL		REASON FOR REQUEST / PROJECTED OUTPUT	INPUT DESCRIPTION
1.5	1.5	.5	Position release: This position was reclassified during FY '77 due to the formation of the Administrative Services Division.	Clerk Typist III to Secretary I
14.2	14.0		<p><u>Community Planning Assistance</u></p> <p>For "Community Profiles" series of mapped data displaying land status, existing structures and land use, public utilities and facilities, natural hazards, engineering and climatic data and future development potential.</p>	"Community Profiles"

Cover Program / Agency	Increment #	AMOUNT OF THIS INCREMENT			CUMULATIVE REQUEST			% INCREASE OVER CY. AUTH.		
		GE	TOTAL	PFT POS.	GE	TOTAL	PFT POS.	GE	TOTAL	
Community Development	Group 11	100.2	141.9	6.0	24,529.2	20,750.2	50	11.2 %	9.7 %	

4.1 COVER PROGRAM INCREMENT

AMOUNT		NET POS.	ITEM	
GF	TOTAL		REASON FOR REQUEST / PROJECTED OUTPUT	INPUT DESCRIPTION
40.0	40.0		<u>Community Planning Assistance</u> For "Community Profiles" series of mapped data displaying land status, existing structures and land use, public utilities and facilities, natural hazards, engineering and climatic data and future development potential.	"Community Profiles"
49.1	49.1	1.0	<u>Local Government Assistance</u> Administration of a new office in Bethel. Because Bethel is the hub of over 50 municipalities and villages, we plan to open an office to better serve the pressing needs of officials and the public and gain closer cooperation with all who work in the area.	Local Government Specialist III
11.0	11.0	.5	This position is sole clerical support for Bethel office with full office responsibilities.	Clerk Typist III - one-half position (second half included in Increment #1)

COVER PROGRAM / AGENCY	INCREMENT #1	AMOUNT OF THIS INCREMENT			CUMULATIVE REQUEST			% INCREASE OVER CY AUTH.		
		GF	TOTAL	NET POS.	GF	TOTAL	NET POS.	GF	TOTAL	
Community Development	Increment #1	100.0	100.0	1.5	24,500.0	26,500.0	51.5	11.5%	9.0%	

4 X COVER PROGRAM INCREMENT

AMOUNT		INCR #	REASON FOR REQUEST / PROJECTED OUTPUT	INPUT DESCRIPTION
GE	TOTAL			
46.0	46.0		<p><u>Community Planning Assistance</u></p> <p>For "Community Profiles" series of mapped data displaying land status, existing structures and land use, public utilities and facilities, natural resources, engineering and climatic data and future development potential.</p>	"Community Profiles"
5.0	5.0	1	<p><u>Municipal Revenue Training</u></p> <p>During the time of July-December each year, it is necessary to recruit in the time frame of regulations to the approximately 20 volunteer fire departments in the unorganized borough and to municipalities.</p>	Half-time Clerk Typist
11.0	11.0	2	<p><u>State Assessor Office</u></p> <p>To analyze the increased amount of statistics being processed by the State Assessor's office and Local Government Assistance Division on a 3-5-7 basis.</p>	Research Analyst (half-time)
6.0	6.0		<p>Expansion of yearly assessor training to include a course for advanced assessor training, plus increased enrollment.</p>	Regular Assessor Training
3.1	3.1		<p>Data processing, re-punching, programming and machine time for data processing, accounting, programming and machine time for State Citizen Renters Program and State Citizen Special Assessments.</p>	Data Processing
11.0	11.0	3	<p><u>Local Government Assistance</u></p> <p>To analyze the increased amount of statistics being processed by the Local Government Assistance Division (and with State Assessor's office on a 3-5-7 basis).</p>	Research Analyst 1 (half-time)
11.1	11.1	1	<p>Improvement in clerical support for municipalities.</p>	clerk typist (1/2 time) - 100% clerk typist (1/2 time) - 100%

Cover Program / Agency	Increment #	AMOUNT OF INFO. INCREMENT			CAPITAL REQUEST			% Increase Over FY 1970	
		GE	TOTAL	REL. POS.	GE	TOTAL	REL. POS.	GE	TOTAL
Community Development	Group 1	100.0	100.0	100%	24,720	10,000,000	81.0	10.0	100%

4 X COVER PROGRAM INCREMENT

AMOUNT		PFT Pos.	ITEM	
GE	TOTAL		REASON FOR REQUEST / PROJECTED OUTPUT	INPUT DESCRIPTION
6.0	6.0		<u>Local Boundary Commission</u> Since approximately 80% of the municipalities to be served are located west and north of Anchorage and since annual travel costs would be saved by this one-time costs, the savings to the State would be substantial while increasing the overall effectiveness.	Move Local Government Specialist IV from Juneau to Anchorage.
11.9	11.9	1.0	<u>Local Government Assistance</u> To provide full-time clerical support for some office.	Clerk Typist III
30.0	30.0		<u>State Assessor</u> Conversion of applicable hand operations to machine processing as the volume of annual real property transfers continues to increase.	Data Processing for assessment sales ratio study.

COVER PROGRAM / AGENCY	INCREMENT #:	BY INCL. BE THIS INCREMENT			CUMULATIVE REQUEST			% INCREASE OVER CY. LAST.		
		GE	TOTAL	PFT POS.	GE	TOTAL	PFT POS.	GE	TOTAL	
Community Development	Group II	25.7	25.7	1.0	26,019.2	26,019.2	1.0	12.8%	16.0%	

4 X COVER PROGRAM INCREMENT

AMOUNT		PFT Pos.	ITEM	
GF	TOTAL		REASON FOR REQUEST / PROJECTED OUTPUT	INPUT DESCRIPTION
32.3	32.3	1.0	<p><u>Administration & Support</u></p> <p>To enable the Department to actively pursue grant funding through private foundations, local communities, Universities and Federal programs to establish an intern management program. The program will enable smaller communities to increase the effectiveness of their local governments through the hiring of part-time and full-time intern management personnel.</p>	Grant Administrator
23.0	23.0		<p><u>Community Legal Assistance</u></p> <p>Due to Section 1403 of the Land Claims Settlement Act, many requests from village corporations relative to lands and conveyance are anticipated during FY '79. The village trust lands will be identified for urgent community need and ultimately transferred to the State in trust through negotiated agreements with BLM.</p>	Legal Assistance Grants

Cover Program / Agency	INCREMENT #	ANNUAL DELTA INCREMENT			CUMULATIVE REQUEST			% INCREASE OVER FY ANTH.	
		GF	TOTAL	REL POS.	GF	TOTAL	REL POS.	GF	TOTAL
Community Development	Group II	37.1	37.1	1.0	24,462.3	26,074.9	32.5	12.7%	10.9%

Appendix C

Instructions to Agencies - FY 79 Prioritization

STATE
of ALASKA

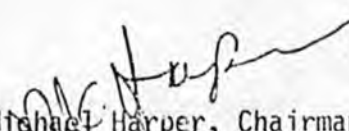
MEMORANDUM

TO ALL COMMISSIONERS

DATE September 13, 1977

FILE NO

TELEPHONE NO

FROM:  Michael Harper, Chairman
Governor's Budget Review CommitteeSUBJECT Prioritization of FY 79
Budget Requests

The Governor has often requested that budget proposals be presented to him in a manner which clearly displays his Commissioners' priorities, and the BRC has attempted to focus its discussions on services to be provided. To meet these informational needs, we have developed a supplement to our budget requirements which calls for most agencies to prioritize their incremental General Fund requests within each cover program for their FY 79 budget submissions. Even though this supplemental system is aimed at the increased funding requests, agencies should not think that this in any way means that their base requests are considered approved - they too must be justified. Attachment B contains a listing of the Cover Programs for which those prioritizations will be required.

The following is a general description of the system to be used and the reasoning behind it. Attachment A contains the specific instructions and forms to be used.

The system we have developed is partially an outgrowth of the recent debate over "zero-base" budgeting. The concept of zero-base budgeting is appealing in two respects: 1) it provides for budget requests to be presented in prioritized increments; and 2) it is structured such that the existing base of government operations is open to budgetary review to a much greater extent than under conventional budget systems. The major problem with zero-base budgeting is that it may be more time-consuming; and without careful planning, a disproportionate amount of additional time could be spent on what is realistically the least discretionary portion of the total budget. In addition, developing a budget in "incremental packages" from a zero base involves new accounting complications which, at this point, would do more to confuse than to clarify budget development and review.

The modified system we are now introducing for FY 79 budget review incorporates the element of prioritization into our existing budget system, but only for requests for new funds. A more complete system would, of course, require prioritization of items within the base. Specifically, we will be requiring that a composite prioritization for all BRU's within a specified group be prepared which accounts for a) all "change" requests on the Form 6's, b) all "maintenance" requests for additional personal services on the Form 5's, plus c) any other major "maintenance" items specified by Budget and Management after review of the Form 5 rough drafts. (Typically, prioritization will not be required for increases in formula grant programs.)

Responsibility for ranking these requests and for preparation of the forms to express these rankings will rest with the Commissioner. The format we are introducing for the prioritization will require usually no less than 4 and no more than 10 "incremental packages" for each BRU group. A "package" is defined simply as one or more request items grouped at the same priority level. The intention is to provide the Budget Review Committee with specific and practical funding level alternatives beginning at a low level and proceeding through roughly equivalent increments up to the full request.

Two new forms have been developed to standardize the process and aggregate the results. The first form basically provides for all new items requested at a particular priority level to be described and explained, including the expected impact of the proposed expenditure. The second form is a financial summary of the BRU requests in total and by increment.

Through the use of this mechanism, we hope that the BRC can focus on the services they want added and that the analysts can focus on the calculations of the funding required to produce those services. In other words, the analysts will spend most of their efforts in verifying and recosting items in the detailed budgets and the BRC will focus on the current service levels and the proposed service increments.

Budget officers of the affected agencies will be contacted shortly by Budget & Management for training in the implementation of this system.

Instructions for Form 4X (Cover Program Increment)
and Form 4Y (Cover Program Financial Summary)

The basic procedure to be followed is that for each group of BRU's, the incremental general fund amount that is to be prioritized is calculated and the magnitude of the amount determines the number of prioritization packages that will be provided. All of the individual service increments that make up this amount are then prioritized, grouped and recorded on the appropriate forms.

We are asking for prioritized "packages" rather than simply a numerical ranking of each new item for two reasons: 1) The priority distinctions between new requests need not be as precise, since a number of new requests may be grouped in the same package at the same priority level; and 2) By limiting the size of each package, we want to be sure that agencies will not, for example, combine 15 positions together as one "item" and label "it" the number one priority.

The amount to be prioritized is calculated for the cover program by subtracting the "BY Base" and net transfers in "Group I" for all of the BRU's from the total request for all of the BRU's. These terms are explained below.

BY Base approximates the continuation cost for the unit based upon the current year authorization and is calculated for each BRU as follows:

Total Request. . .

- a) minus all "change" requests on Form 6 (regardless of funding source),
- b) minus all "maintenance" requests for increased personal services on Form 5 (except for normal salary increase, regardless of funding source). For new positions, deduct the total position cost shown on Form 13, including related line items.
- c) minus all transfers into the BRU planned for FY 79,
- d) plus all transfers out of the BRU planned for FY 79, and
- e) minus any other major "maintenance" items specified by Budget and Management after review of the Form 5 rough drafts.

NOTE: It is the responsibility of the agency to ensure that Form 5 rough drafts are submitted to the appropriate Budget and Management analyst for review prior to formal prioritization.

The first formal step in the process is to accumulate items a, b, c, d, and e as described above, and then to derive the BY Base for each BRU in the group. Items a - e should then be separated into two groups: Group I should contain all transfer items (c and d) plus all new items (a, b and e) funded entirely from non-General Fund sources; Group II should contain all other items. Note that for purposes of this prioritization, "General Fund" will include Required General Fund Match and all requests from the "Renewable Resources Fund", as well as Other General Fund.

The purpose for breaking the increments into these two groups is to provide a format to explain major adjustments to the cover program that are not increased General Fund costs (Group I), and to identify the amount and specific services to be prioritized (Group II).

Set aside Group I requests for the moment. They will need to be listed in a format specified further on, but only the Group II items will need to be prioritized. The next step is to determine the allowable size of each "incremental package" to be presented for the Group II requests.

Add up the total amount of General Funds requested for all Group II items for all BRU's in the group and apply the following schedule to determine the maximum allowable size of each prioritization group.

<u>Group II</u> <u>(GF)</u>	<u>then</u>	<u>Allowable Amount</u> <u>per Increment (GF)</u>
\$0 - 200.0		50.0
200.0 - 400.0		GF amount ÷ 4
400.0 - 800.0		100.0
800.0 or more		GF amount ÷ 8

Where division is used to determine the allowable amount per increment, round up the result to the nearest \$10.0. The following examples should clarify the process:

EXAMPLE:

<u>Group II</u> <u>(GF)</u>	<u>Allowable Amount</u> <u>per Increment (GF)</u>
1. \$ 156.5	\$ 50.0
2. 257.9	70.0
3. 643.5	100.0
4. 3,850.0	490.0

If a single item requires inputs, such as a contract which by itself exceeds the allowable amount per increment, and if that item is clearly indivisible (i.e. "all or nothing"); then that item should constitute a single increment by itself even though the "allowable amount per increment" is exceeded. Such instances should be rare and will be viewed by the BRC as an all or nothing situation.

STEP 1 The sample forms 4X and 4Y (attached) generally correspond to Example #2 above. In filling out the forms, begin with the Form 4Y. Enter the cover program title and agency at the lower left and list the BRU's in their "4A" order for that grouping in the left hand column. If more than eight BRU's are in that group, use two Form 4Y's and enter all totals on the second sheet. Complete columns "PY Actual" through "Group II" using the definitions of "General Fund", "BY Base", "Group I" and "Group II" given in this memo. The CY Authorized column should equal column 4 on Form 4 (i.e. not including the "RP" column).

The sample forms attached assume the following configuration of BRU's and relevant request items:

	<u>Funding</u>	<u>Relevant Request Items</u>	<u>Group Designation</u>
BRU I	100% GF	\$20.0, new position 27.9, new position 80.0 transfer <u>from</u> BRU II	II II I
BRU II	100% GF	\$100.0, new item - "all or nothing" contract 30.0, new position 45.0, new position 25.0, change item, grants (80.0) transfer <u>to</u> BRU I 30.0 transfer <u>from</u> outside BRU group	II II II II I I
BRU III	100% Fed	\$50.0 new position 75.0 new item, contract	I I
BRU IV	50% GF/50% Fed	\$20.0 new item, includes 10.0 GF/10.0 Fed	II

STEP 2 The next step is to prepare the listing of all Group I items, i.e., all transfers plus all items above BY Base that involve no State general funds. List in BRU sequence the Group I services and amounts in the central portion of a Form 4X as shown in the example. For this and for all other "incremental packages", more than one Form 4X may be used if additional space is necessary, though the totals should be recorded only on the last page of the "package". Be sure that all items listed are clearly identified with a particular BRU/component. The only way in which the general fund request may be affected by Group I is as a result of transfers with BRU's outside the group.

STEP 3 The next step is to prepare the prioritized packages displaying all Group II request items. The service(s) to be provided at a given increment level (i.e. in a given "package") should be entered in the central portion of the form. For each service: 1) enter the BRU/component where the item is being requested; 2) enter the dollar request in the "Amount" columns (all requests from the "Renewable Resources Fund" should be entered in the General Fund column with an explanatory notation); 3) explain the reason for the request, and explain what the requested expenditure or position(s) would accomplish, work at, or allow ("projected output"); and 4) briefly describe what the request is (i.e. describe the requested "resource inputs" - position titles, etc.). In most cases, this information should be directly transferrable from Forms 5 and 6. The listing of items within a package should be in BRU order, and does not have any relationship to their relative priority.

STEP 4 When the Form 4X's have been completed for the BRU group, return to Form 4Y and complete the "increment columns" on the right as shown in the example. Note that the percentages

requested along the bottom of Forms 4X and 4Y represent cumulative percentage increases over CY Authorized. For example, the percentage increases derived for Increment #3 may be arrived at as follows:

$(\text{BY Base} + \text{Group I} + \text{increments 1, 2 and 3}) \div (\text{CY Authorized})$

Follow the example closely with a calculator at hand to become familiar with the format and the placement of specific information on the forms. The signature of the agency head must appear on Form 4Y.

When all Forms 4X and 4Y have been completed for a BRU group, the original forms plus 1 copy should be submitted to Budget and Management. Due dates are shown on Attachment B for each BRU group to which this supplement applies.

Attachment B

<u>Agency</u>	<u>BRU's</u>	<u>Cover Program</u>	<u>Due Date</u>
Public Safety	Fire Safety Traffic Safety - Federal Projects Traffic Safety - Projects Coord. Driver/Vehicle Services Vehicle Weight Enforcement	Life & Property Protection	October 5
Military Affairs	Civil Defense Search & Rescue National Guard	Life & Property Protection	October 5
Education	Financial Support Program Correspondence Study Professional Teaching Prac. Comm. Executive Administration Administrative Support Program Evaluation New Legis - Bilingual School Hot Lunch	Elementary & Second- ary Education	October 5
Education	State Museum AK Public Broadcasting Commission AK Blue Book State Library	Education, Informa- tion & Cultural Svcs	October 5
H&SS	Assistance Payments Program Services Social Services Soc. Svcs Admin & Support Eligibility Determina- tion QC Collection Agency	Social & Economic Assistance for the General Population	October 6

<u>Agency</u>	<u>BRU's</u>	<u>Cover Program</u>	<u>Due Date</u>
H&SS	Adult Confinement Juvenile Confinement Probation & Parole Parole Board Corrections Admin.	Offender Confinement Reformation & Supervision	October 11
Public Safety	Office of Commissioner Research & Planning Community Relations Detachments & CIB AST - Headquarters Records & Identification Lab Services Central Communications Housing Training Academy Narcotics	Crime Identification & Apprehension	October 11
Governor's Office	Public Defender	Due Process	October 11
Law	Prosecution	Due Process	October 11
H&SS	API Harborview Regional Community DD Regional Community MH Mental Health Admin. Alcoholism & Drug Abuse Contract Forensic Services State Council for Persons with Developmental Handicaps	Mental Health & Developmental Disabilities	October 24
H&SS	Public Health Nursing Communicable Disease Environmental Health Family Health Laboratories Certification and Licensing Public Health Admin. Emergency Medical Svcs Medicaid General Relief - Medical Public Assistance Admin.	Public Health	October 24
H&SS	Planning & Research Health Information Systems Vital Statistics	Health Information, Planning & Research	October 24

<u>Agency</u>	<u>BRU's</u>	<u>Cover Program</u>	<u>Due Date</u>
Administration	Commissioner's Office Internal Audit Admin Services State EEO Personnel Accounting Purchasing Property Management Risk Management Central Mail Central Duplicating Archives Leasing & Facilities Data Processing Labor Relations Agency Retirement & Benefits	Centralized Administrative Services	October 27
Governor's Office	Executive Office Contingency Fund Executive Mansion Policy Development & Planning Growth Policy Council Budget & Management Lt. Governor Volunteer Services Special Projects Ofc	Executive Operations	October 27
C&RA	Municipal Lands Trusteeship Local Government Asst. Local Boundary Comm. State Assessor's Ofc Municipal Revenue Sharing National Forest Receipts Community Legal Assistance Grants Community Planning Asst. C&RA Admin & Support Community & Rural Devel.	Community Development	November 7

<u>Agency</u>	<u>BRU's</u>	<u>Cover Program</u>	<u>Due Date</u>
Natural Resources	Land & Water Mgmt Land & Water Admin. Cadastral Engineering Land & Water Districts Forestry New Legislation Water Management	Management of Land and Water Resources	November 9
Natural Resources	Geological & Geophysical Survey Mineral & Energy Management Oil & Gas Conservation Royalty Oil & Gas Board	Management of Mineral and Energy Resources	November 9
Natural Resources	AK Conservation Corps District Operations Park Management Statewide Programs	Parks & Recreation	November 9
Public Safety	Detachments Director's Office Aircraft Vessels	Protection of fish and Wildlife Resources	November 9
Environmental Conservation	Water Programs Terrestrial Programs Program Coordination Admin & Support Regional Offices Pipeline Monitoring Oil Pollution Control	Environmental Conservation	November 9
Fish & Game	Habitat Protection Habitat Pipeline Surveillance	Environmental Conservation	November 9
Fish & Game	FRED Commercial Fisheries Sport Fisheries Vessels	Fisheries Resource Conservation	November 9
Fish & Game	Game	Game	November 9

4 Y COVER PROGRAM FINANCIAL SUMMARY

BRU		FY ACTUAL	CY AUTH.	BY REQUEST	BY BASE	GROUP I	GROUP II	INC #1	INC #2	INC #3	INC #4	INC #5	INC #6	INC #7	INC #8	INC #9	INC #10
BRU I	GF TOTAL	300.0 300.0	350.0 350.0	497.9 497.9	370.0 370.0	80.0 80.0	47.9 47.9			47.9 47.9							
BRU II	GF TOTAL	1,000.0 1,000.0	1,200.0 1,200.0	1,450.0 1,450.0	1,300.0 1,300.0	(50.0) (50.0)	200.0 200.0	55.0 55.0	100.0 100.0		45.0 45.0						
BRU III	GF TOTAL	500.0	650.0	825.0	700.0	125.0											
BRU IV	GF TOTAL	50.0 100.0	80.0 160.0	110.0 220.0	100.0 200.0		10.0 20.0	10.0 20.0									
	GF TOTAL																
	GF TOTAL																
	GF TOTAL																
	GF TOTAL																
GRAND TOTALS		1,900.0	2,360.0	2,992.9	2,570.0	155.0	267.9	75.0	100.0	47.9	45.0						
FUNDING SOURCES	GEN. FUND	1,350.0	1,630.0	2,057.9	1,720.0	30.0	257.9	65.0	100.0	47.9	45.0						
	Federal Receipts	550.0	730.0	935.0	800.0	125.0	10.0	10.0									
COVER PROGRAM / AGENCY																	
EXAMPLE	% INCREASE OVER CY AUTH.		GF	26.3 %	8.6 %	10.4 %		14.4 %	20.6 %	23.5 %	26.3 %	%	%	%	%	%	%
			TOTAL	20.6 %	8.9 %	15.5 %		18.6 %	22.9 %	24.9 %	26.8 %	%	%	%	%	%	%

SIGNATURE OF AGENCY HEAD Example

4 X COVER PROGRAM INCREMENT

AMOUNT		PFT Pos.	ITEM	
GF	TOTAL		REASON FOR REQUEST / PROJECTED OUTPUT	INPUT DESCRIPTION
80.0	80.0		BRU I/Component - Describe reason for transfer	Describe what is being transferred
(80.0)	(80.0)		BRU II/Component - Reference reason for transfer above	Reference transfer description above
30.0	30.0		Describe reason for transfer	Describe what is being transferred
-0-	50.0	1	BRU III/Component - What is the reason for the request? (e.g. what is the problem?) What will the expenditure or position(s) accomplish, work at, or allow?	What is being requested?
-0-	75.0		Answer same questions as above	Answer same questions as above

COVER PROGRAM / AGENCY EXAMPLE	INCREMENT # GROUP 1	AMOUNT OF THIS INCREMENT			CUMULATIVE REQUEST			% INCREASE OVER CY AUTH.		
		GE	TOTAL	PFT POS.	GE	TOTAL	PFT POS.	GE	TOTAL	
		30.0	155.0	1	1,800.0	2,725.0	56	10.4 %	15.5 %	

4 X COVER PROGRAM INCREMENT

AMOUNT		PFT Pos.	ITEM	
GF	TOTAL		REASON FOR REQUEST / PROJECTED OUTPUT	INPUT DESCRIPTION
30.0	30.0	1	<u>BRU II/Component —</u> What is the reason for the request? (e.g. what is the problem?) What will the expenditure or position(s) accomplish, work at or allow? Answer same questions as above	What is being requested? Answer same questions as above.
25.0	25.0		<u>BRU IV/Component —</u> Answer same questions as above	Answer same questions as above
10.0	20.0			

COVER PROGRAM / AGENCY	INCREMENT #	AMOUNT OF THIS INCREMENT			CUMULATIVE REQUEST			% INCREASE OVR CY ALT.		
		GE	TOTAL	PET. POS.	GE	TOTAL	PET. POS.	GE	TOTAL	
EXAMPLE	1 of 4	65.0	75.0	1	1,865.0	2,800.0	57	14.4 %	18.5 %	

4 X COVER PROGRAM INCREMENT

AMOUNT		PFT Pos.	ITEM	
GF	TOTAL		REASON FOR REQUEST / PROJECTED OUTPUT	INPUT DESCRIPTION
100.0	100.0		<u>BRU II/Component</u> -- What is the reason for the request? (e.g. what is the problem?) What will the expenditure or position(s) accomplish, work at, or allow?	What is being requested?

COVER PROGRAM / AGENCY	INCREMENT #	AMOUNT OF THIS INCREMENT			CUMULATIVE REQUEST			% INCREASE OVER CY AUTH.		
		GE	TOTAL	PFT POS.	GE	TOTAL	PFT POS.	GE	TOTAL	
EXAMPLE	2 of 4	100.0	100.0	--	1,965.0	2,900.0	57	20.6 %	22.9 %	

4 X COVER PROGRAM INCREMENT

AMOUNT		PFT Pos.	ITEM	
GF	TOTAL		REASON FOR REQUEST / PROJECTED OUTPUT	INPUT DESCRIPTION
20.0	20.0	1	BRU I/Component — What is the reason for the request? (e.g. what is the problem?) What will the expenditure or position(s) accomplish, work at, or allow?	What is being requested?
27.9	27.9	1	Answer same questions as above.	Answer same questions as above.

COVER PROGRAM / AGENCY	INCREMENT #	AMOUNT OF THIS INCREMENT			CUMULATIVE REQUEST			% INCREASE OVER CY AUTH.		
		GE	TOTAL	PFT POS.	GE	TOTAL	PFT POS.	GE	TOTAL	
— EXAMPLE	3 of 4	47.9	47.9	2	2,012.9	2,947.9	59	23.5 %	24.9%	

4 X COVER PROGRAM INCREMENT

AMOUNT		PFT Pos.	ITEM	
GF	TOTAL		REASON FOR REQUEST / PROJECTED OUTPUT	INPUT DESCRIPTION
45.0	45.0	1	<u>BRU II/Component —</u> What is the reason for the request? (e.g. what is the problem?) What will the expenditure or position(s) accomplish, work at, or allow?	What is being requested?

COVER PROGRAM / AGENCY	INCREMENT #	AMOUNT OF THIS INCREMENT			CUMULATIVE REQUEST			% INCREASE OVER CY AUTH.		
		GF	TOTAL	PFT POS.	GF	TOTAL	PFT POS.	GF	TOTAL	
EXAMPLE	4 of 4	45.0	45.0	1	2,057.9	2,992.9	60	26.3 %	26.8 %	

Appendix D

FY 79 Cover Program Structure

EDUCATION

Elementary & Secondary Education Cover Program

Financial Support Programs
Teacher Retirement
Correspondence Study
Professional Teaching Practices Commission
Executive Administration
Administration & Program Support
General Education Debt Service
Program Evaluation
Project ETA

Education, Information & Cultural Services Cover Program

State Libraries
Libraries Debt Service
Alaska State Museum
Alaska State Council on the Arts
Alaska Public Broadcasting Commission
Alaska Historical Commission

Adult & Postsecondary Education Cover Program

Student Financial Aid
Commission on Postsecondary Education
Center for Self Development
WICHE
Cross-Cultural Education
Skill Center
Adult Education-Vocational Grants
University of Alaska
University of Alaska Debt Service

SOCIAL SERVICES

Social & Economic Assistance for the Aged Cover Program

Pioneers Home Advisory Board
Longevity Bonus
Pioneers Homes
Office on Aging
Senior Citizens Tax Exemption
Debt Service - Pioneers Homes
Debt Service - Senior Citizens Housing

Social & Economic Assistance for the General Population Cover Program

Child Support Enforcement
Assistance Payments
Program Services
Social Services
Social Services Administration & Support
Public Assistance Eligibility
Office of Internal Review
Quality Control
Veteran's Service Council
Child Assistance Programs
Alcantra
Office of Child Advocacy

Social Services Administration & Support Cover Program

Administration & Support - DHSS

Employment Stabilization Cover Program

Office of the Commissioner (Labor)
Employment Services
Unemployment Insurance
Support Services - ESD
WIN (Labor)
Labor Market Information
CETA Services Contracts
Administrative Services
WIN (AFDC)
Youth Employment Services
Vocational Rehabilitation
Alaska Plan
CETA
Work Experience/NYC

HEALTH

Public Health Cover Program

Communicable Disease Control
Environmental Health
Family Health
Laboratories
Certification & Licensing
Public Health Administration
Emergency Medical Services
Medicaid
General Relief Medical
Public Assistance Administration
Debt Service

Health Information, Planning & Research Cover Program

Data Services
Planning & Research

Mental Health Cover Program

Alcoholism & Drug Abuse
Alaska Psychiatric Institute
Contract Forensic Services
Community Mental Health Services
Harborview
Council for Handicapped & Gifted
Community Developmental Disability Services
Mental Health Administration & Support

NATURAL RESOURCES MANAGEMENT & ENVIRONMENTAL CONSERVATION

Fisheries Resource Conservation Cover Program

Fish & Game Vessels
I.R.L.D.
Commercial Fisheries
Sport Fisheries
Commercial Fisheries Entry Commission
Special Fisheries Commissions
Fish & Game Facilities Debt Service

Game Resource Conservation Cover Program

Game

Fish & Game Administration & Support Cover Program

Fish & Game Administration & Support
Boards of Fish & Game
Fish & Game Licensing

Fish & Wildlife Protection Cover Program

Fish & Wildlife Protection Enforcement
Fish & Wildlife Protection Aircraft Section
Fish & Wildlife Protection Vessels Section
Fish & Wildlife Protection Director's Office

Environmental Conservation Cover Program

Water Programs
Terrestrial Programs
Planning & Program Coordination
Administration & Support (Environmental Conservation)
Regional Offices (Environmental Conservation)
Oil Pollution Control
Habitat Protection
Gas Pipeline (Environmental Conservation)
Pipeline Surveillance (Natural Resources)
Habitat Pipeline Monitoring (Fish & Game)
Oil Pipeline Surveillance (Environmental Conservation)
Water & Sewer Facilities Debt Service

Management of Mineral & Energy Resources Cover Program

Minerals & Energy Management
Alaska Royalty Oil & Gas Development Advisory Board
Geological & Geophysical Program
Oil & Gas Conservation

Management of Land & Water Resources Cover Program

Land & Water Management
Districts Operations (Lands)
Management & Administration (Lands)
Cadastral Engineering
Forestry Protection & Management
Fire Protection Debt Service

NATURAL RESOURCES MANAGEMENT & ENVIRONMENTAL CONSERVATION (Cont'd)

Parks & Recreation Cover Program

Alaska Conservation Action Corps
District Operations (Parks)
Park Management
Historic Resource Management
Athletic Commission
Parks Debt Service

Natural Resources Management & Support Cover Program

Management & Administration (Natural Resources)
Joint Federal-State Land Use Planning Commission
Coastal Zone Management

PUBLIC PROTECTION

Consumer Protection Cover Program

Office of Consumer Protection
Alcoholic Beverage Control Board
Weights & Measures
Banking, Securities, Small Loans, and Corporations
Insurance
Alaska Public Utilities Commission
Alaska Transportation Commission
Alaska Pipeline Commission
Regulation and Licensing of Businesses and Professions
Administration & Support
Agricultural Inspection
Rent Control

Worker Protection Cover Program

Occupational Safety & Health
Research Contracts
Fisherman's Fund
Second Injury Fund

Life & Property Protection Cover Program

Mechanical Inspection
Fire Safety
Traffic Safety Improvement
Driver Vehicle Services
Vehicle Weights Enforcement
Civil Air Patrol
Alaska Disaster Office
Alaska National Guard
State Recorder
Debt Service

ADMINISTRATION OF JUSTICE

Criminal Justice Support Functions Cover Program

Criminal Justice Planning Agency
Police Standards Council

Crime Identification and Apprehension Cover Program

Office of the Commissioner
Research & Planning
Detachments & Criminal Investigations Bureau
Narcotics Unit
Alaska State Troopers Director's Office
Records & Identification
Lab Services
Central Communications
Housing Programs
Training Academy

Due Process Cover Program

Human Rights Commission
Prosecution
Public Defender
Court System
Judicial Services - AST
Violent Crimes Compensation

Offender Confinement, Reformation, and Supervision Cover Program

Adult Confinement
Juvenile Confinement
Probation & Parole
Parole Board
Administration & Support
Debt Service

Worker Protection Cover Program

Wage & Hour Administration
Workmen's Compensation
Local Hire

DEVELOPMENT

Economic Development Cover Program

Economic Enterprise
Tourism
Business Loans
Fishery Enhancement Grants
Energy & Power Development
Alaska Power Authority
Veterans' Affairs
Alaska King Crab Quality Control Board
Tokyo Office
Plant Material Center
Administration & Support (Agriculture)
Agricultural Loans
State Fairs Operations

Community Development Cover Program

Municipal Lands Trustee
Local Government Assistance
Local Boundary Commission
Office of State Assessor
Municipal Services Revenue Sharing
National Forest Receipts
Community Legal Assistance
Community Planning Services
Administration & Support (C&RA)
Community & Rural Development
Alaska-Federal Surplus Property
Alaska Municipal Bond Bank Authority
Shared Taxes
Community Planning Assistance (DPDP)
Remote Route Subsidy
Native Land Claims
Development Category Debt Service

TRANSPORTATION

Transportation Administration & Support Cover Program

Commissioner's Office
Internal Review
Financial Management
Administration & Support
Right-of-Way, Lands & Leasing
Transportation Planning
Department of Highways & Public Works - Administration
Aviation - Administration

Highway and Aviation - Maintenance & Operations Cover Program

Deputy Commissioner's Office, Maintenance & Operations
Central Region, Maintenance & Operations
Interior Region, Maintenance & Operations
Southeast Region, Maintenance & Operations
Western Region, Maintenance & Operations
Southcentral Region, Maintenance & Operations
Anchorage International Airport
Fairbanks International Airport
Trunk & Secondary Airports
Highways and Aviation Debt Service

Design & Construction Cover Program

Highways Design & Construction
Aviation Design & Construction
Aviation Engineering
Facilities Procurement

Marine Transportation Cover Program

Marine Transportation
Marine Transportation Debt Service

GENERAL GOVERNMENT

Executive Operations Cover Program

Executive Office
Special Projects Coordinator
Contingency Fund
Policy Development & Planning
Growth Policy Council
Budget & Management
Executive Mansion
Lieutenant Governor's Office
Volunteer Services

Legislative & Elective Operations Cover Program

Elections
Public Offices Commission
Legislative Budget & Audit
Legislative Affairs
Ombudsman

Centralized Administrative Services Cover Program

Commissioner of Administration
Internal Audit
Administrative Services
Equal Employment Opportunity
Personnel
Accounting
Purchasing
Property Management
Risk Management
Central Mail & Switchboard
Central Duplicating
Archives
Leasing & Facilities
Data Processing
Labor Relations Agency
Retirement & Benefits
Blue Book

Legal Services Cover Program

Legal Services

Telecommunications Cover Program

Telecommunications
Communications
Remote Village Radio

Revenue Collection & Management Cover Program

Revenue Audit
Petroleum Revenue
Enforcement
Treasury Management
Office of the Governor
Administrative Services