

Original sponsors: Dankworth, Bennett
and Stimson

Offered: 3/18/81
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 17 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Executive Budget Act; and to
7 state agency programs; and providing for an effective
8 date."

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

10 * Section 1. AS 37.07.010(1) is amended to read:

11 (1) the orderly establishment, continuing review, and peri-
12 odic revision of the program goals and policies of state agencies and
13 financial goals and policies of the state;

14 * Sec. 2. AS 37.07.010(3) is repealed and reenacted to read:

15 (3) the preparation, coordination, analysis, and enactment
16 of a budget which is organized to focus on the services provided by
17 state agencies and on the cost of those services and which provides for
18 implementation of policies and plans in the succeeding budget period;

19 * Sec. 3. AS 37.07.020(a) is amended to read:

20 (a) The governor shall prepare and submit to the legislature
21 before the fourth legislative day a budget for the succeeding fiscal
22 year which shall cover all estimated receipts, including all grants,
23 loans, and money received from the federal government, and all proposed
24 expenditures of the state government. The budget submitted by the
25 governor shall be organized so that the proposed expenditures for each
26 agency are presented separately. The budget shall be accompanied by a
27 general appropriation bill to authorize the proposed expenditures, and
28 a bill or bills covering recommendations in the budget for new or
29 additional revenues.

1 * Sec. 4. AS 37.07.040 is amended to read:

2 Sec. 37.07.040. DIVISION OF BUDGET AND MANAGEMENT. The budget
3 and management division shall

4 (1) assist the governor in the preparation and explanation
5 of the proposed comprehensive program and financial plan, including the
6 coordination and analysis of state agency [PROGRAM] goals and object-
7 ives, [PROGRAM] plans, and [PROGRAM] budget requests;

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

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

18 (4) assist state agencies in their statement of goals and
19 objectives, preparation of [PROGRAM] plans, [PROGRAM] budget requests,
20 and reporting of program performance; all documents forwarded by the
21 division to a state agency containing instructions for the preparation
22 of program plans and [PROGRAM] budget requests and the reporting of
23 program performance are public information after the date they are
24 forwarded;

25 (5) administer its responsibilities under the program execu-
26 tion provisions of this chapter so that the policy decisions and budget
27 determinations of the governor and the legislature are implemented;

28 (6) provide the legislative finance division with the budget
29 information it may request;

1 (7) provide the legislative finance division with an advance
2 copy of the governor's budget workbooks by the first Monday in January
3 of each year, except that following a gubernatorial election year the
4 advance copy shall be provided by the second Monday in January.

5 * Sec. 5. AS 37.07.060(b)(2) is amended to read:

6 (2) his operating program and budget recommendations for the
7 succeeding fiscal year organized by agency as required by AS 37.07.-
8 020(a);

9 * Sec. 6. AS 37.07.070 is repealed and reenacted to read:

10 Sec. 37.07.070. LEGISLATIVE REVIEW. The legislature shall con-
11 sider the governor's proposed comprehensive operating and capital
12 improvements programs and financial plans, evaluate alternatives to the
13 plans, make program selections among the various alternatives and
14 determine, subject to available revenues, the level of funding required
15 to support authorized state services. The operating and capital budgets
16 of each agency shall be separately reviewed. During each regular
17 session of the legislature, legislative review of the governor's supple-
18 mental appropriation bills and the governor's budget amendments shall
19 be governed by the following time limits:

20 (1) Requests by the governor for supplemental appropriations
21 for state agency operating budgets for the current fiscal year may be
22 introduced by the rules committee only through the 45th legislative
23 day.

24 (2) Requests by the governor for budget amendments to state
25 agency budgets for the budget fiscal year may be received and reviewed
26 by the finance committees only through the 75th legislative day.

27 * Sec. 7. AS 24.20.231(4) is amended to read:

28 (4) cooperate with the division of budget and management in
29 establishing a comprehensive system ; state [PROGRAM] budgeting and

1 financial management as set out in the Executive Budget Act (AS 37.07);

2 * Sec. 8. This Act takes effect July 1, 1981.

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IMPROVING THE BUDGET
PROCESS IN ALASKA

Briefing Report

March, 1971

Management Analysis Center, Inc.
1225 Connecticut Avenue, N. W.
Washington, D. C. 20036

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FEB 9 1978

MANAGEMENT ANALYSIS CENTER, INCORPORATED
BUDGET & MANAGEMENT

SUMMARY OF RECOMMENDATIONS IMPLEMENTATION PLAN

INTRODUCTION

Implementation of the proposals contained in this report will, over a period of three years, achieve the full intent of the Executive Budget Act. The recommended program planning and financial management improvements will reshape the budget process in Alaska as an effective policy tool for both the Governor and the legislature.

At this critical time for Alaska, when the fiscal and economic future is so uncertain, it is vital that the machinery of State government be equipped to deal with the inevitable strains of future events. The State must have the ability to plan for the kind of future it wishes for the benefit of all its people. In order to do so, State government must be able to develop realistic goals and priorities, choose among competing claims with the full knowledge of future costs and consequences, and continually evaluate progress and redirect its efforts.

The present budget process is not equipped for this purpose. Program planning is confined to the next budget year; the budget framework conceals the State's commitment to its major purposes; the budget cycle does not permit the Governor or legislature to provide policy direction until it is too late; budgetmaking concentrates on objects of expenditure rather than alternative methods of increasing program effectiveness; budget execution hampers responsible agency management and ignores the opportunity to monitor program performance.

The defects in Alaska's budget process described above are recognized by the executive and legislative branches of government. The Executive Budget Act was designed to correct them. The Governor and members of the legislature are committed to reform. The recommendations that follow are therefore intended to give practical expression to the State's desire for improvement.

SUMMARY OF RECOMMENDATIONS

Our principal recommendations are summarized in this section. They are grouped according to the following headings: Budget Cycle; Issue Analysis; Budget Framework; Budget Preparation; Capital Budgeting; Budget Review; Budget Execution; Program Evaluation; and Organization, Staffing and Training.

These recommendations will not be implemented or achieved simultaneously, but rather over a three-year period. The proposed schedule to achieve full implementation is presented in the next section.

BUDGET CYCLE

A budget "pre-preparation" phase would be established to permit the Governor to inject his program, policy, and fiscal emphasis into the very beginning of budgetmaking. The Governor would determine Program Allowances, by agency, for each major State program - dollar ceilings to guide agency program planning.

Legislative ability to analyze the Governor's budget requests would be improved by earlier submission of the Budget Document - in mid-December.

ISSUE PROCESS

The Governor and the legislature would identify a small number of major program or policy issues at the outset of the budget cycle. These issues would be analyzed and the results submitted with agency budget requests.

BUDGET FRAMEWORK

The State's budget structure would be revised to reveal the full costs of achieving program objectives, and the inter-relationships between agencies that seek to achieve a common purpose; the budget structure would emphasize services provided to the people of the State. The budget would be organized around ten "Program Categories": Education, Social Services, Health, Protection and Enjoyment of the Environment, Public Protection, Law Enforcement and the Administration of Justice, Housing and Community Development, Economic Development, Transportation, and General Government.

BUDGET PREPARATION

Agency budget preparation would be modified to integrate capital and operating budget requests, emphasize objectives and services, project future costs and performance, and use analysis and evaluation as essential elements of budgetmaking.

CAPITAL BUDGETING

The State would continually maintain a currently approved five-year Capital Program.

Agencies would be required to justify capital projects analytically as an integral part of their budget requests; Project status reports would be prepared each year.

BUDGET REVIEW

Budget review hearings would be conducted by program, not by agency.

The budget review process would be automated.

BUDGET EXECUTION

Budget controls would be modified to improve executive and legislative policy controls, and to decentralize operating controls.

Legislative approval would be required for transfers of funds between major State purposes; the Governor would be permitted to transfer funds between agencies to better achieve objectives within an overall State purpose; agencies would be able to re-allocate funds within a program to increase operating efficiency.

An allotment system would be introduced selectively to provide better expenditure control.

A cash-flow reporting system would be introduced as a basis for sound cash and investment management.

The State's accounting code structure would be modified to accommodate the proposed program budget structure.

PROGRAM EVALUATION

In addition to year-round evaluation of selected programs, a comprehensive program accomplishment reporting system would be initiated to focus on comparisons between actual and planned performance.

ORGANIZATION, STAFFING, AND TRAINING

No major reorganizations would be undertaken at this time other than those already announced by the administration.

The roles of key staff groups in the legislature, Governor's office, and the Department of Administration would be reoriented to provide necessary analytic staff support.

The staff of the Division of Budget and Management would be expanded and upgraded.

A training program would be conducted for all levels of State government to improve the State's capacity to conduct and use analysis as an essential ingredient of budgetmaking. ✓

IMPLEMENTATION PLAN

The following criteria governed the development of the recommended schedule to achieve full implementation of our proposals:

- Full implementation should be achieved by July 1, 1974.
- Priority emphasis should be placed on those proposals that will lead to the highest pay-offs for the State in terms of improved budgetary decisionmaking.
- Necessary inter-relationships between components of our proposals should be recognized in sequencing implementation.
- The pace of implementation should be moderate, taking due account of the State's staff capacity.

The recommended implementation plan is presented below in calendar form. Detailed steps are given for May, 1971 through July, 1972. Thereafter, to avoid repetition, only new items are shown.

It should be noted that we recommend that at least initial steps be taken in 1971 in almost every area in which we have made recommendations (except such areas as program accomplishment reporting.) More intensive effort is recommended in certain areas where the highest payoff can be obtained.

To avoid repetition, we have not explicitly stated - though it should be understood - that the State should continue more intensive efforts to improve all areas in 1972, 1973 and 1974. For example, over the next three years, the quality of projections should be continually upgraded, the usefulness of the program budget structure should be constantly reappraised, training programs should continue similarly for all areas.

It should also be noted that we have not explicitly identified any particular months for the performance of program evaluation studies; this is due to our recommendation that program evaluation be a year-round process.

IMPROVING THE BUDGET
PROCESS IN ALASKA

Final Report

March, 1971

by

Management Analysis Center, Inc.
1225 Connecticut Avenue, N. W.
Washington, D. C. 20036

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BUDGET & MANAGEMENT

CHAPTER V

ORGANIZATION, STAFFING, AND TRAINING

INTRODUCTION

The proposed pace of implementation and the individual recommendations described in previous Chapters were designed in light of our understanding of Alaska's organizational and staff capability. We believe that our proposals are within the present capacity of State government. No significant organizational changes are necessary. However, a training program will be required and the utilization of existing staffs must be improved in order to achieve the full potential of the budget process.

Our major conclusions with respect to questions of organization, staffing and training are as follows:

- . The only major reorganizations that should take place within the near future are those that have already been suggested by the administration:

Department of Transportation
Department of Community Affairs
Department of Environmental Affairs

- . With some exceptions, State agencies already possess the staff resources to successfully implement the improvements suggested in our report, albeit at a moderate pace.

- . However, a systematic training effort will be required, particularly during early stages of implementation, and selective expansions of certain staffs will be required.

These conclusions, and our specific recommendations, are described in more detail in the following sections of this Chapter:

- . Organization
- . Staff Roles
- . Training
- . Analytic Personnel Resources

ORGANIZATION

The State of Alaska is fortunate in having relatively few line departments reporting directly to the Governor. This, coupled with the Governor's Constitutional and Statutory powers of appointment, permits strong executive managerial accountability. In general, responsibility for operating programs is well distributed among agencies.

Our overall conclusion, therefore, is that the State should not undertake any sweeping organizational changes at this time. To do so would, in our opinion, divert executive (and legislative) attention from more pressing questions. However, we do endorse creation of the following departments as suggested by the administration:

Department of Transportation: Composed of the present Department of Highways, and the Divisions of Aviation and Marine Transportation. Consideration should also be given to (a) creation of a Division of Motor Vehicles within the new Department of Transportation, pulling together driver licensing and vehicle registration functions; and (b) transferring administrative responsibility for the ATC from Commerce.

Department of Community Affairs: Composed primarily of the Rural Development Agency, the Local Affairs Agency, the revenue sharing function now administered by the Department of Administration and certain small functions from other agencies. Consideration might be given to naming this new department the "Department of Housing and Community Development" and incorporating at least administrative responsibility for ASHA, if not some of ASHA's functions. The Division of Planning and Research should work particularly closely with this new department on intergovernmental affairs, planning assistance to communities, regional development planning, and the like.

Department of Environmental Affairs: Composed of various functions, including air and water pollution control (and possibly also the Division of Parks).

There are many less significant, or less urgent, reorganizational possibilities that were discussed during the course of our assignment:

- . Transferring responsibility for the Pioneers' Homes from the Department of Administration to the Department of Health and Welfare (to be re-named the "Department of Health and Social Services").
- . Creation of a "Department of General Services" consisting of the Buildings and Communications Divisions of the Department of Public Works, and the Supply, Central Duplicating and Central Mail functions of the Department of Administration (and possibly also responsibility for vehicle and equipment pools).
- . Creation of a Department of Resource Development to combine the Departments of Economic Development and Natural Resources (with the exception of Parks) and possibly some of the development activities of Fish and Game.

The above represent a sample of some interesting possibilities for organizational improvement. However, we do not recommend that attention be diverted to them at this juncture. The State can absorb only so much administrative reform at one time; we recommend that reform efforts in the immediate future be concentrated on developing the framework, the demand, and the process for analytic budgetmaking as described in the previous Chapters.

Introduced: 2/14/72
Referred: State Affairs
and Finance

BY DITMAN, HOHMAN, WARWICK,
DEGNAN, WRIGHT, FERGUSON,
MOORE AND NAUGHTON

1 IN THE HOUSE

2 HOUSE BILL NO. 676

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the reorganization of the execu-
7 tive branch of state government; and providing for an
8 effective date."

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

10 * Section 1. AS 44.15.010 is repealed and re-enacted to read:

11 Sec. 44.15.010. OFFICES AND DEPARTMENTS. There are in the execu-
12 tive branch of state government the following principal offices and
13 departments:

- 14 (1) Office of the Governor
- 15 (2) Department of Development
- 16 (3) Department of Education
- 17 (4) Department of General Government Services
- 18 (5) Department of Health
- 19 (6) Department of Justice
- 20 (7) Department of Natural Resource Management and Environ-
21 mental Conservation
- 22 (8) Department of Public Protection
- 23 (9) Department of Social Services
- 24 (10) Department of Transportation

25 * Sec. 2. The governor shall present to the First Session of the Eighth
26 Alaska Legislature a plan for the reorganization of the executive branch of
27 state government along organizational lines established in sec. 1 of this
28 Act. The plan shall contain the following elements:

- 29 (1) a bill proposing necessary revision of AS 44 and other statutes

1 related to governmental functions;

2 (2) agency program and financial plans required to support the
3 reorganized executive branch; and

4 (3) the proposed time-table for full implementation of reorgani-
5 zation within the executive branch.

6 * Sec. 3. Sec. 1 of this Act takes effect on July 1, 1973. Sec. 2 of
7 this Act takes effect on the day after its passage and approval or on the
8 day it becomes law without approval.

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