

HP

675

COMMITTEE REPORT

1/29

HOUSE

Rules

(9)

FURTHER:

1/20/82

Date: 1/28/82

Mr. Speaker:

The Committee on FINANCE has had HB 675

"An Act relating to limitation of the number of state employees; and providing for an effective date."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

Carl D. Montgomery  
Wagner Wagner  
P. B. Pittsworth Pittsworth  
~~\_\_\_\_\_~~  
David Cuddy Cuddy  
Jan Cotton Cotton  
Jack Fuller Fuller  
Chuckwork Chuckwork  
Robert A. Adair Ch.

Robert A. Adair  
CHAIRMAN

# Alaska State Legislature



## Speaker of the House of Representatives


Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3720

Official Business

### MEMORANDUM

March 25, 1982

TO: Representative Jack Fuller  
RULES CHAIRMAN

FROM: Representative Joe Hayes   
SPEAKER OF THE HOUSE

SUBJECT: HB-675

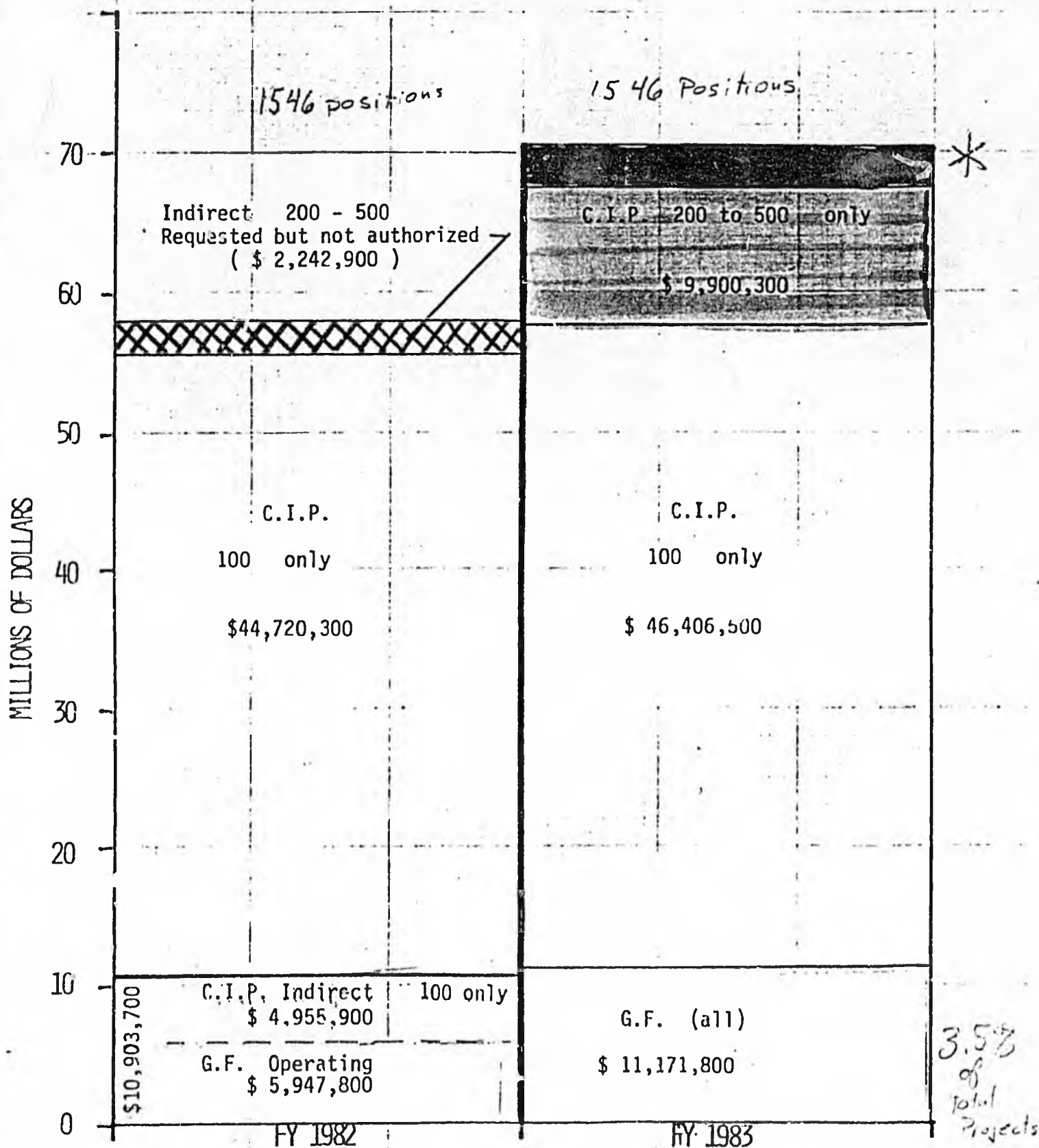
In January the Legislature voted to override the Governor's veto of intent language in the 1981 budget bill concerning transfer of employees from one project or program budget to another. That veto had only the negative effect of preventing transfers for the single budget year, and will have no effect on future budgets. At the same time, there are indications that the administration would exercise the same veto over similar language in this year's budget, and intends to employ such transfers again.

House Bill 675, authored by Cotten, et. al., would prohibit such practices by law. We should take a close look at the effects and purpose of that bill and consider scheduling it for the floor at an early time.

da

Attachments

DOT/PF  
 DESIGN AND CONSTRUCTION  
 COMPARISON  
 FY 1982 BUDGET AND FY 1983 PROPOSED



109 GF  
 750 PFT CIP  
 687 PIT CIP

NOTICE

Section 7, chapter 82, SLA 1981 became law on January 16, 1982, following a vote of the legislature to override the governor's 1981 veto of the section.

The section (part of the 1981 - 1982 general appropriation bill) reads as follows:

\* Sec. 7. The figures in parentheses indicating numbers of positions which follow certain program or subprogram names throughout sec. 28 of this Act shall be the total number of permanent full-time or part-time positions for which expenditures are authorized from appropriations made in this Act. The amounts budgeted for personal services within an appropriation are conditioned upon compliance with the requirement that the total number of permanent full-time or part-time positions shall not be increased during the fiscal year over the numbers shown in parentheses for program or subprogram units within the appropriation. Additional positions beyond those indicated in parentheses may be authorized through an appropriated fiscal note or revised program authorizing receipt and expenditure of additional federal or other program receipts approved in accordance with AS 37.07.080(h).

\*\*\*\*\* DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES \*\*\*\*\*

SHORT FORM PAGE	BUDGET COMPONENT	FY82	ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON
240	PROJECT DIRECT CHG POSITIONS							
242	CIP OVERHEAD POSITIONS & COSTS							
	*** PROGRAM TOTAL ***							
	*** CATEGORY TOTAL ***	241732.2	271615.8	287697.1	288764.1	227441.2	-61322.9	-21.1%
	***** TOTAL EXPENDITURES	241732.2	271615.8	287697.1	288764.1	227441.2	-61322.9	-21.1%
	***** FUNDING							
	FED. RECEIPT	300.0	300.0	300.0	300.0	300.0		
	GENERAL FUND	161254.6	182325.7	187108.7	187781.9	155382.8	-32399.1	-17.2%
	OTHER FUNDS	80177.6	8990.1	100288.4	100682.2	71258.4	-28923.8	-28.6%

*Handwritten note:*  
 Fed State match  
 CIP  
 IA

methods, that appropriations have been made for the planned purpose and will not be exhausted before the end of the fiscal year;

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

(3) Repealed by § 1 ch 26 SLA 1976.

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

(e) Transfers or changes between objects of expenditures or between allocations may be made by the head of a state agency upon approval of the division. No transfers may be made between appropriations except as provided in an act making the transfers between appropriations.

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

(g) The governor may direct the withholding or reduction of appropriations to a state agency at any time during the fiscal year only if he determines that

(1) the planned expenditures can no longer be made due to factors outside the control of the state which make the expenditure factually impossible; or

(2) estimated receipts and surpluses will be insufficient to provide for appropriations.

(h) The increase of an appropriation item based on additional federal or other program receipts not specifically appropriated by the full legislature may be expended in accordance with the following procedure:

(1) the governor shall submit a revised program to the Legislative Budget and Audit Committee for review;

(2) 45 days shall elapse before commencement of expenditures under the revised program unless the Legislative Budget and Audit Committee earlier recommends that the state take part in the federally or otherwise funded activity;

(3) should the Legislative Budget and Audit Committee recommend within the 45-day period that the state not initiate the additional activity, the governor shall again review the revised program and if he determines to authorize the expenditure, he shall provide the Legislative Budget and Audit Committee with a statement of his reasons before commencement of expenditures under the revised program. (§ ch 188 SLA 1970; am §§ 1—3 ch 26 SLA 1976; am §§ 2, 3 ch 74 SLA 1977; am §§ 4, 5 ch 60 SLA 1979)

**Effect of amendments.** — The 1979 amendment substituted "an act making the transfers between appropriations" for "(h) of this section" at the end of the sentence of subsection (e) and rewrote subsection (h).

Title 26  
Military Affairs  
and Veterans

Opinions of attorney general. — Vesting authority in the legislative Budget and Audit Committee to approve transfers between appropriation items violates the separation of powers doctrine and is an improper delegation of a legislative function to an interim committee. July 22, 1976, Op. Att'y Gen. Section 13(3) of the 1976 budget bill,

which authorized the Budget and Audit Committee to supervise the governor's execution of the budget act, specifically over that portion of it which permitted him to transfer appropriation items, constituted an encroachment on executive power and offended the Alaska Constitution. July 22, 1976, Op. Att'y Gen.

### Chapter 10. Public Funds.

#### Article 3. Investment and Deposit of State Funds.

Section

- 70. Investment of surplus funds
- 78. Prohibited deposits and investments in certain banks

#### Sec. 37.10.065. Investment of the Alaska Permanent Fund.

Editor's notes. — Section 11, ch 18, SLA 1980, repealed this section effective upon transfer of the Alaska permanent fund to the Alaska Permanent Fund Corporation as provided in sec. 9 of the Act. Section 9, ch. 18, SLA 1980 provides: TRANSITION. The commissioner of revenue shall transfer the Alaska permanent fund to the Alaska Permanent Fund Cor-

poration established by this Act after request for transfer is made by the board of trustees of the corporation. Notwithstanding AS 37.10.065(a), the commissioner of revenue may invest the money in the Alaska permanent fund in the investments described in AS 37.13.120(g) subject to the limitations of AS 37.13.120(h) and (i)."

Sec. 37.10.070. Investment of surplus funds. (a) When the commissioner of revenue determines that there is in the state treasury a surplus above an amount sufficient to meet current and projected cash expenditure needs, the surplus shall be invested at competitive national market rates unless otherwise provided by law in any of the following:

- (1) obligations of, or obligations insured or guaranteed by, the United States or agencies or instrumentalities of the United States;
- (2) obligations secured by reserves paid in by the United States or agencies or instrumentalities of the United States or obligations of corporations in which the United States is a shareholder or member;
- (3) certificates of deposit issued by United States domestic banks which are members of the Federal Deposit Insurance Corporation for which a generally recognized secondary market exists or which are secured fully at all times as to the payment of principal and interest in accordance with Alaska law;
- (4) corporate debt securities with a minimum rating of "BAA" or the equivalent by a nationally recognized rating organization and the preferred and common stocks of companies which have paid dividends continuously for the last three years;

Title 28  
Motor Vehicles

Title 27  
Mining

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION  
POUCH WF-STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3795

### MEMORANDUM

TO: Senator Arliss Sturgulewski  
Chairman  
Senate Finance Transportation  
Subcommittee

FROM: Jay Eagan  
Director  
Legislative Finance

DATE: March 17, 1981

SUBJECT: Position control through appropriations

This memorandum assumes two things:

- (1) There exists a desire to have some legislative control over the size and growth rate of the state operating budget, and
- (2) The size and growth rate of the operating budget are in large part related to the number of state employees.

During the early and mid 1970's, the legislature had some degree of control over the number of state employees assigned to various state operations. During the regular session the finance committees received, reviewed, and approved, where appropriate, agency requests for new positions. During the interim and throughout the budget year, the Legislative Budget & Audit Committee received, reviewed, and approved, where appropriate, revised programs establishing new positions. This process disintegrated in May of 1978 with the Superior Court decision in Kelley v. Hammond, in which the court held that the Budget & Audit Committee could not approve or veto the establishment of positions (see attached partial summary judgment). The decision opened the gates for the establishment of new positions during the budget year via revised programs requiring approval only of the Director of Budget and Management.

MEMORANDUM

March 17, 1981

Position control through appropriations

Page 2

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The shortcomings of the currently-existing system are nowhere better illustrated than in RP 81-14x (attached). Through this RP, Central Region, Highways, established ten new positions for the current budget year, FY 1981, four days following adjournment of the Second Session of the Eleventh Legislature. According to the new rules of the game, legislative approval of these ten positions is now requested of this legislature in the FY 82 DOT operating budget.

At the request of the Senate Finance Committee, I sent a memo dated February 10, 1981, to all departments and agencies, requesting among other things the numbers, salaries, and positions requested in the FY 82 budget that had been established by revised program. I further requested an indication as to whether or not these positions were currently filled (memorandum attached). The responses to this request are still trickling in, but of particular interest is a memorandum from the Director of Budget and Management to all agencies, the first paragraph of which reads as follows:

The Governor's Office is concerned about the rapid growth of new positions in State Government. Many of these positions have been established by revised program. This fact reveals that many agencies have not done an adequate job of estimating their FY 81 staffing requirements. Ultimately this reflects on the quality of the Governor's budget.

(copy of memorandum attached).

Obviously, as long as the governor's budget office can authorize the establishment of new positions at will, there is no way the legislature can effectively control the number of state employees. In my view, the Executive Budget Act as currently written allows the legislature, if it wishes, to state as a condition of its appropriations that the amounts budgeted for personal services are for a specified number of positions and that that number may not be exceeded. In support of this AS 37.07.080(d) (attached) states:

MEMORANDUM

March 17, 1981

Position control through appropriations

Page 3

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

If adopted by the legislature, a policy of legislative position control would require the insertion of language conditioning those portions of appropriations budgeted for personal services with language similar to that shown in Sec. 3 from a State of Maine general appropriation act (copy attached). For all appropriations or allocations that include budgets for positions, we have for the past several years--for informational purposes only--included a parenthetical reference to the total number of permanent full time and part time positions approved. Under this proposal that parenthetical reference would shift from an "informational" item to a permanent position ceiling not to be exceeded except through an additional authorization for personal services contained in some other appropriation approved by the legislature.

Attachments