

H

B

6

5

3

HB 653 "an act changing the fiscal year of the Department of Transportation and Public Facilities; and providing for an effective date."

As the title implies, this is what this act does. It also speaks to unexpended balances for different durations of time. Sec. 6 may need some work. It carries out appropriations for the "life of the project". We may want to change this in committee to "final completion of the project". This same section provides that a statement supporting the amount of the unexpended balance requiring to complete the projects..and the amount that may be lapsed shall be recorded with the Department of Administration.

This would give an idea where there are hold ups and what the problems are, also what monies may lapse.

This act will take effect June 30 of 1982, this next fiscal year. This may cause problems with budget preparation. A budget could be approved for a twelve month year and a separate consideration for a three month cycle, or a fifteen month budget could be prepared.

Alaska State Legislature

House of Representatives



Rep. Bette Cato, Chairman

Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

MEMORANDUM

TO : Rep. Al Adams, Chairman
House Finance Committee

FROM : Rep. Bette Cato, Chairman
House Transportation Committee

RE : HB 653; Changing the fiscal year of the Department of
Transportation and Public Facilities

DATE : February 24, 1982

The Transportation Committee bill HB 653 was introduced as a result of information the committee had been receiving from the Department of Transportation. The Committee had been told in the First Session of the Twelfth Alaska State Legislature that one of the major reasons for capital improvement project delays was the uncertainty of availability of federal funding.

The period of time between the beginning of the state fiscal year (July 1) and the federal fiscal year (October 1), is the time the department prepares it's budget for state matching funds. Planning and Programming use this time for preparation of bids for projects in the next construction season.

The committee, based on Department of Transportation testimony, introduced this bill to further raise the question and resolve the question of whether the change in the fiscal year for the department would alleviate C.I.P. project delays.

Attached to this memo is backup material for the Finance Committee's consideration.

WORK ORDER 12-1991

"an act changing the fiscal year of the Department of Transportation and Public Facilities; and providing for an effective date."

As the title implies, this is what this act does. It also speaks to unexpended balances for different durations of time. Sec. 6 may need some work. It carries out appropriations for the "life of the project". We may want to change this in committee to "final completion of the project" but I feel that it should be at that point only, if at all. This same section provides that a statement supporting the amount of the unexpended balance requiring to complete the projects..and the amount that may be lapsed shall be recorded with the Department of Administration.

This would give an idea where there are hold ups and what the problems are, also what monies may lapse.

It is on this bill that we may want to include "two phase funding" provisions and again, may want a separate bill.

This act will take effect June 30 of 1982, this next fiscal year. This may cause problems with budget preparation and should be changed for June 30, 1983 for the effective date.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

FEB 3 1982

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99911

February 4, 1982

The Honorable Bette M. Cato
Chairwoman
House Transportation Committee
Room 128 - Capitol Building
Juneau, Alaska

Dear Ms. Cato:

Re: House Bill No. 653

House Bill No. 653, an Act changing the fiscal year of the Department of Transportation and Public Facilities, was introduced in the House on January 11, 1982 and was referred to the House Transportation and Finance Committees.

For consideration of the House Transportation Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Anselm Staack, Treasury Comptroller, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

Enclosure

cc: The Honorable Albert P. Adams
Chairman
House Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Anselm Staack
Treasury Comptroller
Department of Revenue

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 653 (1/11/82)
 Title Changing the Fiscal Year of DOTPF
 Requested by House Transportation Committee Date 1/11/82

II. FISCAL DETAIL

Agency Affected DOTPF, Dept. of Revenue, Dept. of Administration
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars) SEE ANALYSIS SECTION

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) SEE ANALYSIS SECTION

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS SEE ANALYSIS SECTION

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Converts DOTPF to a Fiscal Year (FY) that runs from October 1 and ends on the following September 30. All other state agencies remain on an FY which begins on July 1 and ends on the following June 30.

All present records of the Dept. of Administration and Treasury are geared to a July 1-June 30 FY. DOTPF processes practically all of its expenditures and revenues through that system. DOTPF is also the largest user of bond construction money. In order to issue bonds the prospectus has to reflect financial statements on a consolidated basis for the whole state. The reconciliation problems in order to create reasonably valid consolidated statements, because two separate FY entities are being combined, are many.

A significant number of additional accounting personnel will have to be added to DOTPF, Dept. of Administration, and Treasury to coordinate differences in FY and cutoff. Further, there will be a significant increase in contractual services/computer time and commodities necessary to track separate FY's. Also, instead of closing one set of "books" there will have to be two; one for DOTPF and one for all other state agencies.

Anselm C. Staack

IV. DATE February 3, 1982 PREPARED BY Anselm C. Staack, Treasury Comptroller

Original: Legislative Finance AGENCY Dept. of Revenue/Treasury Division
 cc: Budget and Management PHONE 465-2350

Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

HB 653 - Changing fiscal year

Changing the fiscal year of the DOT from July 1 to October 1 is an excellent proposal. Currently the fiscal year ends on June 30, right in the middle of the construction season. This is detrimental from two standpoints:

1. The State funded projects that are passed by the Legislature usually hit the street in late June or July. Invariably the DOT has been working on other projects and it is forced to switch its priorities to match the requests made by the Legislature. The heat is on to get the projects out and advertised that same year but usually the summer season runs out before the projects can be advertised and everyone gets upset, from the Legislators down to the low level managers in the DOT. The fiscal year starting on October 1 will allow a few months of planning with emphasis on getting the projects out for advertising in the early part of the following year so that construction can begin in early Spring.
2. The Federal fiscal year currently ends on September 30, so moving the DOT fiscal year to September 30 will allow these two agencies to coordinate funding and project development in a manner that will reduce the confusion connected with Federal Aid obligations occurring during two different DOT fiscal years.

The DOT has not functioned efficiently since its creation. So far there is \$50,000,000 in Federal funds that have been allocated to the State of Alaska that have not been spent, because the DOT has not been able to get the projects ready to advertise on time. This money will lapse if the DOT fails to get its

current program out, plus the \$50,000,000 that is still being carried in the Federal books. Changing the fiscal year will relieve the pressure of the State funds disrupting the Federal Aid project development at the critical time in mid-summer and will allow the DOT time to fit the State funded projects into its work schedule.

There is an opportunity that is also being missed by the State of Alaska by not being able to obligate the \$106,000,000 in Federal funds that flow to it every year from the Federal Highway Administration. There are many states that have not been able to obligate all of their Federal funds because they are unable to produce the required State matching funds due to the economic conditions in many of the lower forty-eight states. Alaska could obtain these excess Federal Highway funds if it would increase production in the design section.

I realize that there are many State officials and many gubernatorial candidates who have stated that Alaska has too many funds already and it does not need any more. This is ludicrous when you look at the conditions of the existing highways in this State such as the Seward Highway south of Girdwood, the Glenn Highway from Mile 50 to Mile 135, the Tok Highway from Mile 30 to 75, the Alaska Highway from Delta Junction to the Border, the Richardson Highway from Mile 129 to 268, the Haul Road from Fairbanks to Prudhoe, plus almost all of the secondary highways and collector roads in this state. Alaska is years behind the rest of the forty-nine states in new highway development, and the current highway reconstruction is not keeping pace with the deterioration of the existing 10,000 mile Federal Aid system.

Changing the fiscal year to October 1 will also come at an opportune time for the Maintenance Section as they are in a transition period at that time each year, changing from their summer road maintenance schedule to their winter snow removal operation.