

S B

237

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SB 237

SPONSOR Pourchot

BILL TITLE Lapsing appropriations for capital projects

DATE REFERRED 3-~~24~~²³-89

HEARING SCHEDULED 4-3-89

FISCAL NOTE PREPARED req 3/30/89 a.m.

SPONSOR CONTACTED ✓

INTERESTED PARTIES CONTACTED

DOT - Randy Simmons, 3900, Katy McHugh
+ Alison
↓ Mary Capobianco, OMB 3568
yes DOA Keith Busch 2240
Gov Finance
Gottelmer - 2201

Dave Dardoff, Legal

Another advantage:
Keep books clean -
make sure every
finding every \$
available.

sb237.txt - hearing request
sb237b.txt - Zharoff on alternative

OTHER

CIPLAPSA.TXT - summary sheet
CIPSEC.TXT - sectional SB 237
sb237.txt - request hearings

IL 6028

JD

MEMORANDUM

State of Alaska

Office of the Governor
Division of Audit and Management Services
465-3568

*Administrative
Lapse*

March 30, 1990

TO: Alison Elgee, Director
Division of Budget Review
Office of Management & Budget

FROM: *JK* John Lucas, Director
Division of Audit & Management Services
Office of Management & Budget

SUBJECT: Capital Authorization Status Report/Project Lapses

The Capital Authorization Status Report (CP3) was used again this year to determine the status of existing projects as required by AS 37.25.020, to purge the system of any projects completed, and to lapse any available balances. In late December of 1989 and early January of this year, our Division took action to lapse to the general fund the available balances of a number of completed capital projects.

While the balances for these projects have already lapsed to the general fund, I'm providing a list of these projects for your reference. A staff member from Representative Mike Davis's office called requesting this same list. I'd appreciate your assistance in letting Representative Davis and other finance committee members know that these funds are not available for reappropriation.

Please let me know if you need additional information or further assistance.

cc: Representative Mike Davis

*interesting -
muni grants!*

COMPLETED GRANTS WITH STATE BALANCES LAPSED			29-Dec-89		
Municipality	AR #	Description	CH/SLA/Pg/Ln	State Bal	Comments
Anchorage	4227-15	Girdwood Elemen Classrm	84/24/21/13	707	
	4233-15	Save 1 School Equipment	84/24/22/8	969	
Aniak	5795-15	Erosion Control Project	86/130/118/23	465	
Chefornak	6200-15	City Office Completion	87/3/64/10	106	
Eiim	6003-15	Back-up Phone & Radio	81/82/195/8	630	
FNS Boro.	6240-15	Fbx. Schools ITV Equip.	81/82/124/11	422	
	4545-15	Woodriver Elem. School	84/24/72/18	30	
	6241-15	Resource Educ. Project	81/82/23/13	130	
Fairbanks	6244-15	Chena River Improvements	80/50/61/22	2,366	
	6243-15	Heat Demo. Project	80/50/76/9	1,650	
	6242-15	Heat Demo. Project	81/82/163/8	20,733	
	5057-15	Arctic Park & Council Subd.	83/10/28/4	231	
	5219-15	Fire Hydrants	81/82/150/12	7,214	
	5261-15	17th Ave. Reconstruction	81/82/188/24	5,342	
	5301-15	Hamilton Ave. Reconstruc.	80/50/98/5	413	
Ft. Yukon	5467-15	Bridge Construction	85/96	25	
	4708-15	Upgrade Community Center	84/64/1/11	6	
	4249-15	Day Care Center	84/24/23/20	1,900	
Kenai Pen. B.	4765-15	Road Service Maint Area	84/22/5/5	4,626	

Municipality	AR #	Description	CH/SLA/Pq/Ln	State Bal	Comments
Port Lions	5920-15	Bay View Drive Completion	86/128/32/21	13	
Scammon Bay	6284-15	Street Lights	83/107/108/6	137	
Shungnak	4359-15	Water/Sewer Sys Impr	84/24/35/17	48,426	
Teller	5564-15	Airport Lighting, Improve.	85/105	195	
Tuluksak	5418-15	Generators/Bulk Fuel Storage	85/96	5,703	
Total Municipal Grants				102,439	
Community & Regional Affairs					
	53184	Eagle Village Road Upgrade		10,000	
	53180	Chicken Well House		25,000	
	53151	Copper Center Fire Equip		20,000	
	53164	Eagle Road Maintenance		10,900	
	53104	Klukwan Development		839	
	53085	Copper Center Geothermal		4,837	
	53088	Birch Creek Electrical		3,000	
	53082	Egegik Road Upgrade		4,113	
	53036	Tok Clinic Equipment		855	
	52961	Chena Gold VFD		92	
	55356	Edna Bay Marine		195	
	55371	Levelock Dock		10,450	
	55376	Karluk Fire Equipment		461	
	55387	Telida Airport		5,400	
	55433	Mentasta Village Council Rd Impr		900	
	55438	Kenny Lk Community League		114	
	55444	Cooper Landing Restroom Fac		13,200	
	55386	ANF: Cape Beaufort Coal		5	
Total: Department of Community &					

			Regional Affairs		110,361	
			Total Municipal & DCRA		212,800	

Sen. Pourchot
April 10, 1989

SB 237, LAPSING OF APPROPRIATIONS FOR CAPITAL PROJECTS

THE PRESENT

Under current law, appropriations for capital projects are valid for the life of the project and the unexpended balance is carried forward to subsequent fiscal years. The agency responsible for administering a capital project is to report to the Department of Administration each year any amount that will not be needed for project completion. Unneeded funds may be administratively lapsed but there is no requirement that the lapse actually occur.

THE PROBLEM

Generally, these funds are not lapsed but are reappropriated by legislators for projects of their choice. At a time when the state's budget needs exceed revenues and literally every revenue source is under debate, unused capital dollars need to undergo the same deliberation and scrutiny as do state general funds. Lapsing unused capital funds to the state's general fund would allow this to occur.

THE PROPOSAL

Within 30 days after the end of a month in which a project is completed or abandoned, the agency responsible for administering the project must file a statement with the Department of Administration that identifies the amount of the appropriation available for lapse. The amount would automatically lapse upon certification by the department.

In the case of projects not complete or abandoned, a report would be filed annually with the Department of Administration as required under current law. Failure to file the report would result in automatic lapsing of the unexpended and unobligated balance of the appropriation.

These provisions would apply only to direct appropriations for capital projects, not to grants to municipalities, unincorporated communities, or named recipients.

THE PROSPECT

For the first time since 1983, in September 1988 the Governor's Office of Management and Budget undertook an agency by agency review of capital appropriations and administratively lapsed \$1.6 million in general funds. (This amount is exclusive of the Department of Transportation and Public Facilities, whose capital project clean-up effort has identified over \$15 million as available for lapse.) Presumably the amount available for lapse would have been much greater, and would be much greater in future years, if project balances are not subject to reappropriation.

Superseded

Sen. Pourchot
March 23, 1989

INTRODUCTION OF SB 237
LAPSING OF APPROPRIATIONS FOR CAPITAL PROJECTS

THE PRESENT

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FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act relating to the lapsing of appropriations for capital projects. BRU: Finance
 Sponsor: Pourchot, Adams, et al. Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034 PERS/TRS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

No cost to Finance assuming AKSAS can be used for reporting requirements, and computer reports are adequate for analysis required.

Prepared By: Keith Busch, Director *Don Wain for* Phone: 465-2240
 Division: Finance Date: March 31, 1989
 Approved by Commissioner: *James P. Andrews* Date: 3/31/89
 Agency: Department of Administration

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Offered: 4/4/89
Referred: Finance

Sen Finance 4/25/89 -0859H

Original sponsors: Pourchot, Adams,
Halford, et al.

Duncan - opportunity to reappropriate
- include University
- exclude muni. grants

Zhanoff - effect on CPC
- some state agency appropri-
ations are really muni. grants
BY THE STATE AFFAIRS COMMITTEE
- disagree: like reappropriations
- delay effective date 3 yrs. -
allow projects
underway now to
be completed

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 237 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL.

6 For an Act entitled: "An Act relating to the lapsing of appropriations for
7 capital projects."

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

9 * Section 1. AS 37.25.020 is amended to read:

10 Sec. 37.25.020. UNEXPENDED BALANCES OF APPROPRIATION FOR CAPITAL
11 PROJECTS. An appropriation made for a capital project is valid for
12 the life of the project and the unexpended balance may [SHALL] be
13 carried forward to subsequent fiscal years. Unless a statement has
14 been filed under (c) of this section during the preceding fiscal year,
15 during July [BETWEEN JULY 1 AND AUGUST 31] of each fiscal year, a
16 statement supporting the amount of the unexpended balance required to
17 complete the projects for which the initial appropriation was made and
18 the amount that may be lapsed shall be recorded with the Department of
19 Administration.

20 * Sec. 2. AS 37.25.020 is amended by adding new subsections to read:

21 (b) The agency responsible for administering a capital appro-
22 priation shall file the report required under (a) of this section.
23 The amount set out in the report as available for lapsing lapses upon
24 certification under (e) of this section.

25 (c) Within 30 days after the end of a month in which a capital
26 project is completed or abandoned, the agency responsible for admin-
27 istration of the appropriation for that project shall file a statement
28 with the Department of Administration stating that the project has
29 been completed or abandoned and stating the amount of the unexpended

1 and unobligated balance of the appropriation that may be lapsed. The
2 amount set out as available for lapsing lapses upon certification
3 under (e) of this section.

4 (d) A project for which a statement has not been filed under (b)
5 or (c) of this section before August 1 of each year is presumed to
6 have been completed or abandoned during the preceding fiscal year and
7 the unexpended and unobligated balance of the appropriation for that
8 project lapses upon certification under (e) of this section.

9 (e) By October 15 of each fiscal year, the Department of Admin-
10 istration shall certify to the Office of Management and Budget the
11 amount that lapses under (b) - (d) of this section.

12 (f) Subsections (b) - (e) of this section do not apply to appro-
13 priations in the form of grants under AS 37.05.315 - 37.05.317.

• to - WE CAN
HEAR your
BILL AS SOON

AS POSSIBLE - SB-237

3473 Michael
DOES ZAROFF HAVE
IT IN SUB-COMMITTEE?

Rich Lehman

Sen
POURCHOT

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
State Capitol
Juneau, Alaska 99811

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senator John Binkley, Co-Chair
Senator Rick Uehling, Co-Chair
Senate Finance Committee

FROM: Senator Pat Pourchot *Pat*

RE: Attached Legislation Regarding Lapse of Capital Appropriations

DATE: March 6, 1989

Please find attached draft legislation that would ensure the prompt lapsing of capital appropriations. I plan to introduce this bill later this week and would welcome your co-sponsorship and any comments you might have.

As you know, over the years the legislature has reappropriated millions of dollars in unused capital appropriations. At a time when we are in dire need of revenues to balance the State's budget and are debating literally every revenue source, I firmly believe that these dollars need to be used to meet general government expenses. Unused capital dollars need to undergo the same deliberation and scrutiny as do state general funds -- no longer should these monies be considered "my dollars" or "your dollars" subject almost entirely to the discretion of individual legislators.

Specifically, the attached draft would require that within 30 days of completion or abandonment of a project a report identifying the amount of the appropriation available for lapse be filed with the Department of Administration. The amount would physically lapse upon certification by the department.

In the case of projects not complete or abandoned, a report would be filed annually with the department as required under current law. Failure to file the report would result in lapsing of the unexpended and unobligated balance of the appropriation.

The provisions of the draft bill would apply only to direct appropriations for capital projects, not to grants to municipalities, unincorporated communities, or named recipients.

I urge your favorable consideration of this proposal and would be happy to discuss it with you further at your convenience.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 3-30-89
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

FIN

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

3/23/89

DATE TURNED INTO OFFICE 4-3-89

Mr. President:

STATE AFFAIRS

Committee considered

SB 237

lapsing of appropriations for capital projects

and recommended:

replace with CS SB 237 (st aff) same title
[] attached amendment(s) and [] new title

[] _____ letter of intent adopted

do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

FISCAL NOTE(S) attached zero
[] appropriation no FN attached

[] fiscal impact
[] Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Jan Lids
Tim Keel

Pat Lumsden do pass
Chair : signature and recommendation

[] Committee backup attached

3-20-89

Div Finance 2240, DOA

~~Keith Gilmore & Eric Swanson 2290~~

Kevin Brooks 2290 - DOA

May Capobianco, OMB - DIV Audit 3568

Some agencies do good job - doesn't happen automatically. ^{can go into accounting system + change lapse date from 2015 to 1989 or whatever + will lapse}
Didn't do DOT or muni grants, named recipient grants. Only 1984 & prior.

has time done = 1983, until 9/89

Even for \$ that's real old, may still be legitimate encumbrances. ^{like DEC - Phase 7 of a multi-phase project. Some projects require final audit.}

Even if doesn't net you very much money, at least cleans up accounting system.

gleamed @ \$1.5 m this time. Last done '83. + individual lapses from time to time.

→ Boss out till Tuesday - will check w/him before sending over summary sheets.

Keith Busch ^{DOA} personally - OK ^{want max 5yr limit, too}
workable approach
already verify all approp. so ϕ F/N

BY POURCHOT, ADAMS, HALFORD,
FAIKS, FRANK, STURGULEWSKI, 10
KELLY, COGHILL, FISCHER AND
JONES

[Binkley, Jehling, Duncan,
Fahrenkamp, Zharoff, Rodey,
Szymanski

1 IN THE SENATE

2 SENATE BILL NO. 237

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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11 TAL PROJECTS. An appropriation made for a capital project is valid
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13 carried forward to subsequent fiscal years. Unless a statement has
14 been filed under (c) of this section during the preceding fiscal year,
15 between [BETWEEN] July 1 and August 31 of each fiscal year, a state-
16 ment supporting the amount of the unexpended balance required to
17 complete the projects for which the initial appropriation was made and
18 the amount that may be lapsed shall be recorded with the Department of
19 Administration.

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24 certification under (e) of this section.

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27 tion for that project shall file a statement with the Department of
28 Administration stating that the project has been completed or aban-
29 doned and stating the amount of the unexpended and unobligated balance

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4 or (c) of this section before September 1 of each year is presumed to
5 have been completed or abandoned during the preceding fiscal year and
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7 project lapses upon certification under (e) of this section.

8 (e) By October 1 of each fiscal year, the Department of Adminis-
9 tration shall certify to the Office of Management and Budget the
10 amount that lapses under (b) - (d) of this section.

11 (f) Subsections (b) - (e) of this section do not apply to
12 appropriations in the form of grants under AS 37.05.315 - 37.05.317.

Senate money search begins

Bill would return unused project money to general fund

By ROBERT LAURIE
Times Juneau Bureau

JUNEAU — Senators have begun their annual search for leftover money from previous capital projects to redirect to new construction projects in their districts, while half of their members have fallen behind a measure that would all but eliminate the practice in the future.

Each year the legislature reappropriates unused funds from previous year capital pro-

jects that have been completed or abandoned, using it for new projects. The reappropriation process has been criticized in the past for taking place behind closed doors with little or no review by other legislators, let alone the public.

As co-chairman of the Senate Finance Committee, Sen. Rick Uehling, R-Anchorage, says he has adopted guidelines to make sure everything happens in the open.

"It's going to be an open, public process from the beginning," said Uehling. "We do not want to make any last-minute kinds of decisions like have been made in the past."

Uehling says each legislator sponsoring a project in the bill will have to appear before the Finance Committee to justify it in public.

Meanwhile, Sens. Pat Pourchot, D-Anchorage, and Al Adams, D-Kotzebue, have intro-

duced a measure that would lapse the unused money directly back into the state's general fund. As vice chairman of the House Finance committee last year, Pourchot watched the process closely.

Under the measure, he said, the money would be treated just like any other state revenue, subject to full committee review. The current system short-circuits the process.

See Leftovers, page B-2

Leftovers: Spending

Continued from page B-1

"Those monies don't get funneled back through the capital projects budgeting process and prioritized," said Pourchot. "It just goes back to the same district for another project of importance to the legislator representing that district."

In past years when the state was flush with ready cash, it wasn't much of a concern, Pourchot said. Now the state barely has enough to cover key maintenance.

"I don't think we have the luxury anymore of not bringing

those unused monies back into the budget," Pourchot said.

With smaller capital budgets, Pourchot says the amount of money available in subsequent years is limited.

"My guess is that there's 1 to 2 million dollars annually for the next several years that probably could be lapsed," Pourchot said.

Eight senators jumped on the bill as co-sponsors after Pourchot introduced it this week, surprising the Anchorage Democrat.

"I've always thought it was a good idea, but apparently the body now feels like it's a good idea," said Pourchot.

Times - 3/25/89

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
State Capitol
Juneau, Alaska 99811

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members

FROM: Senator Pat Pourchot, Chairman

RE: April 3 Committee Hearing

DATE: April 1, 1989

On Monday, April 3 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will conduct a confirmation hearing on Dr. Rodman Wilson's appointment to the Alaska Public Offices Commission. Dr. Wilson will participate from Anchorage via the teleconference network.

In addition, the following bills will be heard:

SB 237, An Act relating to the lapsing of appropriations for capital projects

SB 237 would establish a procedure for the administrative lapse of capital appropriations upon completion or abandonment of a capital project. Current statute authorizes administrative lapse, but does not require that the lapse actually occur. Unused capital funds ~~funds~~ are generally reappropriated by the legislature. However, in September 1988 OMB lapsed approximately \$1.6 million in unneeded capital funds.

SB 237 would apply only to direct appropriations for capital projects, not to grants to municipalities, unincorporated communities, or named recipients.

A draft committee substitute that changes the reporting dates to align with preparation of the Annual Financial Report is attached. The change was requested by the Department of Administration.

SR 8, Requesting a hiring freeze for state employees

SB 232, An Act relating to certain beverage dispensary licensees

HB 74, An Act relating to the acquisition and financing of the Seward Student Service Center by the Alaska State Building Authority, and relating to the use of a lease-financing agreement for the project

The hearing on these bills was postponed from Friday, March 31. Back-up materials were distributed previously.

6-0859H
Dierdorff
3/31/89

Original sponsors: Pouchot, Adams,
Halford, et al.

Changes in CS
p. 1, l. 15
p. 2, l. 4
p. 2, l. 8

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 237 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

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15 during July [BETWEEN JULY 1 AND AUGUST 31] of each fiscal year, a
16 statement supporting the amount of the unexpended balance required to
17 complete the projects for which the initial appropriation was made and
18 the amount that may be lapsed shall be recorded with the Department of
19 Administration.

added
in CS

20 * Sec. 2. AS 37.25.020 is amended by adding new subsections to read:

21 (b) The agency responsible for administering a capital appro-
22 priation shall file the report required under (a) of this section.
23 The amount set out in the report as available for lapsing lapses upon
24 certification under (e) of this section.

25 (c) Within 30 days after completion or abandonment of a capital
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27 tion for that project shall file a statement with the Department of
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29 doned and stating the amount of the unexpended and unobligated balance

1 of the appropriation that may be lapsed. The amount set out as avail-
2 able for lapsing lapses upon certification under (e) of this section.

3 (d) A project for which a statement has not been filed under (b)
4 or (c) of this section before ^[Sept. 1] August 1 of each year is presumed to
5 have been completed or abandoned during the preceding fiscal year and
6 the unexpended and unobligated balance of the appropriation for that
7 project lapses upon certification under (e) of this section.

8 (e) By October ^[1] 15 of each fiscal year, the Department of Admin-
9 istration shall certify to the Office of Management and Budget the
10 amount that lapses under (b) - (d) of this section.

11 (f) Subsections (b) - (e) of this section do not apply to appro-
12 priations in the form of grants under AS 37.05.315 - 37.05.317.
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Senator Pourchot
April 3, 1989

A M E N D M E N T

TO: CS SB 237 (St Aff), Relating to the lapsing of appropriations for capital projects

page 1, line 25

After "after" insert the end of a month in which a capital project is completed or abandoned. Delete "completion or abandonment of a capital project".

In context, the amendment would read as follows:

(c) Within 30 days after the end of a month in which a capital project is completed or abandoned [COMPLETION OR ABANDONMENT OF A CAPITAL PROJECT], the agency responsible for administration of the appropriation for that project shall file a statement with the Department of Administration

RATIONALE: The amendment would allow agencies to submit reports to DOA on a monthly basis, rather than having to report many times throughout the month as capital projects are completed or abandoned.

Requested by DOT-PF

uf 3/8/89

OMB GENERAL FUND CAPITAL PROJECT CLEANUP:

DEPARTMENT	APPROPRIATION #	GF AUTH TO LAPSE PER OMB & DEPT	OTHER FUNDS AUTH TO LAPSE PER OMB & DEPT	GF AUTH LAPSED FY 1989	OTHER FUNDS AUTH LAPSED FY 1989	COMMENTS
DEPT OF FISH & GAME	43008-89	54.54		54.54		
	43055-89	102.57		102.57		
	43115-89	1,079.20		1,079.20		
	43160-89	25.74		25.74		
	43275-89	19.66		19.66		
	43090-89	12,399.12		12,399.12		
	43280-89	12,048.97		12,034.97		\$5,800 ENC STILL VALID PER DEPT/OMB. AVAIL BAL TO LAPSE WAS \$14 LESS THAN REQUESTED.
	43080-89	229.17		229.17		
TOTAL DEPT OF FISH & GAME		25,958.97		25,944.97		
DEPT OF COMMUNITY & REGIONAL AFFAIRS	55384-89	35,104.00		0.00		NO BAL TO LAPSE. \$35,100 EXP AND RESTRICTED REC RECORDED AGAINST AR 55384-89 JAN 89.
	55375-89	1,000.00		1,000.00		
	52913-89	2,750.00		2,750.00		
	53400-89	1,153.84		1,153.84		
	53126-89	12,216.72		12,216.72		
	53133-89	1,243.11		1,243.11		
	53135-89	1,299.81		1,299.81		
	53175-89		15,365.41	15,401.56		ACTUAL BAL LAPSED IS \$15,401.56 GF AUTH. GF APPROP SO NO EST REST REC TO LAPSE.
	53176-89	12,298.71		12,298.71		
	53205-89	836.00		835.74		
	53220-89	4,500.00		4,500.00		
	53256-89		650,000.00	650,000.00		NO EST REST REC TO LAPSE
	53281-89	174,000.00		174,460.00		
	53295-89		78,399.64	78,399.64		NO EST REST REC TO LAPSE
	53058-89	4.86		4.86		
	53083-89	267.00		267.00		
	53407-89	31.41		31.41		
	53194-89	323.93		323.93		
	53195-89	0.34		0.34		
	53203-89	50.00		50.00		
	53231-89	362.50		362.50		
	53234-89	27.37		27.37		
	53248-89	0.45		0.45		
	53253-89	1.00		1.00		
	53255-89	454.77		454.77		
	53270-89	460.87		460.87		
	53273-89	142.96		142.96		
	53282-89	0.27		0.27		
TOTAL COMMUNITY & REGIONAL AFFAIRS		248,529.92	740,000.05	957,686.86		

of 3/8/89

OMB GENERAL FUND CAPITAL PROJECT CLEANUP:

DEPARTMENT	APPROPRIATION #	GF AUTH TO LAPSE PER OMB & DEPT	OTHER FUNDS AUTH TO LAPSE PER OMB & DEPT	GF AUTH LAPSED FY 1989	OTHER FUNDS AUTH LAPSED FY 1989	COMMENTS
DEPT OF HEALTH & SOCIAL SERVICES	22878-89	34,052.56	34,052.56			\$33,922.50 OF \$34,052.56 IS ENC - WAITING AGENCY RESPONSE BALANCE SHOWS \$0.80 OVEREXPENDITURE - WAITING AGENCY RESPONSE BALANCE SHOWS \$0.07 OVEREXPENDITURE - WAITING AGENCY RESPONSE BALANCE ENCUMBERED - AWAITING AGENCY RESPONSE
	22885-89	1,072.00	1,072.00	0.00		
	23031-89	0.00		0.00		
	23134-89	101.65		101.65		
	22948-89	7,946.85				
TOTAL DEPT OF HEALTH & SOCIAL SERVICES		43,173.06	35,124.56	101.65		
DEPT OF ADMINISTRATION	3728-89	2,793.01		2,793.01		\$95,164.54 ENCUMBERED
	3761-89	5,162.98		5,162.98		\$4,795.37 ENCUMBERED
	3765-89	6,435.34		6,435.34		
	3794-89	23,533.78		23,876.71		\$23,876.71 BAL LAPSED PER DEPT. \$309,654.00 IS ENCUMBERED
	3781-89	0.10		0.10		
TOTAL DEPT OF ADMINISTRATION		37,925.21		38,268.14		
DEPT OF NATURAL RESOURCES	38905-89	150,000.00		150,000.00		
	39020-89	112,959.88		112,959.88		\$110,765.22 RESTRICTION RELEASED BY DNR SO THAT TOTAL OF \$112,959.88 COULD LAPSE.
	39240-89	251.13		251.13		
	38007-89	7,423.19		7,423.19		
TOTAL DEPT OF NATURAL RESOURCES		270,634.20		270,634.20		
DEPT OF REVENUE	15835-89	465,638.26				NO BALANCE IN AR. BALANCE WAS REAPPROPRIATED IN CH 173, SL/88, SEC 211(A)
DEPT OF MILITARY & VETERANS' AFFAIRS	34753-89		5,096,000.00		5,096,000.00	
	34791-89		1,417,700.00			\$43,314.58 OVEREXPENDITURE - WAITING AGENCY RESPONSE
TOTAL DEPT OF MILITARY & VETERANS' AFFAIRS			6,513,700.00		5,096,000.00	
DEPT OF ENVIRONMENTAL CONSERVATION	49179-89	15,000.00		15,000.00		
	49091-89	100,000.00		100,000.00		
	49109-89	8711.15		8,711.15		
	49110-89	700.78		700.78		
	48931-89	8,685.00		8,685.00		
	48984-89	1,007.00		1,009.00		
TOTAL DEPT OF ENVIRONMENTAL CONSERVATION		134,105.93		134,105.93		
DEPT OF EDUCATION	20588-89	1,352.05		1,352.05		

OMB GENERAL FUND CAPITAL PROJECT CLEANUP:

DEPARTMENT	APPROPRIATION #	GF AUTH TO LAPSE PER OMB & DEPT	OTHER FUNDS AUTH TO LAPSE PER OMB & DEPT	GF AUTH LAPSED FY 1989	OTHER FUNDS AUTH LAPSED FY 1989	COMMENTS
	20555-89	770.39		770.39		
	20556-89	820.69		820.69		
	19353-89	19,935.89		19,939.85		ACTUAL BALANCE LAPSED WAS \$19,939.85.
	19268-89	157,672.75		157,672.75		
TOTAL DEPT OF EDUCATION		180,551.77		180,555.73		
DEPT OF CORRECTIONS	51004-89	51.84		51.84		
COURT SYSTEM	77044-89	0.17		0.17		
DEPT OF COMMERCE & ECONOMIC DEVELOPMENT	32218-89	31.20		31.20		
	32156-89	0.00		0.00		\$0.09 BALANCE CREATED BY NEG EXPENDITURE. NO AUTH BAL TO LAPSE. AGENCY TO CORRECT.
	32159-89	0.50		0.50		
	32151-89	470.38		470.38		
TOTAL DEPT OF COMMERCE & ECON DEVELOPMENT		502.08		502.08		
TOTAL ALL DEPARTMENTS		1,407,071.41	7,292,589.61	1,607,851.57	5,096,000.00	

BY POURCHOT, ADAMS, HALFORD,
FAIKS, FRANK, STURGULEWSKI,
KELLY, COGHILL, FISCHER AND
JONES

1 IN THE SENATE

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CS SENATE BILL NO. 237 (S.A.F.F.)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the lapsing of appropriations for capital projects."

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

* Section 1. AS 37.25.020 is amended to read:

Sec. 37.25.020. UNEXPENDED BALANCES OF APPROPRIATION FOR CAPITAL PROJECTS. An appropriation made for a capital project is valid for the life of the project and the unexpended balance may [SHALL] be carried forward to subsequent fiscal years. Unless a statement has been filed under (c) of this section during the preceding fiscal year, between [BETWEEN] July 1 and August 31^{JULY 31} of each fiscal year, a statement supporting the amount of the unexpended balance required to complete the projects for which the initial appropriation was made and the amount that may be lapsed shall be recorded with the Department of Administration.

* Sec. 2. AS 37.25.020 is amended by adding new subsections to read:

(b) The agency responsible for administering a capital appropriation shall file the report required under (a) of this section. The amount set out in the report as available for lapsing lapses upon certification under (e) of this section.

(c) Within 30 days after completion or abandonment of a capital project, the agency responsible for administration of the appropriation for that project shall file a statement with the Department of Administration stating that the project has been completed or abandoned and stating the amount of the unexpended and unobligated balance

1 of the appropriation that may be lapsed. The amount set out as avail-
2 able for lapsing lapses upon certification under (e) of this section.

3 (d) A project for which a statement has not been filed under (b)
4 or (c) of this section before ^{August} September 1 of each year is presumed to
5 have been completed or abandoned during the preceding fiscal year and
6 the unexpended and unobligated balance of the appropriation for that
7 project lapses upon certification under (e) of this section.

8 (e) By October ¹⁵ 1 of each fiscal year, the Department of Adminis-
9 tration shall certify to the Office of Management and Budget the
10 amount that lapses under (b) - (d) of this section.

11 (f) Subsections (b) - (e) of this section do not apply to
12 appropriations in the form of grants under AS 37.05.315 - 37.05.317.

Keith Busch

2240

p. 1, l. 15 July 1 - July 31 [Aug 31]

begin Annual Financial Report
July 31 → Oct 15

DOA ^{expecting} computer report
Most things already doing now.

p. 2, 8 Oct 1 [15] to make
compatible w/ annual report



Official Business

Alaska State Legislature

P.O. Box V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Kurt Dzinich, Director
Senate Advisory Council

FROM: Senator Pat Pourchot *Pat*

RE: Research Request

DATE: February 17, 1989

I am writing to request information on how other states handle unused balances of capital appropriations.

Specifically, I would like to see statutory provisions governing the determination of a project's completion and the handling of appropriated funds that may be remaining upon completion. I would also like some first hand knowledge of how the statute is implemented, which I would think could be obtained from the people in each state who administer the appropriations.

I am particularly interested in whether remaining funds are automatically returned to the state's general fund, or whether balances must or can be reappropriated by the legislature as is done in Alaska.

I would request that Oregon be one of the states you contact, and that four or five other western states or states similarly situated to Alaska as far as size of budget and/or population also be contacted. I would also request that you provide information on the federal government's procedure.

Please contact Sandra Schubert of my staff at 465-3712 if you have any questions. If possible, I would like to receive the information from you by Wednesday, March 1.

Alaska State Legislature

Senate Advisory Council



P.O. Box V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator Pat Pourchot
Alaska State Senate

FROM: Sheila F. Helgath, PhD *SH*
Legislative Analyst

DATE: March 1, 1989

SUBJECT: Procedures for Unused Balances of Capital Appropriations; Research Request #89-100022

The procedure used to reappropriate or account for lapsed or unused balances of capital construction appropriations in other states is variable. The following seven examples suggest that how these funds are handled depends upon the intent language attached to the original appropriation, or the type of fund from which the original money was appropriated, or in states where budget deficits may soon be a problem, such as in Wyoming, special "rainy day accounts" are created.

California

California has a three step process for capital appropriations which usually takes about three years to complete funding for a capital construction project. Step one appropriates funds for the drawing up of the preliminary plans and a budget estimate (by the executive branch). Step two provides funds for the working drawings. Step three is the appropriation for construction. There is usually a three year construction time included in step three at the end of which unused funds are returned to the original fund from which they were appropriated. The legislature retains the right to revoke funds at steps one and two. If step one is not completed in the first year the appropriation automatically reverts back to the fund from which it was appropriated. California funds are generally bond funds (revenue and general obligation bonds) which are restricted to that project or type of project and title and oil dollars (royalty payments) which are less restricted. My contact was Dennis Hordyk 916-445-5332.

Idaho

Idaho has a dedicated account for the capital budget. When the project is approved the money appropriated goes into the "Permanent Building Fund Account". Unused monies from this fund are reallocated every year at the discretion of the executive branch. Contact Bob Ford 208-334-3900.

Senator Pat Pourchot
March 1, 1989
Page 2

Minnesota

This question is "practically moot" in Minnesota because the appropriations legislation has transfer authority written into the appropriations bill. Unused portions of bond generated funds are transferred to the "bond service fund". Unused portions of a capital project from the general fund are usually funded on an "X" year basis and available until the project is completed. My contact was Dale Nelson 612-297-1321.

Montana

The Montana budget is developed on a biennial basis. Capital improvement projects are analyzed and sent to the legislature by the executive with a priority listing. The legislature determines the final priorities. Capital projects are funded for two years and unused funds are returned to the "Capital Project Fund" which then reappropriated depending on the priorities established. My contact was Roy Shackelford 406-444-3616.

New Mexico

Unused capital funds are treated differently depending upon the originating fund. State statute says that the money must revert back to the fund from which they came. New Mexico uses general funds, severance tax bonds, and general obligation bonds to pay for capital improvement projects. Specific projects are allowed to keep the money until the project is completed. Mr. Vaca couldn't recall any instances when funds had reverted. My contact was Max Vaca 505-827-3681.

Oregon

Oregon defines capital appropriation projects as those above \$100,000 that involve the acquisition of real property. Capital improvement projects (CIP) are those that are between \$5,000 and \$100,000 and involve projects such as remodeling a building. CIP projects are funded biennially and agencies are not allowed to carry over funds once the project is complete. Capital projects are funded for the life of the project. My contact was Jeff Gilfosi 503-378-3118.

Wyoming

Wyoming has set up a "Budget Reserve Account" which is a rainy day account that all unused funds are placed into and then reappropriated at the next session. Contact Mrs. Shirley Whittler or Bill Harris 303-777-6044.

As can be determined from above each state has an unique way of handling these monies. In addition to contacting the individual states I also contacted the National Council of State Legislators who said that normally funds revert back to the original source. If Senate Advisory Council can be of further help on this issue please contact us.

Alaska State Legislature

Senate Advisory Council



PO. Box V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator Pat Pourchot
Alaska State Senate

FROM: Sheila F. Helgath, PhD *SHH*
Legislative Analyst

DATE: March 1, 1989

SUBJECT: Procedures for Unused Balances of Capital Appropriations:
Request #89-10022

Thank you for your recent request for assistance. Attached is the material you requested. This information will remain confidential unless we receive your approval for release.

Please check the appropriate box and return to Mail Stop 3100 or the above mailing address.

- I approve the release of this information.
- I approve the release of this information, but please remove my name.
- I do not approve the release of this information at this time.

If we can be of further service, please do not hesitate to contact us.

DATE _____

SENATOR _____

Capital Budgeting and Finance: The Legislative Role

Capital Budgeting and Finance Subcommittee

Representative Dean Conley (Ohio), Chair
James C. Heckman (Michigan), Vice Chair

Fiscal Affairs and Oversight Committee

Delegate Nancy Kopp (Maryland), Chair
Representative Betty Jo Nelsen (Wisconsin), Vice Chair
James C. Heckman (Michigan), Staff Chair
James Zingale (Florida), Staff Vice Chair



Written by
Barbara Yondorf and Barbara Puls
Fiscal Affairs Program

National Conference of State Legislatures
1050 Seventeenth Street, Suite 2100
Denver, Colorado 80265
303/623-7800

444 North Capitol Street, N.W., Suite 500
Washington, D.C. 20001
202/624-5400

*Funding for this report was provided by The First Boston Corporation,
New York, and Moody's Investors Service Inc., New York.*

November 1987

Recommendation 11

11. Legislatures should play an active role in reviewing the transfer of capital funds after they have been appropriated and decisions to cancel, delay, or change funding for approved capital projects.

By reviewing transfers of appropriated funds and cancellations, delays, or reductions in funding capital projects, legislators would play a central role in all budget decisions that involve a significant departure from what the appropriations act has specified. Plus, lawmakers would have access to timely, meaningful information about project implementation and costs. Thirty-one states require the governor to get the legislature's approval before transferring appropriated funds from one project to another (see Table 22). In more than two-thirds of the states, the governor is prohibited from making transfers between the capital and operating budgets without legislative sign-off. Twenty require such approval before cancelling an approved project, and six before delaying a project. In general, the Southwest, Rocky Mountain, and Far West states place greater restrictions on the governor's ability to shift or change capital appropriations than do states in the other regions.

The structure and extent of legislative oversight of capital projects once approved can take a variety of forms. A legislature may:

1. Give a budget oversight committee binding authority to monitor and settle certain budget issues arising after the budget has been enacted;
2. Grant to the executive limited authority to deal with contingencies (e.g., if the matter deals with \$X or Y percent of the project's budget or more, then legislative sign-off is required; otherwise, the executive can handle the matter);
3. Include contingency directives either in statute or in the budget act;
4. Require special sessions to be called or the full legislature to be consulted under specified circumstances;
5. Require the executive branch to seek the advice but not necessarily the approval of either a legislative committee or the legislative leadership before acting;
6. Set aside monies that may be used only in the event of a problem with project expenses, according to specific guidelines set out in statutes, with the advice and/or consent of a legislative committee and/or the full legislature if it appropriates the monies in the fund;
7. Allow the executive's actions in handling a major problem with the costs of an approved project to be effective only until the next session of the legislature, when it must sign off on these actions for them to be effective.

Unfortunately, all these alternatives have some limitations. Binding legislative committee oversight can raise legal problems, and both binding and strong advisory roles by a legislative committee may limit necessary executive flexibility. Legal problems also may arise with contingency directives to the executive branch, not only because some states severely limit the provisos legislatures can attach to appropriations but also because it is difficult to anticipate the particulars of every contingency. In addition, setting aside funds for specific circumstances can mean tying up money for contingencies that never occur. Requiring a special legislative session (which applies only to part-time legislatures) can be a costly alternative and also limits executive flexibility. Yet, allowing the executive to handle problems until the legislature meets again minimizes legislative budget oversight control.

Legislatures should consider the alternatives available for overseeing capital budget management and select those best suited to their concerns and constraints.

Table 22:

**Gubernatorial Requirements to Advise or Get Approval of
Legislature Before Transferring Capital Appropriations, Rolling Forward Funds,
Cancelling a Project, or Delaying Spending (a) (b)**

State	Gubernatorial Authority to Transfer Funds from:			Gubernatorial Authority to:		
	Capital to Operating	Operating to Capital	One Project to Another	Roll Forward Project Funds	Cancel a Project	Delay Capital Spending
NEW ENGLAND						
Connecticut	No Restrictions	Approval	Approval	No Restrictions	No Restrictions	No Restrictions
Maine	Not Allowed	Approval	No Restrictions	Approval	No Response	No Response
Massachusetts	Approval	Approval	Approval	Approval	Approval	No Response
New Hampshire	Not Allowed	Not Allowed	Approval	Approval	No Restrictions	No Restrictions
Rhode Island	Approval	Approval	Approval	No Restrictions	No Restrictions	No Restrictions
Vermont	Approval	Approval	No Restrictions	No Restrictions	Approval	No Restrictions
MID ATLANTIC						
Delaware	Approval	Approval	Approval	Approval	No Restrictions	No Restrictions
Maryland	No Restrictions	Not Allowed	No Restrictions	Not Allowed	No Restrictions	No Restrictions
New Jersey	Approval	Approval	Advise & Approval	Approval	Approval	Advise
New York	Approval	Approval	Advise	Approval	Advise	Advise
Pennsylvania	Not Allowed	Approval	Approval	Approval	No Restrictions	No Restrictions
GREAT LAKES						
Illinois	Approval	Approval	Approval	Approval	No Restrictions	No Restrictions
Indiana	No Restrictions	No Restrictions	No Restrictions	No Restrictions	No Restrictions	No Restrictions
Michigan	Approval	Approval	Approval	Advise	Advise	Advise
Ohio	Not Allowed	Approval	Approval	Reapprop.'s Bill	Approval	No Restrictions
Wisconsin	Approval	Approval	(1)	No Restrictions	(1)	(1)
PLAINS						
Iowa	Advise	Advise	Advise	Approval	Approval	Approval
Kansas	(2)	(2)	(2)	Approval	No Restrictions	No Restrictions
Minnesota	Not Allowed	Not Allowed	Approval	No Restrictions	No Restrictions	No Restrictions
Missouri	Not Allowed	Not Allowed	Approval	Approval	No Restrictions	No Restrictions
Nebraska	Approval	Approval	Approval	Approval	Approval	No Restrictions
North Dakota	Approval	No Restrictions	No Restrictions	Approval	Approval	Advise
South Dakota	Advise	Advise	Advise	Advise	Advise	Advise
SOUTHEAST						
Alabama	Advise	Advise	Advise	No Restrictions	Advise	No Restrictions
Arkansas	Approval	Approval	Advise	Approval	No Restrictions	No Restrictions
Florida	Not Allowed	Not Allowed	Approval	No Restrictions	Not Allowed	Advise
Georgia	Approval	Approval	Approval	Approval	Approval	No Response
Kentucky	Not Allowed	Approval	Not Allowed	Approval (3)	Advise	Advise
Louisiana	Approval	Approval	Approval	Approval	Approval	Approval
Mississippi	Approval	Approval	Approval	Approval	Approval	Advise
North Carolina	Approval	Approval	No Restrictions	No Restrictions	No Restrictions	No Restrictions
South Carolina	Not Allowed	Approval (4)	Approval	No Restrictions	Approval	Approval
Tennessee	Approval	Approval	No Restrictions	No Restrictions	No Restrictions	No Restrictions
Virginia	Advise	Advise	Advise	No Restrictions	Approval	Advise
West Virginia	Approval	Approval	Approval	Approval (5)	Approval	No Restrictions
SOUTHWEST						
Arizona	Approval	Approval	Approval	Advise	Approval	No Restrictions
New Mexico	Approval	Approval	Approval	Advise	Approval	Advise
Oklahoma	Approval	Approval	Approval	Approval	Approval	Approval
Texas	Approval	Approval	Approval	Approval	Approval	Approval

State	Gubernatorial Authority to Transfer Funds from:			Gubernatorial Authority to:		
	Capital to Operating	Operating to Capital	One Project to Another	Roll Forward Project Funds	Cancel a Project	Delay Capital Spending
ROCKY MOUNTAIN						
Colorado	Approval	Approval	Approval	Approval (5)	No Restrictions	No Restrictions
Idaho	Approval	No Restrictions	Approval	Approval	Approval	No Restrictions
Montana	Approval	Approval	No Restrictions	Approval	No Restrictions	No Restrictions
Utah	Approval	Approval	Approval	No Restrictions	No Restrictions	No Restrictions
Wyoming	Approval	Approval	Approval	Advise	Approval	No Response
FAR WEST						
Alaska	Approval	Approval	Approval	Approval	No Restrictions	Advise
California	Approval	Approval	Approval	Approval	Approval	Approval
Hawaii	Approval	Approval	No Restrictions	No Restrictions	No Restrictions	No Restrictions
Nevada	Approval	Approval	Approval	No Restrictions	Advise	Advise
Oregon	Approval	Approval	Approval	Approval	Advise	Advise
Washington	Approval	Approval	Advise	Approval	Advise	Advise

Footnotes:

- (1) WI: State Building Commission may make some transfers within agency's building program and may cancel or delay a project to reflect changing facilities' needs.
- (2) KS: Transfer authority limited to single agency and fund.
- (3) KY: Governor must get legislative approval to roll forward unspent funds for reauthorization if not obligated. If project under contract, legislative approval/advise is not necessary.
- (4) SC: The Joint Bond Review Committee must approve.
- (5) WV and CO: After initial three-year capital outlay appropriation period.

Key:

- (a) "Advise" means Governor must advise legislature of action.
 "Approval" means Governor must get legislative approval for action.
 "No Restrictions" means legislative approval/advise is unnecessary.
 "Not Allowed" means this type of transfer is not allowed.
- (b) "Capital to Operating" means the transfer of funds from capital projects to operating budgets.
 "Operating to Capital" means the transfer of funds from operating budgets to capital projects.
 "One Project to Another" means the transfer of funds from one capital project to another project.
 "Roll Forward Project Funds" means the rolling forward of unspent funds appropriated for a specific project from one fiscal period to the next.

Source: National Conference of State Legislatures survey, 1986.

Recommendation 12

12. Legislatures should monitor capital projects as closely as they do department operating budgets to make sure that appropriated funds are being used efficiently and effectively; to make sure that they are being used as intended; and to guard against waste, fraud, and abuse.

More often than not, legislatures give much less attention to project implementation than they give to project funding and selection. For the most part, once capital appropriations have been made, legislatures rely on the state building department and/or the state auditor to oversee capital construction, major renovations, and repairs. In some cases, legislatures hear little about a project after it has been approved, unless there is a cost overrun or a scandal relating to improper handling of the project.

While legislatures should not become involved in the executive function of project administration, they should be kept fully informed of the progress on and problems with construction, repairs, or remodeling. Where there is no strong legislative oversight of a capital project after its funding has been approved, the chances for waste, fraud, and abuse increase. As one capital expert has noted,

Waste, fraud and abuse increase the cost of construction, reduce the reliability of the product, and shake public confidence, an ingredient essential to garnering the support necessary to make serious inroads into the problems of deterioration and decay of public facilities. For the public to accept higher tax bills and bridge tolls to pay for facility construction and repair, it must be convinced that the project is essential and effectively managed.³⁸

Hatry, Neary, and Allen in their report, "The Capital Investment and Maintenance Decision Process in the Public Sector," cite four main purposes of project monitoring: (1) to identify implementation problems as early as possible so that steps to alleviate problems can be taken; (2) to provide historical information for improving future planning; (3) to form the basis for performance and incentive contracting for projects; and (4) to help improve contractor performance by weeding out poor performers.³⁹

There are at least four ways in which legislatures can be assured of strong legislative oversight of capital project implementation. First, as noted earlier, states can prohibit or otherwise restrict the transfer of funds to and from a particular capital project unless such transfers have been approved by the legislature. Second, the committee(s) that makes capital appropriations can request annual reports from the legislative auditor on the capital construction fund(s) and on any problems with particular projects. Third, the legislature can require the executive branch to prepare regular status reports on all capital projects. For example, the Louisiana Legislature receives a quarterly construction progress report, legislators in Virginia get a semiannual progress report on all active projects, and New Jersey and Hawaii obtain regular reports on the status of their bond funds (see Table 9 for more examples). Finally, legislatures may limit the period during which a capital appropriation may be spent. For instance, Maryland's capital appropriations run for three years; any money not spent at the end of that time must be either reappropriated or returned to the general fund.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3600

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 16, 1989

SUBJECT: Lapsing of Capital Appropriations
(W.O. 6-0859)

TO: Senator Pat Pourchot
Attention: Sandra Schubert

FROM: David R. Dierdorff *DRD*
Revisor of Statutes

Enclosed is a draft that amends AS 37.25.020 to tighten up the administration of capital appropriations, at least as to lapsing. You will note that an agency is required to report within 30 days of completion or abandonment, or, if the project is still alive, during the month following the end of each fiscal year. Failure to file either report will result in automatic lapsing of the appropriation.

This draft does not directly address the lapsing of grants. You may recall my 1986 memo (originally for then Representative Adams, but provided to many other members of the House and Senate Finance Committees), in which I discussed the various lapse dates. In that memo I said:

It should be noted that AS 37.25.010 and 37.25.020 do not distinguish between different forms of appropriation. It is our opinion that the two statutes apply to direct appropriations and to appropriations in the form of grants, unless specific provisions in other statutes set out other or different rules.

I also pointed out the desirability of amending AS 37.05.315 - 37.05.317 to provide a mechanism for enforcing AS 37.25.020 and AS 37.05.315(b).

If you want to expand this draft to ensure prompt lapsing of appropriations for grants as well as for direct appropriations, I could easily do so.

DRD:kb
wkk2/016

Enclosure

OTHER POINTS TO REMEMBER:

STATEMENT THAT AGENCY MUST FILE WITH D.O.A. CAN SIMPLY BE A COMPUTER PRINT-OUT. WE'RE NOT EXPECTING ANYTHING FANCY.

"COMPLETION" IS PURPOSELY NOT DEFINED. REALIZE ALLOWS DISCRETION ON THE PART OF EACH AGENCY, BUT SOME FLEXIBILITY IS NEEDED. D.O.T. WILL INTERPRET TO MEAN WHEN ALL THE PAPERWORK ON A PROJECT IS DONE, NOT WHEN A PROJECT IS PHYSICALLY COMPLETE.

PAGE 2, LINE 3 (WHICH ADDRESSES "AUTOMATIC" LAPSE IF FAIL TO FILE A REPORT) -- "PROJECT" WOULD INCLUDE ALL PROJECTS INCLUDED IN A SINGLE APPROPRIATION. IN OTHER WORDS, D.O.T.'S SINGLE APPROPRIATION FOR CENTRAL REGION HIGHWAYS WOULD NOT BE SUBJECT TO LAPSE UNLESS ALL OF THE PROJECTS FUNDED BY THAT APPROPRIATION ARE COMPLETE.

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS,
CHAIR

ETHICS COMMITTEE,
CHAIR



ANCHORAGE

P.O. BOX 104836
ANCHORAGE, AK 99510
(W) (907) 561-7623
(H) (907) 338-2425

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, AK 99311
(907) 465-3712

Senator Pat Pourchot

MEMORANDUM

TO: Senator Rick Uehling, Co-Chairman
Senate Finance Committee

FROM: Senator Pat Pourchot

RE: Scheduling of SB 237

DATE: April 12, 1989

SB 237, relating to the lapsing of appropriations for capital projects, has been referred to the Senate Finance Committee. I am writing to respectfully request that you schedule SB 237 for a hearing.

SB 237 would establish a procedure for the administrative lapse of capital appropriations upon completion or abandonment of a capital project. Current statute authorizes administrative lapse, but does not require that the lapse actually occur.

As you know, over the years the legislature has reappropriated millions of dollars in unused capital appropriations. At a time when we are in dire need of revenues to balance the State's budget and are debating literally every revenue source, I firmly believe that these dollars need to be used to meet general government expenses. Unused capital dollars need to undergo the same deliberation and scrutiny as do state general funds -- no longer should these monies be considered "my dollars" or "your dollars" subject almost entirely to the discretion of individual legislators.

SB 237 would require that any funds available after project completion lapse to the general fund within 30 days of completion. The bill would apply only to direct appropriations for capital projects, not to grants to municipalities, unincorporated communities, or named recipients.

Please note that there is a State Affairs Committee Substitute which changes the dates by which funds available for lapse must be reported to the Department of Administration. The changes were made to align with preparation of the state's Annual Financial Report.

I urge your favorable consideration of SB 237 and would be happy to discuss it with you at your convenience. The bill has a zero fiscal note.

Original sponsors: Pourchot, Adams,
Halford, et al.

Changes from original marked.

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2

CS FOR SENATE BILL NO. 237 (State Affairs)

Committee Report:

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

*Fair's
Kelly
Pourchot } DO PASS*

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the lapsing of appropriations for capital projects."

7

8

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

9

* Section 1. AS 37.25.020 is amended to read:

10

Sec. 37.25.020. UNEXPENDED BALANCES OF APPROPRIATION FOR CAPITAL

11

PROJECTS. An appropriation made for a capital project is valid for

12

the life of the project and the unexpended balance may [SHALL] be

13

carried forward to subsequent fiscal years. Unless a statement has

been filed under (c) of this section during the preceding fiscal year,

during July [BETWEEN JULY 1 AND AUGUST 31] of each fiscal year, a

statement supporting the amount of the unexpended balance required to

complete the projects for which the initial appropriation was made and

the amount that may be lapsed shall be recorded with the Department of

Administration.

18

19

20

* Sec. 2. AS 37.25.020 is amended by adding new subsections to read:

21

(b) The agency responsible for administering a capital appro-

22

priation shall file the report required under (a) of this section.

23

The amount set out in the report as available for lapsing lapses upon

certification under (e) of this section.

(c) Within 30 days after the end of a month in which a capital

project is completed or abandoned, the agency responsible for admin-

istration of the appropriation for that project shall file a statement

with the Department of Administration stating that the project has

been completed or abandoned and stating the amount of the unexpended

29

*changed in AS
to conform with
development of
State's annual
financial plan.*

*added in CS 246
allow agencies to
submit monthly
reports to D.O.A.
(requested by Do.I.)*

. Budgetary lapsing must occur

1 and unobligated balance of the appropriation that may be lapsed. The
2 amount set out as available for lapsing lapses upon certification
3 under (e) of this section.

changed in CS to conform with

(d) A project for which a statement has not been filed under (b)
or (c) of this section before ^[Sept.] August 1 of each year is presumed to
6 have been completed or abandoned during the preceding fiscal year and
7 the unexpended and unobligated balance of the appropriation for that
8 project lapses upon certification under (e) of this section.

9 (e) By October ^[1] 15 of each fiscal year, the Department of Admin-
10 istration shall certify to the Office of Management and Budget the
11 amount that lapses under (b) - (d) of this section.

12 (f) Subsections (b) - (e) of this section do not apply to appro-
13 priations in the form of grants under AS 37.05.315 - 37.05.317.

Sen. Pourchot
4/3/89

SECTIONAL ANALYSIS

CSSB 237 (State Affairs)
AN ACT RELATING TO THE LAPSING OF APPROPRIATIONS FOR CAPITAL
PROJECTS

Sec. 1 Requires that for ongoing capital projects, the agency administering the project file a statement with the Department of Administration in July of each year indicating any balance available for lapse.

Sec. 2 (b) Provides for lapse, upon certification by DOA, of the amount indicated in Sec. 1 as available for lapse.

(c) Requires that for capital projects that have been completed or abandoned, the agency administering the project file a statement with DOA within 30 days after the month in which a project is completed/abandoned indicating any balance available for lapse. The amount lapses upon certification by DOA.

(d) Provides that failure to file the required statement with DOA (either for ongoing projects or completed/abandoned projects) will result in the lapse of the unexpended and unobligated balance of the appropriation.

(e) Requires that DOA certify to OMB by October 15 of each year the amount lapsed.

(f) Clarifies that the lapse provisions apply only to direct appropriations, not to grants to municipalities, unincorporated communities, or named recipients.

Sen. Pourchot
April 10, 1989

SB 237, LAPSING OF APPROPRIATIONS FOR CAPITAL PROJECTS

THE PRESENT

Under current law, appropriations for capital projects are valid for the life of the project and the unexpended balance is carried forward to subsequent fiscal years. The agency responsible for administering a capital project is to report to the Department of Administration each year any amount that will not be needed for project completion. Unneeded funds may be administratively lapsed but there is no requirement that the lapse actually occur.

THE PROBLEM

Generally, these funds are not lapsed but are reappropriated by legislators for projects of their choice. At a time when the state's budget needs exceed revenues and literally every revenue source is under debate, unused capital dollars need to undergo the same deliberation and scrutiny as do state general funds. Lapsing unused capital funds to the state's general fund would allow this to occur.

THE PROPOSAL

Within 30 days after the end of a month in which a project is completed or abandoned, the agency responsible for administering the project must file a statement with the Department of Administration that identifies the amount of the appropriation available for lapse. The amount would automatically lapse upon certification by the department.

In the case of projects not complete or abandoned, a report would be filed annually with the Department of Administration as required under current law. Failure to file the report would result in automatic lapsing of the unexpended and unobligated balance of the appropriation.

These provisions would apply only to direct appropriations for capital projects, not to grants to municipalities, unincorporated communities, or named recipients.

THE PROSPECT

For the first time since 1983, in September 1988 the Governor's Office of Management and Budget undertook an agency by agency review of capital appropriations and administratively lapsed \$1.6 million in general funds. (This amount is exclusive of the Department of Transportation and Public Facilities, whose capital project clean-up effort has identified over \$15 million as available for lapse.) Presumably the amount available for lapse would have been much greater, and would be much greater in future years, if project balances are not subject to reappropriation.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act relating to the lapsing BRU: Finance
of appropriations for capital projects.
 Sponsor: Pourchot, Adams, et al. Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034 PERS/TRS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

No cost to Finance assuming AKSAS can be used for reporting requirements, and computer reports are adequate for analysis required.

Prepared By: Keith Busch, Director *Keith Busch* Phone: 465-2240
 Division: Finance Date: 4/4/89
 Approved by Commissioner: John M. Andrews *JM Andrews* Date: 4/5/89
 Agency: Department of Administration

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET DIVISION OF AUDIT & MANAGEMENT SERVICES

STEVE COWPER, GOVERNOR

P.O. BOX AM
JUNEAU, ALASKA 99811-0199
PHONE: (907) 465-3568

March 21, 1989

The Honorable Pat Pourchot
Alaska State Senator
P. O. Box V
Juneau, Alaska 99811

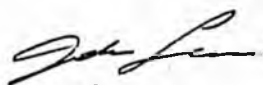
Dear Senator Pourchot:

Your staff member, Sandra Schubert-Pence, requested information on the types of projects and amounts of funds administratively lapsed during the Capital Improvement Cleanup Project this past year. The attached list provides the details requested. To date, a total of \$6.7 million has been lapsed as a result of the CIP cleanup project. Of this total amount, \$1.6 million is general funds and the remainder of \$5.1 is unrealized federal receipts. Steps were also taken to remove approximately 400 capital projects (with no balance and no activity) from the accounting system so that the file of capital projects will reflect only active projects. Our Division also reviewed construction bond funds. Twenty-four bond projects were reviewed, and approximately \$6.9 million was recommended for transfer to the bond redemption fund.

The original memorandums sent to the agencies this past August is attached for your information.

I'd be happy to answer any additional questions you or your staff may have.

Sincerely,



John Lucas
Director

cc: Sandra Schubert-Pence

attachments

Ed 7/10/01

OMB GENERAL FUND CAPITAL PROJECT CLEANUP:

DEPARTMENT	APPROPRIATION #	GF AUTH TO LAPSE PER OMB & DEPT	OTHER FUNDS AUTH TO LAPSE PER OMB & DEPT	GF AUTH LAPSED FY 1989	OTHER FUNDS AUTH LAPSED FY 1989	COMMENTS
DEPT OF FISH & GAME	43008-89	54.54		54.54		
	43055-89	102.57		102.57		
	43115-89	1,079.20		1,079.20		
	43160-89	25.74		25.74		
	43275-89	19.66		19.66		
	43090-89	12,399.12		12,399.12		
	43280-89	12,048.97		12,034.97		\$5,800 ENC STILL VALID PER DEPT/OMB. AVAIL BAL TO LAPSE WAS \$14 LESS THAN REQUESTED.
	43080-89	229.17		229.17		
TOTAL DEPT OF FISH & GAME		25,958.97		25,944.97		
DEPT OF COMMUNITY & REGIONAL AFFAIRS	55384-89	35,104.00		0.00		NO BAL TO LAPSE. \$35,100 EXP AND RESTRICTED REC RECORDED AGAINST AR 55384-89 JAN 89.
	55375-89	1,000.00		1,000.00		
	52913-89	2,750.00		2,750.00		
	53400-89	1,153.84		1,153.84		
	53126-89	12,216.72		12,216.72		
	53133-89	1,243.11		1,243.11		
	53135-89	1,299.81		1,299.81		
	53175-89		15,365.41	15,401.56		ACTUAL BAL LAPSED IS \$15,401.56 GF AUTH. GF APPROP SO NO EST REST REC TO LAPSE.
	53176-89	12,298.71		12,298.71		
	53205-89	836.00		835.74		
	53220-89	4,500.00		4,500.00		
	53256-89		650,000.00	650,000.00		NO EST REST REC TO LAPSE
	53281-89	174,000.00		174,460.00		
	53295-89		78,399.64	78,399.64		NO EST REST REC TO LAPSE
	53058-89	4.86		4.86		
	53083-89	267.00		267.00		
	53407-89	31.41		31.41		
	53194-89	323.93		323.93		
	53195-89	0.34		0.34		
	53203-89	50.00		50.00		
	53231-89	362.50		362.50		
	53234-89	27.37		27.37		
	53248-89	0.45		0.45		
53253-89	1.00		1.00			
53255-89	454.77		454.77			
53270-89	461.87		460.87			
53273-89	142.96		142.96			
53282-89	0.27		0.27			
TOTAL COMMUNITY & REGIONAL AFFAIRS		248,529.92	743,765.05	957,686.86		

OMB GENERAL FUND CAPITAL PROJECT CLEANUP:

DEPARTMENT	APPROPRIATION #	GF AUTH TO LAPSE PER OMB & DEPT	OTHER FUNDS AUTH TO LAPSE PER OMB & DEPT	GF AUTH LAPSED FY 1989	OTHER FUNDS AUTH LAPSED FY 1989	COMMENTS
DEPT OF HEALTH & SOCIAL SERVICES	22878-89	34,052.56	34,052.56			\$33,922.50 OF \$34,072.56 IS EMC - WAITING AGENCY RESPONSE BALANCE SHOWS \$0.90 OVEREXPENDITURE - WAITING AGENCY RESPONSE BALANCE SHOWS \$0.07 OVEREXPENDITURE - WAITING AGENCY RESPONSE BALANCE ENCUMBERED - WAITING AGENCY RESPONSE
	22885-89	1,072.00	1,072.00	0.00		
	23031-89	0.06		0.00		
	23134-89	101.65		101.65		
	22948-89	7,946.85				
TOTAL DEPT OF HEALTH & SOCIAL SERVICES		43,173.06	35,124.56	101.65		
DEPT OF ADMINISTRATION	3728-89	2,793.01		2,793.01		\$95,164.54 ENCUMBERED \$4,795.37 ENCUMBERED \$23,876.71 BAL LAPSED PER DEPT. \$309,654.00 IS ENCUMBERED
	3761-89	5,162.98		5,162.98		
	3765-89	6,435.34		6,435.34		
	3794-89	23,533.78		23,876.71		
	3781-89	0.10		0.10		
TOTAL DEPT OF ADMINISTRATION		37,925.21		38,268.14		
DEPT OF NATURAL RESOURCES	38905-89	150,000.00		150,000.00		\$110,765.22 RESTRICTION RELEASED BY DNR SO THAT TOTAL OF \$112,959.88 COULD LAPSE.
	39020-89	112,959.88		112,959.88		
	39240-89	251.13		251.13		
	38007-89	7,423.19		7,423.19		
TOTAL DEPT OF NATURAL RESOURCES		270,634.20		270,634.20		
DEPT OF REVENUE	15835-89	465,638.26				NO BALANCE IN AR. BALANCE WAS REAPPROPRIATED IN CH 173, SLAB8, SEC 211(A)
DEPT OF MILITARY & VETERANS' AFFAIRS	34753-89		5,096,000.00		5,096,000.00	\$43,316.58 OVEREXPENDITURE - WAITING AGENCY RESPONSE
	34791-89		1,417,760.00			
TOTAL DEPT OF MILITARY & VETERANS' AFFAIRS			6,513,760.00		5,096,000.00	
DEPT OF ENVIRONMENTAL CONSERVATION	49179-89	15,000.00		15,000.00		
	49091-89	100,000.00		100,000.00		
	49109-89	8711.15		8,711.15		
	49110-89	700.78		700.78		
	48931-89	8,685.00		8,685.00		
	48984-89	1,009.00		1,009.00		
TOTAL DEPT OF ENVIRONMENTAL CONSERVATION		134,105.93		134,105.93		
DEPT OF EDUCATION	20588-89	1,352.05		1,352.05		

OMB GENERAL FUND CAPITAL PROJECT CLEANUP:

DEPARTMENT	APPROPRIATION #	CF AUTH TO LAPSE PER OMB & DEPT	OTHER FUNDS AUTH TO LAPSE PER OMB & DEPT	CF AUTH LAPSED FY 1989	OTHER FUNDS AUTH LAPSED FY 1989	COMMENTS
	20555-89		770.39		770.39	
	20556-89		820.69		820.69	
	19353-89		19,939.89		19,939.85	
	19268-89		157,672.75		157,672.75	
TOTAL DEPT OF EDUCATION			180,551.77		180,555.73	
DEPT OF CORRECTIONS	51004-89		51.84		51.84	
COURT SYSTEM	77044-89		0.17		0.17	
DEPT OF COMMERCE & ECONOMIC DEVELOPMENT	32218-89		31.20		31.20	
	32156-89		0.00		0.00	
	32159-89		0.50		0.50	
	32151-89		470.38		470.38	
TOTAL DEPT OF COMMERCE & ECON DEVELOPMENT			502.08		502.08	
						ACTUAL BALANCE LAPSED WAS \$19,939.85.
						\$0.09 BALANCE CREATED BY NEG EXPENDITURE. NO AUTHS BAL TO LAPSE. AGENCY TO CORRECT.
TOTAL ALL DEPARTMENTS		1,407,071.41	7,292,579.61	1,407,851.57	5,096,000.00	

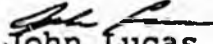
MEMORANDUM

State of Alaska

Division of Audit and Management Services
465-3568

July 20, 1988

TO: All Cabinet Members

FROM: 
John Lucas, Director
Division of Audit & Management
Office of Management & Budget

SUBJECT: Capital Project Cleanup

Chief of Staff Garrey Peska distributed a memo requesting your assistance in a capital projects cleanup to be completed by this August 31. The report attached to this memo displays the information you will need to review. All state agency projects, with the exception of the Department of Transportation and Public Safety, will be reviewed. Municipal and unincorporated community grants and bond projects will also be excluded from this review.

Review your projects to see which can be lapsed either because they are complete or cannot be completed. Pay special attention to projects prior to FY 1984. Keep the following criteria in mind: if the project is complete and a balance is left, lapse the remaining funds; if the project is not complete, and no additional work is taking place to complete the project, lapse the remaining funds, or provide additional information explaining why the funds should remain with the project.

Your agency's capital projects, developed from the State of Alaska accounting system, are attached to this memo. The report breaks out expenditures and revenues and contains the following information:

* entity number and description: AKSAS entity number and description grouped by chapter and SLA. Do not report on capital projects funded by general obligation bonds or projects from SLA 1988. These projects are included only to present a complete list of your agency's capital project file.

* authorized budget: total inception to date authorization: original budget, plus any supplementals or revised programs.

* lapse balance: any lapses of funds made during prior periods.

- * amount expended: amount expended, inception to date.
- * amount encumbered: indicates the remaining encumbrances, inception to date.
- * amount restricted: shows any restrictions placed on the appropriation.
- * balance: the unobligated and unexpended balance (the sum of the previous five columns.)
- * revenue estimate: amount of estimated revenue, inception to date.
- * revenue received: actual amount of revenue received to date.
- * balance: uncollected revenues (estimated vs actual).

You will need to provide the following information. An example of the format to be used is attached. Please include the AKSAS entity number and description:

(1) Project status: If the project shows a balance, and is not lapsing, describe why the funds should not lapse. Be clear and succinct. A statement of "project underway" does not tell the reader why the agency should keep the funds for the project.

If the project is active, show the estimated date of completion and cost of completion.

If there is an available balance to be lapsed, indicate the amount, by funding source.

For projects with a zero balance, indicate if the project is complete, or any special conditions.

Please indicate those projects reappropriated in Chapter 178 SLA 1988, and the amount of the reappropriation. No adjustments for these projects have been made in this report.

(2) Lapse Amount: If the remaining balance on the project can be lapsed because the project is complete, or cannot be completed (as described above), indicate the amount of the lapse, by funding source. Use the revenue source columns to help determine your funding sources. Indicate this number to dollars and cents.

(3) Comments: Provide any special comments you feel necessary to better understand the specific project.

Please complete the information requested and return the work sheets to the Division of Audit & Management by Wednesday, August 10th. The projects will be reviewed with each agency prior to any lapse action. If you have any questions, please contact Mary Capobianco at 465-3568.

Enclosure

cc: Garrey Peska, Chief of Staff
Alison Elgee, Director D&M

Chapter 25. Miscellaneous Provisions.

Section 10. Unexpended balances of one-year appropriations	Section 20. Unexpended balances of appropriation for capital projects
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Opinions of attorney general. — The provisions of AS 37.25.010 and 37.25.020 regarding unexpended balances of appropriations are applicable to the University of Alaska. February 28, 1977 Op. Att'y Gen.

There is no constitutional obstacle making the University of Alaska subject to the provisions contained in February 28, 1977 Op. Att'y Gen.

Sec. 37.25.010. Unexpended balances of one-year appropriations. (a) The unexpended balance of a one-year appropriation authorized in an appropriation bill lapses on June 30 of the fiscal year for which appropriated. However, a valid obligation (encumbrance) existing on June 30 is automatically reappropriated for the fiscal year beginning on the succeeding July 1 if it is recorded with the Department of Administration by August 31 of the succeeding fiscal year.

(b) An indebtedness arising from a prior year for which the appropriation has lapsed shall be paid from the current year's appropriations, if (1) this expenditure does not exceed the balance lapsed; and (2) the original obligation date is not more than two years from the requested date of disbursement.

(c) University receipts received on or before June 30 of a fiscal year in excess of the amount expended for that year may be expended in the succeeding fiscal year if an appropriation of university receipts has been made for the succeeding fiscal year. The amount of university receipts expended in a fiscal year may not exceed the amount of university receipts appropriated for that year.

(d) The University of Alaska shall report the amount of university receipts received in one year and expended in the succeeding fiscal year to the Department of Administration and the Legislative Budget and Audit Committee by September 30 of the succeeding fiscal year.

(e) In this section, "university receipts" has the meaning given in AS 14.40.491. (§ 1 ch 113 SLA 1962; am § 8 ch 143 SLA 1986)

Effect of amendments. — The 1986 amendment added subsections (c) — (e).

Sec. 37.25.020. Unexpended balances of appropriation for capital projects. An appropriation made for a capital project is valid for the life of the project and the unexpended balance shall be carried forward to subsequent fiscal years. Between July 1 and August 31 of each fiscal year, a statement supporting the amount of the unex-

pendent balance required to complete the projects for which the initial appropriation was made and the amount that may be lapsed shall be recorded with the Department of Administration. (§ 2 ch 113 SLA 1962)

Opinions of attorney general. — Appropriations that are available for expenditure in a fiscal year should be counted only against the appropriation limit of § 16, art. IX, of the state constitution, for the first fiscal year during which they could be completely expended, even if an unexpended balance is carried forward into the next fiscal year. 1983 Op. Att'y Gen. No. 01.

Sec. 37.25.030. Appropriations for projects of the Alaska energy center. [Repealed, § 65 ch 14 SLA 1987.]

Sec. 37.25.040. [Renumbered as AS 37.05.530.]

Chapter 30. Local Government Bonding.

Section 100. Prohibited bidding on bonds

Secs. 37.30.010 — 37.30.090. Anticipatory borrowing. [Repealed, § 1 ch 118 SLA 1972.]

Sec. 37.30.100. Prohibited bidding on bonds. (a) A person who provides financial programming or marketing assistance to a political subdivision of the state, whether home rule or otherwise, in connection with the issuance or sale of general obligation bonds, revenue bonds, or bond anticipation notes of the political subdivision may not bid on the bonds or notes if offered at public sale, or negotiate for their purchase if sold at private sale.

(b) The sale of general obligation, revenue bonds, or bond anticipation notes of a political subdivision to a person prohibited from bidding on, or negotiating for the sale of bonds or notes under (a) of this section is against public policy and the sale is void.

(c) In this section "person" means an individual, firm, agent, factor, intermediary, partnership, corporation, association, bond house, stockbroker, or bond broker. (§ 2 ch 102 SLA 1974)

direct appropriations

Sec. 37.05.289. State insurance catastrophe reserve account.
 (a) There is established in the general fund a state insurance catastrophe reserve account consisting of assets appropriated to it by the legislature and assets allocated to the account by the Department of Administration as provided in (b) of this section. Assets of the account may be used to obtain insurance, to establish reserves for the self-insurance program, and to satisfy claims or judgments arising under the program. Interest earned on money in the account shall be remitted to the Department of Revenue in accordance with AS 37.10.050.

(b) The Department of Administration may allocate to the state insurance catastrophe reserve account, from the appropriations to all state agencies for insurance-related purposes, an amount that the commissioner of administration determines to be necessary to provide an adequate insurance program for the operations of state government. Money remaining in the account at the end of a fiscal year is not a one-year appropriation under AS 37.25.010 and does not lapse, except for amounts determined by the commissioner of administration to be unnecessary to maintain this account at an appropriate level and not to exceed \$5,000,000. If the amount necessary to satisfy claims or judgments for which payment may be due under the state insurance program in a fiscal year exceeds the unexpended balance of the amounts allocated to the account, the department may charge an additional amount from the unencumbered balance of any appropriation that is determined by the commissioner of administration to be available for lapse at the end of the fiscal year. (§ 1 ch 28 SLA 1987)

Sec. 37.05.290. Purpose of chapter. [Repealed, § 67 ch 106 SLA 1986.]

Sec. 37.05.300. [Renumbered as AS 37.05.900.]

Sec. 37.05.305. [Renumbered as AS 37.05.910.]

Sec. 37.05.310. [Renumbered as AS 37.05.920.]

Article 5. Administration of Grants.

Section
 315. Grants to municipalities
 316. Grants to named recipients
 317. Grants to unincorporated communities

Section
 318. Further regulations prohibited
 321. Restriction on use
 325. Definitions for AS 37.05.315 — 37.05.317

Sec. 37.05.315. Grants to municipalities. (a) When an amount is appropriated or allocated as a grant to a municipality, the Department of Administration shall promptly notify the municipality of the availability of the grant. When the Department of Administration receives an agreement executed by the municipality which provides that the municipality (1) will spend the grant for the purposes specified in the appropriation or allocation; (2) will allow, on request, an audit by the state of the uses made of the grant; and (3) assures that, to the extent consistent with the purpose of the appropriation or allocation, the facilities and services provided with the grant will be available for the use of the general public, the Department of Administration shall pay the grant directly to the municipality. The agreement executed by a municipality under this section shall be on a form furnished by the Department of Administration and shall be executed within 60 days after the effective date of the appropriation or allocation.

(b) An appropriation or allocation for a grant to a municipality for construction of a public facility lapses if substantial, ongoing work on the project has not begun within five years after the effective date of the appropriation or allocation.

(c) In accepting a grant of money for construction of a public facility, a municipality covenants with the state that it will operate and maintain the facility for the practical life of the facility and that the municipality will not look to the state to operate or maintain the facility or pay for its operation or maintenance. This requirement does not apply to a grant of money for repair or improvement of an existing facility operated or maintained by the state at the time the grant is accepted if the repair or improvement for which the grant is made will not substantially increase the operating or maintenance costs to the state.

(d) Not less than 20 percent of a grant shall be paid to a municipality within 10 days of the effective date of the agreement under (a) of this section. The remainder of the grant shall be paid either in monthly installments equal to the amount of grant money the municipality expended in the previous month or in a lump sum as determined by the Department of Administration.

(e) The Department of Labor shall require a municipality awarded a grant for a public works project under (a) of this section to comply with the hiring preferences under AS 36.10.150 — 36.10.175 for employment generated by the grant. (§ 1 ch 156 SLA 1980; am § 1 ch 4 SLA 1982; am § 7 ch 33 SLA 1986)

Cross references. — For applicability of subsection (e) to contracts entered into before May 25, 1986, see sec. 10, ch. 33, SLA 1986 in the Temporary and Special Acts.

Effect of amendments. — The 1986 amendment added subsection (e).

muni-grants

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS,
CHAIR

ETHICS COMMITTEE,
CHAIR



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Senator Pat Pourchot

M E M O R A N D U M

TO: Senator Uehling, Co-Chairman
Senate Finance Committee

FROM: Senator Pat Pourchot *Pat*

RE: Scheduling of SB 237, An Act relating to the lapsing
of appropriations of capital projects

DATE: March 28, 1990

SB 237 has been in the Senate Finance Committee for almost a year, and I have made several requests for hearings on it. I am once again writing to request that you schedule the bill for final committee action.

Thank you for your consideration.

cc: Senator Zharoff
Senator Kelly

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Senator Pat Pourchot

MEMORANDUM

TO: Senator Uehling, Co-Chairman
Senate Finance Committee

FROM: Senator Pat Pourchot

RE: Scheduling of SB 237, An Act relating to the lapsing
of appropriations of capital projects

DATE: March 22, 1990

As you prepare your hearing schedule for next week, I am once again writing to request that SB 237 be scheduled for final committee action. The changes it proposes would greatly improve the budgeting process. I feel strongly that we must not avoid dealing with this issue simply because of the objections of one member, and hope that you agree.

cc: Senator Zharoff
Senator Kelly

ALASKA STATE LEGISLATURE

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Senator Pat Pourchot

M E M O R A N D U M

TO: Senator Uehling, Co-Chairman
Senate Finance Committee

FROM: Senator Pat Pourchot *Pat*

RE: Scheduling of SB 237, An Act relating to the lapsing
of appropriations of capital projects

DATE: March 13, 1990

As you and I have discussed several times, I am very interested in SB 237 being scheduled for final committee action. The bill has ten co-sponsors and, as you know, one known opponent. I would appreciate your assistance in getting the bill back before the full committee.

cc: Senator Zharoff
Senator Kelly

hand delivered

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS,
CHAIR

ETHICS COMMITTEE,
CHAIR



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Senator Pat Pourchot

M E M O R A N D U M

TO: Senator Uehling, Co-Chairman
Senate Finance Committee

FROM: Senator Pat Pourchot

RE: Scheduling of SB 237, An Act relating to the lapsing
of appropriations of capital projects

DATE: March 6, 1990

SB 237 has been in the Senate Finance Committee since April of last year, more specifically in a subcommittee of Finance chaired by Senator Zharoff. As you and I have discussed several times, I am very interested in the bill receiving final committee action.

SB 237 would make what I feel are essential improvements to the reappropriations process and it has wide support among our colleagues. I would greatly appreciate your help in getting this bill up quickly. If Senator Zharoff or other members of the committee have concerns, I would be happy to work with the committee to address them.

cc: Senator Zharoff
Senator Kelly



Alaska State Legislature

SENATE

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

date?

Memo

To: Sen. Uehling, Chair Senate Finance

From: Sen. Pourchot *Pat*

Subject: Bill Scheduling--SB 237 Lapse of Cap Projects;
SCR 36 Conference on Aging

I would again respectfully request scheduling of the above two bills. SB 237 was heard in Finance last year and has not received any further attention. The bill has numerous co-sponsors and would make long-needed changes in the reappropriations process.

SCR 36 was heard in the Senate Special Committee on Seniors and I waived the bill through State Affairs. It has widespread support of seniors and our colleagues.

I would greatly appreciate your help in getting these bills up quickly. Thank you.

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS,
CHAIR

ETHICS COMMITTEE,
CHAIR



Senator Pat Pourchot

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MEMORANDUM

DATE: January 11, 1990

TO: Senator Rick Uehling
Chair, Senate Finance Committee

FROM: Senator Pat Pourchot *Pat*

RE: Request for Hearing

As you know, SB 237, lapsing of appropriations for capital projects, is currently in Senate Finance.

I very much appreciated the committee's first hearing on the bill last session and request that the bill be scheduled for another hearing as soon as possible.

Pat says put on HOLD.
4-4-90

Leg. Fin. does identify (ED 7-15) -
could they do more?
put this designation only after Port Barrel

M E M O R A N D U M

TO: Senator Fred Zharoff
FROM: Senator Pat Pouchot
RE: SB 237, Relating to the lapsing of appropriations for capital projects
DATE: April 3, 1990

You and I have discussed your concerns with SB 237. Namely, that application of the bill to appropriations to state agencies would inadvertently include some projects of individual legislators who choose to give funds to an agency rather than directly to a municipality or unincorporated community.

In an effort to address your concern, I have spoken with representatives of OMB and DEC who have worked closely on capital budgets and reappropriation bills. My goal was to develop language that would distinguish between "statewide" appropriations to state agencies, and individual legislators' appropriations to state agencies. Unfortunately, all informed me that there is no legal or apparent distinction between the two.

As an alternative, I would propose the following. In preparation of the annual capital budget, a final section would be added referencing each section in the body of the bill that contains a "statewide" appropriation. This final section would provide that these appropriations are "not subject to reappropriation".

PAT, IT OCCURS TO ME THAT WE CAN'T PUT SUBSTANTIVE LAW IN AN APPROPRIATION BILL. THE "TEETH" OF YOUR BILL -- FILE REPORT 30 DAYS AFTER PROJECT COMPLETION, LAPSES UPON CERTIFICATION BY D.O.A.; PRESUMPTION THAT PROJECT IS COMPLETE IF NO REPORT FILED -- PROBABLY CAN'T BE INCLUDED HERE SINCE THEY HAVE NO BASIS IN STATUTE.

Diendorf - mechanical problem caused all in 1 section. Propose putting language after each project

This approach is not unprecedented

Nenana Coal
Saxman Bt Harbor

DO NOT WRITE IN THESE SPACES

Alison Elgee, OMB
SB 526 & 527
scheduling

Loe (CS)
Public Safety
employees

Labor Trades Crafts
has ratified
their agreement

[leg & judges]

So amend SB 526
& may be others

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Senator Pat Pourchot

M E M O R A N D U M

TO: Senator Uehling, Co-Chairman
Senate Finance Committee

FROM: Senator Pat Pourchot *Pat*

RE: Scheduling of SB 237, An Act relating to the lapsing
of appropriations of capital projects

DATE: April 4, 1990

I am still interested in SB 237, and am writing to request that you schedule it for final committee action. Individual committee members may object to the bill's intent, but I don't believe that such objection should keep the bill from being properly debated.

Thank you for your consideration.

cc: Senator Zharoff
Senator Kelly