

**SB**

**377**

**SFIN**

**FILE**



# FISCAL NOTE

**STATE OF ALASKA**  
**1994 LEGISLATIVE SESSION**

**BILL NO. SB 377**

Revision Date: \_\_\_\_\_ Dept. Affected: Statewide  
 Title: \*An Act relating to state agency fiscal BRU: Statewide  
procedures . . . . \* Component: Statewide  
 Sponsor: Senate Finance  
 Requestor: Senate Finance COMPONENT SERIAL NO. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	(147.7)	(147.7)	(147.7)	(147.7)	(147.7)	(147.7)
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(147.7)</b>	<b>(147.7)</b>	<b>(147.7)</b>	<b>(147.7)</b>	<b>(147.7)</b>	<b>(147.7)</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of current year (FY94) cost: none

**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)

See attached.

Prepared by: Don Wanie, Director  
 Division: Finance

Phone: 465-2240  
 Date: \_\_\_\_\_

Approved by Commissioner: Nancy Bear Usura  
 Agency: Administration

Date: 4/13/94

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## FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. SB 377

### ANALYSIS:

Sections 1 and 2 of this bill have no fiscal impact on the Division of Finance.

Section 3: Under the current statute (AS 39.20.250), terminating employees receive pay for their accumulated leave as though they had remained in pay status until the leave is exhausted. This means holidays that occur in the payoff period become state paid holidays.

With the proposed change, terminating employees will be paid only for the hours of annual/personal leave on the books at the time of termination. No state paid holidays would be included.

Approximately 20 percent of state employees are affected by the proposed change. They represent approximately 600 terminations per year with an average leave payoff of six weeks pay. An average leave payoff would include 1.5 state paid holidays per person. This translates to 900 state paid holidays for this group annually. The statewide value of these holidays for this group of employees is \$147.7 annually.

# FISCAL NOTE

**STATE OF ALASKA**  
**1994 LEGISLATIVE SESSION**

**BILL NO. SB 377**

Revision Date:		Dept. Affected:	Revenue
Title:	State Agency Fiscal Procedures	BRU:	Permanent Fund Dividend
Sponsor:	SENATE FINANCE COMMITTEE	Component:	Permanent Fund Dividend
Requestor:	Senate Finance Committee	COMPONENT SERIAL NO.	981

**Expenditures/Revenues:** (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
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						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE FUND SOURCE:</b>	-0-	-0-	-0-	-0-	-0-	-0-

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ -0-

**ANALYSIS:**

The amendment in section 4 of this legislation will have no effect on the operations of the Permanent Fund Dividend division or Permanent Fund Dividend applicants.

Prepared by: Thomas C. Williams  
 Division: Permanent Fund Dividend  
 Approved by Commissioner: [Signature]  
 Agency: Department of Revenue

Phone: 465-2323  
 Date: 04-15-94  
 Date: 4/15/94

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ADOPTED

A M E N D M E N T

OFFERED IN THE SENATE

TO: SB 377

SENATE FINANCE  
COMMITTEE  
Amendment Number: ①  
Bill Number: SB 377  
Sponsor: \_\_\_\_\_ Date: 4/19/94  
Logged In By: (RM)

Page 1, after line 12:

Insert a new bill section to read:

"\* Sec. 2. AS 37.07 is amended by adding a new section to read:

Sec. 37.07.085. PRORATION OF PAYMENTS. (a) At the beginning of each fiscal year, an agency that administers grants, reimbursement, revenue sharing, public assistance, or other programs to distribute state money under a statute shall determine whether appropriations for the fiscal year are sufficient to pay all anticipated claims and entitlements under the statute. Except as provided in (d) of this section or as otherwise provided by law prescribing agency action in response to insufficient appropriations, if appropriations are not sufficient, the agency shall reduce the amount to be paid to eligible recipients by prorating the shortfall among the eligible recipients.

(b) An agency that is paying reduced payments under (a) of this section shall determine, on December 30 of the fiscal year, whether money available is sufficient to fund the reduced payment level for the remainder of the fiscal year.

(c) An agency that has determined that appropriations are insufficient under (a) or (b) of this section shall report to the governor, and the governor shall report to the legislature by the 10th day of the next regular legislative session, the amount of additional money needed for the remainder of that fiscal year to fund payments at the reduced level and the amount of additional money needed to make full payments to eligible recipients.

(d) An agency that has determined that appropriations are insufficient under (a) of this section may not reduce payments if the reduction would violate the terms of an agreement between the state and the federal government or would violate a requirement for participation in a federal program in which the state is participating.

As required by (c) of this section, the agency and the governor shall report regarding the amount of money needed to make full payments to eligible recipients.

(e) The commissioner of administration may adopt regulations necessary to implement this section."

Renumber following bill sections accordingly.

ADOPTED

AS37.05.510

WORKING RESERVE ACCOUNT.

(a) There is established in the general fund a working reserve account. The working reserve account consists of amounts appropriated to state agencies for

- (1) cash payment of accrued leave;
- (2) cash payment of terminal leave;
- (3) payment of the employer's contribution for unemployment benefits of former employees; and
- (4) payment of claims for workers' compensation and general liability.

(b) The Department of Administration shall allocate to the working reserve account amounts appropriated to all state agencies for the benefits set out in (a) of this section after the appropriation Act implementing the state operating budget is enacted. The department shall charge the reserve account with all payments for the benefits set out in (a) of this section. [IF PAYMENTS FOR A FISCAL YEAR EXCEED THE UNEXPENDED BALANCE OF APPROPRIATIONS ALLOCATED TO THE ACCOUNT, THE DEPARTMENT MAY, EXCEPT FOR PAYMENTS UNDER (A)(4) OF THIS SECTION, PAY THOSE BENEFITS BY CHARGING THE UNENCUMBERED BALANCE OF ANY APPROPRIATION ENACTED TO FINANCE THE PAYMENT OF EMPLOYEE SALARIES AND BENEFITS THAT IS DETERMINED TO BE AVAILABLE FOR LAPSE AT THE END OF THE FISCAL YEAR.]

SENATE FINANCE  
COMMITTEE  
Amendment Number: 3  
Bill Number: SB 377  
Sponsor: \_\_\_\_\_ Date: 4/2/54  
Logged In By: BA

ADOPTED

AS37.07.060 GOVERNOR'S RECOMMENDATION. (a) The governor shall formulate the operating and capital improvements programs and financial plans required to be recommended to the legislature by AS 37.07.020 after considering the state agency proposed program and financial plans, and other programs and alternatives that the governor considers appropriate. The plans must include the governor's recommended goals and policies, recommended plans to implement the goals and policies, recommended operating program for the succeeding fiscal year, recommended capital improvements program for the succeeding six fiscal years, recommended programs for the upgrading of public buildings and facilities prepared in accordance with AS 35.10.015, and recommended revenue measures to support the programs.

(b) The governor shall present the proposed comprehensive operating and capital improvements programs and financial plans in a message to a joint session of the legislature before the fourth legislative day following the convening of the legislature in regular session. The message must be accompanied by an explanatory report that summarizes recommended goals, plans, and appropriations. The report must contain

(1) the coordinated program goals and objectives which the governor recommends to guide the decisions on the proposed program plans and budget appropriations;

(2) the governor's operating program and budget recommendations for the succeeding fiscal year organized by agency as required by AS 37.07.020(a). If an appropriation has been made from the Constitutional Budget Reserve Fund (art. IX, sec. 17, Constitution of the State of Alaska), and until the amount appropriated is repaid, the governor shall propose the amount of money in the general fund available for appropriation at the end of the preceding fiscal year that shall be appropriated to the Constitutional Budget Reserve Fund;

(3) the governor's capital improvements program and budget recommendations for the succeeding fiscal year and capital improvements program for the succeeding six fiscal years which must include.....(et. al.)

SENATE FINANCE  
COMMITTEE  
Amendment Number: 4  
Bill Number: SB 377  
Sponsor: \_\_\_\_\_ Date: 1/24/94  
Logged In By: Rm

From Rep. Larsen

ADOPTED

Amendment for Granting Authority for Infant Learning Program

\* Section 1. AS 47.20.070 is amended by adding a new subsection to read:

(d) The department may award grants necessary to the performance of its duties under this chapter. If the department determines that it is appropriate to further program objectives, the department may award grants for a period of two years, subject to legislative appropriation.

SENATE FINANCE  
COMMITTEE

Amendment Number: 5  
Bill Number: SB 377  
Sponsor: \_\_\_\_\_ Date: 4/20/94  
Logged In By: RW

AMENDMENTS TO SB 377, FISCAL PROCEDURES

- adopted* 1. suggested by Finance Co-chairs, relating to proration of payments.
- held* 2. suggested by House Finance Committee, relating to State Insurance Catastrophe Reserve Account.
- adopted* 3. suggested by House Finance Committee, relating to a working reserve account.
- ADOPTED* 4. suggested by Rep. Larson, relating to the Constitutional Budget Reserve.
- ADOPTED* 5. suggested by the Department of Health and Social Services, relating to the Infant Learning Program.

AS37.05.289

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, assets allocated to the account by the Department of Administration as provided in this section, and amounts deposited into the account as provided in 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.]

(c) The \$5,000,000 cap, set in (b) of this section, on money that may be retained in the state insurance catastrophe reserve account applies only to unobligated money in the account at the end of a fiscal year.

(d) Amounts received in settlement of insurance claims or as recovery for losses shall be deposited into the state insurance catastrophe reserve account.

SENATE FINANCE  
COMMITTEE

Amendment Number: SB 377

Bill Number: SB 377

Date: 4/20/94

Sponsor: [Signature]

Logged in By: [Signature]

*Rec'd by her bill 12/0*

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CS SB 377 (FIN)

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: State Fiscal Procedures BRU: Health Grants  
 Component: Infant Learning Program Grants  
 Sponsor: Senate Finance  
 Requestor: House Finance COMPONENT SERIAL NO. 298

### Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
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### FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) cost \$ NONE

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact

Prepared by: Peter M. Nakamura, MD, MPH *[Signature]* Phone: (907) 465-3090  
 Division: Public Health Date: 04/22/94

Approved by Commissioner: Margaret R. Lowe, M.Ed., Ed.S. *[Signature]* Date: 4-25-94  
 Agency: Department of Health & Social Services

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## SENATE BILL - STATE AGENCY FISCAL PROCEDURES - SECTIONAL

Section	Department	Brief Description	Revenues (or savings)
1	Administration	Limits the life of a warrant to one year	
2	Administration	Allows payment of obligations from current year's appropriation if the obligation date is not more than 4 years rather than 2 years old. This would reduce the annual request for miscellaneous claims supplemental appropriation	
3	Administration	Terminating non-covered employees would be paid based on hours of annual/personal leave accumulated at separation date. Currently, these employees are paid for hours accumulated and state holidays that would have occurred had the employee been on leave	147.7
4	Revenue	Limits the life of a Permanent Fund Dividend warrant to one year and brings this statute in line with section 1	
5	Administration	Repeals AS 39.20.250(b) that provides for recovery of terminal leave payments and restoration of equivalent leave credit if an employee is reemployed during the period covered by terminal leave - see section 35	
6		Provides for a July 1, 1994 effective date	

# STATE OF ALASKA

## DEPARTMENT OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

MARGARET R. LOWE, COMMISSIONER

P.O. BOX 110601  
JUNEAU, ALASKA 99811-0601  
PHONE: (907) 465 3030

### MEMORANDUM

Date: April 20, 1994

To: Nancy Slagle, Director  
Division of Budget Review  
Office of Management & Budget

From: Elmer A. Lindstrom, Special Assistant  
Office of the Commissioner

Subj: Amendment to Infant Learning Program Statute

On Monday, April 18th, I received a call from Assistant Attorney General Deborah Behr, who is presently reviewing proposed regulations relating to the Infant Learning Program administered through the Division of Public Health. Ms. Behr indicated that she would be unable to approve the proposed regulations due to a technical flaw in the governing statute which no longer gives the Division explicit authority to make grants for Infant Learning Program services. Apparently a 1992 amendment to the statute inadvertently resulted in the deletion of our granting authority for the program.

The Division, unaware of the implications of the 1992 amendment, has continued to administer the program through the grant process--the most appropriate and cost-effective means of awarding funds for these services. In the absence of a statutory amendment to restore our grant authority this legislative session, the Division will now be required to shift to a contract format to award these funds. Attached is a memorandum from the Division to Commissioner Lowe which describes the numerous problems associated with this change.

At this time, the Department requests an amendment to the Governor's Omnibus bill relating to the financial administration of State government, Senate Bill 365, to restore our granting authority under the Infant Learning Program. An amendment drafted by Ms. Behr to accomplish this is also attached.

I understand the potential title problems with SB 365 and am available to assist you in any way possible in securing inclusion of the amendment in any other vehicle that is appropriate.

Your approval and support of this request will be appreciated.

cc: Margaret R. Lowe, Commissioner  
Jay Livey, Deputy Commissioner  
Peter Nakamura, Director, Public Health  
Janet Clarke, Director, Administrative Services

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC HEALTH

P.O. BOX 110610  
JUNEAU, ALASKA 99811-0610  
PHONE: (907) 465-3030  
FAX: (907) 586-1877

MEMORANDUM

TO: Margaret R. Lowe, M.Ed., Ed.S.  
Commissioner, Department of Health  
and Social Services

FROM: Peter Nakamura, M.D., M.P.H. *P.N.*  
Director, Division of Public Health

DATE: April 19, 1994

SUBJ: Infant Learning Program Regulations

A technical problem is holding up changes in the regulations covering the state's Infant Learning Program (ILP). The regulation changes need to be in effect by the beginning of FY 95.

The FY 95 budget has been reduced by \$200,000 in anticipation of the grantees being able to generate revenue from fees to clients and from medicaid/insurance charges. A practice generally prohibited under the current regulations.

The regulation changes also modify the focus of the program toward family centered, community based services; increase the technical support role for the department; tighten the standards for professional services to the clients and increase the flexibility permitted grantees in managing the program.

**Problem:** The department now lacks explicit statutory authority to administer the ILP through a grant process.

In 1992 the legislature changed the basic statute (AS 47.20) that authorizes the ILP so that the statute conforms more closely with federal law governing the education of children with disabilities and special needs. Through a technical oversight the explicit grant authority in the old statute was not carried over into the wording of the revised statute. The Department of Law advises that without explicit statutory authority to use grants to carry out the program the department must use a contracting process.

**Impact:** This \$5,000,000 program will provide comprehensive services to children (and their families) from birth to three years of age. Infants and children who have, or are at risk of developing, disabling conditions. The program includes screening, evaluation and public awareness components. For FY 95 we anticipate the program will provide some level of service to 3,600 Alaskan children. The department administers the program and the services are delivered through a statewide network of 24 grantees.

Commissioner Lowe  
Re: ILP Regulations

April 19, 1994

Delay of the regulation changes will have an impact in two areas -- loss of money for services and additional administrative time from the department and grantees. Also the procurement process for managing contracts is less flexible than the process for administering grants. This is potentially troublesome in a program geared toward meeting complex medical and developmental needs.

**Loss of money.** Shifting to a contract process will require that the regulations be reworked and re-noticed. As the ordinary process has already taken almost ten months from notice to formal Department of Law review it would require promulgation of emergency regulations for changes to be effective in FY 95. The emergency process places a 120 day term for emergency regulations unless they are made permanent within that time. Absent this extraordinary effort the program would lose an estimated five percent of direct service funding (\$200,000+).

**Administrative time.** Generally contract administration requires slightly more approval/monitoring steps than grant administration. Once the shift to a contracting process is complete there will be a continued moderate increase in administrative overhead for the department. Currently the grants range from a little over \$50,000 to slightly more than \$1,000,000. Because of the disparity in amounts, different procedures for approval would be required, depending on the department's delegated purchasing authority.

The one-time impact is far more problematical. The current grant RFP is out and the grant applications have been returned. The PEC review is scheduled. Cancellation of the grant process at this time would incite the grant applicants who have already invested an estimated month's worth of person hours, each, in application preparation. This is already approximately two years worth of staff time which could otherwise have been directed to client related services.

Reworking the grant applications into contract applications would presumably not take nearly the amount of time as the preparation of a completely new proposal; but would still involve several hours of staff time for each applicant -- plus the cost of materials and equipment usage. One day per applicant is still approximately another month of staff time away from other duties.

It is questionable if the department can secure necessary purchasing authority, re-draft the RFP to conform to contracting requirements, issue the RFP for a reasonable length of time, review the resulting responses, negotiate a couple of dozen contracts and have continuing services in place by July 1 -- approximately ten weeks from today.

Commissioner Lowe  
Re: ILP Regulations

April 19, 1994

Under the best of circumstances the logistics would be formidable. Currently the staff for this program consists of seven positions, four of which are vacant. Absent a contract being in place by July 1, some mechanism would need to be found to extend the current program for whatever amount of time would be required.

The alternative is a break in service to the clients and their families. An unacceptable alternative considering the vulnerability of all the clients and the fragility of many.

Other. Political backlash. The program has been a grant program since inception. The original statutory language explicitly required that the program be grant based. Although the language was not carried forward, nothing in the legislative process, or in the budget process since passage, has indicated any intent to change that delivery mechanism. The degree to which any changes in the administrative delivery system inconvenience providers and clients will probably reflect the intensity of complaints to members of the legislature.

A final issue is the potential erosion of trust between the program staff and the grantees. Substantial time and effort have gone into developing an atmosphere of trust between the grantees and department staff. An abrupt, disruptive, expensive change in the program at this point would negate much of the progress that has made. We could also very well lose providers -- which could disrupt services for months in an effected area.

14 \* Sec. 66. AS 37.07 is amended by adding a new section to read:

15           Sec. 37.07.085. PRORATION OF PAYMENTS. (a) At the beginning of each  
16 fiscal year, an agency that administers grants, reimbursement, revenue sharing, public  
17 assistance, or other programs to distribute state money under a statute shall determine  
18 whether appropriations for the fiscal year are sufficient to pay all anticipated claims  
19 and entitlements under the statute. Except as provided in (d) of this section or as  
20 otherwise provided by law prescribing agency action in response to insufficient  
21 appropriations, if appropriations are not sufficient, the agency shall reduce the amount  
22 to be paid to eligible recipients by prorating the shortfall among the eligible recipients.

23           (b) An agency that is paying reduced payments under (a) of this section shall  
24 determine, on December 30 of the fiscal year, whether money available is sufficient  
25 to fund the reduced payment level for the remainder of the fiscal year.

26           (c) An agency that has determined that appropriations are insufficient under  
27 (a) or (b) of this section shall report to the governor, and the governor shall report to  
28 the legislature by the 10th day of the next regular legislative session, the amount of  
29 additional money needed for the remainder of that fiscal year to fund payments at the  
30 reduced level and the amount of additional money needed to make full payments to  
31 eligible recipients.

SB0099e

-19-

CSSB 99(FIN) am1efd fld

New Text Underlined (DELETED TEXT BRACKETED)

1           (d) An agency that has determined that appropriations are insufficient under  
2 (a) of this section may not reduce payments if the reduction would violate the terms  
3 of an agreement between the state and the federal government or would violate a  
4 requirement for participation in a federal program in which the state is participating.  
5 As required by (c) of this section, the agency and the governor shall report regarding  
6 the amount of money needed to make full payments to eligible recipients.

7           (e) The commissioner of administration may adopt regulations necessary to  
8 implement this section.

56 377

AS37.05.299

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, assets allocated to the account by the Department of Administration as provided in this section, and amounts deposited into the account as provided in 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.]

(c) The \$5,000,000 cap, set in (b) of this section, on money that may be retained in the state insurance catastrophe reserve account applies only to unobligated money in the account at the end of a fiscal year.

(d) Amounts received in settlement of insurance claims or as recovery for losses shall be deposited into the state insurance catastrophe reserve account.

AS37.05.510

WORKING RESERVE ACCOUNT.

(a) There is established in the general fund a working reserve account. The working reserve account consists of amounts appropriated to state agencies for

- (1) cash payment of accrued leave;
- (2) cash payment of terminal leave;
- (3) payment of the employer's contribution for unemployment benefits of former employees; and
- (4) payment of claims for workers' compensation and general liability.

(b) The Department of Administration shall allocate to the working reserve account amounts appropriated to all state agencies for the benefits set out in (a) of this section after the appropriation Act implementing the state operating budget is enacted. The department shall charge the reserve account with all payments for the benefits set out in (a) of this section. [IF PAYMENTS FOR A FISCAL YEAR EXCEED THE UNEXPENDED BALANCE OF APPROPRIATIONS ALLOCATED TO THE ACCOUNT, THE DEPARTMENT MAY, EXCEPT FOR PAYMENTS UNDER (A)(4) OF THIS SECTION, PAY THOSE BENEFITS BY CHARGING THE UNENCUMBERED BALANCE OF ANY APPROPRIATION ENACTED TO FINANCE THE PAYMENT OF EMPLOYEE SALARIES AND BENEFITS THAT IS DETERMINED TO BE AVAILABLE FOR LAPSE AT THE END OF THE FISCAL YEAR.]