

SB

76

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 2/26/98

FURTHER: _____

DATE TURNED
IN TO OFFICE: 3/20/98

Finance Committee considered

SENATE BILL NO. 76

"An Act relating to long-term plans of certain state agencies and recommendations regarding elimination of duplication in state agency functions."

and recommends:

- be replaced with CS SB 76 (FIN)
- adopt previous CS ()
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Sam Franklin</i>	X	<i>Kate E. Kelly</i>	✓		
<i>M. Marie Bouley</i>	X	<i>Al Adams</i>		✓	
Co-Chair:		Co-Chair:			
Co-Chair:		Co-Chair: <i>Bob Sharp</i>	✓		

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

All depts. / SFC	3/20/98	Ø	

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

REPORTED OUT OF

SFC

3/18/98

BILL NO.

CSSB 76 (FIN)

STATE OF ALASKA
1998 LEGISLATIVE SESSION

Revision Date: _____
 Title: An Act relating to results-based government
and the State budget.
 Sponsor: Sens. Parnell, Wilken and Donley
 Requester: Senate Finance Committee

Dept. Affected All Departments
 BRU All
 Component All Components
 Component Serial No. All

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost: 0.0

POSITIONS


Full-time						
Part-time						
Temporary						

ANALYSIS:


(Attach a separate page if necessary)

CSSB 76(FIN) will not add any additional budget demands, instead it supplants a portion of the current budget process with results based budgeting and codifies existing results based budgeting performed by the Legislature and Executive. Additionally, the deletion of five year operating budget fiscal plans from SB 76 removed the Department of Health and Social Services' primary fiscal concern.

Prepared By: SENATE FINANCE COMMITTEE


 SENATOR DRUE PEARCE, CO-CHAIR

Date: 3/20/98
 Phone: 465-4993


 SENATOR BERT SHARP, CO-CHAIR

Date: 3/20/98
 Phone: 465-3004

FISCAL NOTE

No. 3
 Bill Version: CSSB 76 (STA)
 (S) Publish Date: 3/4/98

STATE OF ALASKA
1998 LEGISLATIVE SESSION

Revision Date (Note if correction) 3/3/98 Dept. Affected All departments
 Title An Act relating to results-based government BRU _____
 and the state budget. Component _____
 Sponsor Sens. Pamell, Wilken, Donley
 Requester Senate State Affairs Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*****	*****	*****	*****	*****	*****

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	*****	*****	*****	*****	*****	*****

Estimate of any current year (FY98) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would, among other things, require all state agencies to prepare quarterly reports for the legislature regarding results-based measures of agency performance. The fiscal impact of this legislation is difficult to project; however, it would require a significant reallocation of agency resources to provide all of the information required by the bill. The collection of data to measure results could be a substantial cost, but this cost would depend on the specific measures developed, and therefore cannot be projected.

While the executive branch is incorporating some elements of this legislation in the budget process using a phased approach, this bill would require all agencies to meet the requirements of the bill during the next budget cycle.

Prepared by Annalee McConnell Phone 465-4660
 Division Office of Management and Budget Date 3/3/98
 Approved by Commissioner Jim Ayers, Chief of Staff Date _____
 Agency Office of the Governor

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

No. 2
BILL NO. 1 Bill Version: SB76
(S) Publish Date: 2/26/98

Revision Date: _____ ept. Affected: Health and Social Services
Title: Long-term plans of state agencies BRU: Administrative Services
Sponsor: Parnell Component: Administrative Support Services
Requestor: Senate STA COMPONENT SERIAL NO. 320
Sec also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES	132.7	134.7	136.7	138.8	140.8	143.0
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	23.5	23.5	23.5	23.5	23.5	23.5
SUPPLIES	2.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	10.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	178.2	170.2	172.2	174.3	176.3	178.5

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	178.2	170.2	172.2	174.3	176.3	178.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	178.2	170.2	172.2	174.3	176.3	178.5

POSITIONS:

FULL-TIME	2	2	2	2	2	2
PART-TIME						
TEMPORARY						

Estimate of any current year (FY98) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

The Department of Health and Social Services, because of its size and complexity, will need additional staff in order to accomplish the requirements of this legislation. Two analyst/planner positions (Range 19) would be located in the Administrative Services Division. The tasks assigned to these positions would be to consult with and assist the Department's other divisions with development of long-term plans, to coordinate the production of plans, to further develop, and maintain the Department's performance measurement systems, and to train and assist others with performance measurement, evaluation, and long-term financial planning.

Cost estimates include the first year acquisition of equipment for the new positions, a small amount for additional supplies, and an increase for contractual services--training, programming, and consulting services that cannot be handled by the additional staff.

Prepared by: Janet Clark, Director Phone: 465-3082
Division: Administrative Services Date: 01/20/98
Approved by Commissioner: Karen Perdue, Commissioner Date: 1/23/98
Agency: Department of Health & Social Services

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information, call the Governor's Legislative Office

ANALYSIS (cont.):

Description	FY99	FY00	FY01	FY02	FY03	FY04
Line 100 -- Personal Services 2 Range 19 positions	132.7	134.7	136.7	138.8	140.8	143.0
Line 200 -- Travel	10.0	10.0	10.0	10.0	10.0	10.0
Line 300 -- Contractual Services						
Professional Services	5.0	5.0	5.0	5.0	5.0	5.0
Training	5.0	5.0	5.0	5.0	5.0	5.0
Miscellaneous	3.5	3.5	3.5	3.5	3.5	3.5
Printing	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>
	23.5	23.5	23.5	23.5	23.5	23.5
Line 400 -- Supplies	2.0	2.0	2.0	2.0	2.0	2.0
Line 500 -- Equipment	<u>10.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Computers, software, furniture, etc.						
Total	178.2	170.2	172.2	174.3	176.3	178.5

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

No. 2
BILL NO. 1 Bill Version: SB76
(S) Publish Date: 2/26/98

Revision Date: _____
Title: Long-term plans of state agencies
Sponsor: Parnell
Requestor: Senate STA

Dept. Affected: Health and Social Services
BRU: Administrative Services
Component: Administrative Support Services
COMPONENT SERIAL NO. 320
See also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES	132.7	134.7	136.7	138.8	140.8	143.0
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	23.5	23.5	23.5	23.5	23.5	23.5
SUPPLIES	2.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	10.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	178.2	170.2	172.2	174.3	176.3	178.5

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	178.2	170.2	172.2	174.3	176.3	178.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	178.2	170.2	172.2	174.3	176.3	178.5

POSITIONS:

FULL-TIME	2	2	2	2	2	2
PART-TIME						
TEMPORARY						

Estimate of any current year (FY98) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

The Department of Health and Social Services, because of its size and complexity, will need additional staff in order to accomplish the requirements of this legislation. Two analyst/planner positions (Range 19) would be located in the Administrative Services Division. The tasks assigned to these positions would be to consult with and assist the Department's other divisions with development of long-term plans, to coordinate the production of plans, to further develop, and maintain the Department's performance measurement systems, and to train and assist others with performance measurement, evaluation, and long-term financial planning.

Cost estimates include the first year acquisition of equipment for the new positions, a small amount for additional supplies, and an increase for contractual services--training, programming, and consulting services that cannot be handled by the additional staff.

Prepared by: Janet Clarke, Director
Division: Administrative Services
Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Phone: 465-3082
Date: 01/20/98
Date: 11/23/95

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information, call the Governor's Legislative Office

ANALYSIS (cont.):

Description	FY99	FY00	FY01	FY02	FY03	FY04
Line 100 -- Personal Services 2 Range 19 positions	132.7	134.7	136.7	138.8	140.8	143.0
Line 200 -- Travel	10.0	10.0	10.0	10.0	10.0	10.0
Line 300 -- Contractual Services						
Professional Services	5.0	5.0	5.0	5.0	5.0	5.0
Training	5.0	5.0	5.0	5.0	5.0	5.0
Miscellaneous	3.5	3.5	3.5	3.5	3.5	3.5
Printing	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>
	23.5	23.5	23.5	23.5	23.5	23.5
Line 400 -- Supplies	2.0	2.0	2.0	2.0	2.0	2.0
Line 500 -- Equipment Computers, software, furniture, etc.	<u>10.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	178.2	170.2	172.2	174.3	176.3	178.5

FISCAL NOTE

No. 1

**STATE OF ALASKA
1998 LEGISLATIVE SESSION**

BILL Bill Version: SB 76
(S) Publish Date: 2/26/98

Revision Date (Note if correction)		Dept. Affected	Office of the Governor
Title	<u>An Act relating to long-term plans of certain state agencies.</u>	BRU	Management And Budget
Sponsor	<u>Sens. Pamell, Wilken, Donley</u>	Component	Office of the Director
Requester	<u>Senate State Affairs Committee</u>	Component Serial No.	<u>1385</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual	41.4	230.0	230.0	230.0	230.0	230.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	41.4	230.0	230.0	230.0	230.0	230.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF	41.4	230.0	230.0	230.0	230.0	230.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	41.4	230.0	230.0	230.0	230.0	230.0

Estimate of any current year (FY98) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

In addition to the impacts shown above, this analysis assumes that one OMB policy analyst and one OMB budget analyst would need to devote approximately 1.0 months each FTE in FY 98 (for three pilot departments) and 3.0 months each FTE in FY 99 (for remainder of departments) to assist agencies in the development of long-term plans. These OMB costs could be financed out of normal budget appropriation level: out only by reducing staff capacity in other areas. (SEE ANALYSIS, ATTACHED.)

Prepared by <u>Annalee McConnell</u>	Phone <u>465-4660</u>
Division <u>Office of Management and Budget</u>	Date <u>1/19/98</u>
Approved by Commissioner <u>Jim Ayers, Chief of Staff</u>	Date <u>1/22/98</u>
Agency <u>Office of the Governor</u>	

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

Senate Bill No. 76 - Long Term Plans

CONSOLIDATED FISCAL NOTE

ANALYSIS

Assumptions:

- In some agencies, though not all, implementation of SB 76 would likely entail cost impacts that could not be "absorbed" within existing agency budget levels. Specifically:
 - in larger agencies and regionally organized agencies (e.g., the Department of Transportation and Public Facilities), just compiling the required annual plan would require significant additional planning or administrative staff resources;
 - because agency fiscal and administrative staffs have little or no "surplus" capacity, the planning and reporting tasks stipulated in the legislation would require additional staff resources to be obtained, at least on a seasonal or part-time basis;
 - in at least one case (the Department of Health and Social Services), a substantial amount of integration of currently disparate data systems would have to precede, or at least accompany, implementation of the planning process required by the legislation;
 - in all agencies, lesser or greater amounts of additional staff resources and computing technology would be necessary to provide the performance monitoring, evaluating, and reporting functions required by the legislation.

• In view of this, it is assumed that, to implement SB 76, each department would require additional staff capacity equivalent to that provided by a Research Analyst II (Range 18) working full-time for six months per year. At current salary levels, and assuming an average benefits factor (across departments) of 25 percent, the annual total cost of this capacity for sixteen departments, the University of Alaska, and the judicial branch would be:

$$\begin{aligned}
 & \$1,697 \text{ per month} \times 6 \text{ months per year F.T.E.} \\
 & \quad \times 1.25 \text{ [i.e., total benefits @ 25\%]} \\
 & \quad \quad \times 18 \text{ agencies} \\
 & \hspace{15em} = \$229,095 \text{ per year}
 \end{aligned}$$

- Because of the uncertainty surrounding the nature and timing of these impacts, flexibility would be better preserved (at least in the initial two years) by funding these costs through a lump sum amount directed to the Office of Management and Budget. OMB would then allocate different portions of the funding to different agencies (e.g., via RSA), as their needs warranted. For this reason, the single figure of \$230,000 per year is shown in OMB's contractual category on Page 1, starting in FY 98.

Additionally, a pro rata (3/18ths) amount of \$41,400 is shown for FY 97 on Page 1, reflecting the legislation's requirements for three departments to develop plans in that year.

- Beyond the costs described above, OMB would incur costs for providing training to agencies in FY 97 and FY 98, as indicated below. These costs could be absorbed within OMB's normal funding level, but only by reducing staff availability for other activities.

FY 97: (to assist 3 departments)

1 analyst (R21 - 2,077/mo.) @ 1 mo. FTE, for <u>pilot agency</u> training on new budget forms and procedures	2.6
1 analyst (R21 - 2,077/mo.) @ 1 mo. FTE, for <u>pilot agency</u> training on overall process and concepts, and assistance in developing measures	2.6
<i>Total:</i>	<u>5.2</u>

FY 98: (to assist 13 departments)

1 analyst (R21 - 2,077/mo.) @ 3 mo. FTE, for <u>remaining agency</u> training on new budget forms and procedures	7.8
1 analyst (R21 - 2,077/mo.) @ 3 mo. FTE, for <u>remaining agency</u> training on overall process and concepts, and assistance in developing measures	7.8
<i>Total:</i>	<u>15.6</u>

(Figures shown include salary plus benefits estimated @ 25%.)

A M E N D M E N T

SENATE FINANCE
COMMITTEE

Amendment Number: 1

Bill Number: SB 76 (STA)

Sponsor: Parnell Date: 3/18/98

Logged In By: J. Saltone

*moved by Sen. Parnell.
Sen. Adams object - withdrew
w/o objection, adopted*

OFFERED IN THE SENATE

TO: CSSB 76(STA)

1 Page 5, line 1:

2 Delete "prepare"

3 Insert ","

4 Following "basis":

5 Insert ", identify results-based measures that have been used to work toward
6 achievement of the mission statement and desired results issued by the legislature and of
7 other goals of the agency, and set out the results as measured. Each state agency shall also
8 prepare"

9 Page 5, line 14, following "agency":

10 Insert ", and set out the results as measured"



OFFICIAL BUSINESS

Alaska State Legislature
Senate
Office of the Secretary

STATE CAPITOL
JUNEAU, ALASKA 99801-1182
(907) 465-3701
FAX: 465-2832

FOR YOUR IMMEDIATE ATTENTION

DATE: March 4, 1998
TO: Finance Committee
(JerryLee/Mindy - Room 520)
FROM: Office of the Senate Secretary

The attached fiscal note or notes relate to the following bill(s) pending in your Committee:

SENATE BILL NO. 76

"An Act relating to long-term plans of certain state agencies and recommendations regarding elimination of duplication in state agency functions."

Please place the fiscal note(s) inside the front cover of the blue or yellow committee folder.

Thank you.

Attachment(s)