

SB

136

FISCAL NOTE

No. 1
 Bill Version: CS SB 136 (FIN)
 (S) Publish Date: 3-26-97

STATE OF ALASKA
 1997 LEGISLATIVE SESSION

Revision Date _____ Dept. Affected Various
 Title An Act relating to the state budget and to BRU _____
 appropriation bills Component _____
 Sponsor Senate Finance Committee
 Requester Senate Finance Committee Component Serial No. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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						
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CHANGE IN REVENUES []						
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FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Desig. Program & Test Fish 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)*

This bill is not expected to have any fiscal impact.

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 Approved by for Annalee McConnell
 Agency Director, Office of Management & Budget

Phone 465-4681
 Date 3/19/97
 Date 3/19/97

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Cook
4/2/97

A M E N D M E N T #1

OFFERED IN THE SENATE
TO: CSSB 136(FTN)

BY SENATOR PEARCE

1 Page 1, line 1:

2 Delete "and"

3 Page 1, line 2, following "bills":

4 Insert ", and to proration of payments by the state"

Not offered

5 Page 4, following line 19:

6 Insert a new bill section to read:

7 **** Sec. 10. AS 37.07 is amended by adding a new section to read:**

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

17 (b) An agency that is paying reduced payments under (a) of this section shall
18 determine, on December 30 of the fiscal year, whether money available is sufficient
19 to fund the reduced payment level for the remainder of the fiscal year. If money is
20 not sufficient to fund the reduced payment level, the agency shall again reduce the
21 amount to be paid to eligible recipients by prorating the shortfall among eligible
22 recipients.

23 (c) An agency that has determined that appropriations are insufficient under

0-1.S0730B.1

1 (a) or (b) of this section shall report to the governor, and the governor shall report to
2 the legislature by the 10th day of the next regular legislative session, the amount of
3 additional money needed for the remainder of that fiscal year to fund payments at the
4 reduced level determined under (a) of this section and the amount of additional money
5 needed to make full payments to eligible recipients.

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

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

14 Renumber the following bill sections accordingly.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

CSSB 136 (FIN) **SPONSOR STATEMENT**

March 26, 1997

Senate Bill 136 was introduced to clarify current law, making it explicit that the Governor must present all three of his required budget bills on December 15 of each year -- an operating budget bill, a capital budget bill, and a mental health program operating/capital budget bill.

Although current Alaska law requires the Governor to submit his entire budget on December 15, over the years the executive branch has fallen into a bad habit of delaying release of a capital budget several weeks into the legislative session.

Delaying the release of the capital budget hinders the public's ability to review the Governor's proposal and provide input to the Legislature. It also greatly reduces the time the Legislature has to consider the Governor's budget and complete its work within a 120 day session.

CSSB 136 (FIN) also promotes honest budgeting. Piecemealing the budget has led to deceptive budget tactics. For example, on December 16, 1996, Governor Knowles did not submit a capital budget bill but said his cap on general fund spending for capital projects would be \$100 million. When the bill was finally submitted on February 27, 1997, six weeks after the start of the legislative session, it reflected general fund capital expenses of \$113.3 million. It also proposed spending a \$16 million Alaska Industrial Development and Export Authority (AIDEA) dividend on capital projects instead of depositing the money into the general fund as the Governor originally proposed. These capital budget provisions alone, if adopted, would increase the fiscal gap by \$29.3 million.

Unfortunately, the Governor failed to provide the public with a revised summary of his budget proposal reflecting the impact of his capital budget proposal on his total spending plan for FY 98. Had the Governor released his capital budget bill with the rest of his budget bills and budget plan on December 15, the public would have known that he was proposing to increase general fund spending.

In addition, CSSB 136 (FIN) conforms the general budget submission provisions of AS 37.07.020 to the requirement in AS 37.14.003(a) for a separate mental health program bill; requires each department to report to the legislature by the 45th day of each regular session the amount of current fiscal year appropriations that the department expects to lapse into the general fund at the end of the current fiscal year; allows some information currently required to be included in the capital appropriation bill to be provided as supporting documentation; requires the Governor to submit budget amendments by the 45th legislative day instead of the 60th; and establishes a January 10 deadline for submitting currently required performance reports to the legislature.



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CSSB 136 (FIN) **SECTIONAL ANALYSIS**

March 26, 1997

- Sec. 1:** Amends AS 14.11.019 to properly reference the changes to AS 37.07.020 made in section 4.
- Sec. 2:** Amends AS 14.11.100(c) to properly reference the changes to AS 37.07.020 made in section 4.
- Sec. 3:** Amends AS 24.20.140 to properly reference the changes to AS 37.07.020 made in section 4.
- Sec. 4:** Amends AS 37.07.020(a) making it explicit that the Governor must present all three of the Governor's required budget bills on December 15 of each year -- an operating budget bill, a capital budget bill, and a mental health program operating/capital budget bill.
- Sec. 5:** Amends AS 37.07.020(b) to properly reference the changes to AS 37.07.020 made in section 4.
- Sec. 6:** Amends AS 37.07.040 by adding a new subsection (9) to require each department to report to the legislature by the 45th day of each regular session the amount of current fiscal year appropriations that the department expects to lapse into the general fund at the end of the current fiscal year.
- Sec. 7:** Amends AS 37.07.062(a) to allow some information currently required to be included in the appropriation bill to be provided as supporting documents instead. This will conform the statute to the current practice.
- Sec. 8:** Amends AS 37.07.062(b) to properly reference the changes to AS 37.07.020 made in section 4.
- Sec. 9:** Amends AS 37.07.070(1) to require the Governor to submit budget amendments by the 45th legislative day instead of the 60th day.
- Sec. 10:** Amends AS 37.07.090(b) to establish a January 10 deadline for submitting currently required performance reports to the legislature.
- Sec. 11:** Amends AS 47.30.380 to properly reference the changes to AS 37.07.020 made in section 4.