

**HB**

**30**

<TARGET><BILL>HB 30</BILL><SUBJECT>HB  
30</SUBJECT><COMM>HFIN28</COMM></TARGET>



# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: HB 30 (U)  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB 30 - Legislative Finance Division  
Title: STATE AGENCY PERFORMANCE AUDITS  
Sponsor: \*\* CHENAULT, OLSON  
Requester: House Finance

Department: Alaska Legislature  
Appropriation: Budget and Audit Committee  
Allocation: Legislative Finance  
OMB Component Number: 774

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
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>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<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>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>								
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial Version
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Prepared By:	David Teal	Phone:	(907)465-3795
Division	Legislative Finance	Date:	01/28/2013 12:26 PM
Approved By:	David Teal	Date:	01/28/13
	Legislative Finance Division		

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. HB 30 \_\_\_\_\_

**Analysis**

This bill assigns the following responsibilities to the Legislative Finance Division:

**During Review**

Collaborate with the review team to identify operating and capital budget issues explain special funding requirements; and provide historic budget information.

**First Year Following Review**

Identify actual reductions in state expenditures resulting from the prior year review.

Passage of this legislation would have minimal fiscal impact on the Division of Legislative Finance.  
The costs would be absorbed.

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: HB 30  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB030CS(FIN)-GOV-OMB-2-12-13  
Title: STATE AGENCY PERFORMANCE AUDITS  
Sponsor: \*\* CHENAULT, OLSON  
Requester: House Finance

Department: Office of the Governor  
Appropriation: Office of Management and Budget  
Allocation: Office of Management and Budget  
OMB Component Number: 2144

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
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>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<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>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No.  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

This note is updated to reflect the House CS version of the bill. The changes in the CS will not result in any changes to the fiscal note.

Prepared By:	John Boucher, Senior Economist	Phone:	(907)465-4677
Division	Office of Management and Budget	Date:	02/12/2013 10:30 AM
Approved By:	Karen Rehfeld, Director	Date:	02/12/13
	Office of Management and Budget		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. HB 30

### Analysis

This Bill initiates annual performance audits and reviews of Executive Branch agencies beginning with calendar year 2014, and continuing annually on a 10-year cycle based on the schedule proposed on page 4, Section 5 of version Y of the bill.

For purposes of this fiscal note it is assumed that all additional resources contemplated by the bill to perform the performance audits and reviews would come from outside of the Executive Branch, and that the agency or agencies that are under review would not be charged an administrative fee or fees by the review team in order to fund the costs of the reviews. It is also assumed that the agency or agencies under review would not need to expend additional resources or create new systems or data to support the review team's effort.

The Office of Management and Budget would be statutorily required to provide the performance review team the following documentation:

- (1) A 10-year growth history and a 10-year projection of agency expenses by funding source; and
- (2) Organizational charts, personnel charts by location that show the number of positions and the functions of each position, and a list of transfers of personal services funding to or from other line items within the agency during the preceding 10 years. See page 6 Section 6, lines 11-16 of version Y.

For the purposes of this fiscal note, it is assumed that these requirements would be met through the provision of information and documentation that is routinely provided to the legislature by the Office of Management and Budget and that no unusual or extraordinary use of resources are required.

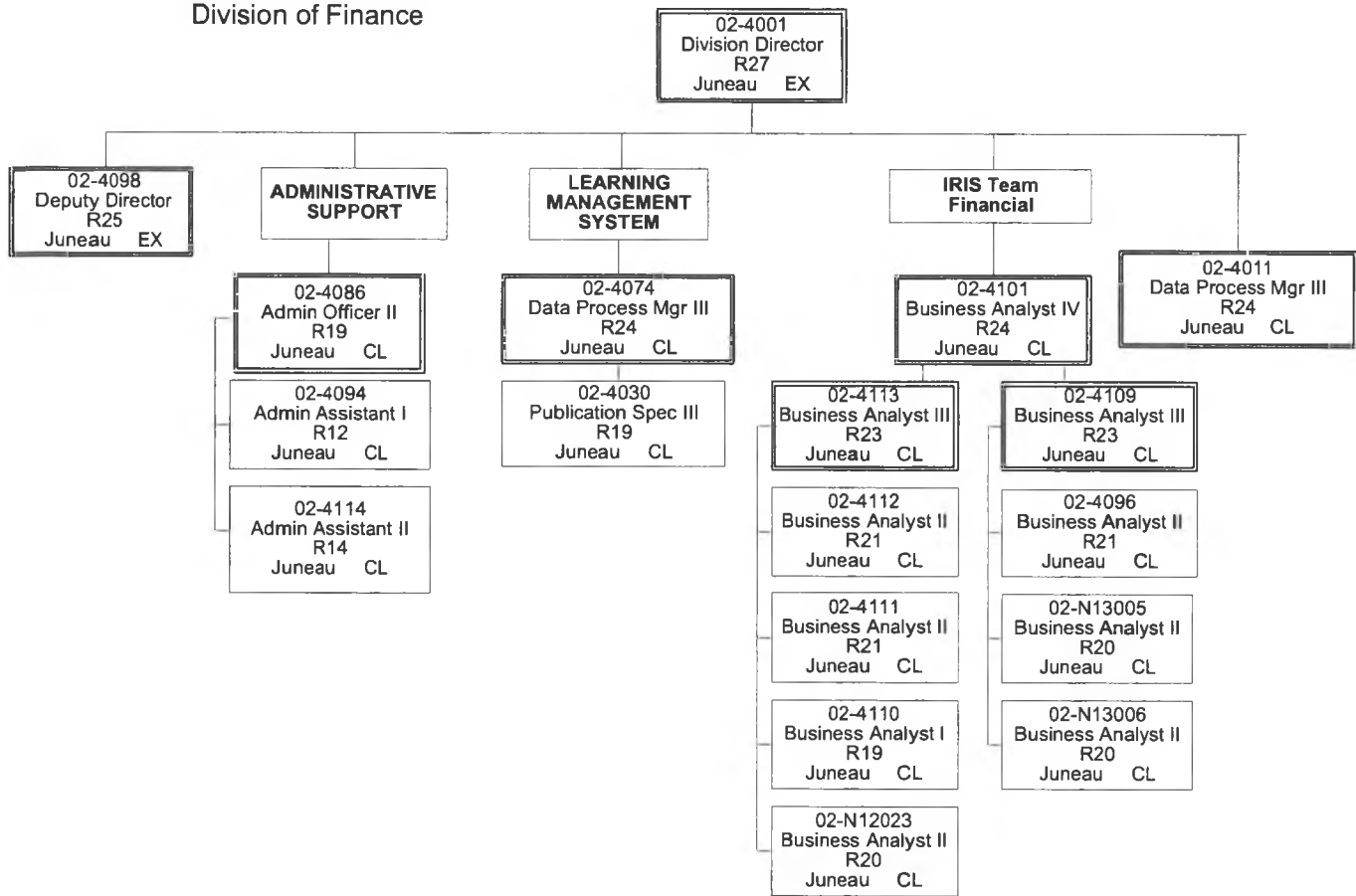
The requirements of (1) above are assumed to be satisfied through the provision of historical data available from either the Alaska Budget System (ABS) or in a cooperative effort between the Office of Management and Budget and the Legislative Finance Division. Agency 10-year expenditure projections are assumed to be the same projections that are provided to OMB as part of the annual 10-year planning process. It should be noted that it is highly probable that some level of OMB staff time would need to be devoted to providing assistance to the review team staff or contractors in order for them to best interpret the historical and projected data that is available for the agencies from these sources.

The requirements of (2) above are assumed to be satisfied through the provision of organizational charts that are routinely published by the Office of Management and Budget as part of the annual publication of the agency budgets. Attached is an example of the type of staffing charts currently produced. If these do not provide adequate information to the review team, additional effort would be required that is not reflected in this analysis. The requirement to provide the review team with a list of transfers of personal services funding to or from other line items within the agency during the preceding 10 years is assumed to be met by the semi-annual reports that have been required through appropriation bill language since 2009. Information on this item is not available from the Office and Management and Budget prior to 2009. It is assumed that OMB would not be required to construct this information prior to FY2010.

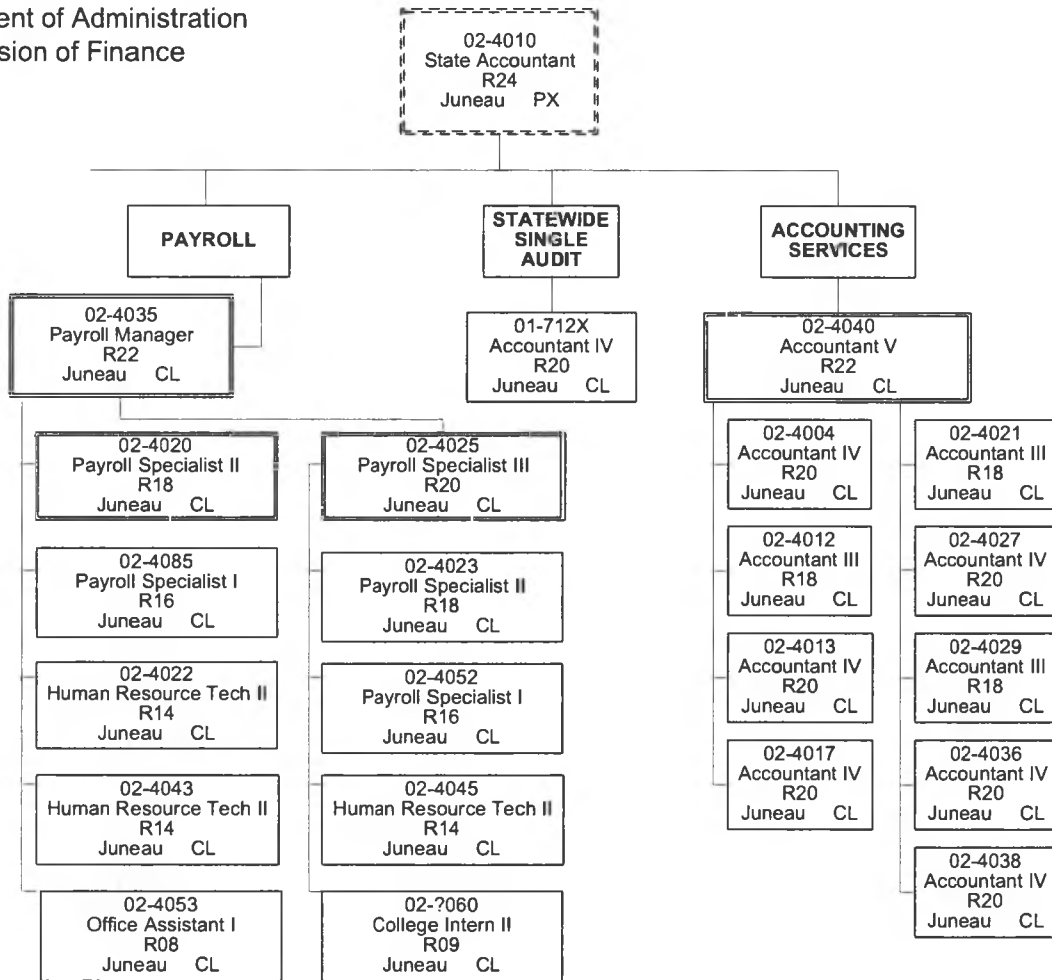
It is also assumed that agency travel budgets would not be adversely impacted by the public hearings called for in section 6, page 5, lines 30-31, and page 6 lines 1-2.

As further information becomes available regarding the implementation of this legislation, it is possible that the fiscal note would need to be revised to reflect costs that are not identified at this time.

Department of Administration  
 Division of Finance



Department of Administration  
 Division of Finance



# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: HB 30  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB 30 - Legislative Audit  
Title: STATE AGENCY PERFORMANCE AUDITS  
Sponsor: \*\* CHENAULT, OLSON  
Requester: House Finance

Department: Alaska Legislature  
Appropriation: Budget and Audit Committee  
Allocation: Legislative Audit  
OMB Component Number: 773

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates				
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>OPERATING EXPENDITURES</b>	<b>286.3</b>	<b>0.0</b>	<b>1,351.9</b>	<b>1,198.9</b>	<b>1,324.9</b>	<b>1,177.9</b>	<b>1,177.9</b>
Personal Services	286.3		363.9	363.9	363.9	363.9	363.9
Travel	39.0		48.5	48.5	48.5	48.5	48.5
Services	296.0		929.0	776.0	902.0	755.0	755.0
Commodities	21.0		10.5	10.5	10.5	10.5	10.5
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>642.3</b>	<b>0.0</b>	<b>1,351.9</b>	<b>1,198.9</b>	<b>1,324.9</b>	<b>1,177.9</b>	<b>1,177.9</b>

**Fund Source (Operating Only)**

1004 Gen Fund	642.3		1,351.9	1,198.9	1,324.9	1,177.9	1,177.9
<b>Total</b>	<b>642.3</b>	<b>0.0</b>	<b>1,351.9</b>	<b>1,198.9</b>	<b>1,324.9</b>	<b>1,177.9</b>	<b>1,177.9</b>

**Positions**

Full-time	3.0		3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Re-ordering of departments reflected in the committee substitute necessitated changes to contractual services amounts. Only the timing of the amounts between years changed. The total services amount remains the same.

Prepared By: <u>Kris Curtis</u>	Phone: <u>(907)465-4199</u>
Division: <u>Division of Legislative Audit</u>	Date: <u>02/11/2013 10:00 AM</u>
Approved By: <u>Kris Curtis</u>	Date: <u>02/11/13</u>
<u>Division of Legislative Audit</u>	

**FISCAL NOTE ANALYSIS**

**STATE OF ALASKA  
2013 LEGISLATIVE SESSION**

**BILL NO. CSHB 30**

**Analysis**

71000 - Personal Services

In FY 14 the \$286.3 will pay for: two (2) full-time staff (salary & benefits), range 22, step A for 8 months and one (1) full time staff, range 24, step A for 12 months. Starting FY 15 the \$363.9 will pay for: two (2) full-time staff (salary & benefits), range 22, step A for a full 12 months and one (1) full time staff, range 24, step A for 12 months.

72000 - Travel

Anticipate 6 in-state trips and 1 out of state trip for each of the review team members.

73000 - Contractual

The amounts include \$20.0 annually for telecommunications, software licenses, space costs, deliver services and utilities. The largest portion is the expected contractual costs associated with consultants as shown below. A detail break down of these costs are as follows: (Note The review year of the legislation is on a calendar year and the budget is prepared on a fiscal year. So 80% of the consultants costs are expected in the fiscal year with the same date as the review year and 20% of the consultant's costs will be in the fiscal year with a date one year after the review year.

<u>Review</u>	<u>Consultant</u>
<u>Year</u> <u>Department</u>	<u>Costs</u>
2014 Department of Corrections	\$345.0
2015 DHSS	\$1,050.0
2016 DEED	\$735.0
2017 Governor's Office Agencies	\$210.0
2017 Legislative Agencies	\$210.0
2017 Court System	\$420.0
2018 University of Alaska	\$735.0
2019 DOTPF	\$735.0
2020 Department of Administration	\$525.0
2020 DCCED	\$525.0
2021 Department of Fish and Game	\$475.0
2021 Department of Enviornmental Cons	\$475.0
2021 Department of Natural Resources	\$475.0
2022 Department of Revenue	\$525.0
2022 Department of Law	\$370.0
2022 Department of Public Safety	\$315.0
2023 DMVA	\$265.0
2023 DLWD	\$370.0

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSHB 30

**Analysis Continued**

74000 - Commodities

Includes office supplies and equipment under \$5,000. FY 14 costs are higher because of the need to purchase computers, monitors, desks and other first year start up costs.

**CS FOR HOUSE BILL NO. 30(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES CHENAULT, OLSON, FEIGE, LYNN, THOMPSON, MILLETT, TAMMIE WILSON, PRUITT, KELLER, STOLTZE, JOHNSON, HAWKER, EDGMON, SEATON, NAGEAK, HERRON, LEDOUX, MUÑOZ, AUSTERMAN, COSTELLO, PEGGY WILSON, SADDLER, REINBOLD, GATTIS, HUGHES, FOSTER, AND ISAACSON, Gruenberg, Holmes

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to performance reviews, audits, and termination of executive and  
2 legislative branch agencies, the University of Alaska, and the Alaska Court System; and  
3 providing for an effective date."

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

5 \* **Section 1.** AS 24.20.231 is amended to read:

6 **Sec. 24.20.231. Duties.** The legislative finance division shall

7 (1) analyze the budget and appropriation requests of each department,  
8 institution, bureau, board, commission, or other agency of state government;

9 (2) analyze the revenue requirements of the state;

10 (3) provide the finance committees of the legislature with  
11 comprehensive budget review and fiscal analysis services;

12 (4) cooperate with the office of management and budget in establishing  
13 a comprehensive system for state budgeting and financial management as set out in  
14 AS 37.07 (Executive Budget Act);

1 (5) complete studies and prepare reports, memoranda, or other  
2 materials as directed by the Legislative Budget and Audit Committee;

3 (6) with the governor's permission, designate the legislative fiscal  
4 analyst to serve ex officio on the governor's budget review committee; **and**

5 **(7) identify the actual reduction in state expenditures in the first**  
6 **fiscal year following a review under AS 44.66.040 resulting from that review, and**  
7 **inform the Legislative Budget and Audit Committee of the amount of the**  
8 **reduction.**

9 \* Sec. 2. AS 24.20.271 is amended to read:

10 **Sec. 24.20.271. Powers and duties.** The legislative audit division shall

11 (1) conduct a performance post-audit of boards and commissions  
12 designated in AS 44.66.010 [AND OF THOSE PROGRAMS AND ACTIVITIES OF  
13 AGENCIES SUBJECT TO TERMINATION AS DETERMINED IN THE MANNER  
14 SET OUT IN AS 44.66.020 AND 44.66.030,] and make the audit, together with a  
15 written report, available to the legislature not later than the first day of the regular  
16 session of the legislature convening in each year set out with reference to boards **and**  
17 [.] commissions [, OR AGENCY PROGRAMS] whose activities are subject to  
18 termination as prescribed in AS 44.66; the division shall notify the legislature that the  
19 audit and report are available;

20 (2) **conduct a performance review of the agencies listed in**  
21 **AS 44.66.020(a) and make the final review report available to the legislature not**  
22 **later than the first day of the regular session convening in the year after the year**  
23 **designated for each agency performance review in AS 44.66.020(a);**

24 (3) audit at least once every three years the books and accounts of all  
25 custodians of public funds and all disbursing officers of the state;

26 (4) [(3)] at the direction of the Legislative Budget and Audit  
27 Committee, conduct performance post-audits on any agency of state government;

28 (5) [(4)] cooperate with state agencies by offering advice and  
29 assistance as requested in establishing or improving the accounting systems used by  
30 state agencies;

31 (6) [(5)] require the assistance and cooperation of all state officials and

1 other state employees in the inspection, examination, and audit of state agency books  
2 and accounts;

3 (7) [(6)] have access at all times to the books, accounts, reports, or  
4 other records, whether confidential or not, of every state agency;

5 (8) [(7)] ascertain, as necessary for audit verification, the amount of  
6 agency funds on deposit in any bank as shown on the books of the bank; no bank may  
7 be held liable for making information required under this paragraph available to the  
8 legislative audit division;

9 (9) [(8)] complete studies and prepare reports, memoranda, or other  
10 materials as directed by the Legislative Budget and Audit Committee;

11 (10) [(9)] have direct access to any information related to the  
12 management of the University of Alaska and have the same right of access as exists  
13 with respect to every other state agency;

14 (11) [(10)] conduct an audit every two years of information found in  
15 the annual reports required under AS 42.05.211 and AS 42.06.220 regarding  
16 compliance by the Regulatory Commission of Alaska with the requirements of  
17 AS 42.05.175(a) - (e) and of the timeline extensions made by the commission under  
18 AS 42.05.175(f), and of other performance measures adopted by the commission;

19 (12) [(11)] conduct audits of the Alaska film production incentive  
20 program (AS 44.25.100 - 44.25.190) and make the audits available to the legislature  
21 on the first day of the regular session of the legislature in 2015, 2017, and 2021.

22 \* **Sec. 3.** AS 24.20.301(a) is amended to read:

23 (a) The legislative audit division shall keep a complete file of all audit reports  
24 and other reports or releases issued by the division, and a complete file of audit work  
25 papers and other related supportive material. The division shall also keep a complete  
26 and accurate record of all fiscal transactions involving the division. Audit records are  
27 confidential and audit reports and performance review reports are confidential  
28 unless the report has been approved for release under AS 24.20.311.

29 \* **Sec. 4.** AS 24.20.311 is amended by adding a new subsection to read:

30 (b) The annual report must include the actual and projected reductions in state  
31 expenditures resulting from reviews conducted under AS 44.66.040.

1 \* **Sec. 5.** AS 44.66.020 is repealed and reenacted to read:

2           **Sec. 44.66.020. Agency programs.** (a) Every year, the legislative audit  
3 division shall ensure that the review team conducts a performance review of the  
4 appropriate programs of the agencies listed in this subsection. Programs that are  
5 administered by more than one agency shall be reviewed with the agency that the  
6 Legislative Budget and Audit Committee designates. Reviews may be conducted  
7 before the dates set out in this subsection at the discretion of the Legislative Budget  
8 and Audit Committee. The first review shall occur in the calendar year set out after  
9 each agency's name, as follows, and subsequent reviews of each agency, or part of an  
10 agency, shall occur every 10 years:

- 11                           (1) Department of Corrections, 2014;
- 12                           (2) Department of Health and Social Services, 2015;
- 13                           (3) Department of Education and Early Development, including the  
14 foundation formula, 2016;
- 15                           (4) Office of the Governor, 2017;
- 16                           (5) agencies of the legislative branch, 2017;
- 17                           (6) Alaska Court System, 2017;
- 18                           (7) University of Alaska, 2018;
- 19                           (8) Department of Transportation and Public Facilities, 2019;
- 20                           (9) Department of Administration, 2020;
- 21                           (10) Department of Commerce, Community, and Economic  
22 Development, 2020;
- 23                           (11) Department of Fish and Game, 2021;
- 24                           (12) Department of Environmental Conservation, 2021;
- 25                           (13) Department of Natural Resources, 2021;
- 26                           (14) Department of Revenue, 2022;
- 27                           (15) Department of Law, 2022;
- 28                           (16) Department of Public Safety, 2022;
- 29                           (17) Department of Military and Veterans' Affairs, 2023;
- 30                           (18) Department of Labor and Workforce Development, 2023.

31           (b) Subject to appropriation, the legislative audit division shall hire individuals

1 and contract with individuals or firms to form a review team or teams to complete the  
2 reviews under this section.

3 (c) In the year before the year designated as the year for review in (a) of this  
4 section, the agency shall provide to the review team, before November 1,

5 (1) citations to the agency's authority under the Constitution of the  
6 State of Alaska or the Alaska Statutes to administer its programs;

7 (2) a list of programs or elements of programs that compose at least 10  
8 percent of the general funds in the agency's budget appropriated from the general fund  
9 that could be reduced or eliminated; the agency shall consider first those programs or  
10 elements of programs that

11 (A) do not serve a current need;

12 (B) are not authorized by the Constitution of the State of  
13 Alaska or the Alaska Statutes; or

14 (C) are not essential to the agency mission or delivery of the  
15 agency's core services;

16 (3) a list of active encumbrances and an explanation of the continuing  
17 need for any encumbrance unsatisfied more than one year after it was incurred;

18 (4) all information submitted to the legislature in the agency's most  
19 recent submission under AS 37.07.050, including agency mission, results-based  
20 measures, prioritization of core services, and all programs within the core services  
21 from the most important to the least important.

22 \* **Sec. 6.** AS 44.66 is amended by adding a new section to read:

23 **Sec. 44.66.040. Duties of the review team.** (a) During a review year set out in  
24 AS 44.66.020(a), the legislative audit division shall determine the scope of the  
25 performance review subject to approval by the Legislative Budget and Audit  
26 Committee, and the review team shall

27 (1) collaborate with the legislative audit division and the legislative  
28 finance division to identify any earlier audit findings or budgetary issues for the  
29 agency;

30 (2) through the Legislative Budget and Audit committee or the senate  
31 or house finance committees of the state legislature, schedule public hearings in

1 Juneau, Anchorage, Fairbanks, and other locations as determined by the committees to  
2 review agency activities and identify problems or concerns;

3 (3) consult with other states and appropriate public policy  
4 organizations to establish best practices for the agency;

5 (4) analyze the agency priorities reported to the legislature under  
6 AS 37.07.050(a)(13); and

7 (5) evaluate the agency process for development of capital projects.

8 (b) The review team shall analyze materials relevant to the performance of the  
9 agency, including

10 (1) all material provided under AS 44.66.020(c)(4);

11 (2) a 10-year growth history and a 10-year projection of agency  
12 expenses by funding source, prepared by the office of management and budget;

13 (3) organizational charts, personnel charts by location that show the  
14 number of positions and the functions of each position, and a list of transfers of  
15 personal services funding to or from other line items within the agency during the  
16 preceding 10 years, prepared by the office of management and budget;

17 (4) audit information, including a list of agency audit  
18 recommendations, prepared by the legislative audit division;

19 (5) a list of any financial issues relating to the agency's operating or  
20 capital expenditures, prepared by the legislative finance division;

21 (6) an explanation of the function and procedure for dedicated funds or  
22 any other special funds in the agency, prepared by the legislative finance division;

23 (7) a 10-year history of any budget ratifications or supplemental  
24 budget requests, prepared by the legislative finance division; and

25 (8) analysis and summary of confidential information that the review  
26 team may request, through the Legislative Budget and Audit Committee, from the  
27 legislative audit division, if necessary to complete the team's review.

28 (c) Before December 16 of the review year set out in AS 44.66.020(a), the  
29 review team shall provide a confidential preliminary report to the Legislative Budget  
30 and Audit Committee.

31 (d) One week before the first day of the regular session of the legislature in the

1 year following the review year set out in AS 44.66.020(a), the review team shall  
2 provide to the chairs or cochairs of the senate and house finance committees a final  
3 report. In the report, the review team may

4 (1) evaluate the success of the agency in achieving its mission, through  
5 the effective and efficient delivery of its core services, goals, programs, and  
6 objectives;

7 (2) determine whether the agency's results-based measures  
8 demonstrate the effectiveness and efficiency of the agency's core services, goals,  
9 programs, and objectives and recommend changes if necessary;

10 (3) determine whether the results-based measures were useful in  
11 conducting the review and recommend changes if necessary;

12 (4) evaluate the appropriateness of the budget reductions proposed  
13 under AS 44.66.020(c);

14 (5) determine whether the agency acted in good faith to correct  
15 problems identified in any previous audit or review;

16 (6) list agency programs or actions not authorized by statute and  
17 identify other authority for those actions;

18 (7) identify agency authority to collect fees, conduct inspections,  
19 enforce state law, or impose penalties;

20 (8) recommend improvements to agency practices and procedures,  
21 including means to decrease regulatory burdens or restrictions without decreasing  
22 public service and safety;

23 (9) identify areas in which programs and jurisdiction of agencies  
24 overlap and assess the quality of interagency cooperation in those areas;

25 (10) evaluate whether the agency promptly and effectively addresses  
26 complaints;

27 (11) evaluate to what extent the agency encourages and uses public  
28 participation in rulemaking and other decision making;

29 (12) evaluate the agency's process for implementing technology and  
30 recommend new types or uses of technology to improve agency efficiency and  
31 effectiveness;

1 (13) identify services provided by programs and functions duplicated  
2 by another government agency or private entity and recommend the most effective and  
3 efficient way to perform those services;

4 (14) evaluate whether the agency priorities reported to the legislature  
5 under AS 37.07.050(a)(13), and the list of programs or elements of programs provided  
6 under AS 44.66.020(c)(2) are consistent with the results of the performance review;

7 (15) identify agencies that could be terminated or consolidated,  
8 reductions in costs, and potential program or cost reductions based on policy changes;

9 (16) identify reductions and efficiencies recommended as a result of a  
10 review conducted under this section;

11 (17) identify the extent to which statutory, regulatory, budgetary, or  
12 other changes are necessary to enable the agency to better serve the interests of the  
13 public and to correct problems identified during the review;

14 (18) analyze how the review team's recommendation to terminate the  
15 agency or to terminate any program within the agency would affect federal funding or  
16 instigate federal intervention;

17 (19) include draft legislation to correct problems identified in the  
18 report that shall be introduced by the senate and house finance committees of the state  
19 legislature during the current legislative session;

20 (20) identify areas that need in-depth review in order to provide  
21 complete information to the Legislative Budget and Audit Committee for  
22 consideration in the audit process; and

23 (21) identify any other elements appropriate to a performance  
24 management review.

25 (e) The Legislative Budget and Audit Committee shall, based on the amount  
26 of the actual reduction in state expenditures reported by the legislative finance division  
27 under AS 24.20.231(7) increased by an appropriate inflationary factor to be  
28 determined by the Legislative Budget and Audit Committee, estimate the anticipated  
29 savings for the second through fifth fiscal years following the review. The Legislative  
30 Budget and Audit Committee shall include the amount of the actual reduction and the  
31 anticipated future savings in its annual report under AS 24.20.311 for the second fiscal

1 year following the review and each of the subsequent four reports.

2 (f) The senate and house finance committee chairs, cochairs, and  
3 subcommittees may incorporate the recommendations of a report submitted under (d)  
4 of this section into the budget for the fiscal year following the report.

5 \* **Sec. 7.** AS 44.66.050 is amended to read:

6 **Sec. 44.66.050. Legislative oversight.** (a) Before the termination, dissolution,  
7 continuation, or reestablishment of a board or commission under AS 08.03.010 or  
8 AS 44.66.010, [OR OF AN AGENCY PROGRAM UNDER AS 44.66.020 AND  
9 44.66.030,] a committee of reference of each house, which shall be the standing  
10 committee of legislative jurisdiction as provided in the Uniform Rules of the  
11 Legislature, shall hold one or more hearings to receive testimony from the public, the  
12 commissioner of the department having administrative responsibility for each named  
13 board or [,] commission, [OR AGENCY PROGRAM,] and the members of the board  
14 or commission involved. The hearings may be joint hearings. The committee shall also  
15 consider the proposed budget of the board or [,] commission [, OR AGENCY  
16 PROGRAM,] prepared in accordance with AS 37.07.050(f) [,] and the performance  
17 audit of the activities of the board or [,] commission [, OR AGENCY PROGRAM,]  
18 prepared by the legislative audit division as prescribed in AS 24.20.271(1). The  
19 committee may consider any other report of the activities of the board or [,]  
20 commission [OR PROGRAM], including [BUT NOT LIMITED TO] annual reports,  
21 summaries prepared by the Legislative Affairs Agency, and any evaluation or general  
22 report of the manner of conduct of activities of the board or [,] commission [, OR  
23 AGENCY PROGRAM] prepared by the office of the ombudsman.

24 (b) During a public hearing, the board or [,] commission [OR AGENCY] shall  
25 have the burden of demonstrating a public need for its continued existence or the  
26 continuation of the program, and the extent to which any change in the manner of  
27 exercise of its functions or activities may increase efficiency of administration or  
28 operation consistent with the public interest.

29 (c) A determination as to whether a board or commission [OR AGENCY  
30 PROGRAM] has demonstrated a public need for its continued existence must take into  
31 consideration the following factors:

1 (1) the extent to which the board or [,] commission [, OR PROGRAM]  
2 has operated in the public interest;

3 (2) the extent to which the operation of the board or [,] commission [,  
4 OR AGENCY PROGRAM] has been impeded or enhanced by existing statutes,  
5 procedures, and practices that it has adopted, and any other matter, including  
6 budgetary, resource, and personnel matters;

7 (3) the extent to which the board or [,] commission [, OR AGENCY]  
8 has recommended statutory changes that are generally of benefit to the public interest;

9 (4) the extent to which the board or [,] commission [, OR AGENCY]  
10 has encouraged interested persons to report to it concerning the effect of its regulations  
11 and decisions on the effectiveness of service, economy of service, and availability of  
12 service that it has provided;

13 (5) the extent to which the board or [,] commission [, OR AGENCY]  
14 has encouraged public participation in the making of its regulations and decisions;

15 (6) the efficiency with which public inquiries or complaints regarding  
16 the activities of the board or [,] commission [, OR AGENCY] filed with it, with the  
17 department to which a board or commission is administratively assigned, or with the  
18 office of victims' rights or the office of the ombudsman have been processed and  
19 resolved;

20 (7) the extent to which a board or commission that regulates entry into  
21 an occupation or profession has presented qualified applicants to serve the public;

22 (8) the extent to which state personnel practices, including affirmative  
23 action requirements, have been complied with by the board or [,] commission in [, OR  
24 AGENCY TO] its own activities and in the area of activity or interest;

25 (9) the extent to which statutory, regulatory, budgetary  
26 [BUDGETING], or other changes are necessary to enable the [AGENCY,] board [,] or  
27 commission to better serve the interests of the public and to comply with the factors  
28 enumerated in this subsection;

29 (10) the extent to which the board or [,] commission [, OR AGENCY]  
30 has effectively attained its objectives and purposes and the efficiency with which the  
31 board or [,] commission [, OR AGENCY] has operated; and

1 (11) the extent to which the board or [,] commission [, OR AGENCY]  
2 duplicates the activities of another governmental agency or the private sector.

3 (d) As to each board or [,] commission [, OR AGENCY PROGRAM]  
4 assigned to it for purposes of review, the committee of reference shall, not later than  
5 the 60th day of the legislative session, submit a report to the presiding officer of the  
6 house. The report must contain a summary of the findings of the committee as to the  
7 compliance of the board or [,] commission [, OR PROGRAM] with the factors  
8 enumerated in (c) of this section, together with a summary or recommendations of the  
9 committee as to each of the following:

10 (1) an identification of the problems or the needs that the programs and  
11 activities of the board or [,] commission [, OR AGENCY] are intended to address;

12 (2) a statement, to the extent practicable, of the objectives of the  
13 program of the board or [,] commission [, OR AGENCY PROGRAM,] and its  
14 anticipated accomplishments;

15 (3) an identification of any other programs having similar, conflicting,  
16 or duplicate objectives;

17 (4) an assessment of alternative methods of achieving the purposes of  
18 the program;

19 (5) an assessment of the consequences of eliminating the board or [,]  
20 commission [, OR PROGRAM] and consolidating its activities with another program,  
21 or of funding it at a lower level;

22 (6) a justification for the recommended continuation or extension of  
23 the board or [,] commission [, OR PROGRAM,] and an explanation of the manner in  
24 which it avoids duplication of or conflict with other efforts; and

25 (7) any other information that, in the opinion of the committee, would  
26 improve the performance of the board or [,] commission [, OR AGENCY] with  
27 respect to its representation of and responsiveness to the public interest.

28 (e) The committee of reference may introduce a bill providing for the  
29 reorganization or continuation of the board or [,] commission. Not [, OR AGENCY  
30 PROGRAM. NO] more than one board or [,] commission [, OR AGENCY  
31 PROGRAM] may be continued or reestablished in any legislative bill, and the board

1        or [,] commission [, OR AGENCY PROGRAM] must be mentioned in the title of the  
2        bill.

3        \* **Sec. 8.** AS 44.66.060 is amended to read:

4                **Sec. 44.66.060. Existing claims.** This chapter does not cause the termination  
5        or dismissal of a claim or right of a citizen against a board, commission, or program of  
6        an agency terminated by legislative action or under this chapter that is subject to  
7        litigation. Claims and rights shall be assumed by the department to which the board or  
8        commission terminated under this chapter was attached for administrative purposes.

9        \* **Sec. 9.** AS 44.66 is amended by adding a new section to read:

10               **Sec. 44.66.070. Definitions.** In this chapter,

11                        (1) "agency" means a state department or agency, whether in the  
12        legislative, judicial, or executive branch, and includes the University of Alaska;

13                        (2) "review team" means appropriate professionals hired by or under  
14        contract with the legislative audit division to complete a performance review under  
15        AS 44.66.020 - 44.66.040.

16        \* **Sec. 10.** AS 44.66.030 is repealed.

17        \* **Sec. 11.** AS 24.20.231(7), 24.20.271(2), 24.20.311(b); AS 44.66.020, and 44.66.040 are  
18        repealed July 1, 2023.

19        \* **Sec. 12.** This Act takes effect July 1, 2013.

offered 2/12/15

Failed  
8/2

AMENDMENT #1

OFFERED IN THE HOUSE  
TO: CSHB 30

OFFERED BY REPRESENTATIVE GARA

1 Page 5, following line 21:

2 Insert a new subsection to read:

3 “(d) If the agency is not able to identify 10 percent of the general funds in the  
4 agency’s budget appropriated from the general fund that could be reduced or  
5 eliminated using the criteria set out in (c)(2)(A) – (C) of this section, the agency shall  
6 identify which programs or elements of programs on the list required under (c)(2) of  
7 this section do not meet the criteria set out in (c)(2)(A) – (C) of this section.”

Failed

# 2013 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 2/12/13

Amendment: 1

MEMBER	Favor	Oppose
REP. COSTELLO		X
REP. EDGMON		X
REP. GARA	X	
<del>REP. GUTTENBERG</del>		
REP. HOLMES		X
REP. MUNOZ		X
REP. NEUMAN		X
REP. THOMPSON		X
REP. WILSON		X
Rep. Kawasaki	X	
<del>REP. AUSTERMAN</del>		
REP. STOLTZE		X

15

YEA 2

NAY 8

Adopted 2.11.13

WORK DRAFT

WORK DRAFT

WORK DRAFT

28-LS0180\Y  
Martin  
2/11/13

**CS FOR HOUSE BILL NO. 30(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVES CHENAULT, OLSON, FEIGE, LYNN, THOMPSON, MILLETT, TAMMIE WILSON, PRUITT, KELLER, STOLTZE, JOHNSON, HAWKER, EDGMON, SEATON, NAGEAK, HERRON, LEDOUX, MUÑOZ, AUSTERMAN, COSTELLO, PEGGY WILSON, SADDLER, REINBOLD, GATTIS, HUGHES, FOSTER, AND ISAACSON, Gruenberg, Holmes**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to performance reviews, audits, and termination of executive and**  
2 **legislative branch agencies, the University of Alaska, and the Alaska Court System; and**  
3 **providing for an effective date."**

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

5 **\* Section 1.** AS 24.20.231 is amended to read:

6 **Sec. 24.20.231. Duties.** The legislative finance division shall

7 (1) analyze the budget and appropriation requests of each department,  
8 institution, bureau, board, commission, or other agency of state government;

9 (2) analyze the revenue requirements of the state;

10 (3) provide the finance committees of the legislature with  
11 comprehensive budget review and fiscal analysis services;

12 (4) cooperate with the office of management and budget in establishing  
13 a comprehensive system for state budgeting and financial management as set out in  
14 AS 37.07 (Executive Budget Act);

1 (5) complete studies and prepare reports, memoranda, or other  
2 materials as directed by the Legislative Budget and Audit Committee;

3 (6) with the governor's permission, designate the legislative fiscal  
4 analyst to serve ex officio on the governor's budget review committee; **and**

5 **(7) identify the actual reduction in state expenditures in the first**  
6 **fiscal year following a review under AS 44.66.040 resulting from that review, and**  
7 **inform the Legislative Budget and Audit Committee of the amount of the**  
8 **reduction.**

9 \* Sec. 2. AS 24.20.271 is amended to read:

10 **Sec. 24.20.271. Powers and duties.** The legislative audit division shall

11 (1) conduct a performance post-audit of boards and commissions  
12 designated in AS 44.66.010 [AND OF THOSE PROGRAMS AND ACTIVITIES OF  
13 AGENCIES SUBJECT TO TERMINATION AS DETERMINED IN THE MANNER  
14 SET OUT IN AS 44.66.020 AND 44.66.030,] and make the audit, together with a  
15 written report, available to the legislature not later than the first day of the regular  
16 session of the legislature convening in each year set out with reference to boards **and**  
17 [,] commissions [, OR AGENCY PROGRAMS] whose activities are subject to  
18 termination as prescribed in AS 44.66; the division shall notify the legislature that the  
19 audit and report are available;

20 (2) **conduct a performance review of the agencies listed in**  
21 **AS 44.66.020(a) and make the final review report available to the legislature not**  
22 **later than the first day of the regular session convening in the year after the year**  
23 **designated for each agency performance review in AS 44.66.020(a);**

24 (3) audit at least once every three years the books and accounts of all  
25 custodians of public funds and all disbursing officers of the state;

26 (4) [(3)] at the direction of the Legislative Budget and Audit  
27 Committee, conduct performance post-audits on any agency of state government;

28 (5) [(4)] cooperate with state agencies by offering advice and  
29 assistance as requested in establishing or improving the accounting systems used by  
30 state agencies;

31 (6) [(5)] require the assistance and cooperation of all state officials and

1 other state employees in the inspection, examination, and audit of state agency books  
2 and accounts;

3 (7) [(6)] have access at all times to the books, accounts, reports, or  
4 other records, whether confidential or not, of every state agency;

5 (8) [(7)] ascertain, as necessary for audit verification, the amount of  
6 agency funds on deposit in any bank as shown on the books of the bank; no bank may  
7 be held liable for making information required under this paragraph available to the  
8 legislative audit division;

9 (9) [(8)] complete studies and prepare reports, memoranda, or other  
10 materials as directed by the Legislative Budget and Audit Committee;

11 (10) [(9)] have direct access to any information related to the  
12 management of the University of Alaska and have the same right of access as exists  
13 with respect to every other state agency;

14 (11) [(10)] conduct an audit every two years of information found in  
15 the annual reports required under AS 42.05.211 and AS 42.06.220 regarding  
16 compliance by the Regulatory Commission of Alaska with the requirements of  
17 AS 42.05.175(a) - (e) and of the timeline extensions made by the commission under  
18 AS 42.05.175(f), and of other performance measures adopted by the commission;

19 (12) [(11)] conduct audits of the Alaska film production incentive  
20 program (AS 44.25.100 - 44.25.190) and make the audits available to the legislature  
21 on the first day of the regular session of the legislature in 2015, 2017, and 2021.

22 \* **Sec. 3.** AS 24.20.301(a) is amended to read:

23 (a) The legislative audit division shall keep a complete file of all audit reports  
24 and other reports or releases issued by the division, and a complete file of audit work  
25 papers and other related supportive material. The division shall also keep a complete  
26 and accurate record of all fiscal transactions involving the division. Audit records are  
27 confidential and audit reports and performance review reports are confidential  
28 unless the report has been approved for release under AS 24.20.311.

29 \* **Sec. 4.** AS 24.20.311 is amended by adding a new subsection to read:

30 (b) The annual report must include the actual and projected reductions in state  
31 expenditures resulting from reviews conducted under AS 44.66.040.

1 \* **Sec. 5.** AS 44.66.020 is repealed and reenacted to read:

2 **Sec. 44.66.020. Agency programs.** (a) Every year, the legislative audit  
3 division shall ensure that the review team conducts a performance review of the  
4 appropriate programs of the agencies listed in this subsection. Programs that are  
5 administered by more than one agency shall be reviewed with the agency that the  
6 Legislative Budget and Audit Committee designates. Reviews may be conducted  
7 before the dates set out in this subsection at the discretion of the Legislative Budget  
8 and Audit Committee. The first review shall occur in the calendar year set out after  
9 each agency's name, as follows, and subsequent reviews of each agency, or part of an  
10 agency, shall occur every 10 years:

- 11 (1) Department of Corrections, 2014;
- 12 (2) Department of Health and Social Services, 2015;
- 13 (3) Department of Education and Early Development, including the  
14 foundation formula, 2016;
- 15 (4) Office of the Governor, 2017;
- 16 (5) agencies of the legislative branch, 2017;
- 17 (6) Alaska Court System, 2017;
- 18 (7) University of Alaska, 2018;
- 19 (8) Department of Transportation and Public Facilities, 2019;
- 20 (9) Department of Administration, 2020;
- 21 (10) Department of Commerce, Community, and Economic  
22 Development, 2020;
- 23 (11) Department of Fish and Game, 2021;
- 24 (12) Department of Environmental Conservation, 2021;
- 25 (13) Department of Natural Resources, 2021;
- 26 (14) Department of Revenue, 2022;
- 27 (15) Department of Law, 2022;
- 28 (16) Department of Public Safety, 2022;
- 29 (17) Department of Military and Veterans' Affairs, 2023;
- 30 (18) Department of Labor and Workforce Development, 2023.

31 (b) Subject to appropriation, the legislative audit division shall hire individuals

1 and contract with individuals or firms to form a review team or teams to complete the  
2 reviews under this section.

3 (c) In the year before the year designated as the year for review in (a) of this  
4 section, the agency shall provide to the review team, before November 1,

5 (1) citations to the agency's authority under the Constitution of the  
6 State of Alaska or the Alaska Statutes to administer its programs;

7 (2) a list of programs or elements of programs that compose at least 10  
8 percent of the general funds in the agency's budget appropriated from the general fund  
9 that could be reduced or eliminated; the agency shall consider first those programs or  
10 elements of programs that

11 (A) do not serve a current need;

12 (B) are not authorized by the Constitution of the State of  
13 Alaska or the Alaska Statutes; or

14 (C) are not essential to the agency mission or delivery of the  
15 agency's core services;

16 (3) a list of active encumbrances and an explanation of the continuing  
17 need for any encumbrance unsatisfied more than one year after it was incurred;

18 (4) all information submitted to the legislature in the agency's most  
19 recent submission under AS 37.07.050, including agency mission, results-based  
20 measures, prioritization of core services, and all programs within the core services  
21 from the most important to the least important.

22 \* **Sec. 6.** AS 44.66 is amended by adding a new section to read:

23 **Sec. 44.66.040. Duties of the review team.** (a) During a review year set out in  
24 AS 44.66.020(a), the legislative audit division shall determine the scope of the  
25 performance review subject to approval by the Legislative Budget and Audit  
26 Committee, and the review team shall

27 (1) collaborate with the legislative audit division and the legislative  
28 finance division to identify any earlier audit findings or budgetary issues for the  
29 agency;

30 (2) through the Legislative Budget and Audit committee or the senate  
31 or house finance committees of the state legislature, schedule public hearings in

1 Juneau, Anchorage, Fairbanks, and other locations as determined by the committees to  
2 review agency activities and identify problems or concerns;

3 (3) consult with other states and appropriate public policy  
4 organizations to establish best practices for the agency;

5 (4) analyze the agency priorities reported to the legislature under  
6 AS 37.07.050(a)(13); and

7 (5) evaluate the agency process for development of capital projects.

8 (b) The review team shall analyze materials relevant to the performance of the  
9 agency, including

10 (1) all material provided under AS 44.66.020(c)(4);

11 (2) a 10-year growth history and a 10-year projection of agency  
12 expenses by funding source, prepared by the office of management and budget;

13 (3) organizational charts, personnel charts by location that show the  
14 number of positions and the functions of each position, and a list of transfers of  
15 personal services funding to or from other line items within the agency during the  
16 preceding 10 years, prepared by the office of management and budget;

17 (4) audit information, including a list of agency audit  
18 recommendations, prepared by the legislative audit division;

19 (5) a list of any financial issues relating to the agency's operating or  
20 capital expenditures, prepared by the legislative finance division;

21 (6) an explanation of the function and procedure for dedicated funds or  
22 any other special funds in the agency, prepared by the legislative finance division;

23 (7) a 10-year history of any budget ratifications or supplemental  
24 budget requests, prepared by the legislative finance division; and

25 (8) analysis and summary of confidential information that the review  
26 team may request, through the Legislative Budget and Audit Committee, from the  
27 legislative audit division, if necessary to complete the team's review.

28 (c) Before December 16 of the review year set out in AS 44.66.020(a), the  
29 review team shall provide a confidential preliminary report to the Legislative Budget  
30 and Audit Committee.

31 (d) One week before the first day of the regular session of the legislature in the

1 year following the review year set out in AS 44.66.020(a), the review team shall  
2 provide to the chairs or cochairs of the senate and house finance committees a final  
3 report. In the report, the review team may

4 (1) evaluate the success of the agency in achieving its mission, through  
5 the effective and efficient delivery of its core services, goals, programs, and  
6 objectives;

7 (2) determine whether the agency's results-based measures  
8 demonstrate the effectiveness and efficiency of the agency's core services, goals,  
9 programs, and objectives and recommend changes if necessary;

10 (3) determine whether the results-based measures were useful in  
11 conducting the review and recommend changes if necessary;

12 (4) evaluate the appropriateness of the budget reductions proposed  
13 under AS 44.66.020(c);

14 (5) determine whether the agency acted in good faith to correct  
15 problems identified in any previous audit or review;

16 (6) list agency programs or actions not authorized by statute and  
17 identify other authority for those actions;

18 (7) identify agency authority to collect fees, conduct inspections,  
19 enforce state law, or impose penalties;

20 (8) recommend improvements to agency practices and procedures,  
21 including means to decrease regulatory burdens or restrictions without decreasing  
22 public service and safety;

23 (9) identify areas in which programs and jurisdiction of agencies  
24 overlap and assess the quality of interagency cooperation in those areas;

25 (10) evaluate whether the agency promptly and effectively addresses  
26 complaints;

27 (11) evaluate to what extent the agency encourages and uses public  
28 participation in rulemaking and other decision making;

29 (12) evaluate the agency's process for implementing technology and  
30 recommend new types or uses of technology to improve agency efficiency and  
31 effectiveness;

1 (13) identify services provided by programs and functions duplicated  
2 by another government agency or private entity and recommend the most effective and  
3 efficient way to perform those services;

4 (14) evaluate whether the agency priorities reported to the legislature  
5 under AS 37.07.050(a)(13), and the list of programs or elements of programs provided  
6 under AS 44.66.020(c)(2) are consistent with the results of the performance review;

7 (15) identify agencies that could be terminated or consolidated,  
8 reductions in costs, and potential program or cost reductions based on policy changes;

9 (16) identify reductions and efficiencies recommended as a result of a  
10 review conducted under this section;

11 (17) identify the extent to which statutory, regulatory, budgetary, or  
12 other changes are necessary to enable the agency to better serve the interests of the  
13 public and to correct problems identified during the review;

14 (18) analyze how the review team's recommendation to terminate the  
15 agency or to terminate any program within the agency would affect federal funding or  
16 instigate federal intervention;

17 (19) include draft legislation to correct problems identified in the  
18 report that shall be introduced by the senate and house finance committees of the state  
19 legislature during the current legislative session;

20 (20) identify areas that need in-depth review in order to provide  
21 complete information to the Legislative Budget and Audit Committee for  
22 consideration in the audit process; and

23 (21) identify any other elements appropriate to a performance  
24 management review.

25 (e) The Legislative Budget and Audit Committee shall, based on the amount  
26 of the actual reduction in state expenditures reported by the legislative finance division  
27 under AS 24.20.231(7) increased by an appropriate inflationary factor to be  
28 determined by the Legislative Budget and Audit Committee, estimate the anticipated  
29 savings for the second through fifth fiscal years following the review. The Legislative  
30 Budget and Audit Committee shall include the amount of the actual reduction and the  
31 anticipated future savings in its annual report under AS 24.20.311 for the second fiscal

1 year following the review and each of the subsequent four reports.

2 (f) The senate and house finance committee chairs, cochairs, and  
3 subcommittees may incorporate the recommendations of a report submitted under (d)  
4 of this section into the budget for the fiscal year following the report.

5 \* **Sec. 7.** AS 44.66.050 is amended to read:

6 **Sec. 44.66.050. Legislative oversight.** (a) Before the termination, dissolution,  
7 continuation, or reestablishment of a board or commission under AS 08.03.010 or  
8 AS 44.66.010, [OR OF AN AGENCY PROGRAM UNDER AS 44.66.020 AND  
9 44.66.030,] a committee of reference of each house, which shall be the standing  
10 committee of legislative jurisdiction as provided in the Uniform Rules of the  
11 Legislature, shall hold one or more hearings to receive testimony from the public, the  
12 commissioner of the department having administrative responsibility for each named  
13 board or [,] commission, [OR AGENCY PROGRAM,] and the members of the board  
14 or commission involved. The hearings may be joint hearings. The committee shall also  
15 consider the proposed budget of the board or [,] commission [, OR AGENCY  
16 PROGRAM,] prepared in accordance with AS 37.07.050(f) [,] and the performance  
17 audit of the activities of the board or [,] commission [, OR AGENCY PROGRAM,]  
18 prepared by the legislative audit division as prescribed in AS 24.20.271(1). The  
19 committee may consider any other report of the activities of the board or [,]  
20 commission [OR PROGRAM], including [BUT NOT LIMITED TO] annual reports,  
21 summaries prepared by the Legislative Affairs Agency, and any evaluation or general  
22 report of the manner of conduct of activities of the board or [,] commission [, OR  
23 AGENCY PROGRAM] prepared by the office of the ombudsman.

24 (b) During a public hearing, the board or [,] commission [OR AGENCY] shall  
25 have the burden of demonstrating a public need for its continued existence or the  
26 continuation of the program, and the extent to which any change in the manner of  
27 exercise of its functions or activities may increase efficiency of administration or  
28 operation consistent with the public interest.

29 (c) A determination as to whether a board or commission [OR AGENCY  
30 PROGRAM] has demonstrated a public need for its continued existence must take into  
31 consideration the following factors:

1 (1) the extent to which the board or [,] commission [, OR PROGRAM]  
2 has operated in the public interest;

3 (2) the extent to which the operation of the board or [,] commission [,  
4 OR AGENCY PROGRAM] has been impeded or enhanced by existing statutes,  
5 procedures, and practices that it has adopted, and any other matter, including  
6 budgetary, resource, and personnel matters;

7 (3) the extent to which the board or [,] commission [, OR AGENCY]  
8 has recommended statutory changes that are generally of benefit to the public interest;

9 (4) the extent to which the board or [,] commission [, OR AGENCY]  
10 has encouraged interested persons to report to it concerning the effect of its regulations  
11 and decisions on the effectiveness of service, economy of service, and availability of  
12 service that it has provided;

13 (5) the extent to which the board or [,] commission [, OR AGENCY]  
14 has encouraged public participation in the making of its regulations and decisions;

15 (6) the efficiency with which public inquiries or complaints regarding  
16 the activities of the board or [,] commission [, OR AGENCY] filed with it, with the  
17 department to which a board or commission is administratively assigned, or with the  
18 office of victims' rights or the office of the ombudsman have been processed and  
19 resolved;

20 (7) the extent to which a board or commission that regulates entry into  
21 an occupation or profession has presented qualified applicants to serve the public;

22 (8) the extent to which state personnel practices, including affirmative  
23 action requirements, have been complied with by the board or [,] commission in [, OR  
24 AGENCY TO] its own activities and in the area of activity or interest;

25 (9) the extent to which statutory, regulatory, budgetary  
26 [BUDGETING], or other changes are necessary to enable the [AGENCY,] board [,] or  
27 commission to better serve the interests of the public and to comply with the factors  
28 enumerated in this subsection;

29 (10) the extent to which the board or [,] commission [, OR AGENCY]  
30 has effectively attained its objectives and purposes and the efficiency with which the  
31 board or [,] commission [, OR AGENCY] has operated; and

1 (11) the extent to which the board or [,] commission [, OR AGENCY]  
2 duplicates the activities of another governmental agency or the private sector.

3 (d) As to each board or [,] commission [, OR AGENCY PROGRAM]  
4 assigned to it for purposes of review, the committee of reference shall, not later than  
5 the 60th day of the legislative session, submit a report to the presiding officer of the  
6 house. The report must contain a summary of the findings of the committee as to the  
7 compliance of the board or [,] commission [, OR PROGRAM] with the factors  
8 enumerated in (c) of this section, together with a summary or recommendations of the  
9 committee as to each of the following:

10 (1) an identification of the problems or the needs that the programs and  
11 activities of the board or [,] commission [, OR AGENCY] are intended to address;

12 (2) a statement, to the extent practicable, of the objectives of the  
13 program of the board or [,] commission [, OR AGENCY PROGRAM,] and its  
14 anticipated accomplishments;

15 (3) an identification of any other programs having similar, conflicting,  
16 or duplicate objectives;

17 (4) an assessment of alternative methods of achieving the purposes of  
18 the program;

19 (5) an assessment of the consequences of eliminating the board or [,]  
20 commission [, OR PROGRAM] and consolidating its activities with another program,  
21 or of funding it at a lower level;

22 (6) a justification for the recommended continuation or extension of  
23 the board or [,] commission [, OR PROGRAM,] and an explanation of the manner in  
24 which it avoids duplication of or conflict with other efforts; and

25 (7) any other information that, in the opinion of the committee, would  
26 improve the performance of the board or [,] commission [, OR AGENCY] with  
27 respect to its representation of and responsiveness to the public interest.

28 (e) The committee of reference may introduce a bill providing for the  
29 reorganization or continuation of the board or [,] commission. Not [, OR AGENCY  
30 PROGRAM. NO] more than one board or [,] commission [, OR AGENCY  
31 PROGRAM] may be continued or reestablished in any legislative bill, and the board

1           or [,] commission [, OR AGENCY PROGRAM] must be mentioned in the title of the  
2           bill.

3           \* **Sec. 8.** AS 44.66.060 is amended to read:

4                       **Sec. 44.66.060. Existing claims.** This chapter does not cause the termination  
5                       or dismissal of a claim or right of a citizen against a board, commission, or program of  
6                       an agency terminated by legislative action or under this chapter that is subject to  
7                       litigation. Claims and rights shall be assumed by the department to which the board or  
8                       commission terminated under this chapter was attached for administrative purposes.

9           \* **Sec. 9.** AS 44.66 is amended by adding a new section to read:

10                      **Sec. 44.66.070. Definitions.** In this chapter,

11                               (1) "agency" means a state department or agency, whether in the  
12                               legislative, judicial, or executive branch, and includes the University of Alaska;

13                               (2) "review team" means appropriate professionals hired by or under  
14                               contract with the legislative audit division to complete a performance review under  
15                               AS 44.66.020 - 44.66.040.

16           \* **Sec. 10.** AS 44.66.030 is repealed.

17           \* **Sec. 11.** AS 24.20.231(7), 24.20.271(2), 24.20.311(b); AS 44.66.020, and 44.66.040 are  
18           repealed July 1, 2023.

19           \* **Sec. 12.** This Act takes effect July 1, 2013.

**HOUSE BILL NO. 30**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES CHENAULT, OLSON, FEIGE, LYNN, THOMPSON, MILLETT,  
TAMMIE WILSON, PRUITT, KELLER, STOLTZE, JOHNSON, HAWKER, EDGMON, SEATON,  
NAGEAK, HERRON, LEDOUX, MUÑOZ, AUSTERMAN, COSTELLO, PEGGY WILSON, SADDLER,  
REINBOLD, GATTIS, HUGHES, FOSTER, AND ISAACSON

Introduced: 1/16/13  
Referred: Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to performance reviews, audits, and termination of executive and  
2 legislative branch agencies, the University of Alaska, and the Alaska Court System; and  
3 providing for an effective date."

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

5 \* Section 1. AS 24.20.231 is amended to read:

6 **Sec. 24.20.231. Duties.** The legislative finance division shall

7 (1) analyze the budget and appropriation requests of each department,  
8 institution, bureau, board, commission, or other agency of state government;

9 (2) analyze the revenue requirements of the state;

10 (3) provide the finance committees of the legislature with  
11 comprehensive budget review and fiscal analysis services;

12 (4) cooperate with the office of management and budget in establishing  
13 a comprehensive system for state budgeting and financial management as set out in  
14 AS 37.07 (Executive Budget Act);

1 (5) complete studies and prepare reports, memoranda, or other  
2 materials as directed by the Legislative Budget and Audit Committee;

3 (6) with the governor's permission, designate the legislative fiscal  
4 analyst to serve ex officio on the governor's budget review committee; and

5 (7) identify the actual reduction in state expenditures in the first  
6 fiscal year following a review under AS 44.66.040 resulting from that review, and  
7 inform the Legislative Budget and Audit Committee of the amount of the  
8 reduction.

9 \* **Sec. 2.** AS 24.20.271 is amended to read:

10 **Sec. 24.20.271. Powers and duties.** The legislative audit division shall

11 (1) conduct a performance post-audit of boards and commissions  
12 designated in AS 44.66.010 [AND OF THOSE PROGRAMS AND ACTIVITIES OF  
13 AGENCIES SUBJECT TO TERMINATION AS DETERMINED IN THE MANNER  
14 SET OUT IN AS 44.66.020 AND 44.66.030,] and make the audit, together with a  
15 written report, available to the legislature not later than the first day of the regular  
16 session of the legislature convening in each year set out with reference to boards and  
17 [,] commissions [, OR AGENCY PROGRAMS] whose activities are subject to  
18 termination as prescribed in AS 44.66; the division shall notify the legislature that the  
19 audit and report are available;

20 (2) conduct a performance review of the agencies listed in  
21 AS 44.66.020(a) and make the final review report available to the legislature not  
22 later than the first day of the regular session convening in the year after the year  
23 designated for each agency performance review in AS 44.66.020(a);

24 (3) audit at least once every three years the books and accounts of all  
25 custodians of public funds and all disbursing officers of the state;

26 (4) [(3)] at the direction of the Legislative Budget and Audit  
27 Committee, conduct performance post-audits on any agency of state government;

28 (5) [(4)] cooperate with state agencies by offering advice and  
29 assistance as requested in establishing or improving the accounting systems used by  
30 state agencies;

31 (6) [(5)] require the assistance and cooperation of all state officials and

1 other state employees in the inspection, examination, and audit of state agency books  
2 and accounts;

3 (7) [(6)] have access at all times to the books, accounts, reports, or  
4 other records, whether confidential or not, of every state agency;

5 (8) [(7)] ascertain, as necessary for audit verification, the amount of  
6 agency funds on deposit in any bank as shown on the books of the bank; no bank may  
7 be held liable for making information required under this paragraph available to the  
8 legislative audit division;

9 (9) [(8)] complete studies and prepare reports, memoranda, or other  
10 materials as directed by the Legislative Budget and Audit Committee;

11 (10) [(9)] have direct access to any information related to the  
12 management of the University of Alaska and have the same right of access as exists  
13 with respect to every other state agency;

14 (11) [(10)] conduct an audit every two years of information found in  
15 the annual reports required under AS 42.05.211 and AS 42.06.220 regarding  
16 compliance by the Regulatory Commission of Alaska with the requirements of  
17 AS 42.05.175(a) - (e) and of the timeline extensions made by the commission under  
18 AS 42.05.175(f), and of other performance measures adopted by the commission;

19 (12) [(11)] conduct audits of the Alaska film production incentive  
20 program (AS 44.25.100 - 44.25.190) and make the audits available to the legislature  
21 on the first day of the regular session of the legislature in 2015, 2017, and 2021.

22 \* **Sec. 3.** AS 24.20.301(a) is amended to read:

23 (a) The legislative audit division shall keep a complete file of all audit reports  
24 and other reports or releases issued by the division, and a complete file of audit work  
25 papers and other related supportive material. The division shall also keep a complete  
26 and accurate record of all fiscal transactions involving the division. Audit records are  
27 confidential and audit reports and performance review reports are confidential  
28 unless the report has been approved for release under AS 24.20.311.

29 \* **Sec. 4.** AS 24.20.311 is amended by adding a new subsection to read:

30 (b) The annual report must include the actual and projected reductions in state  
31 expenditures resulting from reviews conducted under AS 44.66.040.

1 \* **Sec. 5.** AS 44.66.020 is repealed and reenacted to read:

2           **Sec. 44.66.020. Agency programs.** (a) Every year, the legislative audit  
3 division shall ensure that the review team conducts a performance review of the  
4 appropriate programs of the agencies listed in this subsection. Programs that are  
5 administered by more than one agency shall be reviewed with the agency that the  
6 Legislative Budget and Audit Committee designates. Reviews may be conducted  
7 before the dates set out in this subsection at the discretion of the Legislative Budget  
8 and Audit Committee. The first review shall occur in the calendar year set out after  
9 each agency's name, as follows, and subsequent reviews of each agency, or part of an  
10 agency, shall occur every 10 years:

- 11                           (1) Department of Corrections, 2014;
- 12                           (2) Office of the Governor, 2015;
- 13                           (3) agencies of the legislative branch, 2015;
- 14                           (4) Alaska Court System, 2015;
- 15                           (5) the Department of Health and Social Services, 2016;
- 16                           (6) Department of Education and Early Development, including the  
17 foundation formula, 2017;
- 18                           (7) University of Alaska, 2018;
- 19                           (8) Department of Transportation and Public Facilities, 2019;
- 20                           (9) Department of Administration, 2020;
- 21                           (10) Department of Commerce, Community, and Economic  
22 Development, 2020;
- 23                           (11) Department of Fish and Game, 2021;
- 24                           (12) Department of Environmental Conservation, 2021;
- 25                           (13) Department of Natural Resources, 2021;
- 26                           (14) Department of Revenue, 2022;
- 27                           (15) Department of Law, 2022;
- 28                           (16) Department of Public Safety, 2022;
- 29                           (17) Department of Military and Veterans' Affairs, 2023;
- 30                           (18) Department of Labor and Workforce Development, 2023.

31           (b) Subject to appropriation, the legislative audit division shall hire individuals

1 and contract with individuals or firms to form a review team or teams to complete the  
2 reviews under this section.

3 (c) In the year before the year designated as the year for review in (a) of this  
4 section, the agency shall provide to the review team, before November 1,

5 (1) citations to the agency's authority under the Constitution of the  
6 State of Alaska or the Alaska Statutes to administer its programs;

7 (2) a list of programs or elements of programs that compose at least 10  
8 percent of the general funds in the agency's budget appropriated from the general fund  
9 that could be reduced or eliminated; the agency shall consider first those programs or  
10 elements of programs that

11 (A) do not serve a current need;

12 (B) are not authorized by the Constitution of the State of  
13 Alaska or the Alaska Statutes; or

14 (C) are not essential;

15 (3) a list of active encumbrances and an explanation of the continuing  
16 need for any encumbrance unsatisfied more than one year after it was incurred;

17 (4) all information submitted to the legislature in the agency's most  
18 recent submission under AS 37.07.050, including agency proposed programs and  
19 financial plans and agency priorities from the most important to the least important.

20 \* **Sec. 6.** AS 44.66 is amended by adding a new section to read:

21 **Sec. 44.66.040. Duties of the review team.** (a) During a review year set out in  
22 AS 44.66.020(a), the legislative audit division shall determine the scope of the  
23 performance review subject to approval by the Legislative Budget and Audit  
24 Committee, and the review team shall

25 (1) collaborate with the legislative audit division and the legislative  
26 finance division to identify any earlier audit findings or budgetary issues for the  
27 agency;

28 (2) through the Legislative Budget and Audit committee or the senate  
29 or house finance committees of the state legislature, schedule public hearings in  
30 Juneau, Anchorage, Fairbanks, and other locations as determined by the committees to  
31 review agency activities and identify problems or concerns;

1 (3) consult with other states and appropriate public policy  
2 organizations to establish best practices for the agency;

3 (4) analyze the agency priorities reported to the legislature under  
4 AS 37.07.050(a)(13); and

5 (5) evaluate the agency process for development of capital projects.

6 (b) The review team shall analyze materials relevant to the performance of the  
7 agency, including

8 (1) a 10-year growth history and a 10-year projection of agency  
9 expenses by funding source, prepared by the office of management and budget;

10 (2) organizational charts, personnel charts by location that show the  
11 number of positions and the functions of each position, and a list of transfers of  
12 personal services funding to or from other line items within the agency during the  
13 preceding 10 years, prepared by the office of management and budget;

14 (3) audit information, including a list of agency audit  
15 recommendations, prepared by the legislative audit division;

16 (4) a list of any financial issues relating to the agency's operating or  
17 capital expenditures, prepared by the legislative finance division;

18 (5) an explanation of the function and procedure for dedicated funds or  
19 any other special funds in the agency, prepared by the legislative finance division;

20 (6) a 10-year history of any budget ratifications or supplemental  
21 budget requests, prepared by the legislative finance division; and

22 (7) analysis and summary of confidential information that the review  
23 team may request, through the Legislative Budget and Audit Committee, from the  
24 legislative audit division, if necessary to complete the team's review.

25 (c) Before December 16 of the review year set out in AS 44.66.020(a), the  
26 review team shall provide a confidential preliminary report to the Legislative Budget  
27 and Audit Committee.

28 (d) One week before the first day of the regular session of the legislature in the  
29 year following the review year set out in AS 44.66.020(a), the review team shall  
30 provide to the chairs or cochairs of the senate and house finance committees a final  
31 report. In the report, the review team may

- 1 (1) evaluate the efficiency and effectiveness of the agency's programs;
- 2 (2) evaluate the appropriateness of the budget reductions proposed  
3 under AS 44.66.020(c);
- 4 (3) determine if the agency acted in good faith to correct problems  
5 identified in any previous audit or review;
- 6 (4) evaluate the success of the agency in achieving its mission, goals,  
7 and objectives and recommends appropriate changes to the agency's missions and  
8 measures;
- 9 (5) list agency programs or actions not authorized by statute and  
10 identifies other authority for those actions;
- 11 (6) identify agency authority to collect fees, conduct inspections,  
12 enforce state law, or impose penalties;
- 13 (7) recommend improvements to agency practices and procedures,  
14 including means to decrease regulatory burdens or restrictions without decreasing  
15 public service and safety;
- 16 (8) identify areas in which programs and jurisdiction of agencies  
17 overlap and assesses the quality of interagency cooperation in those areas;
- 18 (9) evaluate whether the agency promptly and effectively addresses  
19 complaints;
- 20 (10) evaluate to what extent the agency encourages and uses public  
21 participation in rulemaking and other decision making;
- 22 (11) evaluate the agency's process for implementing technology and  
23 recommends new types or uses of technology to improve agency efficiency and  
24 effectiveness;
- 25 (12) identify programs and functions duplicated by another  
26 government agency or private entity and recommends a single entity to perform those  
27 programs and functions;
- 28 (13) evaluate whether the agency priorities reported to the legislature  
29 under AS 37.07.050(a)(13), and the list of programs or elements of programs provided  
30 under AS 44.66.020(c)(2) are consistent with the results of the performance review;
- 31 (14) identify agencies that could be terminated or consolidated,

1 reductions in costs, and potential program or cost reductions based on policy changes;

2 (15) identify reductions recommended as a result of a review  
3 conducted under this section;

4 (16) identify the extent to which statutory, regulatory, budgetary, or  
5 other changes are necessary to enable the agency to better serve the interests of the  
6 public and to correct problems identified during the review;

7 (17) analyze how the review team's recommendation to terminate the  
8 agency or to terminate any program within the agency would affect federal funding or  
9 instigate federal intervention;

10 (18) include draft legislation to correct problems identified in the  
11 report that shall be introduced by the senate and house finance committees of the state  
12 legislature during the current legislative session;

13 (19) identify areas that need in-depth review in order to provide  
14 complete information to the Legislative Budget and Audit Committee for  
15 consideration in the audit process; and

16 (20) identify any other elements appropriate to a performance  
17 management review.

18 (e) The Legislative Budget and Audit Committee shall, based on the amount  
19 of the actual reduction in state expenditures reported by the legislative finance division  
20 under AS 24.20.231(7) increased by an appropriate inflationary factor to be  
21 determined by the Legislative Budget and Audit Committee, estimate the anticipated  
22 savings for the second through fifth fiscal years following the review. The Legislative  
23 Budget and Audit Committee shall include the amount of the actual reduction and the  
24 anticipated future savings in its annual report under AS 24.20.311 for the second fiscal  
25 year following the review and each of the subsequent four reports.

26 (f) The senate and house finance committee chairs, cochairs, and  
27 subcommittees may incorporate the recommendations of a report submitted under (d)  
28 of this section into the budget for the fiscal year following the report.

29 \* **Sec. 7.** AS 44.66.050 is amended to read:

30 **Sec. 44.66.050. Legislative oversight.** (a) Before the termination, dissolution,  
31 continuation, or reestablishment of a board or commission under AS 08.03.010 or

1 AS 44.66.010, [OR OF AN AGENCY PROGRAM UNDER AS 44.66.020 AND  
 2 44.66.030,] a committee of reference of each house, which shall be the standing  
 3 committee of legislative jurisdiction as provided in the Uniform Rules of the  
 4 Legislature, shall hold one or more hearings to receive testimony from the public, the  
 5 commissioner of the department having administrative responsibility for each named  
 6 board or [,] commission, [OR AGENCY PROGRAM,] and the members of the board  
 7 or commission involved. The hearings may be joint hearings. The committee shall also  
 8 consider the proposed budget of the board or [,] commission [, OR AGENCY  
 9 PROGRAM,] prepared in accordance with AS 37.07.050(f) [,] and the performance  
 10 audit of the activities of the board or [,] commission [, OR AGENCY PROGRAM,]  
 11 prepared by the legislative audit division as prescribed in AS 24.20.271(1). The  
 12 committee may consider any other report of the activities of the board or [,]  
 13 commission [OR PROGRAM], including [BUT NOT LIMITED TO] annual reports,  
 14 summaries prepared by the Legislative Affairs Agency, and any evaluation or general  
 15 report of the manner of conduct of activities of the board or [,] commission [, OR  
 16 AGENCY PROGRAM] prepared by the office of the ombudsman.

17 (b) During a public hearing, the board or [,] commission [OR AGENCY] shall  
 18 have the burden of demonstrating a public need for its continued existence or the  
 19 continuation of the program, and the extent to which any change in the manner of  
 20 exercise of its functions or activities may increase efficiency of administration or  
 21 operation consistent with the public interest.

22 (c) A determination as to whether a board or commission [OR AGENCY  
 23 PROGRAM] has demonstrated a public need for its continued existence must take into  
 24 consideration the following factors:

25 (1) the extent to which the board or [,] commission [, OR PROGRAM]  
 26 has operated in the public interest;

27 (2) the extent to which the operation of the board or [,] commission [,  
 28 OR AGENCY PROGRAM] has been impeded or enhanced by existing statutes,  
 29 procedures, and practices that it has adopted, and any other matter, including  
 30 budgetary, resource, and personnel matters;

31 (3) the extent to which the board or [,] commission [, OR AGENCY]

1 has recommended statutory changes that are generally of benefit to the public interest;

2 (4) the extent to which the board or [,] commission [, OR AGENCY]  
3 has encouraged interested persons to report to it concerning the effect of its regulations  
4 and decisions on the effectiveness of service, economy of service, and availability of  
5 service that it has provided;

6 (5) the extent to which the board or [,] commission [, OR AGENCY]  
7 has encouraged public participation in the making of its regulations and decisions;

8 (6) the efficiency with which public inquiries or complaints regarding  
9 the activities of the board or [,] commission [, OR AGENCY] filed with it, with the  
10 department to which a board or commission is administratively assigned, or with the  
11 office of victims' rights or the office of the ombudsman have been processed and  
12 resolved;

13 (7) the extent to which a board or commission that regulates entry into  
14 an occupation or profession has presented qualified applicants to serve the public;

15 (8) the extent to which state personnel practices, including affirmative  
16 action requirements, have been complied with by the board or [,] commission in [, OR  
17 AGENCY TO] its own activities and in the area of activity or interest;

18 (9) the extent to which statutory, regulatory, budgetary  
19 [BUDGETING], or other changes are necessary to enable the [AGENCY,] board [,] or  
20 commission to better serve the interests of the public and to comply with the factors  
21 enumerated in this subsection;

22 (10) the extent to which the board or [,] commission [, OR AGENCY]  
23 has effectively attained its objectives and purposes and the efficiency with which the  
24 board or [,] commission [, OR AGENCY] has operated; and

25 (11) the extent to which the board or [,] commission [, OR AGENCY]  
26 duplicates the activities of another governmental agency or the private sector.

27 (d) As to each board or [,] commission [, OR AGENCY PROGRAM]  
28 assigned to it for purposes of review, the committee of reference shall, not later than  
29 the 60th day of the legislative session, submit a report to the presiding officer of the  
30 house. The report must contain a summary of the findings of the committee as to the  
31 compliance of the board or [,] commission [, OR PROGRAM] with the factors

1 enumerated in (c) of this section, together with a summary or recommendations of the  
2 committee as to each of the following:

3 (1) an identification of the problems or the needs that the programs and  
4 activities of the board or [,] commission [, OR AGENCY] are intended to address;

5 (2) a statement, to the extent practicable, of the objectives of the  
6 program of the board or [,] commission [, OR AGENCY PROGRAM,] and its  
7 anticipated accomplishments;

8 (3) an identification of any other programs having similar, conflicting,  
9 or duplicate objectives;

10 (4) an assessment of alternative methods of achieving the purposes of  
11 the program;

12 (5) an assessment of the consequences of eliminating the board or [,]  
13 commission [, OR PROGRAM] and consolidating its activities with another program,  
14 or of funding it at a lower level;

15 (6) a justification for the recommended continuation or extension of  
16 the board or [,] commission [, OR PROGRAM,] and an explanation of the manner in  
17 which it avoids duplication of or conflict with other efforts; and

18 (7) any other information that, in the opinion of the committee, would  
19 improve the performance of the board or [,] commission [, OR AGENCY] with  
20 respect to its representation of and responsiveness to the public interest.

21 (e) The committee of reference may introduce a bill providing for the  
22 reorganization or continuation of the board or [,] commission, Not [, OR AGENCY  
23 PROGRAM. NO] more than one board or [,] commission [, OR AGENCY  
24 PROGRAM] may be continued or reestablished in any legislative bill, and the board  
25 or [,] commission [, OR AGENCY PROGRAM] must be mentioned in the title of the  
26 bill.

27 \* **Sec. 8.** AS 44.66.060 is amended to read:

28 **Sec. 44.66.060. Existing claims.** This chapter does not cause the termination  
29 or dismissal of a claim or right of a citizen against a board, commission, or program of  
30 an agency terminated by legislative action or under this chapter that is subject to  
31 litigation. Claims and rights shall be assumed by the department to which the board or

1 commission terminated under this chapter was attached for administrative purposes.

2 \* **Sec. 9.** AS 44.66 is amended by adding a new section to read:

3 **Sec. 44.66.070. Definitions.** In this chapter,

4 (1) "agency" means a state department or agency, whether in the  
5 legislative, judicial, or executive branch, and includes the University of Alaska;

6 (2) "review team" means appropriate professionals hired by or under  
7 contract with the legislative audit division to complete a performance review under  
8 AS 44.66.020 - 44.66.040.

9 \* **Sec. 10.** AS 44.66.030 is repealed.

10 \* **Sec. 11.** AS 24.20.231(7), 24.20.271(2), 24.20.311(b); AS 44.66.020, and 44.66.040 are  
11 repealed July 1, 2023.

12 \* **Sec. 12.** This Act takes effect July 1, 2013.

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: HB 30 (U)  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB030-GOV-OMB-01-25-13  
Title: STATE AGENCY PERFORMANCE AUDITS  
Sponsor: \*\* CHENAULT, OLSON  
Requester: House Finance

Department: Office of the Governor  
Appropriation: Office of Management and Budget  
Allocation: Office of Management and Budget  
OMB Component Number: 2144

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
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>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<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>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>								
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No.  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial version.

Prepared By:	John Boucher, Senior Economist	Phone:	(907)465-4677
Division	Office of Management and Budget	Date:	01/25/2013 03:45 PM
Approved By:	Karen Rehfeld, Director	Date:	01/25/13
	Office of Management and Budget		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. HB 30

### Analysis

This Bill initiates annual performance audits and reviews of Executive Branch agencies beginning with calendar year 2014, and continuing annually on a 10-year cycle based on the schedule proposed on page 4, Section 5 of version U of the bill.

For purposes of this fiscal note it is assumed that all additional resources contemplated by the bill to perform the performance audits and reviews would come from outside of the Executive Branch, and that the agency or agencies that are under review would not be charged an administrative fee or fees by the review team in order to fund the costs of the reviews. It is also assumed that the agency or agencies under review would not need to expend additional resources or create new systems or data to support the review team's effort.

The Office of Management and Budget would be statutorily required to provide the performance review team the following documentation:

- (1) A 10-year growth history and a 10-year projection of agency expenses by funding source; and
- (2) Organizational charts, personnel charts by location that show the number of positions and the functions of each position, and a list of transfers of personal services funding to or from other line items within the agency during the preceding 10 years. See page 6 Section 6, lines 8-13 of version U.

For the purposes of this fiscal note, it is assumed that these requirements would be met through the provision of information and documentation that is routinely provided to the legislature by the Office of Management and Budget and that no unusual or extraordinary use of resources are required.

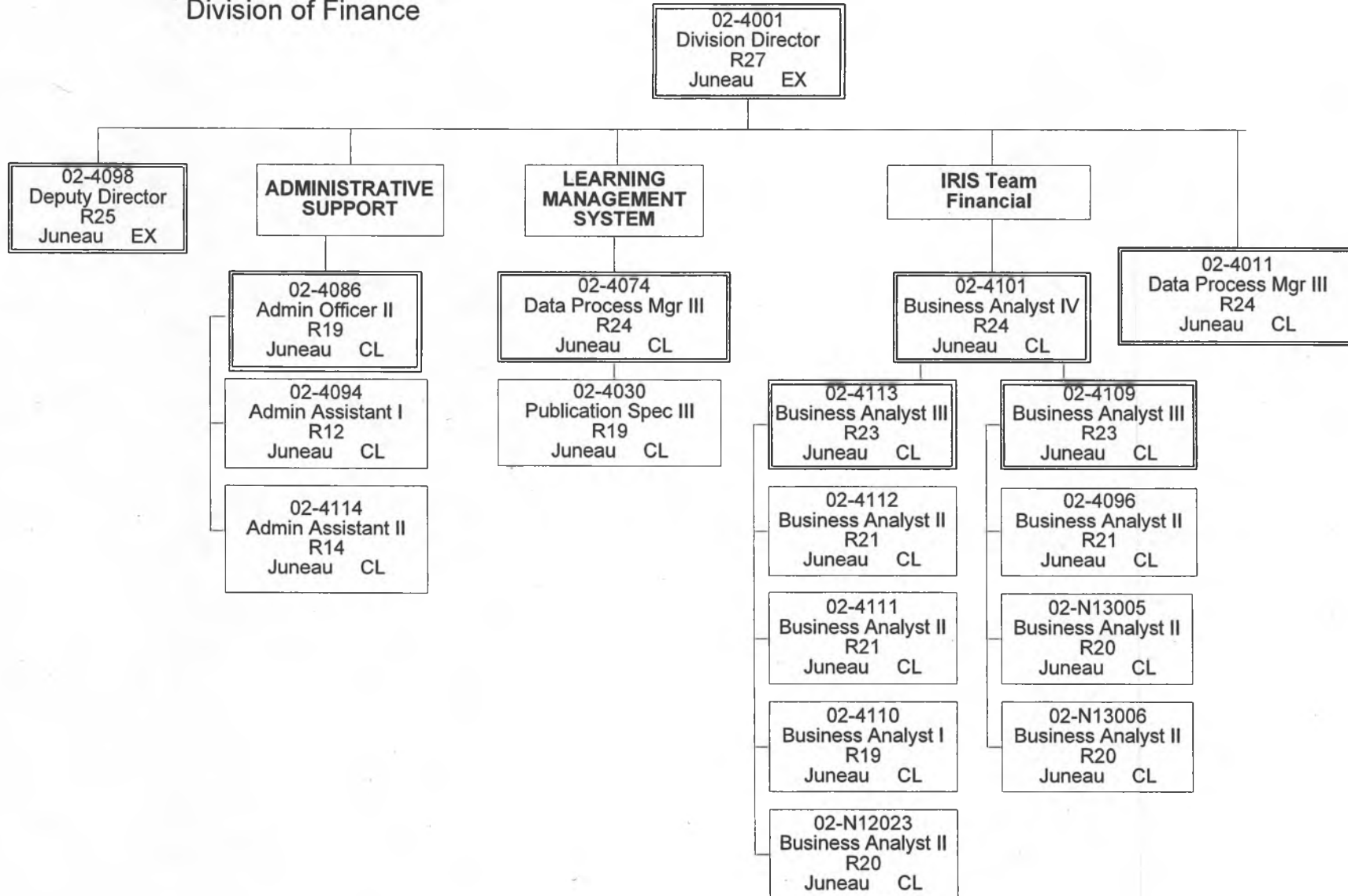
The requirements of (1) above are assumed to be satisfied through the provision of historical data available from either the Alaska Budget System (ABS) or in a cooperative effort between the Office of Management and Budget and the Legislative Finance Division. Agency 10-year expenditure projections are assumed to be the same projections that are provided to OMB as part of the annual 10-year planning process. It should be noted that it is highly probable that some level of OMB staff time would need to be devoted to providing assistance to the review team staff or contractors in order for them to best interpret the historical and projected data that is available for the agencies from these sources.

The requirements of (2) above are assumed to be satisfied through the provision of organizational charts that are routinely published by the Office of Management and Budget as part of the annual publication of the agency budgets. Attached is an example of the type of staffing charts currently produced. If these do not provide adequate information to the review team, additional effort would be required that is not reflected in this analysis. The requirement to provide the review team with a list of transfers of personal services funding to or from other line items within the agency during the preceding 10 years is assumed to be met by the semi-annual reports that have been required through appropriation bill language since 2009. Information on this item is not available from the Office and Management and Budget prior to 2009. It is assumed that OMB would not be required to construct this information prior to FY2010.

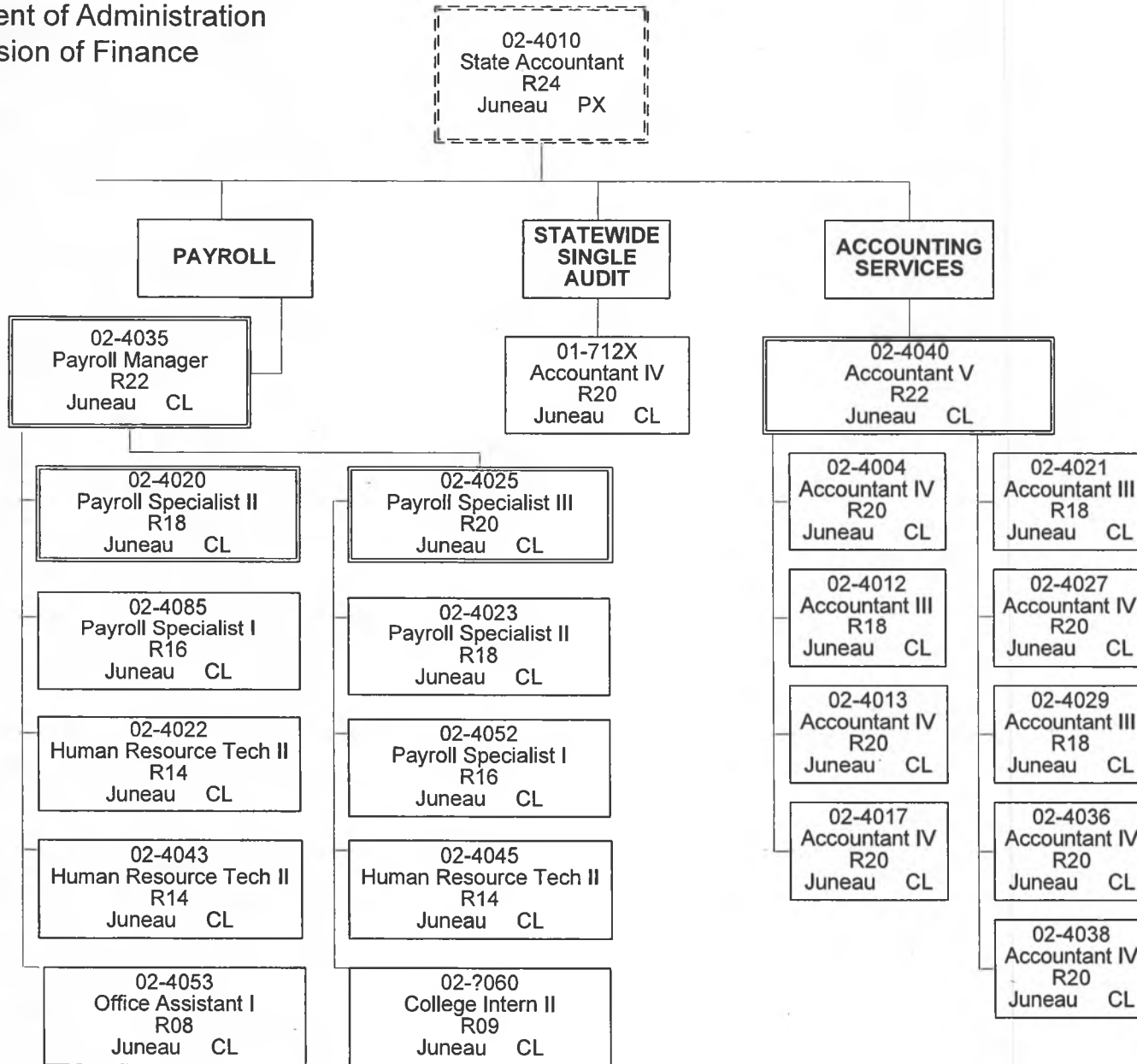
It is also assumed that agency travel budgets would not be adversely impacted by the public hearings called for on page 5, section 6 lines 28-31.

As further information becomes available regarding the implementation of this legislation, it is possible that the fiscal note would need to be revised to reflect costs that are not identified at this time.

Department of Administration  
Division of Finance



Department of Administration  
Division of Finance



# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: HB 30 (U)  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB 30 - Legislative Audit  
Title: STATE AGENCY PERFORMANCE AUDITS  
Sponsor: \*\* CHENAULT, OLSON  
Requester: House Finance

Department: Alaska Legislature  
Appropriation: Budget and Audit Committee  
Allocation: Legislative Audit  
OMB Component Number: 773

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>								
Personal Services	286.3		363.9	363.9	363.9	363.9	363.9	363.9
Travel	39.0		48.5	48.5	48.5	48.5	48.5	48.5
Services	296.0		929.0	776.0	902.0	755.0	755.0	755.0
Commodities	21.0		10.5	10.5	10.5	10.5	10.5	10.5
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>642.3</b>	<b>0.0</b>	<b>1,351.9</b>	<b>1,198.9</b>	<b>1,324.9</b>	<b>1,177.9</b>	<b>1,177.9</b>	<b>1,177.9</b>

**Fund Source (Operating Only)**

1004 Gen Fund	642.3		1,351.9	1,198.9	1,324.9	1,177.9	1,177.9
<b>Total</b>	<b>642.3</b>	<b>0.0</b>	<b>1,351.9</b>	<b>1,198.9</b>	<b>1,324.9</b>	<b>1,177.9</b>	<b>1,177.9</b>

**Positions**

Full-time	3.0		3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

Change in Revenues							

Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Re-ordering of departments reflected in the committee substitute necessitated changes to contractual services amounts. Only the timing of the amounts between years changed. The total services amount remains the same.

Prepared By: Kris Curtis  
Division: Division of Legislative Audit  
Approved By: Kris Curtis  
Division of Legislative Audit

Phone: (907)465-4199  
Date: 02/11/2013 10:00 AM  
Date: 02/11/13

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSHB 30

Analysis

71000 - Personal Services

In FY 14 the \$286.3 will pay for: two (2) full-time staff (salary & benefits), range 22, step A for 8 months and one (1) full time staff, range 24, step A for 12 months. Starting FY 15 the \$363.9 will pay for: two (2) full-time staff (salary & benefits), range 22, step A for a full 12 months and one (1) full time staff, range 24, step A for 12 months.

72000 - Travel

Anticipate 6 in-state trips and 1 out of state trip for each of the review team members.

73000 - Contractual

The amounts include \$20.0 annually for telecommunications, software licenses, space costs, deliver services and utilities. The largest portion is the expected contractual costs associated with consultants as shown below. A detail break down of these costs are as follows: (Note The review year of the legislation is on a calendar year and the budget is prepared on a fiscal year. So 80% of the consultants costs are expected in the fiscal year with the same date as the review year and 20% of the consultant's costs will be in the fiscal year with a date one year after the review year.

<u>Review Year</u>	<u>Department</u>	<u>Consultant Costs</u>
2014	Department of Corrections	\$345.0
2015	DHSS	\$1,050.0
2016	DEED	\$735.0
2017	Governor's Office Agencies	\$210.0
2017	Legislative Agencies	\$210.0
2017	Court System	\$420.0
2018	University of Alaska	\$735.0
2019	DOTPF	\$735.0
2020	Department of Administration	\$525.0
2020	DCCED	\$525.0
2021	Department of Fish and Game	\$475.0
2021	Department of Enviornmental Cons	\$475.0
2021	Department of Natural Resources	\$475.0
2022	Department of Revenue	\$525.0
2022	Department of Law	\$370.0
2022	Department of Public Safety	\$315.0
2023	DMVA	\$265.0

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSHB 30

**Analysis Continued**

74000 - Commodities

Includes office supplies and equipment under \$5,000. FY 14 costs are higher because of the need to purchase computers, monitors, desks and other first year start up costs.

# Alaska State Legislature

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Representative Mike Chenault  
Speaker of the House  
District 34

## SPONSOR STATEMENT HB 30

In 1977 the Alaska State Legislature found there was a need for an effective and regular system of scrutinizing the programs and activities of all State agencies, boards and commissions. The legislature further found that the establishment of a system for periodic review by the public, the executive and legislative branches of certain state agencies, boards and commissions would help the governor and the legislature determine the need for the continued existence of each. Under AS 44.66, this review has continued since 1977 for boards and commissions. The dates to review programs and agencies of the state ended in 1983 and were never reenacted.

Low oil revenues contained budget growth from the early Eighties to 2004. State revenues grew dramatically when the price of oil rose in 2004, and the budget grew accordingly. The current legislative budget process mainly looks at increments and without a regular system of scrutiny, annual budgets continue to grow. Other states have incorporated performance reviews that have resulted in significant budgetary savings.

This legislation will renew the effective and regular system of scrutiny of our departments by authorizing performance reviews. The legislation has been crafted to model some of the aspects of the Texas Sunset Commission reviews, but utilizes minimal staff and outsourced independent contract work to complete the process under the auspices of the Legislative Audit Division.

The information provided by these reviews will include authority, accountability, effectiveness, efficiency and necessity of departments and their programs. The report, along with draft legislation to fix issues, will provide the House and Senate Finance Committees with in-depth information needed to fund state budgets appropriately.

Alaskans will be the ultimate beneficiary of these reviews. This process will ensure that our governmental agencies are working for Alaskans in an efficient manner.

# Alaska State Legislature

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## REPRESENTATIVE MIKE CHENAULT SPEAKER OF THE ALASKA STATE HOUSE

### Sectional Analysis

#### HB 30

***"An Act relating to performance reviews and audits of executive branch agencies, the University of Alaska, the Legislature and the Alaska Court System; and providing for an effective date."***

*This is a summary only. Note that this sectional analysis should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.*

Section 1--requires the Legislative Finance Division to identify the reduction in state expenditures in the first fiscal year following audit of an agency by Legislative Audit under proposed AS 44.66.040, added by section 6 of the bill, and report that amount to the Legislative Audit and Budget Committee.

Section 2--deletes existing language authorizing Legislative Audit to conduct performance post-audit of programs and activities of agencies, and to terminate programs and activities of agencies. The section also adds language authorizing Legislative Audit to conduct a performance review of certain agencies.

Section 3--requires Legislative Audit to keep the performance review reports on file.

Section 4--requires an annual report produced by the Legislative Budget and Audit Committee to include actual and projected reductions in state expenditures from the agency reviews.

Section 5--repeals and reenacts AS 44.66.020. The statute now requires Legislative Audit to ensure that the review team conducts a performance review of the agencies listed in the statute. The statute also lists the years in which the first review shall be conducted.

Section 6--sets out the duties of the review team, including scheduling hearings, collaborating with other agencies, consulting other states and organization, analyzing material relevant to the performance review of the agency, and providing preliminary and final reports by specific dates. Requires the Legislative Budget and Audit Committee to track and publish actual reductions in state expenditures as a result of the review team's audit. Allows the House and Senate Finance Committees to incorporate the recommendations of the review team into the budget.

Section 7--removes references to agency programs in AS 44.66.050.

Section 8--adds clarifying language to AS 44.66.060 so that a claim against a program of an agency terminated by the legislature does not extinguish the claim.

**Section 9**--defines "agency" and "review team."

**Section 10**-- repeals AS 44.66.030.

**Section 11**—repeals AS 24.20.231(7), 24.20.271(2), 24.20.311(b), AS 44.66.020, and 44.66.040 on July 1, 2023.

**Section 12**--provides an effective date of July 1, 2013.

# SUNSET ADVISORY COMMISSION

*Sunset in Texas*

JANUARY 2012



**What is Sunset?**

Sunset is the regular assessment of the continuing need for a state agency to exist. While standard legislative oversight is concerned with agency compliance with legislative policies, Sunset asks a more basic question: "Do the agency's functions continue to be needed? The Sunset process works by setting a date on which an agency will be abolished unless legislation is passed to continue its functions. This creates a unique opportunity for the Legislature to look closely at each agency and make fundamental changes to an agency's mission or operations if needed.

The Sunset process is guided by a 12-member body appointed by the Lieutenant Governor and the Speaker of the House of Representatives. Assisting the Commission is a staff whose reports provide an assessment of an agency's programs, giving the Legislature the information needed to draw conclusions about program necessity and workability.

For additional information on the Sunset process, please review the document [Sunset in Texas](#).

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### Frequently Asked Questions (FAQ)

The Texas Legislature created the Sunset Advisory Commission in 1977 to identify and eliminate waste, duplication, and inefficiency in government agencies. The 12-member Commission reviews the policies and programs of more than 150 state agencies and questions the need for each agency; looks for duplication of other public services or programs; and considers changes to improve each agency's operations and activities. The Commission seeks public input through hearings on every agency under Sunset review and recommends actions on each agency to the full Legislature. In most cases, agencies under Sunset review are automatically abolished unless legislation is enacted to continue them.

#### What Law Created and Governs the Sunset Advisory Commission?

The Texas Sunset Act can be found at [Section 325.001](#) of the Texas Government Code.

#### What is Sunset?

Sunset is the regular assessment of the need for a state agency to exist. While standard legislative oversight is concerned with agency compliance with legislative policies, Sunset asks a more basic question: Do the agency's functions continue to be needed? The Sunset process works by setting a date on which an agency will be abolished unless legislation is passed to continue its functions. This creates a unique opportunity for the Legislature to look closely at each agency and make fundamental changes to an agency's mission or operations if needed.

The Sunset process is guided by a 12-member body appointed by the Lieutenant Governor and the Speaker of the House of Representatives. Assisting the Commission is a staff whose reports provide an assessment of an agency's programs, giving the Legislature information needed to draw conclusions about program necessity and workability.

#### How is an Agency Scheduled for Review Under Sunset?

About 150 state agencies are subject to the Texas Sunset Act. The Sunset Act, which became effective in August 1977, specifies each agency's review date. Agencies under Sunset typically undergo review once every twelve years. Certain agencies, such as universities and courts, are not subject to the Sunset Act. Some constitutionally created agencies, such as the Board of Pardons and Paroles and the Board of Trustees of the Teacher Retirement System of Texas, are subject to Sunset review but not abolishment.

Generally, the Legislature groups and schedules agencies for review by function to allow the examination of all major state policies related to a particular function at once, such as health and human services, natural resources, and financial regulation. About 20 to 30 agencies go through the Sunset process each legislative session. The Legislature may change the review schedule to enable a close look at certain agencies. By using the Sunset process to examine agencies that are of special legislative interest, the Legislature further strengthens the accountability of state agencies.

#### How are Agencies Reviewed?

Staff of the Sunset Commission work extensively with each agency under review to evaluate the need for the agency, propose needed statutory or management changes, and develop legislation necessary to implement any proposed changes. Sunset staff uses specific standards set by the Legislature to evaluate each of the programs and functions of a state agency placed under Sunset review. These standards are located at [§325.011](#) of the Government Code. The staff review of an agency typically takes from three to eight months depending on the size and complexity of the agency. Sunset staff gathers information from a broad range of sources. As a part of the review process, each agency submits a Self-Evaluation Report (SER) to the Sunset Commission. The SER identifies problems, opportunities, and issues that the agency feels should be considered in the Sunset review. Sunset staff also solicits input from interest groups and professional organizations and encourages public input and discussion of agency functions. Once the evaluation phase of the review is completed, Sunset staff publishes a report containing statutory and management recommendations.

The Sunset Commission conducts a public hearing on each agency under review after publication of the staff report. The public hearing provides an opportunity for Sunset staff to discuss its recommendations, for the agency to formally respond to the staff recommendations, and for the public to comment on the report and agency operations and policies. This allows for broad public input into the Sunset process and begins the Commission's consideration of potential changes to recommend to the Legislature in the form of Sunset legislation. All information presented to the Commission at the public hearing, whether submitted orally or in writing, is reviewed and compiled. The Commission meets to review the input received and to make decisions on whether to abolish an agency or continue it with changes.

Persons interested in being placed on Sunset's mailing list and receiving the review schedule, meeting schedule, meeting agendas, staff reports, or decision materials should contact the Sunset Commission staff.

#### What Changes Can Be Made Through Sunset??

The Commission's report on an agency must include a recommendation to abolish or continue the agency and may

also contain recommendations. If the Commission recommends continuation of an agency, the Commission must provide draft legislation to the Legislature to continue for up to 12 years, and correct other problems identified during the Sunset review. Although not required by law, the Commission's legislative members traditionally introduce and carry Sunset legislation.

The Sunset Commission has also developed a set of standard recommendations that are applied to agencies. These Across-the-Board recommendations (ATBs) reflect an effort by the Legislature to place policy directives on agencies to prevent problems from occurring, instead of reacting to problems after the fact. The Commission's ATBs are an outgrowth of review standards contained in the Sunset Act and are designed to ensure open, responsive, and effective government. Examples of ATBs include increasing public representation on the agency's policy board, improving responsiveness to complaints filed by the public, and implementing a standard approach to equal employment opportunity.

An agency is automatically abolished unless the Legislature passes legislation to continue the agency. If an agency is abolished, the Sunset Act provides for a one-year wind-down period to conclude its operations. The agency retains full authority and responsibility until the end of that year, when all property and records are transferred to an appropriate state agency.

#### **How Does Sunset Coordinate with Other Oversight Agencies?**

The Sunset Commission is one of several agencies charged with monitoring state agency performance. These other oversight agencies include the [State Auditor](#), [Legislative Budget Board](#), [Governor's Office of Budget and Planning](#), and [Legislative Committees](#). Sunset regularly coordinates with these agencies to reduce the possibility of duplication of effort and to assist in identifying issues that may be addressed by Sunset or another agency.

#### **How Many Agencies Have Been Abolished Since the Beginning of Sunset?**

The Sunset process has streamlined and changed state government. Since Sunset's inception in 1978, 58 agencies have been abolished and another 12 agencies have been consolidated. In addition, even as the scope of reviews has expanded, the Legislature has approved a large majority of the recommendations of the Sunset Commission. The most significant changes resulting from Sunset reviews are summarized in the document [Sunset in Texas](#).

#### **Has Sunset Saved the State Any Money?**

The fiscal impact of Sunset recommendations over time can be estimated through fiscal note data. Estimates from reviews conducted between 1982 and 2009 indicate a potential 27-year revenue savings of approximately \$783.7 million, compared with expenditures of \$28.6 million for the Sunset Commission. Based on these estimates, for every dollar spent on the Sunset process, the State has received \$27 in return.

#### **How Can I Get More Information About Sunset?**

If you would like more detailed information you may download a copy of the document [Sunset in Texas](#) (.pdf) [here](#). Please be sure that you have installed the [Adobe Acrobat Reader](#) on your computer. If you prefer a hard copy, please call (512) 463-1300 or write to [sunset@sunset.state.tx.us](mailto:sunset@sunset.state.tx.us) to request a copy. [Sunset in Texas](#) provides lists of all agencies that have undergone Sunset review, the results of those reviews, dates of future reviews as well as specific information on how certain agencies were affected by their Sunset legislation.

For information on how to participate in the Sunset process, including information on accessibility for the disabled, please read [How to Participate in the Sunset Process](#).

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# Alaska House of Representatives

**Representative Mia Costello, Chair**  
Alaska State Capitol, Room 501  
Juneau, AK 99801  
Phone: (907) 465-4968  
Fax: (907) 465-4020



**Members:**  
Representative Alan Austerman  
Representative Tammie Wilson  
Representative Les Gara

## House Bill 30 House Finance Subcommittee

### SUBCOMMITTEE REPORT

**Date:** Monday, February 11, 2013

**From:** Representative Mia Costello, Chairman  
House Finance Subcommittee for House Bill 30

**To:** Representative Alan Austerman, Co-Chair  
Representative Bill Stoltze, Co-Chair  
House Finance Committee

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The House Finance Subcommittee for House Bill 30 (hereafter "the Subcommittee") met twice and considered House Bill 30, entitled "An Act relating to performance reviews, audits, and termination of executive and legislative branch agencies, the University of Alaska, and the Alaska Court System; and providing for an effective date." The Subcommittee heard testimony from:

Representative Mike Chenault, the sponsor of House Bill 30  
Sharon Kelly, staff to Representative Chenault  
Todd Haggerty, policy analyst at the National Conference of State Legislatures  
Brenda Erickson, program principal at the National Conference of State Legislatures  
Kris Curtis, Legislative Auditor, Legislative Audit Division

The Subcommittee for House Bill 30 considered proposed amendments to House Bill 30, and recommends the following changes be made to House Bill 30 (version A, work order 28-LS0180\U):

To page 4, lines 12 – 14:

Replace all instances of “2015” with “2017”.

To page 4, line 15:

Replace “2016” with “2015”.

To page 4, line 16:

Replace “2017” with “2016”.

To page 4, lines 12 – 17:

Reorder paragraphs so that agencies are listed in chronological order of their respective review years. Renumber paragraphs as appropriate.

To page 5, line 14:

Replace “(C) are not essential;” with “(C) are not essential to the agency mission or delivery of the agency’s core services;”

To page 5, lines 17- 19:

Delete all material and replace with the following:

“(4) all information submitted to the legislature in the agency’s most recent submission under AS 37.07.050, including agency mission, results-based measures, prioritization of core services and all programs within the core services from the most important to the least important.”

To page 6, line 8:

Before “(1)”, insert “(1) all material provided under AS 44.66.020(c)(4);”.

Renumber following items accordingly.

To page 7, line 1:

Delete “(1) evaluate the efficiency and effectiveness of the agency’s programs;”.

Insert the following:

“(1) evaluate the success of the agency in achieving its mission, through the effective and efficient delivery of its core services, goals, programs, and objectives;

(2) determine whether the agency's results-based measures demonstrate the effectiveness and efficiency of the agency's core services, goals, programs, and objectives and recommend changes if necessary;

(3) determine whether the results-based measures were useful in conducting the review and recommend changes if necessary;”

To page 7, lines 6 – 8:

Delete all material.

To page 7, line 10:

Replace “identifies” with “identify”.

To page 7, line 17:

Replace “assesses” with “assess”.

To page 7, line 23:

Replace “recommends” with “recommend”.

To page 7, lines 25 – 27:

Delete all material and replace with the following:

“(13) identify services provided by programs and functions duplicated by another government agency or private entity and recommend the most effective and efficient way to perform those services;”

To page 8, line 2, following “(15) identify reductions”:

Insert “ and efficiencies”.

To page 7, line 1 through page 8, line 17:

Renumber all sections as appropriate.

At the request of the Subcommittee, the changes listed above have been consolidated by the Legislative Legal Services Division into a committee substitute work draft (draft number 28-LS0180\P, Martin) which has been attached to this report and is respectfully submitted for consideration by the House Finance Committee.

Attachments:

Committee substitute work draft for House Bill 30 (28-LS0180\P, Martin)

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: HB 30 (U)  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB 30 - Legislative Audit  
Title: STATE AGENCY PERFORMANCE AUDITS  
Sponsor: \*\* CHENAULT, OLSON  
Requester: House Finance

Department: Alaska Legislature  
Appropriation: Budget and Audit Committee  
Allocation: Legislative Audit  
OMB Component Number: 773

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>								
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Commodities	21.0		10.5	10.5	10.5	10.5	10.5	10.5
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>642.3</b>	<b>0.0</b>	<b>1,183.9</b>	<b>1,450.9</b>	<b>1,240.9</b>	<b>1,177.9</b>	<b>1,177.9</b>	<b>1,177.9</b>

**Fund Source (Operating Only)**

1004 Gen Fund	642.3		1,183.9	1,450.9	1,240.9	1,177.9	1,177.9
<b>Total</b>	<b>642.3</b>	<b>0.0</b>	<b>1,183.9</b>	<b>1,450.9</b>	<b>1,240.9</b>	<b>1,177.9</b>	<b>1,177.9</b>

**Positions**

Full-time	3.0		3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial Version
-----------------

Prepared By: Kris Curtis  
Division: Division of Legislative Audit  
Approved By: Kris Curtis  
Division of Legislative Audit

Phone: (907)465-4199  
Date: 01/26/2013 04:40 PM  
Date: 01/26/13

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
 2013 LEGISLATIVE SESSION  
 Analysis

BILL NO. HB 30

71000 - Personal Services

In FY 14 the \$286.3 will pay for: two (2) full-time staff (salary & benefits), range 22, step A for 8 months and one (1) full time staff, range 24, step A for 12 months. Starting FY 15 the \$363.9 will pay for: two (2) full-time staff (salary & benefits), range 22, step A for a full 12 months and one (1) full time staff, range 24, step A for 12 months.

72000 - Travel

Anticipate 6 in-state trips and 1 out of state trip for each of the review team members.

73000 - Contractual

The amounts include \$20.0 annually for telecommunications, software licenses, space costs, deliver services and utilities. The largest portion is the expected contractual costs associated with consultants as shown below. A detail break down of these costs are as follows: (Note The review year of the legislation is on a calendar year and the budget is prepared on a fiscal year. So 80% of the consultants costs are expected in the fiscal year with the same date as the review year and 20% of the consultant's costs will be in the fiscal year with a date one year after the review year.

<u>Review</u>	<u>Consultant</u>	
<u>Year</u> <u>Department</u>	<u>Costs</u>	
2014	Department of Corrections	\$345.0
2015	Governor's Office Agencies	\$210.0
2015	Legislative Agencies	\$210.0
2015	Court System	\$420.0
2016	DHSS	\$1,050.0
2017	DEED	\$735.0
2018	University of Alaska	\$735.0
2019	DOTPF	\$735.0
2020	Department of Administration	\$525.0
2020	DCCED	\$525.0
2021	Department of Fish and Game	\$475.0
2021	Department of Enviornmental Cons	\$475.0
2021	Department of Natural Resources	\$475.0
2022	Department of Revenue	\$525.0
2022	Department of Law	\$370.0
2022	Department of Public Safety	\$315.0
2023	DMVA	\$265.0
2023	DLWD	\$370.0

FISCAL NOTE ANALYSIS

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**Analysis Continued**

74000 - Commodities

Includes office supplies and equipment under \$5,000. FY 14 costs are higher because of the need to purchase computers, monitors, desks and other first year start up costs.