

**HB**

**30**

<TARGET><BILL>HB 30</BILL><SUBJECT>HB  
30</SUBJECT><COMM>SFIN28</COMM></TARGET>

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/19/13

FURTHER:

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

**Finance Committee** considered CS FOR HOUSE BILL NO. 30(FIN)

## HB 30 STATE AGENCY PERFORMANCE AUDITS

"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."

and recommends:

- be replaced with SCS \_\_\_\_\_ ( \_\_\_\_\_ )  Same Title  Technical Title Change  
 New Title/SCR No. \_\_\_\_\_
- adopt previous SCS \_\_\_\_\_ ( \_\_\_\_\_ )  Same Title  Technical Title Change  
 New Title/SCR No. \_\_\_\_\_
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
LEG	✓			3
LEG			✓	2
GOV			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Anna Fairclough</i>	FAIRCLOUGH	X			
<i>Celiah Bishop</i>	BISHOP	X			
<i>Michael J. Smith</i>	DURLEIGH			✓	
CO-CHAIR: <i>K. Meyer</i>	Meyer	X			
CO-CHAIR: <i>Pat Kelly</i>	Kelly			✓	

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: CSHB 30(FIN)  
Fiscal Note Number: 1  
(H) Publish Date: 2/13/13

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 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:**

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.
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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 #1

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSHB 30(FIN)

**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.

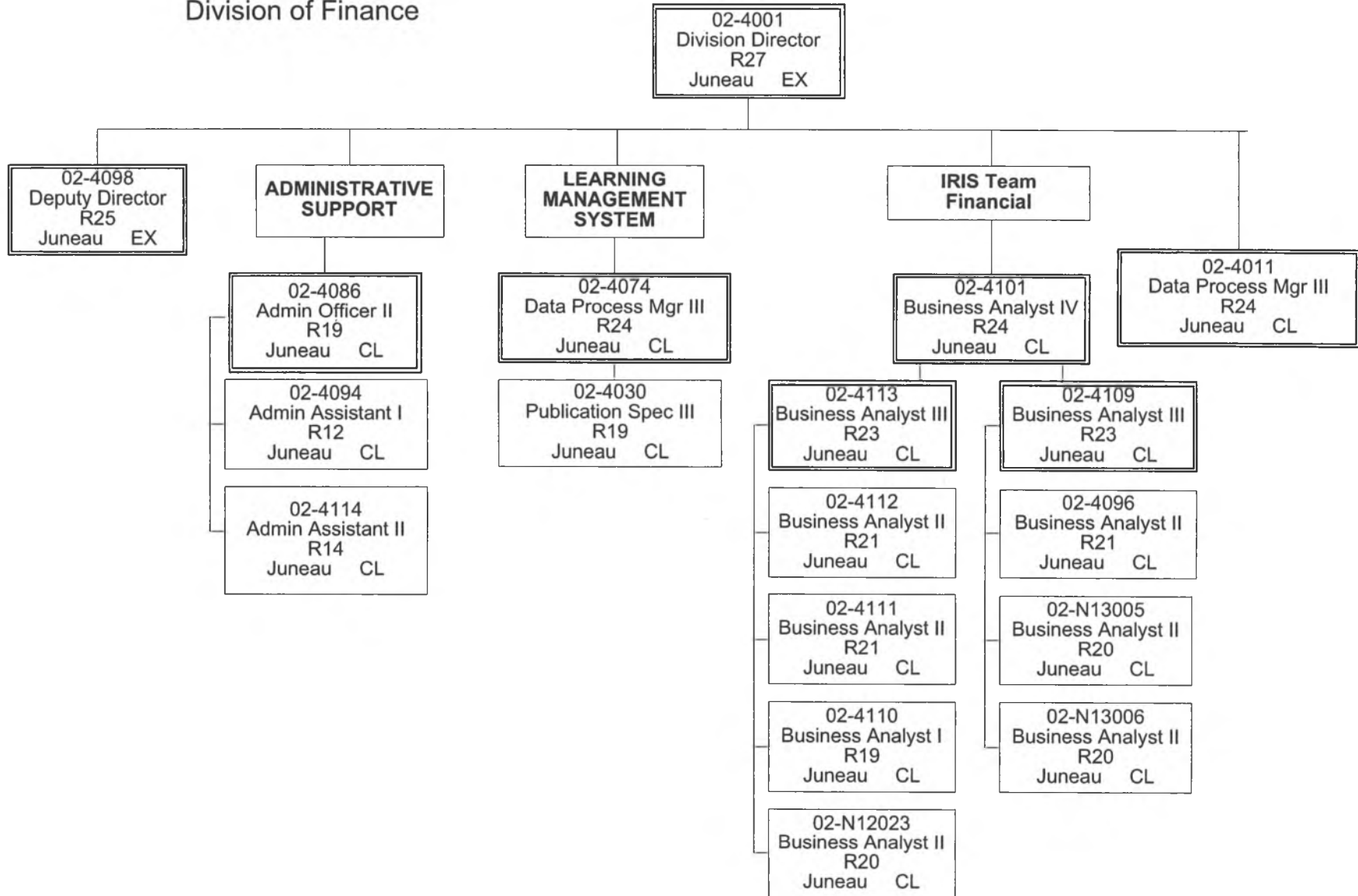
The requirements of (1) above are assumed to be satisfied through the provision of historical data available from either the Alaska Budget System (ABS) or in a cooperative effort between the Office of Management and Budget and the Legislative Finance Division. Agency 10-year expenditure projections are 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.

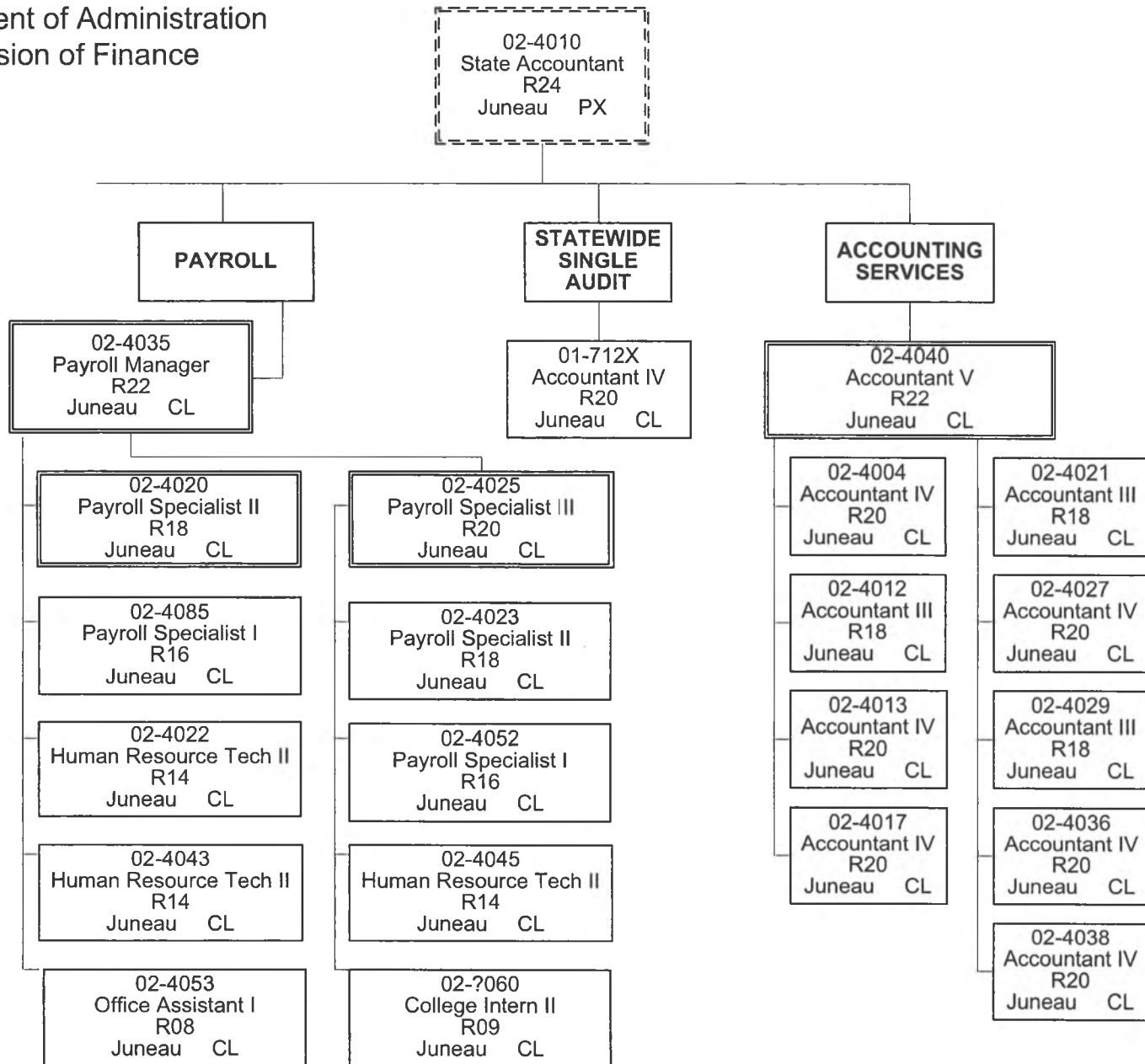
It is also assumed that agency travel budgets would not be adversely impacted by the public hearings called for in section 6, page 5, lines 30-31, and page 6 lines 1-2.

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: CSHB 30(FIN)  
 Fiscal Note Number: 2  
 (H) Publish Date: 2/13/13

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								

**Change in Revenues**

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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:	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 #2

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSHB 30(FIN)

**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: CSHB 30(FIN)  
Fiscal Note Number: 3  
(H) Publish Date: 2/13/13

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

FISCAL NOTE ANALYSIS #3

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSHB 30(FIN)

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 Environmental 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 #3

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSHB 30(FIN)

**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 ALASKA STATE HOUSE

### 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 through 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.

The ultimate benefit of these reviews will be for Alaskans. It will ensure Alaska government is working for Alaskans in an effective and 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.

## **HISTORY AND SUMMARY OF CHANGES TO HB 30**

**HB 30 was prefiled and released 1/7/2013. THERE WERE 27 PRIME COSPONSORS. Since that time, three additional sponsors have signed on.**

**HB 30 was read across the floor on January 16, 2013 and referred to the House Finance Committee.**

**The House Finance Committee took up HB 30 on January 31, 2013. During that meeting, the bill was presented by Representative Chenault and staff and then referred to a Subcommittee chaired by Representative Mia Costello.**

**The Subcommittee met twice on this bill—February 4 and February 6, 2013. The Subcommittee Report is attached to this document.**

**The first amendment made changes to the bill to properly reference the current work being done by House Finance Committees relating to Mission, Measures, and Core Services. The bill also changed the review dates. The purpose of these changes was to have one review conducted the first year to develop the process, conduct the review and complete it properly. The review of the large departments of Health and Social Services and Education were accelerated so that the Finance Committees would have quicker access to the reviews in the coming years, especially as revenues decline.**

**The work draft was brought back and approved by full House Finance on February 11, 2013. Rep. Costello's staff presented the Subcommittee Report at that meeting. The bill was taken up the following day, February 12, and passed out of Committee.**

**The CS went to the full floor on February 18. There were two amendments offered from the floor, one exempting the Base Student Allocation from the review and one providing some clarifying language on the 10% cuts to be submitted by Departments. Both amendments failed.**

**The bill passed the house on February 18, 37 yeas and 0 nays.**

**The bill was referred to the Senate Finance Committee on the Senate Floor on 2/19/2013.**

**HB 30 is a reintroduction of HB 166 from the 27<sup>th</sup> Legislative Session. HB 166 passed the House in 2011 but never had a hearing in the Senate.**

# 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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February 12, 2013

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**Re: House Bill 30 - Relating to Performance Review Reports  
ACLU Review**

Co-Chairs Austerman and Stolze, Vice-Chair Neuman:

Thank you for the opportunity to submit written testimony regarding House Bill 30, a bill relating to performance review reports of state agencies.

The American Civil Liberties Union of Alaska represents thousands of members and activists throughout the State of Alaska who seek to preserve and expand individual freedoms and civil liberties guaranteed under the United States and Alaska Constitutions. In that regard, we appreciate the opportunity to provide the Committee with our opinions and concerns regarding the proposed legislation.

We would be happy to work with you or the Committee to answer any questions you might have.

### **Overview of the Performance Reports Bill**

The government of the state of Alaska belongs to its citizens, not to its bureaucrats, executives, or legislators. Having the ability to monitor the conduct of individual state agencies and ensure that they are providing appropriate services to the citizens is vitally important.

The bill proposes a system of regular reviews of state agencies, creating a report for each agency including one which determines, among many functions, whether “the agency acted in good faith to correct problems identified in any previous audit or review” and “list agency programs or actions not authorized by statute and identifies other authority for those actions.” Properly executed, the proposed scheme could shed important light on the sometimes insular operations of state agencies.

### **The Performance Reviews Should be Public Records**

The ACLU of Alaska’s primary concern about the bill lies in Section 3, which would make these performance reviews “confidential,” and thus not subject to public records requests. Reading the bill and the parameters of these performance reviews, one could hardly imagine why these reviews should be concealed from public view.

The bill would, among other things, “identify agencies that could be *terminated or consolidated*, reductions in costs, and potential program or cost reductions based on policy changes” and “include draft legislation to correct problems identified in the report that shall be introduced by the senate and house finance committees of the state legislature during the current legislative session.” If the performance reviews are to suggest such enormous consequences like the elimination of state agencies and result in draft legislation, the public deserves to know about it.

The people of Alaska, not the legislature and not the executive branch, are the ultimate arbiters of how state government should be run. Sweeping reviews of executive function should not be concealed from voters. The performance reviews must be made public records.

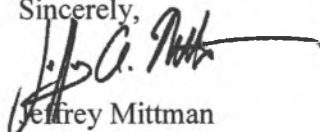
### **Conclusion**

We hope that the Finance Committee will consider our comments on HB 30.

Please feel free to contact the undersigned should you require any additional information. Again, we are happy to reply to any questions that may arise either through written or verbal testimony, or to answer informally any questions which Members of the Committee may have.

Thank you again for the opportunity to share our concerns.

Sincerely,



Jeffrey Mittman  
Executive Director  
ACLU of Alaska

cc: Representative Mia Costello, [Rep.Mia.Costello@akleg.gov](mailto:Rep.Mia.Costello@akleg.gov)  
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