

Leg. Finance - Finance Comte Files (1971-72) 8879

HB 14

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RECORDS



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James D. Smith
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4/4/89
Date

MEMO

TO: Representative Mike Bradner

FROM: Jay Hogan, Fiscal Analyst

SUBJECT: HOUSE BILL NO. 14 -- Senate and House Finance
Committee Versions

DATE: March 1, 1971

At your request I am submitting a memo outlining and commenting on the differences between the House Finance Committee Substitute for HOUSE BILL NO. 14 and the Senate Finance Committee Substitute for Committee Substitute for House Bill 14. Proceeding through the bill the points of differences are:

MEMBERSHIP --

The House version requires that the chairmen of the Senate and House Finance Committees and two finance committee members from each house be members of the Budget & Audit Committee; the Senate version does not require any finance committee membership. Since the mission of the proposed legislative Budget & Audit Committee is to accomplish the fiscal analysis, budget review and post audit functions it would seem logical that some finance committee membership be required.

The House version requires that one member of the minority be represented on the committee and the Senate version would increase this to two minority members. In those cases where either the House or the Senate were heavily weighted in favor of the majority party (i.e., 3 or 4 to 1 in representation) the "locking in" of a disproportionate number of minority seats would make the committee unrepresentative.

The House version provides that the committee shall select its own chairman; the Senate version makes no such provision. The inclusion of a statement regarding the selection of a committee chairman seems reasonable.

TERM OF MEMBERSHIP --

The House version requires that the Budget & Audit Committee be organized within 5 days of the organization of the session; the Senate version makes no specific requirement for organization. If the 5 day organizational requirement is unacceptable, a compromise might be to use a 30 day organizational requirement similar to that for the Legislative Council.

The House version limits membership to the session for which the member was appointed; the Senate version continues service on the Budget & Audit Committee until reappointed or replaced. A decision on this provision will hinge upon the decision to require committee organization within a specified period of time.

MEETINGS --

The Senate version excludes payment of per diem for committee meetings during the legislative session. This was a floor amendment and although reasonable is perhaps unnecessary. The Legislative Council has no such restriction but I believe it is well understood that a member cannot receive both legislative session per diem and interim service per diem for the same meeting.

POWERS --

The House version contains a provision (5) authorizing the review of changes in agency operating budgets; the Senate version contains no such provision. Changes in the operating budget are accomplished through the use of authority granted under Executive Order 20. Changes in the operating budget have been a source of great concern to the finance committees. The only way to exert legislative control over shifts and changes in the operating budget is to grant the interim committee the authority to review changes made during the budget year.

The Senate version adds a prohibition (8) of session referrals; the House version contains no similar provision. This was a Senate floor amendment and although not unreasonable is again perhaps unnecessary. Practice indicates that legislation referrals are not made to interim committees.

LEGISLATIVE FINANCE DIVISION - DUTIES --

The Senate version would authorize the Legislative Fiscal Analyst to serve, with the Governor's permission, on the Governor's Budget Review Committee; the House version contains no such provision. Whether or not the Fiscal Analyst sits as a member of the Governor's Budget Review Committee is not really a matter of vital concern. The essence of budget review requires that the Fiscal Analyst and his staff have access to the budget document in time to accomplish meaningful pre-session budget review.

LEGISLATIVE AUDIT DIVISION - STAFF --

The House version would provide for a full time Legislative Auditor as head of the Audit Division; the Senate version provides for a Supervisor of Audit who shall serve as head of the Division until such time as the Legislative Auditor becomes a full time state employee and assumes the duties of running the division. From an organizational point of view it would seem that the Legislative Auditor should be the actual head of the division. At one time the dual limitations of low state salaries and absence of CPA's in the state served to justify the existing contractual service arrangement; these original arguments are no longer valid. Should the Free Conference Committee decide to go with the full time Auditor but wish to allow a period of transition, I would suggest a transitional paragraph at the end of the bill spelling out the period during which the existing contractual auditor/supervisor relationship would be authorized to continue.

LEGISLATIVE AUDIT DIVISION - POWERS AND DUTIES --

The Senate version retained authority to give advice and assistance to state agencies on accounting procedures; the House version deleted this provision. The reasoning behind the House Finance Committee deletion of the provision was -- the Audit Division by offering such advice and assistance would eventually have to review its own suggestions, perhaps creating a conflict of interest situation.

SPECIAL AUDIT --

The Senate version adds the authority to perform a special audit of political subdivisions or other entities expending state funds; the House version contains no such provision. The Senate version underscores authority granted to the committee under the power section to review expenditures of state funds.

EFFECTIVE DATE --

The Senate version by virtue of a floor amendment makes those portions of the bill pertaining to the organization of the committee -- with the exception of the powers of the committee -- take effect upon passage of the act; the remaining sections take effect July 1, 1971; the House version makes the entire act effective on passage. I would suggest that the act as a whole either take effect upon passage or on the July 1 date.

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 11, 1971

TO: Finance Committee Members

FROM: J. H. Hogan, Fiscal Analyst

SUBJECT: Legislative Budget Review - Selected States

The responsibility for making appropriations is a legislative responsibility. This is clearly stated in the recently enacted Executive Budget Act; the legislature is directed to:

"consider the governor's proposed comprehensive program and financial plan [the budget], evaluate alternatives to the plan, make program selections among the various alternatives and determine, subject to available revenues, the level of funding required to support authorized state services."

Until passage of the Executive Budget Act - requiring as it does simultaneous submission of agency budget requests to both the administration and legislative affairs - the Alaska Legislature traditionally tried to fulfill its budgetary responsibilities during the session, without benefit of pre-session legislative staff review and analysis. But, many other states have given up attempting to "react" to the governor's budget message after delivery and have instituted legislative review procedures which pre-date the legislative session by several months, much the way executive department budget review pre-dates the session. The purpose of this memorandum is to acquaint you with some of the various approaches to legislative budget review used by other states.

Though there is a wide variety of organizational arrangements among the states surveyed, some common features do emerge. Fourteen of the sixteen states surveyed have fiscal staffs that service both houses of the legislature. Ten states - eight located in the western half of the nation - have some sort of joint interim fiscal committee, usually with broad budgetary review, revenue and expenditure estimating responsibilities; in at least eight of these ten states, by either

January 11, 1971

statute or practice, membership of the joint interim committee includes the leadership from the appropriation committees of both houses. Twelve states have either a joint interim fiscal committee or a joint appropriations committee.

Thus, some form of service on a joint fiscal committee or the use of "interlocking directorates" between session and interim legislative finance committees is the rule rather than the exception. The same applies to legislative fiscal staffs; they usually serve both houses of the legislature.

The survey had its beginning in a member's request for information concerning legislative budget procedures in a certain few states. Using a 1967 publication "Budgeting by the States", prepared for the National Association of State Budget Officers by the Council of State Governments, I selected some seventeen states that, according to their coverage in the report, seemed to have fairly strong legislative budgeting operations. These states were then contacted by letter, requesting detailed information on finance committee and staff structure and responsibilities, staff employment practices, formal reporting requirements, etc. All but one of the states responded and from this response the following material on legislative budget procedures was developed.

JHH:dh
Enclosures

SUMMARY TABLE
LEGISLATIVE BUDGET PROCEDURES
SELECTED STATES

States with separate appropriation committees (12):

Arizona	Maryland	New York
California	Michigan	Pennsylvania
Colorado	Minnesota	Texas
Hawaii	New Mexico	Washington

States with separate appropriation committees that customarily meet in some form of joint hearing (2):

Maryland	New York
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States with joint appropriation committees (4):

Maine	Oregon
New Jersey	Utah

States with joint interim fiscal committees (10):

Arizona	New Mexico	Utah*
California	Oregon	Washington*
Colorado	Pennsylvania	
Maryland*	Texas	

*Committees also have post-audit responsibilities.

States with fiscal staffs that service both houses (14):

Arizona	Maryland	Pennsylvania
California	Michigan	Texas
Colorado	New Jersey	Utah
Hawaii	New Mexico	Washington
Maine	Oregon	

States surveyed by area of the country (16):

<u>Eastern States</u>	<u>Mid-West States</u>	<u>Western States</u>
Maine	Michigan	Arizona
Maryland	Minnesota	California
New Jersey		Colorado
New York		Hawaii
Pennsylvania		New Mexico
		Oregon
		Texas
		Utah
		Washington

LEGISLATIVE BUDGET PROCEDURES
SELECTED STATES

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LEGISLATIVE AFFAIRS AGENCY
January 11, 1971

ARIZONA
LEGISLATIVE BUDGET PROCEDURES

During legislative sessions, budget and appropriation matters are handled by separately functioning house and senate appropriation committees; during the interim, revenue, budget and expenditure needs of the state, plus matters pertaining to the organization and functioning of state agencies, come under the review of the Joint Legislative Budget Committee. The budget committee consists of 14 members designated or appointed as follows: the president of the senate and speaker of the house are ex officio members without voting rights; the majority leaders of both houses and chairmen of the house and senate appropriations committees are full voting members; and four members each from the house and senate, all of whom must be members of their respective appropriation committees, complete the committee voting membership. By statute the chairmanship of the committee alternates on a year to year basis between the chairmen of the house and the senate appropriations committees.

The principal powers and duties of the budget committee (provided in Laws 1966, Chapter 96) are to:

- (1) "Ascertain facts and make recommendations to the legislature relating to the state budget, revenues and expenditures of the state, future fiscal needs, the organization and functions of state agencies...";
- (2) "Make studies, conduct inquiries, investigations and hold hearings"; and
- (3) "Establish subcommittees from the membership of the legislature and assign to such subcommittee any study, inquiry, investigation or hearing...."

The budget committee is empowered by law to appoint and determine the compensation of a budget analyst and other necessary professional and clerical staff. Committee rules, provide that the Legislative Budget Analyst shall be the staff director and executive officer of the committee and that his duties shall include:

- (1) "Compilation of information for the Committee."
- (2) "A continuous review of State expenditures, revenues and analysis of budget to ascertain the facts, compare cost, workload and other data and make recommendations concerning the State's budget and revenue of the departments, boards, commissions and agencies of the State."
- (3) "Act as administrative head of the Committee staff, with authority to hire and dismiss such personnel as may be necessary for the proper conduct of the office, and fix compensation of staff members within the limits set by the Committee."

ARIZONA
LEGISLATIVE BUDGET PROCEDURES

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- (3) "Act as administrative head of the Committee staff, with authority to hire and dismiss such personnel as may be necessary for the proper conduct of the office, and fix compensation of staff members within the limits set by the Committee."

Concerning staff duties and qualifications, Robert L. Lawless, Staff Director comments in his letter of June 22, 1970:

(1) "Our recommendations to the Legislature are based on a review and analysis of the Executive Recommendations. As a practical matter, we have to review the agency requests in essentially the same detail as do the Executive Analysts, but from the Legislative viewpoint.... The analysts in this office are assigned to specific agencies for budgetary review and work with them on all matters of concern to the office...."

(2) "The Joint Budget Committee staff does considerable... interim research for the Committee; analyzes bills with fiscal implications during the session, and performs general staff functions as necessary throughout the year. During the session, the staff members are available to assist both the House and Senate Appropriations Committees...."

(3) "We seek staff members with strong academic backgrounds in public administration, economics or related areas.... Three of the existing staff members hold a masters degree and this will be a requirement for the Economist position." [Six professional positions are currently authorized.]

Staff publications include an analysis of the governor's budget and an appropriations report. The annual analysis of the budget is required by statute and is discussed in some detail in the staff memorandum Formal Legislative Budget Analysis - Selected States, dated January 11, 1971. The appropriations report details the appropriated budget for all state agencies and includes some of the more important detailed analysis used in developing the final budget.

CALIFORNIA
LEGISLATIVE BUDGET PROCEDURES

During the legislative session, budget and appropriation matters are the responsibility of the senate finance and assembly ways and means committees; during the interim, budget, revenue and expenditure items and state agency organization and functional matters are reviewed for the legislature by the Joint Legislative Budget Committee. The budget committee has a membership of 14, seven members from the senate and seven from the assembly appointed, respectively, by the senate rules committee and the speaker of the assembly. The committee elects its own chairman and, although there is no requirement for it, representation has always been accorded to the minority party. The committee by its own rule has adopted a quorum consisting of four members present from each house and requires that all actions be approved by the same margin.

The principal powers and duties of the budget committee (provided in Chapter 1667, Statutes of 1951, as amended) are to:

- (1) "...ascertain facts and make recommendations to the Legislature...concerning the State Budget, the revenues and expenditures of the State, the organization and functions of the State, its departments, subdivisions and agencies, and such other matters as may be provided for in the Joint Rules...";
- (2) "...make rules governing its own proceedings..."; and
- (3) "...create subcommittees from its membership and assign to such subcommittees any study, inquiry, investigation, or hearing which the committee itself has authority to undertake or hold...."

The budget committee appoints the Legislative Analyst, fixes his salary, prescribes his duties and authorizes technical and clerical employees in the number deemed necessary to accomplish the functions imposed by statute and joint rules. The analyst's staff is divided into sections which specialize in specific areas of state government. Subject matter assignments are organized to reflect the structure of the executive department and staff assignments in the governor's budget office.

Certain of the Legislative Analyst's specific duties are prescribed essentially as follows in the joint rules:

- (1) Ascertain facts and make recommendations concerning the state's budget, revenues, expenditures and organization;
- (2) Assist the Senate Finance Committee and the Assembly Ways and Means Committee in considering the budget and all bills carrying expressed or implied appropriations and all legislation affecting departments and their operational efficiency; and

(3) Provide all legislative committees and members of the legislature with information obtained under the direction of the Joint Legislative Budget Committee.

The budget committee has further instructed the Legislative Analyst to:

(1) Prepare cost estimates (fiscal notes) on all proposed appropriation bills, those with either expressed or implied costs;

(2) Propose statutory changes to effect operational economies or improved administration;

(3) Call to the committee's attention new services contained in the governor's proposed budget;

(4) Point out to the committee and the legislature items in the proposed budget which have been denied previously by the legislature;

(5) Report instances in which the administration is failing to carry out the expressed intent of the legislature; and

(6) Provide upon request of the chairmen of the Senate and Assembly Revenue and Taxation Committees, analyses of bills referred to those committees.

Perhaps California's pioneering efforts in the field of legislative fiscal services can be better appreciated from the following paragraphs taken from a description of the budget committee and its staff prepared by the Office of the Legislative Analyst.

"Prior to the creation of its own independent and continuous source of fiscal and performance information, the Legislature had relied largely upon investigations by its interim committees and the assorted presentations made to committees when bills were under consideration at the sessions.

During the 1930's members of the Legislature became aware that the growing size and complexities of state government were generating demands upon their time which severely taxed their capacity for review, understanding and action. The Governor had large and experienced budget and audit staffs to develop technical data, formulate programs and press his requests before the Legislature. On the other hand, the Legislature lacked expert assistance for the independent review of executive proposals, particularly with regard to fiscal and administrative effects. Likewise it had no staff for appraising the performance of the executive branch in administering legislative enactments.

These observations convinced many legislators of their need for technical assistance directly responsible to them, and bills were introduced from time to time to create a staff for this purpose. None was successful until 1941 when a bill providing for an independent fiscal post audit of each state agency by an office directly responsible to the Legislature was passed by both Houses, but it was promptly vetoed by the Governor on recommendation of the Department of Finance.

In reaction to the Governor's veto, the Legislature forthwith amended the Joint Rules of the two Houses to create the Joint Budget Committee and the Legislative Analyst. Continuity of the committee and the Analyst's office was maintained in succeeding years by reaffirmation of the Joint Rule. However, in 1951 the Legislature enacted, and the Governor signed into law, Chapter 1667, which now provides a statutory basis for the committee and the Analyst's office."

Staff publications include an analysis of the governor's budget and, following each legislative session, preparation of a summary showing the effect of the approved legislative program on the financial condition of the state. According to the Legislative Analyst, the most significant single expenditure of staff effort within the analyst's office is the preparation of the "Analysis of the Budget Bill" (discussed in more detail in the staff memorandum Formal Legislative Budget Analysis - Selected States, dated January 11, 1971), currently approximating some 1,100 pages in length and delivered to the legislature shortly after the governor presents his budget message. The timing is possible only because the governor's budget staff, by virtue of a long standing arrangement, makes the preliminary drafts of the proposed budget available to the analyst's staff on a confidential basis.

COLORADO
LEGISLATIVE BUDGET PROCEDURES

Both during legislative sessions and the interim, budget, appropriation and expenditure matters are the responsibility of the Joint Budget Committee; the separately functioning house appropriations and senate finance committees review and generally approve budget and appropriation bills introduced or approved by the budget committee. The budget committee has a membership of six, consisting of the chairmen of the house appropriations and senate finance committees and, from each house, one majority and one minority member of their respective appropriation or finance committees. To expedite the work of the committee, appointees may be designated, whether the appointees are then members of the general assembly or members-elect, prior to convening the session and as such are entitled to full compensation and allowances. By statute the chairmanship of the budget committee alternates on a year to year basis between the house and senate.

The principal powers and duties of the budget committee (Sections 63-2-18 and 63-2-19 CRS 1953) are to:

- (1) "study the management, operations, programs and fiscal needs of the agencies and institutions of Colorado state government;"
- (2) "hold hearings as required and to review the executive budget and the budget requests of each state agency and institution, including proposals for construction of capital improvements, and to make appropriation recommendations to the house appropriations and senate finance committees;"
- (3) "make estimates of revenue from existing and proposed taxes and to make its staff facilities available, upon request, to the finance committee of either house for the development and analysis of proposed revenue measures;"
- (4) "study, and from time to time review the state's fund structure, financial condition, fiscal organization, and its budgeting, accounting, reporting, personnel and purchasing procedures"; and
- (5) "...appoint subcommittees from the membership of the general assembly...."

The budget committee is authorized by law to appoint a staff director, establish appropriate qualifications - "without reference to party affiliation" - and compensation for all staff positions and to review and approve the staff director's selections for authorized professional and clerical staff positions. The staff director's responsibilities are only briefly outlined in the law (Section 63-2-20 CRS 1953); he is accountable to the committee for:

(1) "...preparing for consideration of the committee analyses of all requests for funds;" and

(2) "...the collection and assembling of all data and the preparation of reports and recommendations."

The budget committee staff has traditionally been small, currently employing six professionals, with heavy emphasis on formal business and public administration training at the master's degree level.

The current staff director, Mr. Joseph Kyle, has been concerned for some time about the problems of improving and strengthening legislative budgeting procedures. His concern is well documented by the recent formation of the Western States Legislative Fiscal Officers Association; this is a group he helped form and which in turn named him as its first chairman. As stated in the "purposes" of the organization, the association shall:

"...through a series of periodic meetings, develop an understanding of the operations of the fiscal offices of the states in as much specificity as possible. These meetings shall cover the details of the fiscal matters in each state and shall be inclusive of problems which are common to all states and which have a bearing on many of the states within the region;

...
develop a procedure for the recruitment and training of staff on an on-going basis. Such recruitment and training may involve reciprocal agreements between the offices of the legislative fiscal staffs throughout the region. It shall be the responsibility of the Association to encourage these agreements wherever possible;

...
make continuing efforts to develop more meaningful legislative fiscal staffs in the states in the Association. It shall do this by providing, upon invitation, to appropriate officials of these states information on the benefits to be gained from a strong legislative fiscal operation."

The major staff publication is an annual appropriations report. The report serves a dual purpose: first, it spells out legislative intent in making appropriations for the various agencies and the operations of state government; and second, it provides a handy reference for legislators and other persons interested in the state's expenditures, program management and financial status. Though the staff publishes no formal "analysis" of the governor's budget, close cooperation between the staff and the executive budget office - including joint receipt of agency budget requests and confidential copies of the proposed executive recommendations - allows thorough preparation of legislative program analysis prior to the opening of the legislative session.

MAINE
LEGISLATIVE BUDGET PROCEDURES

Joint rules provide for the formation of some 23 joint legislative standing committees, one of which is the Joint Appropriations and Financial Affairs Committee. The committee consists of 10 members, three from the senate and seven from the house of representatives. The first named senate member serves as chairman; in his temporary absence the first named house member serves as chairman and thereafter as necessary the chairmanship alternates between houses by order of appointment. According to the Legislative Finance Officer, the appropriations committee does not normally function during the interim; however, it was active during the most recent interim, working on several studies as a sub-committee of the Legislative Research Committee.

Maine has two professional finance positions, the Legislative Finance Officer, and an assistant. The finance officers are appointed by the Legislative Research Committee for six year terms; both are appointed without reference to party affiliation, solely on the basis of fitness to perform their duties. All staff positions are unclassified with salaries set by the research committee. The finance officer shall (as provided in 1961, Chapter 411):

- (1) "collect and assemble factual information concerning the fiscal affairs of the State for the use of the Joint Appropriations and Financial Affairs Committee of the Legislature in formulating its proposals for appropriations;"
- (2) "examine all requests for appropriations made by the various executive agencies of State Government and attend any hearings necessary to obtain complete information;"
- (3) "examine other requests for payment of which appropriations are to be requested;" and
- (4) "report in such manner as shall be directed by the Legislative Research Committee as to any matters which may be of assistance to the committee or the Legislature in forming an independent judgment in the determination of any fiscal matters."

Concerning staff publications, the finance officer writes, "With the limited staff we do not publish any annual publications on the legislative analysis of the budget." Considering his statement that the appropriations committee does not normally function during the interim and that the budget is the end product of appropriations committee action on the executive budget after the session budget hearings, there appears to be little formal analysis of budgets prior to the legislative session.

MARYLAND
LEGISLATIVE BUDGET PROCEDURES

During legislative sessions, budget and appropriation matters are heard by separately functioning senate finance and house ways and means committees; however, these committees function jointly to the extent that they establish five or six joint subcommittees to review specific agency budgets and recommend action to the two major committees. During the interim, budget analysis, fiscal research and post-audit responsibilities are the province of the Joint Budget and Audit Committee. The budget and audit committee has a membership of 14, designated or appointed as follows: the chairmen of the senate finance and house ways and means committees; the minority floor leaders of each house; and 10 other members, selected five from senate finance and five from house ways and means. By statute the chairmanship of the committee alternates every four years between the chairmen of the senate finance and house ways and means committees.

Senate Bill No. 6 of the 1968 session - the act establishing the Department of Fiscal Services and the Joint Budget and Audit Committee - briefly requires that the committee:

"...give detailed and systematic attention and study to all the functions of budget analysis and review, capital budget study, fiscal policy, fiscal research, legislative post-audit, departmental operation and efficiency within the State government, and any other problems, matters, or procedures covered by or related to the provisions of this subtitle.... The Committee shall meet and organize promptly after appointment, and thereafter it shall meet as often as necessary in its judgment to discharge its duties and accomplish its functions with celerity and efficiency. The Committee shall report annually to the members of the General Assembly together with any recommendations it may have for action or consideration by members of the General Assembly...."

The agency designated by statute to assist the budget and audit committee - and during sessions, the senate finance and house ways and means committees - is the Department of Fiscal Services. The director of the department is appointed by the speaker of the house and the president of the senate from a list of nominations prepared by the Department of Legislative Reference. The director of the Department of Fiscal Services, with the approval of the same two presiding officers, names the three division heads, the directors of budget review, fiscal research and audit.

The budget review division, is required by statute to:

"(1) review in detail the matters to appear in the Budget prior to the convening of each regular session of the General Assembly and be prepared to report to the members of the General Assembly each agency's justification for each item or program appearing in the Budget;"

"(2) call attention to proposed new services or functions appearing in the Budget:"

"(3) point out items in the Budget which previously have been denied by the General Assembly;"

"(4) conduct organizational and management improvement studies consistent with responsibilities assigned to the Joint Budget and Audit Committee;"

"(5) prepare cost estimates of proposed appropriation bills;"

"(6) propose statutory changes to effect operational economy or effective administration;"

"(7) prepare, after each session of the General Assembly, a summary of the effect of the legislative program on the financial condition of the State;"

"(8) study in conjunction or by agreement with the Division of Research, financial and other problems and matters of the State government; and"

"(9) generally review and study all State problems and matters, whether or not of direct budgetary concern, which relate to the operation of the State government and its efficient and effective operation. The Division also shall give such study and review to, and shall analyze, evaluate, and test, the requests and proposals of all State agencies for inclusion in the capital expense budget and to all requests for capital improvements to be financed by the State."

From September until the convening of the legislative session, the budget review division is engaged almost exclusively in analysis of the budget and preparation of its annual report on the budget (the analysis is discussed in more detail in the staff memorandum Formal Legislative Budget Analysis - Selected States, dated January 11, 1971). During this time, by invitation of the executive, the division staff attends executive budget hearings and receives confidential advance copies of the governor's proposed allowances. Immediately following session adjournment, the division prepares a report showing the financial impact of enacted legislation.

MICHIGAN
LEGISLATIVE BUDGET PROCEDURES

During legislative sessions, budget and appropriation matters are heard by separately functioning senate and house appropriation committees, the committees consisting of eight members in the senate and fifteen in the house of representatives. Since both committees are standing committees, they are authorized to meet during the interim at the request of a majority of the members. However, interim emergency appropriations are handled by a special appropriations commission consisting of the governor, speaker of the house, president of the senate and the full membership of both the house and senate appropriations committees.

Michigan's Legislative Fiscal Agency is somewhat uniquely supervised. Established in a section of the Legislative Council Act (Act No. 412, Public Acts of 1965), agency operations are directed by a three-man governing board, selected entirely from the senate. The chairman of senate appropriations heads the board. The two other members are appointed by him from among the membership of senate appropriations; one such appointee must be a member of the minority party. The brief statute establishing both the agency and its governing board requires only that the agency "be of service to the appropriations committee of the senate."

Regarding agency duties, Eugene Farnum, Director, writes in his letter of July 21, 1970, "...The function of the agency is to provide facts, sound analysis and technical staff assistance to the appropriations committees.... During the legislative session the Agency's top priority items are the executive budget bills and related items. The staff members are assigned certain of the 16 odd bills, that comprise the governor's executive budget, based on technical knowledge and area(s) of expertise."

Mr. Farnum emphasizes the fact that the agency staff has been developed on "professional and technical rather than political capabilities." Currently, the staff has eight professional positions, with classifications ranging from fiscal analyst I (with minimum qualifications of a bachelors degree or its equivalent) to fiscal consultant (requiring a masters degree or its equivalent and at least four years research or fiscal experience).

The major staff publication is the annual statistical report. The report contains charts and tables showing a summary of appropriations for the current fiscal year; revenue summaries; 20-year summary comparisons of appropriation requests, recommendations, appropriations and actual expenditures; 20-year summaries of agency lapsed balances; and various program statistical data, i.e. for higher education, community colleges, capital outlay, etc.

MINNESOTA
LEGISLATIVE BUDGET PROCEDURES

Both during the legislative session and the interim, budget and appropriation matters are handled by separately functioning, separately staffed house appropriations and senate finance standing committees. The committees and their subcommittees normally hold separate hearings, but coordination between committee staffs is maintained to "avoid duplication of effort."

The committee staffs are relatively small, with two full-time analysts serving house appropriations and three serving senate finance. During the closing days of the session, both staffs augment their numbers; the house turns to the executive budget division for added help while the senate relies upon the services of "former analysts."

The two Legislative Analysts - Earl Evenson for the senate and Ronald Duncan for the house - write in their joint letter, "The Governor's budget request is presented to the legislature in the third week in January. There is not time to prepare a formal analysis of the budget before the committees begin action on the requests." During the session, the committees and their staffs develop six major appropriation bills; they are for general administration and judicial expenses of state, public welfare and corrections, education, semi-state activities, public buildings, and highways. Final appropriations are resolved in conference committees staffed by analysts from both houses.

Legislative fiscal staff publication efforts included participation in the preparation of "Actions of the 1969 Legislature." (The Minnesota Legislature meets in regular session only once during the biennium). According to the introduction, "Appropriation figures were provided by members of the staff of the House Appropriations Committee and Senate Finance Committee. Substantive summaries were prepared by the staff of the House Research Department...."

NEW JERSEY
LEGISLATIVE BUDGET PROCEDURES

The Joint Appropriations Committee, composed of 22 members with 11 each from the senate and assembly, meets periodically (the New Jersey Legislature meets in more or less continuous session throughout the year) to study the governor's budget recommendations, hold budget hearings and make final determinations - write the appropriations bill. The committee has in the past formed subcommittees to consider salaries and new positions, revenue and claims. Individual revenue or appropriation measures introduced in either house are referred to the appropriations committee of that house for consideration.

Chapter 267, Laws of 1955 established the Office of the Legislative Budget and Finance Director, the director to be appointed by the Law Revision and Legislative Services Commission for a term not to exceed six years. The current director, William Kurtz, in his letter of June 29, 1970, underscores the appropriations committee's reliance upon his staff:

"While the Members of the Joint Committee are made aware of the departmental budget hearings for the Executive Branch of the Government, at which the Office of the Legislative Budget and Finance Director is represented, seldom does any member of the committee attend the hearings. The Committee relies almost entirely on the recommendations of this office."

As prescribed in Chapter 267, Laws of 1955, the major duties of the director are to:

- (1) "Collect and assemble factual information relating to the fiscal affairs of the State for the use of the Joint Appropriations Committee of the Legislature in formulating its annual proposals as to the amounts to be appropriated for the support of the State Government...";
- (2) "examine all requests for appropriations made by the divisions and other subdivisions of the principal departments in the Executive Branch of the State Government...and attend such hearings, held thereon, as it may be necessary for him to attend to obtain complete information as to the subject matter...";
- (3) "...receive and investigate the truth, fairness and correctness of all claims against the State for payment of which appropriations are to be requested";
- (4) "report to the legislature through the Joint Appropriations Committee, or in such other manner as shall be directed by the Legislature, upon the foregoing and as to any other matters which may be of assistance to said committee or the Legislature in forming an independent judgment in the determination of any fiscal matters before it and attend upon the Joint Appropriations Committee during its sittings and hearings and perform such services for it as it shall direct..."; and

(5) approve or disapprove executive agency requests for transfer of funds - "Whenever in any statute it is provided that any item or part of any item of appropriation granted to any department or other State agency may be transferred to any other item in such appropriation...the approval of such transfer by the Legislative Budget and Finance Director shall first be obtained before any such transfer shall be effective."

Perhaps a better appreciation of the director's budget review function can be had from the following excerpts from "Synopsis of Legislative Services":

"Under the present procedure all budget requests and revenue estimates made by each spending agency of the State are filed with the Legislative Budget and Finance Director simultaneously with the filing thereof in the Office of the Budget and Finance Director in the Executive Department.

Each budget request and estimate of revenue is carefully analyzed and compared with actual expenditures and receipts for prior years. Any upward trend in a requested appropriation or sharp reduction in an anticipated revenue is noted. Charts and graphs of actual expenditures and realized revenues, for periods upwards of ten years, covering each department of the State Government, are maintained in the Director's office. By comparing current requests for appropriations and the estimates of anticipated revenue with the trend projected from past experiences, the Director is alerted to any deviation from the established pattern.

Sometime after all requests for appropriations and estimates of anticipated revenue are filed in the office of the Legislative Budget and Finance Director and in the office of the Budget and Finance Director of the Executive Department, joint hearings are held with the administrative heads of each division or subdivision of the State Government. At these hearings the Director attempts to elicit such information as he deems will be informative or helpful to the Joint Appropriations Committee of the Legislature in its considerations of the Budget as submitted by the Governor. In this manner the Legislature has the benefit of the independent advice of its own agency....

After completion of all departmental budget hearings which approximate 250 per year in New Jersey, the Director prepares a report to the Legislature in which he forecasts, to the best of his ability a preliminary outline of the budgetary problems facing the Chief Executive and the Legislature for the coming fiscal year. In that report the total of all spending requests and the amount of all anticipated revenues are set forth. The percentage of the requests which represent so-called "mandatory items" not subject to a high degree of executive discretion are given; and those revenue sources which are "static" in nature and are on the process of leveling off are shown. Items of State aid, highway construction, capital expenditures and general operating expenses are analyzed."

The Legislative Budget and Finance Director is "except when in attendance upon the sittings and hearings of the Joint Appropriations Committee" under the general supervision and control of the Law Revision and Legislative Services Commission. He may employ professional and clerical staff as authorized and approved by the commission. All employees are chosen "solely on ground of fitness to perform the duties for which they are employed"; clerical employees, recruited from other state agencies, may retain their civil service status. With the exception of clerical positions, all jobs require a college degree with specialization in such fields as business administration, auditing, accounting or statistics.

Staff publications include a report to the legislature outlining budgetary problems for the forthcoming fiscal year and an annual report covering agency activities for the past fiscal year. It is in the 1966-67 Annual Report that director William Kurtz makes a strong defense of legislative budgeting:

"...this office has attempted to develop a viewpoint on fiscal matters independent of that to be found in the Executive Branch of government. This does not preclude agreement with the Budget Office in the Executive Branch, but only that the facts must be determined independently. In this regard, it is my view that a major part can be played by the Legislative Budget and Finance Office in providing independent information to members of the Legislature which will enable them to initiate legislation on fiscal matters rather than merely reviewing proposed legislation initiated by the Executive Branch."

NEW MEXICO
LEGISLATIVE BUDGET PROCEDURES

During legislative sessions, budget and appropriation measures are heard by separately functioning house appropriations and finance and senate finance committees; during the interim, including the budget review period complete with agency hearings, revenue, budget and expenditure subjects are the responsibility of the Legislative Finance Committee - the LFC. The LFC has a membership of seven, four from the house and three from the senate. The chairmen of the house appropriations and finance and taxation and revenue committees are members as is the chairman of Senate Finance. The remaining members are selected in the same manner that members of standing committees are selected (though not required, normally they are appropriations and/or finance committee members); minority party representation is required. The LFC chairmanship is elective within the committee and normally it alternates on a biennial basis between the house appropriations and senate finance chairmen.

The principal duties of the Legislative Finance Committee (Section 2-5-3 NMSA 1953) are to:

- (1) "Examine the laws governing the finances and operation of departments, agencies and institutions of New Mexico and all of its political subdivisions, the effect of laws on the proper functioning of these governmental units, the policies and costs of governmental units as related to the laws;... Recommend changes in these laws if any are deemed desirable, and draft and present to the legislature any legislation necessary;"
- (2) "...annually review budgets and appropriations requests, and the operation and management of selected state agencies, departments and institutions and shall make recommendations with respect thereto to the legislature...";
- (3) "The legislative finance committee, or, when it deems necessary, its staff may hold such hearings and require such testimony from officers and employees of each state agency, department or institution as is necessary to carry out the purposes of this section"; and
- (4) "Not later than the first week of any regular legislative session, the legislative finance committee shall furnish a document containing its budget recommendations to each member of the senate finance committee, the house appropriations and finance committee and to those other members of the legislature which may request it. A copy shall also be furnished to the governor and to the department of finance and administration."

The Legislative Finance Committee is authorized by law to employ at its pleasure, and determine the compensation of a director. By a 1967 amendment to the law establishing the LFC, the committee is required to "...establish a budget analysis division staffed with persons knowledgeable and proficient in budget analysis and budget preparation." The following two statements of committee policy give a fair indication of the existing committee/staff relationship:

"Personnel. Employees are appointed to the staff of the committee by the committee or with its approval. Appointments are made without regard to political party affiliation and on the basis of fitness for the job...."

"Priority of staff time and work. Essentially, the full time of the staff is devoted to the work of the legislative finance committee. The committee has directed that requests from other members of the legislature for studies be referred to the committee to be considered for adoption as committee assignments. Requests for services from individual members of the legislative finance committee may be filled so long as they do not require substantial amounts of staff time. Other requests should, in general, be referred to the legislative council service.

It is the committee's policy to make its staff available, upon request, to assist the legislature and particularly the standing committees on finance during the legislative sessions...."

Staff publications include the biennial report and recommendations of the Legislative Finance Committee, featuring sections on committee legislative proposals and completed reports, and the annual budget analysis of selected state agencies (this latter document is reviewed in more detail in the staff memorandum Formal Legislative Budget Analysis - Selected States, dated January 11, 1971).

NEW YORK
LEGISLATIVE BUDGET PROCEDURES

Both during the legislative session and the interim, budget and appropriation matters are handled by separately functioning, separately staffed senate finance and assembly appropriation committees. Currently, the senate finance committee (only the secretary of the senate finance committee responded to our inquiry) consists of 27 senators. During the session, meetings are held at the call of the chair; in the interim between sessions, the committee does not normally meet, though staff functions continue. Joint hearings with the appropriation committee of the assembly are only called relative to the budget, and these are only called for agencies of particular political or fiscal significance.

In his letter of June 25, 1970, H. T. Mason, Secretary of the Senate Finance Committee, included paraphrases of some interesting constitutional provisions pertaining to appropriations. They are:

(1) "The initial step which involves the legislature in this function, is the requirement that the governor shall furnish to the appropriate committees of the legislature a copy of the estimates and information submitted to the governor by the head of each department of state government for the preparation of the annual budget. (New York State Constitution Art. VII § 1)";

(2) "The legislature may not alter an appropriation bill submitted by the governor except to strike out or reduce items therein, but it may add thereto items of appropriation provided that such additions are stated separately and distinctly from the original items of the bill and refer each to a single object or purpose. (Art. VII § 4)"; and

(3) "The legislature may not consider any other bills making an appropriation until all the appropriation bills submitted by the governor shall have been acted on by both houses (except on a message from the governor certifying to the necessity for immediate passage of such a bill). (Art. VII § 5)"

Statutory provisions pertaining to functional and organizational matters include:

(1) "The committee on finance of the senate and the committee on ways and means of the assembly shall serve throughout the year with power to make, through the chairman of the respective committees or through subcommittees appointed by them, such investigation of the various activities of the state as will aid them in their consideration of the budget submitted by the executive and any further appropriations proposed by the legislature.

The chairman of the senate finance committee shall appoint a secretary for such committee and the chairman of the assembly ways and means committee shall appoint a secretary for such committee, and such secretaries shall hold office until their successors are appointed." (Legislative Law § 27);

(2) "The chairman of the senate finance committee and the chairman of the assembly ways and means committee may each appoint such accounting and other staff as may be necessary to assist such committees, and the secretaries thereof in performing the duties prescribed by law. The compensation of such employees shall be fixed by the appointing officer within the amount appropriated therefor. (§ 28)"; and

(3) "The senate finance committee and the assembly ways and means committee and their secretaries shall have access at all reasonable hours to offices of state departments and to institutions and public works of the state, and they may for the purpose of obtaining information as to the method of operation, general condition and needs thereof, examine the books and papers therein.

The committees may act jointly or separately as they deem advisable, in the exercise of the above powers. (§ 30)"

Mr. Mason's comments on staff qualifications and duties are well stated:

"In addition to the Secretary of the Committee, we currently have 11 analysts (plus the necessary stenographic help). We find that formal education is of no special consequence in the making of a good analyst. We look for people who are self-motivated, who are intellectually curious, and who are honest enough to say they don't know when that response is appropriate. A somewhat cynical approach is also helpful.

We expect each of the staff to become as thoroughly acquainted with his assigned agencies as is possible. We encourage visitations to all the appropriate institutions (i.e., Mental Hygiene hospitals, parks, correctional institutions, etc.) We also ask that the analysts cover as many of the public hearings as is practical (i.e., transportation, education.)

As the fiscal year closes, each analyst analyzes the Governor's budget as presented to the Legislature and makes recommendations thereto for each of the programs. These recommendations are analytical, leaving the questions of policy to the leadership."

Staff publications include recommendations for reductions in the governor's proposed budget, a document described as "somewhat modest" by Mr. Mason. Judging from the size of New York State appropriation bills, this is understandable; the 1970 senate-assembly bill for supplemental appropriations - a bill prepared entirely on the legislative side - is 265 pages in length; the

joint bill for general government support is 562 pages long; and that for capital construction, 427 pages. Finally, each bill is supported by a 30-40 page joint legislative statement prepared by the staffs of the two committees.

OREGON
LEGISLATIVE BUDGET PROCEDURES

Oregon's system of handling fiscal and appropriation matters is somewhat confusing owing to the number of committees involved - six to be exact. Each of the committees with general fiscal or budgetary responsibilities will be discussed briefly in an attempt to delineate their areas of responsibility.

Legislative Fiscal Committee - Established as a joint committee of the legislative assembly, the committee consists of the president of the senate and speaker of the house, a member each from the house and senate taxation and ways and means committees, four other members of the house appointed by the speaker and three other members from the senate appointed by the president for a total membership of eleven. The committee employs at its pleasure and directs the activities of the legislative Fiscal Officer and his staff. By statute (ORS 173.420) the committee determines "procedures and priorities" that guide the fiscal officer in efforts to:

- "(1) Ascertain facts and make recommendations to the Legislative Assembly concerning the Governor's budget report.
- (2) Ascertain facts concerning state revenues and expenditures and make estimates concerning state revenues and expenditures.
- (3) Ascertain facts and make recommendations concerning the fiscal implications of the organization and functions of the state and its agencies.
- (4) Ascertain facts and make recommendations on such other matters as may be provided for by joint or concurrent resolution.
- (5) Furnish such assistance in the performance of their duties as is requested by the Emergency Board, the Joint Ways and Means Committee, the House Taxation Committee, the Senate Taxation Committee and other legislative standing and interim committees and members of the Legislative Assembly."

Emergency Board - Established as a nine-man joint interim committee, it consists of the president of the senate and speaker of the house, the two chairmen of the joint ways and means committee, two members of the senate, one of whom was a member of ways and means, and three house members, two of whom were members of ways and means. The Emergency Board has extraordinary interim fiscal authority; under what appears to be a liberal definition of "emergency", the board may (Emergency Board Rules):

- (1) "Allocate to an agency out of any emergency fund, additional funds beyond the amount appropriated to the agency by the Legislative

Assembly, or funds to carry on an activity required by law for which an appropriation was not made";

(2) "Authorize an agency to expend sums in excess of its budget when dedicated or continuously appropriated funds are available";

(3) "Authorize transfers between expenditure classifications within an agency budget"; and

(4) "The Board may approve the budget of, appropriate funds to, or authorize expenditure by, new agencies which were unable to submit a budget to the legislature."

Regarding the powers of the emergency board, the Legislative Fiscal Officer writes, "It seems that each session the Legislature has delegated additional powers to the Emergency Board. This interim, for example, they were given the responsibility of approving second-year budgets for two of the larger state departments. I believe that most members of the Legislature believe that unless the Emergency Board is given more powers it will be necessary to have annual sessions."

Joint Ways and Means Committee - Established during legislative sessions as the finance or appropriation committee, it has a membership of fourteen, with seven each from the house and senate. The committee divides its work among subcommittees and the joint chairmen are voting members of all subcommittees. Bills are sent to the floor by majority vote of the members present, providing a quorum exists consisting of four members from each house. No bill may be held or tabled by a subcommittee, this action being the prerogative of the full committee.

The remaining three committees with finance assignments are the Legislative Tax Study Committee and the house and senate taxation committees.

As mentioned earlier, the Legislative Fiscal Committee supervises the activities of the fiscal officer and his staff. Concerning those activities and the make-up of his staff, Floyd Gould, Legislative Fiscal Officer writes, "During the interim between sessions, we perform staff services for the Legislative Fiscal Committee, the Emergency Board and the Legislative Tax Study Committee. During the session, our primary function is to provide staff services to the Joint Ways and Means Committee, although we provide some staff services to both the House and Senate Taxation Committees. Most members of the Joint Ways and Means Committee are appointed to one or more of the committees that we serve during the interim...which provides for continuity.... I should add that I serve in the capacity as Executive Secretary to the Joint Ways and Means Committee.

At the present time our staff consists of eight analysts and three secretaries. We have not adopted any formal employment qualifications. The present staff has a varied background in accounting, law, management analysis and public administration. Generally we look for

someone having a background in state administration.... Each analyst is assigned a broad program area. It is his responsibility to analyze both the budgets and the Emergency Board requests of the agencies falling into that category. The subjects being studied by the Legislative Fiscal Committee are similarly assigned."

The staff publishes an analysis of the governor's budget (discussed in more detail in the staff memorandum Formal Legislative Budget Analysis - Selected States, dated January 11, 1971); this analysis is submitted to the legislature at the beginning of each biennial session, at approximately the same time the governor submits his budget and related appropriation bills (a separate appropriation bill is submitted for each agency). Agency budgets together with related appropriation bills are then assigned to subcommittees of the Joint Ways and Means Committee. Following deliberations, individual budget reports are prepared reflecting subcommittee and eventually full committee amendments to the individual appropriations; these become part of the committee report for each bill, thus establishing legislative intent.

PENNSYLVANIA
LEGISLATIVE BUDGET PROCEDURES

The appropriation committees of the senate and house hold separate hearings on the executive budget and they do function to some extent during the interim. However, the Legislative Budget and Finance Committee - a twelve member committee consisting of the president pro tempore of the senate and speaker of the house, the majority and minority leaders of both houses and three additional members from each house, with two of the additional three being members of the minority party - appears to have the more extensive interim responsibilities. The budget and finance committee appoints its own officers and establishes its own procedures; it may meet and conduct its business anywhere within the commonwealth, either through subcommittees or as a full committee; and its scope of responsibilities covers, "all duties and functions relating to the study of the revenues, expenditures and fiscal problems of the Commonwealth...."

The principal powers and duties of the budget and finance committee (Act of the General Assembly No. 195, 1959 as amended by Act No. 645, 1961) are:

- "(1) The committee shall have power to request, receive, review, examine, study, ascertain and compare fiscal information concerning the budget, the revenues and expenditures of the Commonwealth and to make recommendations to the Legislature, when found advisable, directed to the elimination of unnecessary expenditures and to the promotion of economy in the government of the Commonwealth.
- (2) To make current examination and, when pertinent, reports concerning the current condition of all State funds, appropriations and other moneys, whether or not such appropriations are being currently expended for the purposes and within the statutory restrictions provided by the Legislature, and concerning the current availability of revenue to meet expenditures under appropriations.
- (3) The committee shall report to the General Assembly when they are in session, the Governor and the Auditor General, when it appears that any appropriation is being expended for purposes other than the the purposes for which the appropriation was intended, or if it appears that any statutory restrictions or provisions are being violated.
- (4) The committee shall make reports, from time to time, to the members of the Legislature and, upon request, to the standing committees of the Senate and House of Representatives with respect to any of its findings or recommendations of a fiscal nature....

(5) The committee may issue subpoenas, under the hand and seal of the chairman, to compel the attendance of witnesses and the production of any papers, books, accounts, documents and testimony touching matters of a fiscal nature properly being inquired into by the committee...."

The budget and finance committee is authorized by statute to appoint and determine the compensation of an executive director; the same statute authorizes the committee to "select and employ other personnel that it may deem necessary." In addition to duties assigned by the committee, the executive director is required, "By continuous review of State expenditures, revenues and analysis of budget to ascertain the facts, compare cost, workload and other data, and make recommendations concerning the State's budget and revenue of the departments, boards, commissions and agencies of the Commonwealth."

The staff devotes the major portion of its time to the review of state revenues and expenditures, budget analysis and state facilities inspection. No legislative budget document is prepared. Instead, summary reports are given to the committee for approval and transmission to the general assembly. Examples of summary reports include a cost study of constitutional changes effecting the state judiciary, justification of renovation and construction projects for Pennhurst State School and Hospital and justification of state purchase of existing leased facilities.

TEXAS
LEGISLATIVE BUDGET PROCEDURES

Texas has developed perhaps the strongest legislative budgeting operation of any of the states. A ten-member Legislative Budget Board consisting of the lieutenant governor as chairman, the speaker of the house as vice chairman, and four other members from each house - including the chairmen of house appropriations, and revenue and taxation and the chairmen of senate finance, and of state affairs - presents a recommended legislative budget to each session of the legislature. This document, together with the governor's request for appropriations, is then considered in separate hearings by the senate finance and house appropriations committees. Section 3, Chapter 446, General Laws of the Fifty-Fifth Legislature, sets out the provisions:

"...Upon receipt of the general appropriation bill prepared by the Director of the Budget [a legislative official] the Lieutenant Governor in the Senate and the Speaker in the House may, if they so desire, cause such bill to be introduced in the Senate and in the House of Representatives, or it may be introduced by any Member of the House or the Senate. A general appropriation bill submitted by the Governor may also be introduced in like manner. Hearings on the appropriation bills shall be conducted before the Appropriation Committee of the House and the Finance Committee of the Senate. The Appropriations Committee and the Finance Committee may, if they so desire, begin preliminary committee hearings on the budget upon receipt of the bill prepared by the Director of the Budget without waiting for submission of the bill prepared by the Governor...."

The budget board is authorized to appoint, on a year to year basis, a Director of the Budget whose salary shall be fixed by the board. The director may "with the approval and consent of the Board" employ additional staff, the salaries of such employees to be fixed by the board. The director is authorized to make recommendations to the board concerning the functions or duties of any state agency. Under the board's direction, he prepares the general appropriation bills for introduction at each regular session of the legislature.

With his letter of August 7, 1970, Thomas Keel, Legislative Budget Director, included a highly informative summary of the budgetary process in Texas:

"Cooperation between the Governor's Budget Office and the Legislative Budget Board staff during the budget cycle begins with the issuing of joint budget instructions to all state agencies. These instructions establish the format and content of budget requests which will be submitted by the agencies to the two budget offices.

Agency budget requests are received by the budget agencies over a period of about two months. Following a period of independent analysis, joint public hearings are conducted with each agency by the staffs of the two budget offices. The purpose of the hearing is to provide budget examiners and agency administrators with an opportunity to discuss in depth the program activities for which funds are requested.

At about this point in the cycle, this staff provides the Legislative Budget Board with a preliminary estimate of general revenue to be available in the coming biennium. At the same time, the staff presents its estimates of the increased cost of established programs such as education, welfare, etc., which expand automatically with population growth. Known pressure points are also anticipated, evaluated, and possible increases calculated.

With these factors considered, the Legislative Budget Board usually adopts policy with respect to general program areas which it considers as top priority for expansion or enrichment, thus providing the guidelines required for the staff to proceed with the preparation of the detailed staff recommendations.

After the public hearings, formal collaboration between the two budget offices is minimal. Each budget examiner on this staff then proceeds to develop detailed budget recommendations for each agency for which he is responsible.

Normally, the Board has made its final decision on the recommended budget by the middle of December in even-numbered years. From then until the regular session of the Legislature convenes in early January, the Budget Document and the bill draft are printed and prepared for distribution to members of the Legislature and the Governor.

With the convening of the regular biennial session and the appointment of committee chairmen, the role of this staff changes. Following the introduction of the Legislative Budget Board-recommended appropriation bill in both the House and Senate, the Budget Director, with the approval of the committee chairman, selects one member of his staff to serve as clerk of the Senate Finance Committee and one member to serve as clerk of the House Appropriations Committee. These men in their respective assignments and with the support of the remainder of this staff provide whatever services are required by the House and Senate committees in the writing of the General Appropriations Bill.

Both the House and Senate pass their respective versions of an omnibus appropriation bill, both of which are referred to a free conference committee to resolve the differences. Almost without exception, the five Senators and five Representatives who are appointed to the Conference Committee were involved in writing the bills passed by the respective houses. Usually six to eight members of the Conference Committee have been members of the Legislative Budget Board."

Staff publications include biennial legislative budget estimates (the legislative budget is discussed in greater detail in the staff memorandum Formal Legislative Budget Analysis - Selected States, dated January 11, 1971), "issue dockets" and "fact sheets" providing analytical and back-up material for the finance and appropriations committees and the biennial "fiscal size-up" reporting on state spending as related to programs conducted and services provided.

UTAH
LEGISLATIVE BUDGET PROCEDURES

During legislative sessions, budget and appropriation matters are handled by a joint appropriations committee broken into nine subcommittees, each with a responsibility for a specific appropriations area. During the interim, fiscal matters are the responsibility of the eight-member Joint Budget and Audit Committee; membership is determined upon the recommendations of party caucuses in each house, with two members authorized from "each major political party" in each house. The committee selects its chairman and vice-chairman, each from opposite party and house; the chairmanship rotates between houses every two years. With the convening of the legislature, the budget and audit committee is essentially de-activated, its members taking seats on the joint appropriations committee.

The principal duties and functions of the budget and audit committee (as provided in Senate Bill No. 1 of the 1966 Second Special Session, as amended) are:

- "(1) To employ, without regard to political affiliation, persons qualified for the positions of legislative analyst and legislative auditor. To approve the employment of other staff members recommended by the legislative analyst and by the legislative auditor;
- (2) To ascertain facts and make recommendations to the legislature concerning: (a) the management, operation, programs and fiscal needs of the agencies and institutions of the state government; (b) the executive budget and the budget requests of each state agency and institution, including proposals for construction of capital improvements; (c) revenue from existing and proposed taxes and other sources; and (d) the state's fund structure, financial condition, fiscal organization, and its budgeting, accounting, reporting, personnel and purchasing procedures;" and
- (3) "The committee may administer oaths, issue subpoenas, compel the attendance of witnesses and the production of papers, books, accounts, documents, and testimony, and to have the deposition of witnesses taken in the manner prescribed by the rules of civil procedure for taking of depositions in civil actions...."

Regarding the authorized staff appointments, the Legislative Analyst, Leo Memmott, writes, "Although provisions have been made in the law for a Legislative Auditor, that position has never been allowed to function as the Legislature intended due to conflicts with the elected State Auditor; but the position of Legislative Analyst has been fully implemented." The statutory duties of the Legislative Analyst are:

- "(1) To review in detail the executive budget before the convening of each regular legislative session and be prepared to report to

the legislature each state agency's justification for each item or program appearing in the executive budget;

(2) To prepare cost estimates on all proposed bills which anticipate government expenditures;

(3) To prepare a review and analysis of revenue estimates for existing and proposed revenue acts;

(4) To report any instances in which the administration may be failing to carry out the expressed intent of the legislature;

(5) To call attention to each proposed new service contained in the governor's budget;

(6) To point out each item in the budget which has been denied previously by the legislature;

(7) To propose and analyze proposed statutory changes to effect operational economies or more effective administration; [and]

(8) To conduct organizational and management improvement studies consistent with responsibilities assigned to the joint budget and audit committee by Section 3 of Chapter 5, Laws of Utah 1966, Second Special Session".

Concerning the staff, the statutes provide:

"The legislative analyst should have a master's degree in public or business administration, political science, or economics, or the equivalent in academic and practical experience.... The legislative auditor should be a certified public accountant with at least three years of experience in public accounting."

At the present time the staff consists of five permanent professional staff members, three legislative interns and two secretaries, for a total of ten positions.

Staff publications include an annual appropriations report required by statute. The document shows the effect of the enacted legislative program on the finances of the state.

WASHINGTON
LEGISLATIVE BUDGET PROCEDURES

The appropriations committees of the house and senate meet separately during the legislative session; during the interim, revenue, budget and expenditure matters are the responsibility of a 16-member Legislative Budget Committee, selected eight from each house by the president of the senate and speaker of the house. All members are subject to confirmation by their particular house, and not more than four members from each house may be from the same political party. Without exception, budget committee members are also members of the house appropriations or senate ways and means committees. The committee appoints its own chairman, vice-chairman and other officers and establishes its own rules and procedures.

As shown in the 1967-69 Biennial Report of the Legislative Budget Committee, the committee is directed by statute to make examinations and reports concerning:

- "(1) the current condition of all state funds, appropriations, and other state moneys;
- (2) whether or not such appropriations are being currently expended for the purposes and within the statutory restrictions provided by the Legislature;
- (3) the current availability of revenue to meet expenditures under appropriations; and
- (4) the organization and procedures necessary or desirable to control the expenditures and other fiscal operations of state government, its officers, boards, commissions, institutions and other state agencies.

...

Legislative Intent

The Legislative Budget Committee is empowered by statute to audit expenditures to determine whether agencies of state government are complying with legislative intent.

...

In order to assure compliance with legislative intent the Legislative Budget Committee conducts periodic audits of agency expenditures or programs and maintains a comprehensive file detailing the background information relative to executive and legislative modifications of agency appropriation requests. These modifications are described by collecting and utilizing appropriation committee notes, correspondence between state agencies and appropriation committees, changes incorporated in the appropriation committees proceedings, and a detailed summary book tracing each legislative appropriation through both legislative houses. In the majority of cases the reason for appropriation changes or

modifications can be precisely ascertained. In some instances, however, the legislative intent is not clear and, therefore, not subject to detailed audit.

At the conclusion of each legislative session, a summary of supporting appropriation information, describing the legislative intent and the implied legislative directive, is transmitted to the Central Budget Agency for its use in approving agency allotments. In addition, where legislative intent is ambiguous, letters are directed to the various agencies specifying and detailing the intent of the Legislature in the appropriation process.

As an arm of the Legislature, the Legislative Budget Committee is the best qualified agency to judge whether intent is followed in agency expenditures and programs. The responsibility for ascertaining compliance with legislative intent is an important function of the Legislative Budget Committee and requires a great deal of Committee time."

The budget committee by statute is authorized to appoint the Legislative Auditor who serves as executive officer of the committee. The committee is also authorized to employ research, clerical and other personnel needed to carry out its assigned functions. The Legislative Auditor is directed by statute (RCW 44.28.140 as paraphrased in the biennial report):

- "(1) To ascertain the facts and to make recommendations to the Committee and under their direction to the committees of the state legislature concerning the state budget, state revenues and expenditures, and the organizations and functions of the state, its departments, its subdivisions, and agencies.
- (2) To assist the appropriations committees of the House and Senate in their consideration of the budget and all bills carrying express or implied appropriations and all legislation affecting state departments and their efficiency, to appear before any other legislative committee, and to assist any other legislative committee upon instruction by the Legislative Budget Committee.
- (3) To provide the Legislature with information obtained under the direction of the Committee.
- (4) To maintain a record of all work performed by his office under the direction of the Committee and to keep and make available all documents, data, and reports submitted to him by any legislative committee."

Concerning staff duties and qualifications, Legislative Auditor, Gerald Sorte, writes in his letter of June 30, 1970:

"The staff of the Legislative Budget Committee is composed of generalists with a minimum requirement that each member have a

bachelor of arts or science degree in the liberal arts or business administration. At present, the staff is composed of five professional individuals and two clerical. Of the five professional members, two have masters degrees in political science, two have bachelor degrees in political science with one year of graduate work, one has a bachelors degree in business administration with one year of graduate work.... Although we have no formal requirements, recruiting efforts are directed at obtaining individuals with a good background in economics regardless of the academic discipline of the applicant.

Staff members are assigned functional areas of responsibility and are expected to be knowledgeable enough to recommend modification or acceptance of the executive budget recommendations. Each analyst is also responsible for developing and completing in depth research projects during interim periods."

The auditor's staff does not publish any formal analysis of the executive budget nor does it publish an appropriations report. Analysis of the executive budget requests is transmitted on an informal basis - as "commentary notes" and "summaries" - to the appropriation committees. A "Report to the Legislature" series is used for publication of major studies involving extensive research and detailed analysis of fiscal data.

HAWAII
LEGISLATIVE BUDGET PROCEDURES

Interestingly enough, Hawaii is in the process of effecting major changes in its executive and legislative budgetary procedures. As Clinton Tanimura, Legislative Auditor, writes in his letter of October 2, 1970:

"The information we can offer you concerning Hawaii's policies and practices governing legislative review of the budget is provisional at best. This is because Hawaii is currently in a period of transition to a budget reflecting planning-programming-budgeting concepts as well as to a biennial budgeting and biennial appropriations cycle. It is likely that the implementation of PPB and biennial budgeting will influence the legislative process and organizational structure of budget review, the type and depth of review to be conducted, and the timing and frequency of review. These matters are being considered but have not yet been resolved by a joint interim committee on legislative review and organization which hopes to make recommendations to the 1971 session of the legislature."

Regarding existing legislative finance and appropriation committee structure, the auditor writes that the house finance and senate ways and means committees conduct separate reviews of the budget and make separate budget and appropriation recommendations to their respective houses. The committees usually begin functioning shortly before the session convenes; they do not normally meet during the interim. Joint interim committees have been formed to study special problems; when their subjects include budgetary or financial matters, membership is then drawn from the finance committees of both houses (an example would be the review committee referred to in the preceding paragraph).

The auditor describes the mission of his office as being basically one of conducting program, operation and financial audits. He comments, "What we have done in budget review up to this time is an extension of that post-audit mission rather than in response to a separate mission. However, with the adoption of planning-programming-budgeting, it is likely that our office will be engaged on a more formal basis with the evaluation of on-going programs in support of budget review and with the evaluation of the quality of specific program recommendations of the executive."

Regarding the staff and its qualifications, the auditor continues, "...Employees are hired by and serve at the pleasure of the legislative auditor. While they are not under the State civil service system, they are entitled to the employee benefits received by civil service employees. At present, there are 21 members on the professional staff in addition to the legislative auditor and the deputy auditor.... There are no hard and fast rules which guide our selection of employees. Normally, we look for the person who demonstrates a proclivity for assimilating and applying analytical

techniques. Our personnel have educational backgrounds in a variety of disciplines, including accounting, engineering, psychology, social work, economics, business administration, political science and philosophy. Each member of the current staff holds at least a bachelor's degree, and most hold higher degrees. We have two certified public accountants, and the deputy auditor is a lawyer."

The staff does not normally produce formal budget documents or formal budget related reports. However, they have provided additional insight on the budget through an "overview" report format. An example of this, An Overview of the Governor's 1969-70 Capital Improvements Budget, attempted to "recast into different displays" and "furnish additional perspective" on items contained in the governor's capital improvements budget. Finally, for each new legislature, the office organizes and conducts seminars on the budget and related financial issues; the focus of these seminars is on the "big picture" rather than on specific program areas.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

June 16, 1970

C O P Y

Effective July 1, 1970, Alaska will begin revamping its budgetary procedures under the terms of new legislation providing for a comprehensive system for state program budgeting and financial management. A portion of this new Act requires that the legislature provide for a budget review function, something we have not previously had.

In preparation for the next legislative session, our office has been requested to contact those states with legislative budget review agencies and request their help in providing us with certain necessary information. Specifically, we would request the following:

- (1) Statutory authority, legislative rules or other policy guidelines establishing your legislative budget review function, both for legislative committees and staff;
- (2) a brief statement describing your finance or appropriation committees, indicating whether or not they meet or hold hearings jointly and whether they function during the interim;
- (3) a brief statement describing your staff, giving staff size, employment qualifications, a general description of duties, etc; and
- (4) copies of any of your annual publications on the budget, i.e., analysis of the budget, legislative budget document, appropriations report, etc.

Many thanks in advance for any assistance you can give.

Sincerely,

J. H. Hogan
Fiscal Analyst

LEGISLATIVE BUDGET OFFICES RESPONDING TO
INFORMATION REQUEST OF JUNE 16, 1970

Robert L. Lawless, Staff Director
Joint Legislative Budget Committee
State Capitol
Phoenix, Arizona 85007

William Kurtz, Director
Legislative Budget and Finance Office
Room 26, State House
Trenton, New Jersey 08625

A. Alan Post, Legislative Analyst
Joint Legislative Budget Committee
Room 306, State Capitol
Sacramento, California 95814

Maralyn S. Budke, Director
Legislative Finance Committee
State Capitol
Santa Fe, New Mexico 87501

Joseph Kyle, Director
Joint Budget Committee
Room 341, State Capitol
Denver, Colorado 80203

H. T. Mason, Secretary
Senate Finance Committee
New York State Senate
Albany, New York 12224

Clinton T. Tanimura, Legis. Auditor
Office of the Auditor
State Capitol
Honolulu, Hawaii 96813

Floyd J. Gould, Legislative Fiscal
Officer
Legislative Fiscal Committee
State Capitol
Salem, Oregon 97310

William H. Garside, Legislative
Finance Officer
Office of Legislative Finance
State House
Augusta, Maine 04330

Anthony J. Petrosky, Executive Dir.
Legislative Budget and Finance
Committee
646 Main Capitol Building
Harrisburg, Pennsylvania 17120

Paul D. Cooper, Director
Department of Fiscal Services
Box 231
Annapolis, Maryland 21404

Thomas M. Keel, Director
Legislative Budget Board
Box 2236 Capitol Station
Austin, Texas 78711

Eugene Farnum, Staff Director
Legislative Fiscal Agency
Box 240
Lansing, Michigan 48902

Leo L. Memmott, Legislative Analyst
Joint Budget & Audit Committee
419 State Capitol
Salt Lake City, Utah 84114

Earl Evenson, Legislative Analyst
Senate Finance Committee
State Capitol
St. Paul, Minnesota 55101

Gerald L. Sorte, Legislative
Auditor
Legislative Budget Committee
Legislative Building
Olympia, Washington 98501

Ronald Duncan, Legislative Analyst
House Appropriations Committee
State Capitol
St. Paul, Minnesota 55101

Committee Report

HOUSE OF REPRESENTATIVES

1/12/71

_____ Date

Mr. Speaker:

The Committee on FINANCE has had NO. 10

under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for 1-12 and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:

CHAIRMAN



Alaska State Legislature
House

JUNEAU ALASKA

MEMORANDUM

TO: Representative George
FROM: Jay Hogan, Fiscal Analyst *J. Hogan*
DATE: April 23, 1971
SUBJECT: House Bill No. 14 -- Free Conference Committee Report

Per your request I have drafted the following proposed amendments for the FCCS SCS CSHB 14. The amendments are made to the previous Free Conference report (assuming this will be the starting point for negotiations on the second Free Conference report). In those cases where alternatives are shown, I have placed what appears to me to be the best alternative first.

ALTERNATIVE 1 - MEMBERSHIP (Page 1 of the bill)

Sec. 24.20.161 MEMBERSHIP. The legislative budget and audit committee is composed of ten members: the chairmen of the senate and house finance committees; one member selected from each of the senate and house finance committees and appointed by the president of the senate and the speaker of the house respectively; and three members appointed from each house by the respective presiding officer. The membership from each house shall include at least one member from each of the two major political parties. The committee shall select its own chairman.

The first Free Conference report, in addition to locking in only finance committee chairmen, gave the finance chairmen the option not to serve. If this option not to serve must be included (a chairman could choose not to serve by simply failing to show up at the interim meetings) the following language is suggested:

ALTERNATIVE 2 - MEMBERSHIP (Page 1 of the bill)

Sec. 24.20.161 MEMBERSHIP. The legislative budget and audit committee is composed of ten members: the chairmen of the senate and house finance committees; one member selected from each of the senate and house finance committees and appointed by the president of the senate and the speaker of the house respectively; and three members appointed from each house by the respective presiding officer. The chairman of the finance committee may choose not to serve on the committee. If this occurs, the presiding officer of the appropriate house shall appoint a replacement from the finance committee. The membership from each house shall include at least one member from each of the two major political parties. The committee shall select its own chairman.

ALTERNATIVE 1 - STAFF (Page 5 of the bill)

Sec. 24.20.261 STAFF. (a) The legislative auditor shall serve as head of the audit division and, within the limits of the budget approved by the committee, shall employ and determine the compensation of the professional and clerical staff of the division. The legislative budget and audit committee shall determine the salary of the legislative auditor.

(b) The auditor and members of the professional and clerical staff may not join or support any partisan political organization. This prohibition does not prevent the auditor or members of the staff from joining social organizations, expressing private opinion, registering as to party or voting.

Refer to page 7, Conflict of Interest section, and delete the reference to supervisor of audit.

ALTERNATIVE 2 - STAFF (Page 5 of the bill)

Sec. 20.261. STAFF. (a) The Legislative Budget and Audit Committee shall hire a supervisor of audit who shall serve both at the direction and pleasure of the committee. The supervisor of audit shall serve as head of the audit division and, within the limits of the budget approved by the committee, shall employ and determine the compensation of the other professional and clerical staff of the division.

(b) The auditor, the supervisor of audit and members of the professional and clerical staff may not join or support a partisan political organization. This prohibition does not prevent the auditor or members of the staff from joining social organizations, expressing private opinion, registering as to party or voting.

Alternative 1 is suggested because it creates cleaner lines of authority; the legislative auditor is the actual head of the audit division. Alternative 2 would allow continuation of the existing situation (a contractual auditor with the supervisor of audit being a full-time state employee responsible for the day to day operations of the division) but would exclude the "transitory" language included in the original Free Conference report. If the auditor and supervisor positions are to be retained for some period of time, it would seem best to simply amend the statute at the time the legislative auditor becomes full-time operating head of the division.

GENERAL COMMENTS

Some items were included in the Free Conference report that are not of any particular significance. These are:

1. The exclusion of payment for per diem for committee meetings held during the legislative session. As a simple matter of legislative practice this has not been done, nor is it anticipated that it ever would be done, with or without the provision.

2. Prohibition of session referrals. As in 1. above, this is not a significant problem area.

3. Authorization for the legislative fiscal analyst to serve with the Governor's permission on the Governor's budget review committee. The only apparent need for inclusion of this provision would be to make such service on the budget review committee mandatory.

MEMO

TO: Representative Mike Bradner

FROM: Jay Hogan, Fiscal Analyst

SUBJECT: HOUSE BILL NO. 14 -- Senate and House Finance
Committee Versions

DATE: March 1, 1971

FCCS

At your request I am submitting a memo outlining and commenting on the differences between the House Finance Committee Substitute for HOUSE BILL NO. 14 and the Senate Finance Committee Substitute for Committee Substitute for House Bill 14. Proceeding through the bill the points of differences are:

MEMBERSHIP --

The House version requires that the chairmen of the Senate *Finance* and House Finance Committees and two finance committee *Chairmen* members from each house be members of the Budget & Audit *locked in* Committee; the Senate version does not require any finance *only and* committee membership. Since the mission of the proposed *Chairman* legislative Budget & Audit Committee is to accomplish the *may choose* fiscal analysis, budget review and post audit functions it *not to* would seem logical that some finance committee membership *shall* be required.

The House version requires that one member of the minority be represented on the committee and the Senate version would increase this to two minority members. In those cases where either the House or the Senate were heavily weighted in favor of the majority party (i.e., 3 or 4 to 1 in representation) the "locking in" of a disproportionate number of minority seats would make the committee unrepresentative.

The House version provides that the committee shall select its own chairman; the Senate version makes no such provision. The inclusion of a statement regarding the selection of a committee chairman seems reasonable.

FCCS

TERM OF MEMBERSHIP --

The House version requires that the Budget & Audit Committee be organized within 5 days of the organization of the session; the Senate version makes no specific requirement for organization. If the 5 day organizational requirement is unacceptable, a compromise might be to use a 30 day organizational requirement similar to that for the Legislative Council.

15 days

The House version limits membership to the session for which the member was appointed; the Senate version continues service on the Budget & Audit Committee until reappointed or replaced. A decision on this provision will hinge upon the decision to require committee organization within a specified period of time.

MEETINGS --

The Senate version excludes payment of per diem for committee meetings during the legislative session. This was a floor amendment and although reasonable is perhaps unnecessary. The Legislative Council has no such restriction but I believe it is well understood that a member cannot receive both legislative session per diem and interim service per diem for the same meeting.

POWERS --

The House version contains a provision (5) authorizing the review of changes in agency operating budgets; the Senate version contains no such provision. Changes in the operating budget are accomplished through the use of authority granted under Executive Order 20. Changes in the operating budget have been a source of great concern to the finance committees. The only way to exert legislative control over shifts and changes in the operating budget is to grant the interim committee the authority to review changes made during the budget year.

The Senate version adds a prohibition (8) of session referrals; the House version contains no similar provision. This was a Senate floor amendment and although not unreasonable is again perhaps unnecessary. Practice indicates that legislation referrals are not made to interim committees.

LEGISLATIVE FINANCE DIVISION - DUTIES --

The Senate version would authorize the Legislative Fiscal Analyst to serve, with the Governor's permission, on the Governor's Budget Review Committee; the House version contains no such provision. Whether or not the Fiscal Analyst sits as a member of the Governor's Budget Review Committee is not really a matter of vital concern. The essence of budget review requires that the Fiscal Analyst and his staff have access to the budget document in time to accomplish meaningful pre-session budget review.

FCCS

LEGISLATIVE AUDIT DIVISION - STAFF --

The House version would provide for a full time Legislative Auditor as head of the Audit Division, the Senate version provides for a Supervisor of Audit who shall serve as head of the Division until such time as the Legislative Auditor becomes available and oversees the activities of personnel in the Division. From an organizational point of view it would seem that the Legislative Auditor should be the actual head of the division. At one time the dual limitations of low state salaries and absence of CPA's in the state served to justify the existing contractual service arrangement; these original arguments are no longer valid. Should the Free Conference Committee decide to go with the full time Auditor but wish to allow a period of transition, I would suggest a transitional paragraph at the end of the bill spelling out the period during which the existing contractual auditor/supervisor relationship would be authorized to continue.

LEGISLATIVE AUDIT DIVISION - POWERS AND DUTIES --

The Senate version retained authority to give advice and assistance to state agencies on accounting procedures; the House version deleted this provision. The reasoning behind the House Finance Committee deletion of the provision was -- the Audit Division by offering such advice and assistance would eventually have to review its own suggestions, perhaps creating a conflict of interest situation.

SPECIAL AUDIT --

The Senate version adds the authority to perform a special audit of political subdivisions or other entities expending state funds; the House version contains no such provision. The Senate version underscores authority granted to the ~~committee under the power section to review expenditures of~~ state funds.

EFFECTIVE DATE --

The Senate version by virtue of a floor amendment makes those portions of the bill pertaining to the organization of the committee -- with the exception of the powers of the committee -- take effect upon passage of the act; the remaining sections take effect July 1, 1971; the House version makes the entire act effective on passage. I would suggest that the act as a whole either take effect upon passage or on the July 1 date.

TO: Senator J. Koslosky
FROM: Jay Hogan, Fiscal Analyst *JHH*
SUBJECT: SENATE BILL NO. 11
DATE: February 3, 1971

Sec. 24.20.161. MEMBERSHIP

The amendment proposed in committee yesterday would make all four members from each of the two houses subject to appointment by the president of the senate and speaker of the house respectively. Since the purpose of this committee is to accomplish fiscal analysis, budget review and post audit functions and to direct the activities of two legislative fiscal staffs the possible absence of any finance committee members from the membership of the interim committee seems unwise. I would suggest that you give consideration to returning to the original language which specifies that the chairman of the senate and house finance committees are members or that you consider amending the original language so that at least half of the committee membership is appointed from the standing finance committees.

Sec. 24.20.261. STAFF

The language included by amendment yesterday creates somewhat of a confused organizational arrangement. The amendment would authorize the legislative auditor to hire the supervisor of audit but that same supervisor would serve "both at the direction and pleasure of the committee". I would suggest that either the auditor be hired and serve at the direction and pleasure of the committee or that the supervisor of audit be hired and serve at the direction and pleasure of the committee.

1 IN THE HOUSE

BY BRADNER

2 HOUSE BILL NO. 14

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating a legislative budget and audit com-
7 mittee and providing for the reorganization and
8 establishment of legislative fiscal support services;
9 and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 24.20.150 - 24.20.370 are repealed.

12 * Sec. 2. AS 24.20 is amended by adding new sections to read:

13 Sec. 24.20.151. LEGISLATIVE BUDGET AND AUDIT COMMITTEE. The
14 Alaska Legislative Budget and Audit Committee is established as a
15 permanent interim committee of the legislature. The establishment of
16 the committee recognizes the need of the legislature for full-time
17 technical assistance in accomplishing the fiscal analysis, budget
18 review and post-audit functions.

19 Sec. 24.20.161. MEMBERSHIP. The legislative budget and audit
20 committee is composed of the chairmen of the senate and house finance
21 committees, elected at each session of the legislature, and three
22 members each from the senate and from the house appointed by the
23 president of the senate and the speaker of the house, respectively.
24 The membership from each house shall include at least one member from
25 each of the two major political parties.

26 Sec. 24.20.171. TERM OF MEMBERSHIP. Members serve for the
27 duration of the legislature during which they are appointed. If they
28 are re-elected or their term of office extends into the next succeeding
29 legislature, they continue to serve until reappointed or the appointment

1 of their successor.

2 Sec. 24.20.181. VACANCIES. When a vacancy occurs in the
3 membership of the committee, the presiding officer of the house
4 incurring the vacancy shall choose a successor. If the office of
5 the president of the senate or speaker of the house of representatives
6 becomes vacant and a vacancy from the effected house occurs among
7 the membership of the committee, the remaining committee members from
8 the house incurring the vacancy shall appoint a new member.

9 Sec. 24.20.191. MEETINGS. The budget and audit committee may
10 meet during sessions of the legislature and during the interim between
11 sessions at such times and places inside the state as the chairman
12 may determine. Members may receive, for the minimum time required to
13 get to and from meetings and for the period while attending meetings,
14 the same travel and per diem allowances provided by law for members of
15 the legislature when attending sessions.

16 Sec. 24.20.201. POWERS. The legislative budget and audit
17 committee has the power to:

- 18 (1) organize, adopt rules for the conduct of its business
19 and prescribe procedures for the comprehensive fiscal analysis,
20 budget review and post-audit functions;
- 21 (2) hold public hearings, administer oaths, issue subpoenas,
22 compel the attendance of witnesses and production of papers, books,
23 accounts, documents and testimony, and to have the deposition of
24 witnesses taken in a manner prescribed by court rule or law for
25 taking depositions in civil actions;
- 26 (3) require all state officials and agencies of state
27 government to give full cooperation to the committee or its staff in
28 assembling and furnishing requested information;
- 29 (4) review revenue projections, state agency appropriation

1 requests, the expenditure of state funds, including the relationship
2 between state agency program accomplishments and legislative intent,
3 and the fiscal policies and procedures of state government;

4 (5) make recommendations concerning appropriations, their
5 expenditure and the fiscal policies and procedures of state government
6 to the governor where appropriate, and the legislature;

7 (6) prepare and distribute reports, memoranda or other
8 necessary materials.

9 Sec. 24.20.211. LEGISLATIVE FINANCE DIVISION. The legislative
10 finance division is established as a permanent staff agency responsible
11 to the legislative budget and audit committee for performance of
12 fiscal analysis and budget review functions.

13 Sec. 24.20.221. STAFF. (a) The committee shall hire and
14 determine the salary of the legislative fiscal analyst who shall
15 serve both at the direction and pleasure of the committee. The fiscal
16 analyst shall serve as head of the finance division and, within the
17 limits of the budget approved by the committee, shall employ and
18 determine the compensation of the professional and clerical staff of
19 the division.

20 (b) The fiscal analyst and members of the professional and
21 clerical staff shall not join or support any partisan political
22 organization. This prohibition does not prevent the fiscal analyst
23 or members of the staff from joining social organizations, expressing
24 private opinion, registering as to party or voting.

25 Sec. 24.20.231. DUTIES. The legislative finance division shall

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

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

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

3 (4) cooperate with the division of budget and management
4 in establishing a comprehensive system for state program budgeting
5 and financial management as set out in the Executive Budget Act
6 (AS 37.07);

7 (5) complete studies and prepare reports, memoranda or
8 other materials as directed by the legislative budget and audit commit-
9 tee.

10 Sec. 24.20.241. LEGISLATIVE AUDIT DIVISION. The legislative
11 audit division is established as a permanent staff agency responsible
12 to the legislative budget and audit committee for completion of the
13 post-audit function.

14 Sec. 24.20.251. QUALIFICATIONS AND APPOINTMENT OF LEGISLATIVE
15 AUDITOR. (a) The legislative auditor shall be a certified public
16 accountant of this state, or of another state having requirements
17 equivalent to those of this state, with at least five years of practice
18 in the profession, or the equivalent, before his appointment.

19 (b) The legislative budget and audit committee shall examine
20 persons to serve as legislative auditor and, upon completion of the
21 examination, place the name of the person selected in nomination before
22 the legislature. If the legislature is not in session, the person
23 nominated shall carry out the duties of the office until the next
24 session of the legislature at which time the name of the person
25 nominated shall be presented to the legislature for appointment.

26 (c) The legislative auditor serves at the pleasure of the legis-
27 lature. However, when the legislature is not in session, the auditor
28 may be removed for cause by a majority vote of the legislative budget
29 and audit committee after notice by, and a hearing before, the

1 committee.

2 Sec. 24.20.261. STAFF. (a) The legislative auditor shall serve
3 as head of the audit division and, within the limits of the budget
4 approved by the committee, shall employ and determine the compensation
5 of the professional and clerical staff of the division. The legis-
6 lative budget and audit committee shall determine the salary of the
7 legislative auditor.

8 (b) The auditor and members of the professional and clerical
9 staff may not join or support any partisan political organization.
10 This prohibition does not prevent the auditor or members of the staff
11 from joining social organizations, expressing private opinion, regis-
12 tering as to party or voting.

13 Sec. 24.20.271. POWERS AND DUTIES. The legislative audit divi-
14 sion shall

15 (1) perform an audit, complete with a written report, at
16 least once every two years on the books and accounts of every depart-
17 ment, institution, bureau, board, commission or other agency of state
18 government;

19 (2) audit at least once every two years the books and ac-
20 counts of all custodians of public funds and all disbursing officers of
21 the state;

22 (3) at the direction of the legislative budget and audit
23 committee, conduct performance post-audits on any agency of state
24 government;

25 (4) cooperate with state agencies by offering advice and
26 assistance as requested in establishing or improving the accounting
27 systems used by state agencies;

28 (5) require the assistance and cooperation of all state
29 officials and other state employees in the inspection, examination

1 and audit of state agency books and accounts;

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

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

8 (8) complete studies and prepare reports, memoranda or other
9 materials as directed by the legislative budget and audit committee.

10 Sec. 24.20.281. SPECIAL AUDIT. A member of the legislature may,
11 in writing and with at least six days notice, request that the budget
12 and audit committee direct a special audit of any state agency. Should
13 a majority of the committee vote to approve the request, the legisla-
14 tive audit division shall make the audit.

15 Sec. 24.20.291. CONFLICT OF INTEREST. The legislative auditor,
16 the legislative fiscal analyst and members of the staff of the legis-
17 lative finance and audit divisions shall not serve in ex officio or
18 other capacity on any board, commission or other administrative agency
19 of state government; nor shall they have a financial interest in tran-
20 sactions involving any agency of state government.

21 Sec. 24.20.301. RECORDS. (a) The legislative audit division
22 shall keep a complete file of all audit reports and other reports or
23 releases issued by the division, and a complete file of audit work
24 papers and other related supportive material. The division shall also
25 keep a complete and accurate record of all fiscal transactions
26 involving the division.

27 (b) The legislative finance division shall keep a complete file
28 of all budget reports and other reports or releases issued by the
29 division and a complete and accurate record of all fiscal transactions

1 involving the division.

2 Sec. 24.20311. REPORTS. The committee shall file copies of its
3 approved audit reports including any committee recommendations with
4 the governor, the agency concerned and the legislature. An annual
5 report summarizing the audit reports and committee recommendations
6 made during the year shall be filed with the governor and with the
7 legislature within the first five days of each regular session of the
8 legislature. Reports shall be approved by a majority of the committee
9 prior to their release and shall be open to public inspection after
10 their release to the legislature.

11 * Sec. 3. AS 37.07.040(5) is amended to read:

12 (5) provide the legislative finance division [LEGISLATIVE
13 AFFAIRS AGENCY] with the budget information it may request.

14 * Sec. 4. AS 37.07.050(a) is amended to read:

15 (a) Each state agency on the date and in the form and content
16 prescribed by the division, shall prepare and forward to the division
17 and the legislative finance division [LEGISLATIVE AFFAIRS AGENCY]

18 (1) the goals and objectives of the agency programs,
19 together with proposed supplements, deletions and revision;

20 (2) its proposed plans to implement the goals and objectives,
21 including estimates of future service needs, planned methods of admini-
22 stration, proposed modification of existing program services and estab-
23 lishment of new program services, and the estimated resources needed
24 to carry out the proposed plan;

25 (3) the budget requested to carry out its proposed plans in
26 the succeeding fiscal year, including information reflecting the
27 expenditures during the last fiscal year, those authorized for the
28 current fiscal year, those proposed for the succeeding fiscal year, an
29 explanation of the services to be provided, the need for the services,

1 the cost of the services, and any other information requested by the
2 division;

3 (4) a report of the receipts during the last fiscal year,
4 an estimate of the receipts during the current fiscal year, and an
5 estimate for the succeeding fiscal year;

6 (5) a statement of legislation required to implement the
7 proposed programs and financial plans;

8 (6) an evaluation of the advantages and disadvantages of
9 specific alternatives to existing or proposed program policies or
10 administrative methods.

11 * Sec. 5. AS 37.07.090(a) is amended to read:

12 (a) Each state agency shall submit a performance report to the
13 division no later than September 1 for the preceding fiscal year.
14 These reports shall be in the form prescribed by the division after
15 consultation with the legislative finance division [LEGISLATIVE AFFAIRS
16 AGENCY], and shall include statements concerning

17 (1) the work accomplished and the services provided in the
18 preceding fiscal year or other meaningful work period, relating actual
19 accomplishments to those planned under sec. 30(b) of this chapter;

20 (2) the relationship of accomplishments and services to the
21 policy decisions and budget determinations of the governor and the
22 legislature;

23 (3) the costs of accomplishing the work and providing the
24 services, and, to the extent feasible, citing meaningful measures of
25 program effectiveness and cost;

26 (4) the administrative improvements made in the preceding
27 year, potential improvements in future years, and suggested changes in
28 legislation or administrative procedures to make further improvements.

29 * Sec. 6. AS 24.20.060(4)(D) is repealed.

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* Sec. 7. This Act takes effect on July 1, 1971.

Original sponsor: Bradner

Offered: 1/29/71
Referred: Rules

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 14

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating a legislative budget and audit com-
7 mittee and providing for the reorganization and
8 establishment of legislative fiscal support services;
9 and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 24.20.150 - 24.20.370 are repealed.

12 * Sec. 2. AS 24.20 is amended by adding new sections to read:

13 Sec. 24.20.151. LEGISLATIVE BUDGET AND AUDIT COMMITTEE. The
14 Alaska Legislative Budget and Audit Committee is established as a
15 permanent interim committee of the legislature. The establishment of
16 the committee recognizes the need of the legislature for full-time
17 technical assistance in accomplishing the fiscal analysis, budget
18 review and post-audit functions.

19 Sec. 24.20.161. MEMBERSHIP. The legislative budget and audit
20 committee is composed of the chairmen of the senate and house finance
21 committees, two members selected from the senate and house
22 finance committees appointed by the president of the senate and the
23 speaker of the house respectively, and two members appointed from each
24 house by the respective presiding officer. The membership from each
25 house shall include at least one member from each of the two major
26 political parties. The committee shall select its own chairman.

27 Sec. 24.20.171. TERM OF MEMBERSHIP. The legislative budget and
28 audit committee shall be organized within five days after the organiza-
29 tion of each legislature. Members serve for the duration of the

1 legislature during which they are appointed.

2 Sec. 24.20.181. VACANCIES. When a vacancy occurs in the
3 membership of the committee, the presiding officer of the house
4 incurring the vacancy shall choose a successor. If the office of the
5 president of the senate or speaker of the house of representatives
6 becomes vacant and a vacancy from the affected house occurs among
7 the membership of the committee, the remaining committee members from
8 the house incurring the vacancy shall appoint a new member.

9 Sec. 24.20.191. MEETINGS. The budget and audit committee may
10 meet during sessions of the legislature and during the interim between
11 sessions at such times and places inside the state as the chairman
12 may determine. Members may receive, for the minimum time required to
13 get to and from meetings and for the period while attending meetings,
14 the same travel and per diem allowances provided by law for members of
15 the legislature when attending sessions.

16 Sec. 24.20.201. POWERS. The legislative budget and audit
17 committee has the power to:

18 (1) organize, adopt rules for the conduct of its business
19 and prescribe procedures for the comprehensive fiscal analysis,
20 budget review and post-audit functions;

21 (2) hold public hearings, administer oaths, issue subpoenas,
22 compel the attendance of witnesses and production of papers, books,
23 accounts, documents and testimony, and to have the deposition of
24 witnesses taken in a manner prescribed by court rule or law for
25 taking depositions in civil actions;

26 (3) require all state officials and agencies of state
27 government to give full cooperation to the committee or its staff in
28 assembling and furnishing requested information;

29 (4) review revenue projections, state agency appropriation

1 requests, the expenditure of state funds, including the relationship
2 between state agency program accomplishments and legislative intent,
3 and the fiscal policies and procedures of state government;

4 (5) review all proposed changes to agency authorized
5 operating budgets;

6 (6) make recommendations concerning appropriations, their
7 expenditure and the fiscal policies and procedures of state government
8 to the governor where appropriate, and the legislature;

9 (7) prepare and distribute reports, memoranda or other
10 necessary materials.

11 Sec. 24.20.211. LEGISLATIVE FINANCE DIVISION. The legislative
12 finance division is established as a permanent staff agency responsible
13 to the legislative budget and audit committee for performance of
14 fiscal analysis and budget review functions.

15 Sec. 24.20.221. STAFF. (a) The committee shall hire and
16 determine the salary of the legislative fiscal analyst who shall serve
17 both at the direction and pleasure of the committee. The fiscal
18 analyst shall serve as head of the finance division and, within the
19 limits of the budget approved by the committee, shall employ and
20 determine the compensation of the professional and clerical staff of
21 the division.

22 (b) The fiscal analyst and members of the professional and
23 clerical staff shall not join or support any partisan political
24 organization. This prohibition does not prevent the fiscal analyst
25 or members of the staff from joining social organizations, expressing
26 private opinion, registering as to party or voting.

27 Sec. 24.20.231. DUTIES. The legislative finance division shall
28 (1) analyze the budget and appropriation requests of each
29 department, institution, bureau, board, commission or other agency of

1 state government;

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

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

5 (4) cooperate with the division of budget and management
6 in establishing a comprehensive system for state program budgeting
7 and financial management as set out in the Executive Budget Act
8 (AS 37.07);

9 (5) complete studies and prepare reports, memoranda or
10 other materials as directed by the legislative budget and audit com-
11 mittee.

12 Sec. 24.20.241. LEGISLATIVE AUDIT DIVISION. The legislative
13 audit division is established as a permanent staff agency responsible
14 to the legislative budget and audit committee for completion of the
15 post-audit function.

16 Sec. 24.20.251. QUALIFICATIONS AND APPOINTMENT OF LEGISLATIVE
17 AUDITOR. (a) The legislative auditor shall be a certified public
18 accountant of this state, or of another state having requirements
19 equivalent to those of this state, with at least five years of prac-
20 tice in the profession, or the equivalent, before his appointment.

21 (b) The legislative budget and audit committee shall examine
22 persons to serve as legislative auditor and, upon completion of the
23 examination, place the name of the person selected in nomination before
24 the legislature. If the legislature is not in session, the person
25 nominated shall carry out the duties of the office until the next
26 session of the legislature at which time the name of the person
27 nominated shall be presented to the legislature for appointment.

28 (c) The legislative auditor serves at the pleasure of the legis-
29 lature. However, when the legislature is not in session, the auditor

1 may be removed for cause by a majority vote of the legislative budget
2 and audit committee after notice by, and a hearing before, the
3 committee.

4 Sec. 24.20.261. STAFF. (a) The legislative auditor shall serve
5 as head of the audit division and, within the limits of the budget
6 approved by the committee, shall employ and determine the compensation
7 of the professional and clerical staff of the division. The legisla-
8 tive budget and audit committee shall determine the salary of the
9 legislative auditor.

10 (b) The auditor and members of the professional and clerical
11 staff may not join or support any partisan political organization.
12 This prohibition does not prevent the auditor or members of the staff
13 from joining social organizations, expressing private opinion, regis-
14 tering as to party or voting.

15 Sec. 24.20.271. POWERS AND DUTIES. The legislative audit divi-
16 sion shall

17 (1) perform an audit, complete with a written report, at
18 least once every three years on the books and accounts of every depart-
19 ment, institution, bureau, board, commission or other agency of state
20 government;

21 (2) audit at least once every three years the books and ac-
22 counts of all custodians of public funds and all disbursing officers of
23 the state;

24 (3) at the direction of the legislative budget and audit
25 committee, conduct performance post-audits on any agency of state
26 government;

27 (4) require the assistance and cooperation of all state
28 officials and other state employees in the inspection, examination
29 and audit of state agency books and accounts;

1 (5) have access at all times to the books, accounts, reports
2 or other records, whether confidential or not, of every state agency;

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

7 (7) complete studies and prepare reports, memoranda or other
8 materials as directed by the legislative budget and audit committee.

9 Sec. 24.20.281. SPECIAL AUDIT. A member of the legislature may,
10 in writing and with at least six days notice, request that the budget
11 and audit committee direct a special audit of any state agency. Should
12 a majority of the committee vote to approve the request, the legisla-
13 tive audit division shall make the audit.

14 Sec. 24.20.291. CONFLICT OF INTEREST. The legislative auditor,
15 the legislative fiscal analyst and members of the staff of the legis-
16 lative finance and audit divisions shall not serve in ex officio or
17 other capacity on any board, commission or other administrative agency
18 of state government; nor shall they have a financial interest in trans-
19 actions involving any agency of state government.

20 Sec. 24.20.301. RECORDS. (a) The legislative audit division
21 shall keep a complete file of all audit reports and other reports or
22 releases issued by the division, and a complete file of audit work
23 papers and other related supportive material. The division shall also
24 keep a complete and accurate record of all fiscal transactions
25 involving the division.

26 (b) The legislative finance division shall keep a complete file
27 of all budget reports and other reports or releases issued by the
28 division and a complete and accurate record of all fiscal transactions
29 involving the division.

1 Sec. 24.20.311. REPORTS. The committee shall file copies of its
2 approved audit reports including any committee recommendations with
3 the governor, the agency concerned and the legislature. A. annual
4 report summarizing the audit reports and committee recommendations
5 made during the year shall be filed with the governor and with the
6 legislature within the first five days of each regular session of the
7 legislature. Reports shall be approved by a majority of the committee
8 prior to their release and shall be open to public inspection after
9 their release to the legislature.

10 * Sec. 3. AS 37.07.040(5) is amended to read:

11 (5) provide the legislative finance division [LEGISLATIVE
12 AFFAIRS AGENCY] with the budget information it may request.

13 * Sec. 4. AS 37.07.050(a) is amended to read:

14 (a) Each state agency on the date and in the form and content
15 prescribed by the division, shall prepare and forward to the division
16 and the legislative finance division [LEGISLATIVE AFFAIRS AGENCY]

17 (1) the goals and objectives of the agency programs, to-
18 gether with proposed supplements, deletions and revision;

19 (2) its proposed plans to implement the goals and objectives,
20 including estimates of future service needs, planned methods of admini-
21 stration, proposed modification of existing program services and estab-
22 lishment of new program services, and the estimated resources needed
23 to carry out the proposed plan;

24 (3) the budget requested to carry out its proposed plans in
25 the succeeding fiscal year, including information reflecting the
26 expenditures during the last fiscal year, those authorized for the
27 current fiscal year, those proposed for the succeeding fiscal year, an
28 explanation of the services to be provided, the need for the services,
29 the cost of the services, and any other information requested by the

1 division;

2 (4) a report of the receipts during the last fiscal year,
3 an estimate of the receipts during the current fiscal year, and an
4 estimate for the succeeding fiscal year;

5 (5) a statement of legislation required to implement the
6 proposed programs and financial plans;

7 (6) an evaluation of the advantages and disadvantages of
8 specific alternatives to existing or proposed program policies or
9 administrative methods.

10 * Sec. 5. AS 37.07.090(a) is amended to read:

11 (a) Each state agency shall submit a performance report to the
12 division no later than September 1 for the preceding fiscal year.
13 These reports shall be in the form prescribed by the division after
14 consultation with the legislative finance division [LEGISLATIVE AFFAIRS
15 AGENCY], and shall include statements concerning

16 (1) the work accomplished and the services provided in the
17 preceding fiscal year or other meaningful work period, relating actual
18 accomplishments to those planned under sec. 80(b) of this chapter;

19 (2) the relationship of accomplishments and services to the
20 policy decisions and budget determinations of the governor and the
21 legislature;

22 (3) the costs of accomplishing the work and providing the
23 services, and, to the extent feasible, citing meaningful measures of
24 program effectiveness and cost;

25 (4) the administrative improvements made in the preceding
26 year, potential improvements in future years, and suggested changes in
27 legislation or administrative procedures to make further improvements.

28 * Sec. 6. AS 24.20.060(4)(D) is repealed.

29 * Sec. 7. This Act takes effect on the day after its passage and approval

1 or on the day it becomes law without approval.

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Original sponsor: Bradner

Offered: 2/12/71
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 14

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating a legislative budget and audit com-
7 mittee and providing for the reorganization and
8 establishment of legislative fiscal support services;
9 and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 24.20.150 - 24.20.370 are repealed.

12 * Sec. 2. AS 24.20 is amended by adding new sections to read:

13 Sec. 24.20.151. LEGISLATIVE BUDGET AND AUDIT COMMITTEE. "The
14 Alaska Legislative Budget and Audit Committee is established as a
15 permanent interim committee of the legislature. The establishment of
16 the committee recognizes the need of the legislature for full-time
17 technical assistance in accomplishing the fiscal analysis, budget
18 review and post-audit functions.

19 Sec. 24.20.161. MEMBERSHIP. The legislative budget and audit
20 committee is composed of five members each from the senate and the
21 house appointed by the president of the senate and the speaker of the
22 house, respectively. The membership from each house shall include
23 at least two members from each of the two major political parties.

24 Sec. 24.20.171. TERM OF MEMBERSHIP. Members serve for the duration
25 of the legislature during which they are appointed. If they are re-elect-
26 ed or their term of office extends into the next succeeding legislature,
27 they continue to serve until reappointed or the appointment of their
28 successor.

29 Sec. 24.20.181. VACANCIES. When a vacancy occurs in the member-

1 ship of the committee, the presiding officer of the house incurring
2 the vacancy shall choose a successor. If the office of the president
3 of the senate or speaker of the house of representatives becomes
4 vacant and a vacancy from the affected house occurs among the member-
5 ship of the committee, the remaining committee members from the house
6 incurring the vacancy shall appoint a new member.

7 Sec. 24.20.191. MEETINGS. The budget and audit committee may
8 meet during sessions of the legislature and during the interim between
9 sessions at such times and places inside the state as the chairman
10 may determine. Members may receive, for the minimum time required to
11 get to and from meetings and for the period while attending meetings,
12 the same travel and per diem allowances provided by law for members of
13 the legislature when attending sessions, except that members of the
14 committee receive no per diem during legislative sessions other than
15 the per diem allowance paid to other members of the legislature.

16 Sec. 24.20.201. POWERS. (a) The legislative budget and audit
17 committee has the power to:

18 (1) organize, adopt rules for the conduct of its business
19 and prescribe procedures for the comprehensive fiscal analysis,
20 budget review and post-audit functions;

21 (2) hold public hearings, administer oaths, issue subpoenas,
22 compel the attendance of witnesses and production of papers, books,
23 accounts, documents and testimony, and to have the deposition of
24 witnesses taken in a manner prescribed by court rule or law for
25 taking depositions in civil actions;

26 (3) require all state officials and agencies of state
27 government to give full cooperation to the committee or its staff in
28 assembling and furnishing requested information;

29 (4) review revenue projections, state agency appropriation

1 requests, the expenditure of state funds, including the relationship
2 between state agency program accomplishments and legislative intent,
3 and the fiscal policies and procedures of state government;

4 (5) make recommendations concerning appropriations, their
5 expenditure and the fiscal policies and procedures of state government
6 to the governor where appropriate, and the legislature;

7 (6) prepare and distribute reports, memoranda or other
8 necessary materials.

9 (b) Nothing in this chapter shall be so construed as to
10 authorize the referral by the presiding officer of legislation to
11 the committee at regular or special sessions of the legislature.

12 Sec. 24.20.211. LEGISLATIVE FINANCE DIVISION. The legislative
13 finance division is established as a permanent staff agency responsible
14 to the legislative budget and audit committee for performance of
15 fiscal analysis and budget review functions.

16 Sec. 24.20.211. STAFF. (a) The committee shall hire and
17 determine the salary of the legislative fiscal analyst who shall serve
18 both at the direction and pleasure of the committee. The fiscal
19 analyst shall serve as head of the finance division and, within the
20 limits of the budget approved by the committee, shall employ and
21 determine the compensation of the professional and clerical staff of
22 the division.

23 (b) The fiscal analyst and members of the professional and
24 clerical staff shall not join or support a partisan political organi-
25 zation. This prohibition does not prevent the fiscal analyst or
26 members of the staff from joining social organizations, expressing
27 private opinion, registering as to party or voting.

28 Sec. 24.20.231. DUTIES. The legislative finance division
29 shall

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

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

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

7 (4) cooperate with the division of budget and management
8 in establishing a comprehensive system for state program budgeting
9 and financial management as set out in the Executive Budget Act
10 (AS 37.07);

11 (5) complete studies and prepare reports, memoranda or other
12 materials as directed by the legislative budget and audit committee.

13 (6) with the governor's permission, designate the legislative
14 fiscal analyst to serve ex officio on the governor's budget review
15 committee.

16 Sec. 24.20.241. LEGISLATIVE AUDIT DIVISION. The legislative
17 audit division is established as a permanent staff agency responsible
18 to the legislative budget and audit committee for completion of the
19 post-audit function.

20 Sec. 24.20.251. QUALIFICATIONS AND APPOINTMENT OF LEGISLATIVE
21 AUDITOR. (a) The legislative auditor shall be a certified public
22 accountant of this state, or of another state having requirements
23 equivalent to those of this state, with at least five years of practice
24 in the profession, or the equivalent, before his appointment.

25 (b) The legislative budget and audit committee shall examine
26 persons to serve as legislative auditor and, upon completion of the
27 examination, place the name of the person selected in nomination before
28 the legislature. If the legislature is not in session, the person
29 nominated shall carry out the duties of the office until the next

1 session of the legislature at which time the name of the person
2 nominated shall be presented to the legislature for appointment.

3 (c) The legislative auditor serves at the pleasure of the legisla-
4 ture. However, when the legislature is not in session, the auditor may
5 be removed for cause by a majority vote of the legislative budget and
6 audit committee after notice by, and a hearing before, the committee.

7 Sec. 24.20.261. STAFF (a) The legislative budget and audit com-
8 mittee shall hire a supervisor of audit who shall serve both at the
9 direction and pleasure of the committee. The supervisor of audit shall
10 serve as head of the audit division and, within the limits of the budget
11 approved by the committee, shall employ and determine the compensation
12 of the other professional and clerical staff of the division until such
13 time as the position of legislative auditor becomes a full-time position
14 at which time the legislative auditor shall become the head of the
15 audit division.

16 (b) The auditor, the supervisor of audit and members of the
17 professional and clerical staff may not join or support a partisan
18 political organization. This prohibition does not prevent the auditor
19 or members of the staff from joining social organizations, expressing
20 private opinion, registering as to party or voting.

21 Sec. 24.20.271. POWERS AND DUTIES. The legislative audit divi-
22 sion shall

23 (1) perform an audit, complete with a written report, at least
24 once every three years on the books and accounts of every department,
25 institution, bureau, board, commission or other agency of state govern-
26 ment;

27 (2) audit at least once every three years the books and
28 accounts of all custodians of public funds and all disbursing officers
29 of the state;

1 (3) at the direction of the legislative budget and audit com-
2 mittee, conduct performance post-audits on any agency of state govern-
3 ment;

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

7 (5) require the assistance and cooperation of all state
8 officials and other state employees in the inspection, examination
9 and audit of state agency books and accounts;

10 (6) have access at all times to the books, accounts, reports
11 or other records, whether confidential or not, of every state agency;

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

16 (8) complete studies and prepare reports, memoranda or other
17 materials as directed by the legislative budget and audit committee.

18 Sec. 24.20.281. SPECIAL AUDIT. A member of the legislature may,
19 in writing and with at least six days notice, request that the budget
20 and audit committee direct a special audit of any state agency or
21 determine the propriety of any expenditure of state funds received by
22 any political subdivision or other entity obtaining state funds. Should
23 a majority of the committee vote to approve the request, the legislative
24 audit division shall make the audit.

25 Sec. 24.20.291. CONFLICT OF INTEREST. The legislative auditor,
26 the supervisor of audit, the legislative fiscal analyst and members of
27 the staff of the legislative finance and audit divisions shall not
28 serve in ex officio or other capacity on any board (except as
29 authorized in sec 231(6) of this chapter), commission or other

1 administrative agency of state government; nor shall they have a
2 financial interest in transactions involving any agency of state
3 government.

4 Sec. 24.20.301. RECORDS. (a) The legislative audit division
5 shall keep a complete file of all audit reports and other reports or
6 releases issued by the division, and a complete file of audit work
7 papers and other related supportive material. The division shall also
8 keep a complete and accurate record of all fiscal transactions
9 involving the division.

10 (b) The legislative finance division shall keep a complete file
11 of all budget reports and other reports or releases issued by the
12 division and a complete and accurate record of all fiscal transactions
13 involving the division.

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15 approved audit reports including any committee recommendations with the
16 governor, the agency concerned and the legislature. An annual report
17 summarizing the audit reports and committee recommendations made during
18 the year shall be filed with the governor and with the legislature
19 within the first five days of each regular session of the legislature.
20 Reports shall be approved by a majority of the committee before their
21 release and shall be open to public inspection after their release to
22 the legislature.

23 * Sec. 3. AS 37.07.040(5) is amended to read:

24 (5) provide the legislative finance division [LEGISLATIVE
25 AFFAIRS AGENCY] with the budget information it may request.

26 * Sec. 4. AS 37.07.050(a) is amended to read:

27 (a) Each state agency, on the date and in the form and content
28 prescribed by the division, shall prepare and forward to the division
29 and the legislative finance division [LEGISLATIVE AFFAIRS AGENCY]