

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 194(W&M)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

Offered: 4/26/24

Referred: Finance

Sponsor(s): REPRESENTATIVES CARPENTER, Tomaszewski

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the duties of the Legislative Budget and Audit Committee; relating**
2 **to the Executive Budget Act; establishing consensus estimating conferences; relating to**
3 **the development of official information for use in preparing the state budget; relating to**
4 **strategic plans, performance plans, and financial plans for executive branch agencies;**
5 **and providing for an effective date."**

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

7 *** Section 1.** AS 16.05.110(b) is amended to read:

8 (b) Except for money received as fisheries fines or forfeitures in settlement of
9 a claim or loss caused by damage to the fish resources of the state that is appropriated
10 to or through the division of commercial fisheries management and development,
11 appropriations of money from the fish and game fund and of money received by the
12 state under the federal aid acts described under AS 16.05.140 shall be made to the
13 division of wildlife conservation or the division of sport fish. The division of wildlife

1 conservation or the division of sport fish may use money appropriated under this
 2 subsection to acquire administrative and other services from other agencies if the
 3 division acquires the services through reimbursable services agreements. The division
 4 of wildlife conservation and the division of sport fish shall include as part of their
 5 budgets prepared under **AS 37.07.085** [AS 37.07.050]

6 (1) a listing of the reimbursable services agreements that are to be
 7 funded with money appropriated under this subsection;

8 (2) a description of the services to be provided under those
 9 agreements; and

10 (3) a listing of the entities that are parties to those agreements.

11 * **Sec. 2.** AS 24.08.035(b) is amended to read:

12 (b) In addition to the fiscal note required by this section, the sponsor of a bill
 13 or resolution may prepare a fiscal note in conformity with the requirements of this
 14 section and submit it to the committee of first referral or the finance committee. A
 15 committee may prepare an additional fiscal note in conformity with the requirements
 16 of this section. **The sponsor of a bill or resolution or a committee may also request**
 17 **that a special impact estimating conference evaluate a fiscal note under (h) of this**
 18 **section.**

19 * **Sec. 3.** AS 24.08.035 is amended by adding a new subsection to read:

20 (h) A special impact estimating conference appointed under AS 37.07.036
 21 may evaluate a fiscal note prepared under this section. The special impact estimating
 22 conference may prepare a fiscal note in conformity with the requirements of this
 23 section and submit it to the committee of first referral or the finance committee. A
 24 fiscal note prepared by the special impact conference replaces the fiscal note prepared
 25 by a department, sponsor of a bill or resolution, or committee under this section.

26 * **Sec. 4.** AS 24.20.206 is amended to read:

27 **Sec. 24.20.206. Duties.** The Legislative Budget and Audit Committee shall

28 (1) annually review the long-range operating plans of all agencies of
 29 the state that perform lending or investment functions;

30 (2) review periodic reports from all agencies of the state that perform
 31 lending or investment functions;

1 (3) prepare a complete report of investment programs, plans,
 2 performance, and policies of all agencies of the state that perform lending or
 3 investment functions and notify the legislature on or before the first day of each
 4 regular session that the report is available;

5 (4) in conjunction with the finance committee of each house,
 6 recommend annually to the legislature the investment policy for the general fund
 7 surplus and for the income from the permanent fund;

8 (5) provide for an annual post audit and annual operational and
 9 performance evaluation of the Alaska Permanent Fund Corporation investments and
 10 investment programs;

11 (6) provide for an annual operational and performance evaluation of
 12 the Alaska Housing Finance Corporation and the Alaska Industrial Development and
 13 Export Authority; the performance evaluation must include, but is not limited to, a
 14 comparison of the effect on various sectors of the economy by public and private
 15 lending, the effect on resident and nonresident employment, the effect on real wages,
 16 and the effect on state and local operating and capital budgets of the programs of the
 17 Alaska Housing Finance Corporation and the Alaska Industrial Development and
 18 Export Authority;

19 (7) provide assistance to the trustees of the trust established in
 20 AS 37.14.400 - 37.14.450 in carrying out their duties under AS 37.14.415; **and**

21 **(8) adopt a method of measuring results for state agencies and**
 22 **provide the measures to the Office of the Governor in accordance with**
 23 **AS 37.07.014(b).**

24 * **Sec. 5.** AS 37.07.010 is amended to read:

25 **Sec. 37.07.010. Statement of policy.** It is the purpose of this chapter to
 26 establish a comprehensive system for state program and financial management that
 27 furthers the capacity of the governor and legislature to plan and finance the services
 28 that they determine the state will provide for its citizens. The system must include
 29 procedures for

30 (1) the orderly establishment, continuing review, and periodic revision
 31 of the **strategic plans**, program goals, [AND POLICIES OF STATE AGENCIES] and

1 financial goals and policies of the state;

2 (2) the development, coordination, and review of long-range **strategic,**
 3 **performance,** program, and financial plans that will **measure the extent to which**
 4 **program and financial goals have been met** [IMPLEMENT ESTABLISHED
 5 STATE GOALS AND POLICIES];

6 (3) the preparation, coordination, analysis, and enactment of a budget
 7 that is organized **by the programs and** [TO FOCUS ON THE] services provided by
 8 state agencies, [AND ON] the cost of those services, and **the desired results of those**
 9 **services** [THAT PROVIDES FOR IMPLEMENTATION OF POLICIES AND
 10 PLANS, IN THE SUCCEEDING BUDGET PERIOD];

11 (4) the evaluation of alternatives to existing policies, **strategic** plans,
 12 and procedures that offer potential for more efficient state services;

13 (5) **annual** [THE REGULAR] appraisal and reporting of program
 14 performance;

15 (6) public participation in the development of the annual budget,
 16 including opportunity for the public to review and comment **on** [UPON] the **services,**
 17 [PLANS AND] programs, **and financial goals** of the Office of the Governor and all
 18 state agencies in the executive branch, the legislature, the judicial system, the
 19 University of Alaska, and the public corporations of the state.

20 * **Sec. 6.** AS 37.07.014(a) is amended to read:

21 (a) To carry out its legislative power under art. II, sec. 1, Constitution of the
 22 State of Alaska, and to promote results-based government, the legislature shall **review**
 23 **performance and financial plans approved by the governor and organize the**
 24 **budget for the succeeding fiscal year by service or program within each agency,**
 25 **including service and program cost and desired measurements for each service**
 26 **and program** [ISSUE A MISSION STATEMENT FOR EACH AGENCY AND THE
 27 DESIRED RESULTS THE AGENCY SHOULD ACHIEVE. THE LEGISLATURE
 28 MAY ISSUE A SEPARATE MISSION STATEMENT FOR A SUBUNIT OF AN
 29 AGENCY. A MISSION STATEMENT AND DESIRED RESULTS SHOULD
 30 PROMOTE THE EFFICIENT, MEASURED USE OF THE STATE'S RESOURCES.
 31 A MISSION STATEMENT AND DESIRED RESULTS CONSTITUTE POLICY

1 UNDER WHICH AN AGENCY SHALL OPERATE, AND, WHERE
 2 APPROPRIATE, THE MISSION STATEMENT MAY BE IMPLEMENTED BY
 3 STATUTE].

4 * **Sec. 7.** AS 37.07.014(b) is amended to read:

5 (b) The legislature shall provide for a budget review function that promotes
 6 results-based government. The Legislative Budget and Audit Committee
 7 [LEGISLATURE] shall adopt a method of measuring results for each agency. The
 8 Legislative Budget and Audit Committee shall provide the measures to the Office
 9 of the Governor not later than August 1 each year. Measurements [, AND
 10 MEASUREMENTS] shall be reported semi-annually by each agency to the
 11 legislature. The reports shall be used by the legislature to evaluate whether the
 12 [MISSION AND] desired results for that agency or subunit of the agency are being
 13 achieved.

14 * **Sec. 8.** AS 37.07.014(d) is amended to read:

15 (d) To foster results-based government [, TO CARRY OUT THE MISSION
 16 STATEMENTS,] and to obtain desired results, the legislature shall authorize the
 17 comprehensive operating and capital improvements programs and financial plans. The
 18 legislature shall allocate the state's resources for effective and efficient delivery of
 19 public services by

20 (1) clearly identifying service, program, and financial goals and
 21 desired results;

22 (2) assessing how the governor's performance and financial plans
 23 contribute progress toward implementing agency strategic plans [SETTING
 24 PRIORITIES];

25 (3) assigning service or program measurements and financial
 26 measurements [ACCOUNTABILITY]; and

27 (4) assigning [USING] methods for measuring, reporting, and
 28 evaluating results.

29 * **Sec. 9.** AS 37.07.016 is amended to read:

30 **Sec. 37.07.016. Governor's use of performance plans approved by the**
 31 **governor, and service, program, and financial goals issued by the legislature**

1 **[MISSION STATEMENTS]**. To carry out the executive power under art. III, sec. 1
 2 and sec. 16, Constitution of the State of Alaska, the governor shall use the **financial**
 3 **goals** **[MISSION STATEMENTS]** and desired results issued by the legislature as a
 4 guide to implement and execute the law. The governor shall **ensure** **[ASSURE]** that
 5 each agency complies with the **service or program measurement requirements**
 6 **[MISSION STATEMENT]** and achieves the desired results identified by the
 7 legislature. **The governor shall review the agency strategic plans compiled by the**
 8 **office and performance plans developed by the office. The governor may**
 9 **approve, or require the office to revise, in whole or in part, the agency strategic**
 10 **plans and performance plans.**

11 * **Sec. 10.** AS 37.07.020(a) is amended to read:

12 (a) The governor shall prepare a budget for the succeeding fiscal year that
 13 must cover all estimated receipts, including all grants, loans, and money received from
 14 the federal government and all proposed expenditures of the state government. The
 15 budget shall be organized **by service or program within each agency and include**
 16 **service and program cost and desired measurements for each service and**
 17 **program. Each service and program expenditure request must include details on**
 18 **the unit cost and performance cost of the service or program expenditure** **[SO**
 19 **THAT THE PROPOSED EXPENDITURES FOR EACH AGENCY ARE**
 20 **PRESENTED SEPARATELY]**. The budget must be accompanied by the information
 21 required under AS 37.07.050, **37.07.055(g), and 37.07.085(a) - (c)** and by the
 22 following separate bills: (1) an appropriation bill authorizing the operating and capital
 23 expenditures of the state's integrated comprehensive mental health program under
 24 AS 37.14.003(a); (2) an appropriation bill authorizing state operating expenditures
 25 other than those included in the state's integrated comprehensive mental health
 26 program; (3) an appropriation bill authorizing capital expenditures other than those
 27 included in the state's integrated comprehensive mental health program; and (4) a bill
 28 or bills covering recommendations, if any, in the budget for new or additional revenue.
 29 **In a year in which a new governor has not been elected, the** **[THE]** budget for the
 30 succeeding fiscal year and each of the bills shall become public information on
 31 December 15. **In a year in which a new governor has been elected, the budget for**

1 **the succeeding fiscal year and each of the bills shall become public information**
 2 **on January 15. On the date the budget and bills become public,** [AT WHICH
 3 TIME] the governor shall **deliver** [SUBMIT] copies **of the budget and bills** to the
 4 legislature and make copies available to the public. The **budget and** bills, identical in
 5 content to the copies released on December 15 **or January 15, as applicable,** shall be
 6 delivered to the rules committee of each house before the fourth legislative day of the
 7 next regular session for introduction.

8 * **Sec. 11.** AS 37.07.020(b) is amended to read:

9 (b) In addition to the budget and bills submitted under (a) of this section, the
 10 governor shall submit a capital improvements program covering the succeeding six
 11 fiscal years. The governor shall also submit a fiscal plan with estimates of significant
 12 sources and uses of funds for the succeeding **three** [10] fiscal years. The fiscal plan

13 (1) must include sufficient details to identify

14 (A) significant sources of funds;

15 (B) significant uses of funds, including lump sum projections

16 of

17 (i) operating expenditures;

18 (ii) capital expenditures;

19 (iii) debt service expenditures;

20 (iv) fund capitalizations;

21 (v) appropriations of income of the Alaska permanent

22 fund (art. IX, sec. 15, Constitution of the State of Alaska), if any;

23 (2) must balance sources and uses of funds held while providing for
 24 essential state services and protecting the economic stability of the state;

25 (3) must include projected balances of significant funds held in
 26 separate accounts, including the budget reserve fund (art. IX, sec. 17, Constitution of
 27 the State of Alaska), the public education fund (AS 14.17.300), and the Alaska capital
 28 income fund (AS 37.05.565);

29 (4) must set out significant assumptions used in the projections with
 30 sufficient detail to enable the legislature to rely on the fiscal plan in understanding,
 31 evaluating, and resolving issues of state budgeting, including information that supports

1 major areas of operating increases, such as population demographics that affect the
2 need for particular government services.

3 * **Sec. 12.** AS 37.07.020(c) is amended to read:

4 (c) Proposed expenditures may not exceed [ESTIMATED] revenue estimates
5 for the succeeding fiscal year. The expenditures for agency and statewide
6 operations may not exceed official estimates of recurring revenue. The
7 expenditures proposed in the six-year capital improvements program may not exceed
8 the estimated revenue and bond authorizations passed and proposed.

9 * **Sec. 13.** AS 37.07.020 is amended by adding a new subsection to read:

10 (h) In addition to the budget, bills, and fiscal plan submitted under (a), (b), and
11 (f) of this section, the governor shall submit

12 (1) an alternative budget plan for the succeeding fiscal year based on
13 the average price per barrel for Alaska North Slope crude oil for sale on the United
14 States West Coast over the preceding 10 fiscal years;

15 (2) an alternative budget plan for the succeeding fiscal year based on
16 an average price of \$70 per barrel for Alaska North Slope crude oil for sale on the
17 United States West Coast;

18 (3) a three-year forecast based on the average price per barrel over the
19 10 preceding fiscal years for Alaska North Slope crude oil for sale on the United
20 States West Coast over the preceding 10 fiscal years; and

21 (4) a three-year forecast based on an average price of \$70 per barrel for
22 Alaska North Slope crude oil for sale on the United States West Coast;

23 * **Sec. 14.** AS 37.07 is amended by adding new sections to read:

24 **Sec. 37.07.034. Formation, powers, and duties of consensus estimating**
25 **conferences.** (a) The following consensus estimating conferences are created in the
26 legislative branch of the state for the following purposes:

27 (1) economic estimating conference, for the purpose of developing
28 official information relating to the national and state economies; the official
29 information of the economic estimating conference

30 (A) must include basic, long-term trend forecasts;

31 (B) may include cycle forecasts if the forecast is developed in a

1 special impact estimating conference under AS 37.07.036;

2 (2) demographic estimating conference, for the purpose of developing
3 official information relating to national and state population demographics, organized
4 by age, race, and sex as the conference considers necessary for state planning and the
5 state budget;

6 (3) revenue estimating conference, for the purpose of developing
7 official information relating to anticipated state and local government revenue and
8 estimated income of a trust fund;

9 (4) education estimating conference, for the purpose of developing
10 official information relating to the state public and private educational systems,
11 including information relating to public school funding, correspondence study
12 programs, and state boarding schools;

13 (5) criminal justice estimating conference, for the purpose of
14 developing official information relating to

15 (A) the criminal justice system in the state, including forecasts
16 of prison admissions and population; and

17 (B) the number of sex offenders who are required by law to
18 register under AS 12.63.010, who are required by law to be placed on
19 probation or parole, and who are subject to electronic monitoring;

20 (6) social services estimating conference, for the purpose of
21 developing official information relating to the social services system of the state,
22 including forecasts of social services caseloads, utilization, and expenditures and
23 information relating to cash assistance and medical assistance caseloads; and

24 (7) retirement systems actuarial assumption conference, for the
25 purpose of developing official information relating to the public employees' retirement
26 system (AS 39.35) and the teachers' retirement system (AS 14.25).

27 (b) The membership of each conference consists of a principal and
28 participants. The principal of each conference is the director of the legislative finance
29 division or the director's designee. The president of the senate, speaker of the house of
30 representatives, and governor shall appoint persons to serve as participants of each
31 conference.

1 (c) Each conference shall develop official information within its area of
2 responsibility that the conference determines, by consensus, is needed for the purpose
3 of preparing the state budget. Unless the members of a conference unanimously agree
4 otherwise, all official information developed by the conference must

5 (1) be based on the assumption that current law and current
6 administrative practices will remain in effect throughout the period for which the
7 official information is to be used; and

8 (2) include forecasts for a period of at least three years.

9 (d) Whenever a conference is convened, official information does not exist
10 until the conference reaches an initial or new consensus.

11 (e) The official information developed by the economic conference and the
12 official information developed by the demographic conference shall be used by the
13 other conferences in developing official information. The division of retirement and
14 benefits shall provide all information requested by the retirement systems actuarial
15 assumption conference.

16 (f) The principal of a conference may preside over conference sessions,
17 convene conference sessions, request information needed by the conference, identify
18 topics to be included on the conference agenda, agree or withhold agreement on
19 whether information is to be official information of the conference, release official
20 information of the conference, interpret official information of the conference, and
21 monitor errors in official information of the conference. The principal shall provide
22 the schedule for conference sessions.

23 (g) The principal of a conference may invite a person to participate in a
24 session of the conference. At the request of the principal, a person invited to
25 participate under this subsection shall, before or during a session of the conference,
26 develop alternative forecasts, collect and supply data, perform analyses, or provide
27 other information needed by the conference. Participants appointed by the governor
28 under (b) of this section shall provide information requested by the principal within a
29 reasonable amount of time. Each conference shall consider the information provided
30 by participants under this subsection when developing its official information.

31 (h) All sessions and meetings of a conference must be open to the public under

1 AS 24.60.037. Unless exempt under the procedures adopted under AS 40.25.123(b),
2 information used to develop the official information of a conference must be made
3 available to the public.

4 (i) A conference may be convened

5 (1) by the governor to develop official information on behalf of the
6 governor for use in the governor's legislative budget recommendations;

7 (2) by a member of a conference to

8 (A) develop official information on behalf of the legislature for
9 the legislature's use in its budget deliberations;

10 (B) review and reconsider official information of the
11 conference that the member believes is no longer valid; or

12 (C) develop official information that reflects specific changes
13 or proposed changes relating to the area of responsibility of the conference.

14 (j) A participant of a conference may notify the principal in writing if the
15 participant believes that an item of official information of the conference is no longer
16 valid. The principal shall review a request made under this subsection and, if the
17 principal determines that a session of the conference is warranted, convene the
18 conference for the purpose of reviewing and reconsidering the official information in
19 question.

20 (k) Following each regular session of the legislature, each conference shall
21 convene in a final session to revise the official information of the conference to reflect
22 changes made in the law. The conference shall publish the official information
23 developed at the final session. The published information constitutes the official
24 information of the conference until the adjournment of the next conference. The
25 principal of the conference shall, within two working days after adjournment of the
26 final session of the conference, prepare a final report on the official information of the
27 conference. The principal shall deliver the final report to the co-chairs of the finance
28 committee of each house of the legislature. The principal shall continue to monitor the
29 official information developed at the final session of the conference to ensure the
30 official information remains valid.

31 (l) The principal of a conference, or the principal's designee, is responsible for

1 preparing and distributing to the participants the necessary documents for the meetings
2 of the conference. The principal may cancel a meeting of the conference if the
3 necessary documents have not been distributed before the meeting. Upon request, the
4 documents must include comparisons with alternative information.

5 (m) In this section, "official information" means the data, forecasts, estimates,
6 analyses, studies, and other information adopted by a consensus estimating
7 conference.

8 **Sec. 37.07.036. Special impact estimating conferences.** (a) The president of
9 the senate or the speaker of the house of representatives may request a special impact
10 estimating conference to evaluate a legislative proposal using tools and models not
11 generally employed by the conferences under AS 37.07.034, including cost-benefit,
12 return-on-investment, or dynamic scoring techniques, when suitable and appropriate
13 for the legislative proposal being evaluated. A separate special impact estimating
14 conference may be appointed for each legislative proposal. A sponsor of a bill or
15 resolution or a committee may also request a special impact estimating conference to
16 evaluate a fiscal note under AS 24.08.035.

17 (b) A special impact estimating conference consists of four principals, each
18 having appropriate fiscal expertise in the subject matter of the legislative proposal,
19 appointed as follows:

- 20 (1) one person from the executive branch, appointed by the governor;
21 (2) the director of the legislative finance division, or the director's
22 designee;
23 (3) one person from the staff of the senate, appointed by the president
24 of the senate; and
25 (4) one person from the staff of the house of representatives, appointed
26 by the speaker of the house of representatives.

27 (c) After the appointment of the principals, a special impact estimating
28 conference shall convene to adopt official information relating to the legislative
29 proposal.

30 (d) A principal of a special impact estimating conference may invite a person
31 to participate in the conference, and that person shall be designated as a participant. A

1 participant shall, at the request of a principal, before or during a meeting of the special
 2 impact estimating conference, collect and supply data, perform analyses, or provide
 3 other information needed by the conference.

4 (e) The director of the legislative finance division may convene whichever
 5 type of conference under AS 37.07.034 is needed to reach a consensus on
 6 supplemental information required for the analysis of the proposed legislation.

7 (f) The principals of a special impact estimating conference shall adopt by
 8 consensus all official information of the conference.

9 (g) In this section, "official information" has the meaning given in
 10 AS 37.07.034.

11 * **Sec. 15.** AS 37.07.040 is amended to read:

12 **Sec. 37.07.040. Office of management and budget.** The Alaska office of
 13 management and budget shall

14 (1) assist the governor in meeting the requirements of AS 37.07.020,
 15 including the **development of performance plans and financial plans and**
 16 **coordination and analysis of state agency goals and objectives issued by the**
 17 **legislature, strategic plans, and budget requests;**

18 (2) prepare for submission to the **legislature by December 15 each**
 19 **year a five-year capital improvements program; the five-year capital**
 20 **improvements program must include the estimated cost of construction and**
 21 **maintenance, the estimated project timeline, potential funding sources, and**
 22 **justification for each project; the Alaska office of management and budget shall**
 23 **update the five-year capital improvements program annually** [GOVERNOR AN
 24 ANNUALLY UPDATED SIX-YEAR CAPITAL IMPROVEMENTS PROGRAM
 25 AND THE PROPOSED CAPITAL IMPROVEMENTS BUDGET FOR THE
 26 COMING FISCAL YEAR, THE LATTER TO INCLUDE INDIVIDUAL PROJECT
 27 JUSTIFICATION WITH DOCUMENTATION OF ESTIMATED PROJECT COST];

28 (3) develop procedures to produce the information needed for effective
 29 policy decision making, including procedures to provide for the dissemination of
 30 information about plans, programs, and budget requests to be included in the annual
 31 budget and opportunity for public review and comment during the period of budget

1 preparation;

2 (4) assist state agencies in **developing and updating strategic plans**
 3 [THEIR STATEMENT OF GOALS AND OBJECTIVES] to achieve, among other
 4 things, the legislature's **service, program, and financial goals** [MISSION] and
 5 desired results, preparation of plans, assessments of the extent to which **goals**
 6 [MISSIONS] and desired results have been achieved, budget requests, and reporting of
 7 program performance; all documents forwarded by the office to a state agency
 8 containing instructions for the preparation of program plans and budget requests and
 9 the reporting of program performance are public information after the date they are
 10 forwarded;

11 (5) administer its responsibilities under the program execution
 12 provisions of this chapter so that the policy decisions and budget determinations of the
 13 governor and the legislature are implemented;

14 (6) provide the legislative finance division with the budget information
 15 it may request;

16 (7) provide the legislative finance division with an advance copy of the
 17 governor's **electronic data for the current fiscal year management plan** [BUDGET
 18 WORKBOOKS] at least seven days before the legislature convenes in a regular
 19 session;

20 (8) prepare the proposed capital improvements budget for the coming
 21 fiscal year evaluating both state and local requests from the standpoint of need, equity,
 22 and priorities of the jurisdiction; other factors, **including** [SUCH AS] project amounts,
 23 population, local financial match, federal funds being used for local match,
 24 municipality or unincorporated community acceptance of the facility, and all
 25 associated costs of the facility, may be considered;

26 (9) for each department in the executive branch, report to the
 27 legislature by the 45th day of each regular session the amount of money appropriated
 28 to the department that is expected to lapse into the general fund at the end of the
 29 current fiscal year;

30 (10) establish and administer a state agency program performance
 31 management system involving planning, performance budgeting, performance

1 measurement, and program evaluation; the office shall ensure that information
2 generated under this system is useful for managing and improving the efficiency and
3 effectiveness of agency operations;

4 (11) by January 15, list each lease-purchase agreement entered into by
5 an agency during the immediately preceding fiscal year for the acquisition of
6 equipment or other personal property, together with a description of the property
7 acquired and financial details, including the purchase price, the term for payments, the
8 amount of each payment, and the amount of interest or financing charges paid;

9 (12) work with state agencies to develop a standardized methodology
10 to collect and store energy consumption and expense data.

11 * **Sec. 16.** AS 37.07.050(a) is amended to read:

12 (a) The agencies shall **ensure** [ASSURE] the development of a statewide
13 system of results-based government designed to increase efficiency and effectiveness
14 of state programs and services. Toward that end, each state agency shall **include in its**
15 **strategic, financial, and performance plans progress made toward** [, ON A SEMI-
16 ANNUAL BASIS, IDENTIFY RESULTS-BASED MEASURES THAT HAVE
17 BEEN USED TO WORK TOWARD] achievement of the **service, program, and**
18 **financial goals** [MISSION STATEMENT] and desired results issued by the
19 legislature and [OF] other goals of the agency [, AND SET OUT THE RESULTS AS
20 MEASURED]. Each state agency shall also prepare information that shall be compiled
21 and submitted on December 15 each year to the office, the legislature, and the
22 legislative finance division; this information must

23 (1) identify the agency **service, program, and financial goals**
24 [MISSION] and desired results established by the legislature;

25 (2) identify the goals and objectives the agency will use to achieve the
26 legislature's **service, program, and financial goals** [MISSION] and desired results;

27 (3) set out the results of [ANY] user group surveys and, if the results
28 do not agree with the **service, program, and financial goals** [MISSION] and desired
29 results [, GOALS,] and objectives, explain why;

30 (4) include written, defined methods of measuring results that apply to
31 the responsibilities, products, and services of the agency;

1 (5) identify results-based measures that have been used to work toward
2 achievement of the service, program, and financial goals [MISSION
3 STATEMENT] and desired results issued by the legislature and other goals of the
4 agency and set out the results as measured;

5 (6) identify surveys or other methods of gathering user group opinions
6 that have been used by the agency to identify ways to improve its programs;

7 (7) identify methods of measuring performance when the service,
8 program, and financial goals [MISSION STATEMENT] and desired results issued
9 by the legislature involve more than one agency and make recommendations to
10 eliminate duplication of government functions and waste;

11 (8) identify ways in which the agency has involved its employees in
12 the development of methods of measuring results, including opportunities for
13 employee representatives to participate in committees established to develop methods
14 of measuring results;

15 (9) include the budget requested to carry out the agency's proposed
16 plans in the succeeding fiscal year, including information reflecting the expenditures
17 during the last fiscal year, the expenditures authorized for the current fiscal year, the
18 expenditures proposed for the succeeding fiscal year, an explanation of the services to
19 be provided, the number of total positions for all persons employed or under contract
20 by the agency for personal services, including those rendered for capital improvement
21 projects, the need for the services, the cost of the services, and other information
22 requested by the office;

23 (10) include a report of agency receipts during the last fiscal year, an
24 estimate of receipts during the current fiscal year, and an estimate of receipts for the
25 succeeding fiscal year;

26 (11) identify legislation required to implement the proposed programs
27 and financial plans;

28 (12) include an evaluation of the advantages and disadvantages of
29 specific alternatives to existing or proposed agency activities or administrative
30 methods;

31 (13) prioritize the activities of the agency from the most important to

1 the least important.

2 * **Sec. 17.** AS 37.07 is amended by adding a new section to read:

3 **Sec. 37.07.055. Boards and commissions: programs; strategic and**
 4 **financial plans.** (a) Each board and commission shall prepare and compile a financial
 5 plan and shall, on or before December 15 of each year, submit the plan to the office,
 6 the legislative finance division, the senate secretary, and the chief clerk of the house of
 7 representatives and notify the legislature that the plan is available. The plan must

8 (1) include

9 (A) the budget requested to carry out the proposed plans of the
 10 board or commission in the succeeding fiscal year;

11 (B) the expenditures made during the preceding fiscal year;

12 (C) the expenditures authorized for the current fiscal year;

13 (D) the expenditures proposed for the succeeding fiscal year;

14 (E) an explanation of the services to be provided in the
 15 succeeding fiscal year, including the need for the services and the cost of the
 16 services;

17 (F) the number of total positions for all persons employed or
 18 under contract by the board or commission for personal services, including
 19 those rendered for capital improvement projects; and

20 (G) other information requested by the office;

21 (2) include a report of receipts of the board or commission for
 22 expenditures made during the preceding fiscal year, an estimate of receipts for
 23 expenditures to be made during the current fiscal year, and an estimate of receipts for
 24 expected expenditures for the succeeding fiscal year; and

25 (3) identify legislation required to implement the proposed financial
 26 plans.

27 (b) Each board and commission shall prepare an annual plan for the operation
 28 of each of its assigned programs except for programs that are exempted from this
 29 requirement by the office. The strategic plan shall be prepared in the form and content
 30 and be transmitted on the date prescribed by the office. The office shall

31 (1) review each strategic plan to determine whether the plan is

1 consistent with the executive decisions of the governor, appropriations by the
2 legislature, and other provisions of law, whether the plan reflects proper planning and
3 efficient management methods, and whether appropriations have been made for the
4 legislatively established purpose and will not be exhausted before the end of the fiscal
5 year;

6 (2) approve the strategic plan if satisfied that the plan meets the
7 requirements under (1) of this subsection; otherwise, the office shall require the board
8 or commission to revise the strategic plan, in whole or in part.

9 (c) The office shall assist boards and commissions in the preparation of their
10 financial plan under (a) of this section. This assistance may include technical
11 assistance, organization of materials, centrally collected accounting, budgeting and
12 personnel information, standards and guidelines formulation, population and other
13 required data, and any other assistance that will help the boards and commissions
14 produce the information necessary for efficient management and effective decision-
15 making by the governor and the legislature.

16 (d) If a board or commission fails to transmit the plan as required under (a) or
17 (b) of this section by the specified date, the office may prepare the plan.

18 (e) The office shall compile and submit to the governor-elect in any year when
19 a new governor has been elected, not later than December 15, a summary of the
20 financial plan prepared by boards and commissions under (a) of this section.

21 (f) All goals and objectives, plans, programs, estimates, budgets, and other
22 documents forwarded to the office by a board or commission under this section are
23 public information after the date they are forwarded.

24 (g) Budget requests for boards and commissions and for those agency
25 programs for the fiscal year following termination under AS 44.66 shall be prepared
26 and submitted by the board or commission. The recommended appropriation request
27 must include

28 (1) an identification of the objectives intended for the program and the
29 problem or need that the activities and operations of the board, commission, or
30 program is intended to address;

31 (2) an assessment of the degree to which the original objectives of the

1 program have been achieved expressed in terms of performance, effects, or
 2 accomplishments of the program and of the program or need the objective was
 3 intended to address;

4 (3) a statement of the performance and accomplishments of the
 5 program in each of the last four completed fiscal years and of the costs incurred in the
 6 operation of the program;

7 (4) a statement of the number and types of persons affected by
 8 operation of the program;

9 (5) a summary statement, for each of the last three completed fiscal
 10 years, of the number of personnel employed in carrying out the program and a
 11 summary of the cost of personnel employed under contract in carrying out the
 12 program;

13 (6) an assessment of the effect of the program on the economy of the
 14 state;

15 (7) an assessment of the degree to which the overall policies of the
 16 program, as expressed in regulations adopted by the agency, board, or commission and
 17 its decisions, meet the objectives of the legislature in establishing the program;

18 (8) an analysis of the services and performance estimated to be
 19 achieved if the life of the agency, board, or commission were to be continued;

20 (9) a prioritized list of the activities the agency, board, or commission
 21 would be expected to perform if the life of the agency, board, or commission were to
 22 be continued, from the most important to the least important.

23 (h) Each board and commission shall, with participation of its employees,
 24 develop methods for measuring results. A group or committee established by a board
 25 or commission to develop methods of measuring results shall include a representative
 26 of each of the bargaining units that represents employees of the board or commission.

27 (i) The office shall report quarterly to the governor and the legislature on the
 28 operations of each board and commission, relating actual accomplishments to those
 29 planned and modifying, if necessary, the strategic plan of any board or commission for
 30 the balance of the fiscal year.

31 * **Sec. 18.** AS 37.07.060(a) is amended to read:

1 (a) The governor shall **articulate three to five priorities and shall organize**
 2 [FORMULATE] the operating and capital budget, capital improvements program, and
 3 fiscal plan required to be recommended to the legislature by AS 37.07.020 after
 4 considering the state agency proposed program and financial plans prepared in
 5 accordance with AS 37.07.050, **37.07.055, and 37.07.085** and other programs and
 6 alternatives that the governor considers appropriate. The plans must include

7 (1) the governor's recommended **statewide priorities, based on the**
 8 **service, program, and financial goals** [MISSIONS] and **desired** results **issued by**
 9 **the legislature;**

10 (2) **performance plans designed** [, RECOMMENDED
 11 STRATEGIES] to implement the **service, program, and financial goals**
 12 [MISSIONS] and results, **including** recommended measures for determining whether
 13 the **service, program, and financial goals** [MISSIONS] and desired results are
 14 achieved **and** [, INCLUDING] an assessment of whether prior year **service, program,**
 15 **and financial goals** [MISSIONS] and desired results have been achieved;

16 (3) [,] recommended operating program for the succeeding fiscal year;

17 (4) [,] recommended capital improvements program for the succeeding
 18 six fiscal years;

19 (5) [,] recommended programs for the upgrading of public buildings
 20 and facilities prepared in accordance with AS 35.10.015; [,] and

21 (6) recommended revenue measures to support the programs.

22 * **Sec. 19.** AS 37.07.080(a) is amended to read:

23 (a) **As** [EXCEPT AS] limited by executive decisions of the governor, **the**
 24 **strategic and performance plans that include** the **service, program, and financial**
 25 **goals** [MISSION STATEMENTS] and desired results issued by the legislature,
 26 appropriations by the legislature, and other provisions of law, the several state
 27 agencies have full authority for administering their program service assignments and
 28 are responsible for their proper management.

29 * **Sec. 20.** AS 37.07.080(b) is amended to read:

30 (b) Each state agency shall prepare an annual **strategic** plan for the operation
 31 of each of its assigned programs except for programs that are exempted from this

1 requirement by the office. The strategic [OPERATIONS] plan shall be prepared in the
2 form and content and be transmitted on the date prescribed by the office.

3 * **Sec. 21.** AS 37.07.080(c) is amended to read:

4 (c) The office shall

5 (1) review each strategic [OPERATIONS] plan to determine that the
6 plan [IT] is consistent with the executive decisions of the governor, the service,
7 program, and financial goals [MISSION STATEMENT] and desired results issued
8 by the legislature, appropriations by the legislature, and other provisions of law, that
9 the plan [IT] reflects proper planning and efficient management methods, and that
10 appropriations have been made for the legislatively established purpose and will not
11 be exhausted before the end of the fiscal year;

12 (2) approve the strategic [OPERATIONS] plan if satisfied that the
13 plan [IT] meets the requirements under (1) of this subsection; otherwise, the office
14 shall require revision of the strategic [OPERATIONS] plan in whole or in part.

15 * **Sec. 22.** AS 37.07.080(d) is amended to read:

16 (d) A state agency may not increase the salaries of its employees, employ
17 additional employees, or expend money or incur obligations except in accordance with
18 law and a properly approved strategic [OPERATIONS] plan.

19 * **Sec. 23.** AS 37.07.080(f) is amended to read:

20 (f) The office shall report quarterly to the governor and the legislature on the
21 operations of each state agency, relating actual accomplishments to those planned and
22 modifying, if necessary, the strategic [OPERATIONS] plan of any agency for the
23 balance of the fiscal year.

24 * **Sec. 24.** AS 37.07 is amended by adding a new section to read:

25 **Sec. 37.07.085. Performance plan and financial plan.** (a) Each agency shall
26 annually establish a performance plan and a financial plan that are consistent with the
27 agency strategic plan and submitted in a format and by a date prescribed by the office.
28 The office shall, on or before December 15 of each year, submit the performance plan
29 and the financial plan to the legislative finance division, the senate secretary, and the
30 chief clerk of the house of representatives and notify the legislature that the plans are
31 available.

- 1 (b) The performance plan must
- 2 (1) describe the program structure of the agency and any proposed
- 3 changes to its current program structure;
- 4 (2) identify each program of the agency and, for each program, provide
- 5 (A) the constitutional or statutory authority for the program;
- 6 and
- 7 (B) a single statement identifying
- 8 (i) the services provided and customers served by the
- 9 program; and
- 10 (ii) the benefit to the public or intended outcome of the
- 11 program;
- 12 (3) assess progress toward achieving the service, program, and
- 13 financial goals issued by the legislature;
- 14 (4) identify the goals and objectives defined in the agency strategic
- 15 plan that correspond to each agency performance measure;
- 16 (5) identify results for each performance measure for the prior four
- 17 fiscal years and, if historical data is not available, indicate whether the absence of
- 18 historical data is because a new performance measure is being used; and
- 19 (6) identify performance targets for each performance measure for the
- 20 succeeding fiscal year.
- 21 (c) The financial plan must include the following information:
- 22 (1) for the prior four fiscal years, identify revenue and expenditures for
- 23 the agency and for each program of the agency by fiscal year;
- 24 (2) breakdowns of the revenue and expenditures identified in (1) of
- 25 this subsection that list amounts received by each different revenue source and
- 26 amounts expended on each type of expenditure;
- 27 (3) estimates of revenue and expenditures for the current and
- 28 succeeding fiscal year;
- 29 (4) the budget requested to carry out the proposed plans of the agency
- 30 in the succeeding fiscal year;
- 31 (5) the expenditures authorized for the current fiscal year;

- 1 (6) the expenditures proposed for the succeeding fiscal year;
- 2 (7) the number of total positions for all persons employed or under
3 contract by the agency for personal services, including those rendered for capital
4 improvement projects;
- 5 (8) the cost of the services provided by each program identified under
6 (b)(2) of this section;
- 7 (9) a report of receipts of the agency for expenditures made during the
8 preceding fiscal year, an estimate of receipts for expenditures to be made during the
9 current fiscal year, and an estimate of receipts for expected expenditures for the
10 succeeding fiscal year;
- 11 (10) identification of legislation required to implement the proposed
12 financial plan; and
- 13 (11) other financial information requested by the office.

14 (d) The office shall provide guidance to agencies in the preparation of their
15 performance plans and financial plans required by (a) - (c) of this section. This
16 guidance may include budget guidelines and limitations, technical assistance,
17 organization of materials, centrally collected accounting, budgeting and personnel
18 information, standards and guidelines formulation, population and other required data,
19 and any other assistance that will help the state agencies produce the information
20 necessary for efficient agency management and effective decision-making by the
21 governor and the legislature.

22 (e) If any state agency fails to transmit the performance plan or financial plan
23 required by (a) - (c) of this section by the date prescribed by the office, the office may
24 prepare the information.

25 (f) Once each calendar quarter, each agency shall prepare a performance
26 report updating the performance information required under (b)(3) - (5) of this section
27 and present its performance report to the office in a format prescribed by the office.

28 (g) All performance plans, financial plans, reports, and other documents
29 forwarded to the office by a state agency under this section are public information
30 after the date they are forwarded. The office shall publish the plans and reports
31 required under this section on a publicly available Internet website.

1 (h) Each state agency shall develop its performance plan with the participation
2 of its employees. A group or committee established by a state agency to develop a
3 performance plan shall include a representative of each of the bargaining units that
4 represent employees of the state agency.

5 * **Sec. 25.** AS 44.66.050(a) is amended to read:

6 (a) Before the termination, dissolution, continuation, or reestablishment of a
7 board or commission under AS 08.03.010 or AS 44.66.010, a committee of reference
8 of each house, which shall be the standing committee of legislative jurisdiction as
9 provided in the Uniform Rules of the Legislature, shall hold one or more hearings to
10 receive testimony from the public, the commissioner of the department having
11 administrative responsibility for each named board or commission, and the members
12 of the board or commission involved. The hearings may be joint hearings. The
13 committee shall also consider the proposed budget of the board or commission
14 prepared in accordance with AS 37.07.055(g) [AS 37.07.050(f)] and the performance
15 audit of the activities of the board or commission prepared by the legislative audit
16 division as prescribed in AS 24.20.271(1). The committee may consider any other
17 report of the activities of the board or commission, including annual reports,
18 summaries prepared by the Legislative Affairs Agency, and any evaluation or general
19 report of the manner of conduct of activities of the board or commission prepared by
20 the office of the ombudsman.

21 * **Sec. 26.** AS 37.07.014(f) is repealed.

22 * **Sec. 27.** Section 7 of this Act takes effect July 1, 2025.

23 * **Sec. 28.** Except as provided in sec. 27 of this Act, this Act takes effect July 1, 2024.