



Alaska Legislative Budget Handbook

PROVIDED BY THE ALASKA LEGISLATIVE FINANCE DIVISION

For Legislators and Legislative Staff

NOVEMBER, 2014



This GUIDE is a
TOOL for building
Alaska's BUDGET.

© Ron Niebrugge / WildNatureImages.com



This publication was produced by the Legislative Finance Division in November, 2014. The Legislative Finance Division provides services necessary to analyze and produce the State's budgets.

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Legislative Finance Division



The primary function of the LFD staff is to provide budget and revenue analysis to the legislature.

Per AS 24.20.231 the Legislative Finance Division (LFD) serves the legislature with a nonpartisan staff. The Division's fiscal analysts, under the supervision of the Legislative Fiscal Analyst (director), provide technical analysis and evaluation of agency and governor budget requests and legislative proposals.

Legislative Finance Division analysts operate under a policy of confidentiality. All budget work and personal requests by legislators and aides are confidential until released by the requestor or discussed at a public meeting. The LFD analysts respond to requests for information from all legislators; analysts provide similar information in response to similar requests.

In addition to providing budget and revenue analysis to the legislature, the LFD staff support the finance committees during the development of the state budget. Analysts must:

- Develop and maintain working relationships with subcommittee chairs and staff, with agency heads and

directors and with the governor's budget staff.

- Thoroughly understand programs, policies, and proposals in order to add value to the budget process.
- Maintain a comprehensive budget database for budget production and reporting throughout the legislative budget process.
- Monitor legislation with significant fiscal impact (i.e., those with fiscal notes) and insert approved fiscal notes into an appropriation bill (usually the final operating budget bill).
- Provide the Legislative Budget & Audit Committee with detailed analyses of revised program requests and objective recommendations when appropriate, and enter actions in the data system.
- Perform special reviews of agencies, programs and issues.
- Respond to information requests from *all* legislators and from the public.

Specialized Duties

In addition to specific agency operating budget assignments, individual analysts are responsible for various statewide issues. Specific agency assignments and specialized duties of each analyst are listed in this section.

- *Capital Budget Coordination:* Work directly with finance committee chairs and their staff to develop the capital budget; coordinate the production of capital appropriation bills; maintain capital budget backup files; assist with planning and ongoing adjustments to the LFD capital budget database and report formats; point of contact for all capital appropriation issues.
- *Operating Budget Coordination:* Coordinate development of the operating budget by compiling individual agency budgets into appropriation bills; compile final appropriation data for the *Summary of Appropriations*; coordinate special assignments of a statewide nature; assist with planning and ongoing adjustments to the LFD operating budget database and report formats; coordinate development of budget "how-to" handbook and other publications.
- *Revenue Analysis:* Provide staff expertise on revenue and economic issues including tax policy and taxation issues, and the Alaska Permanent Fund; operate and maintain economic/revenue models.
- *Debt/Debt Service Analysis:* Provide staff expertise on state debt and debt service including debt outstanding, debt service requirements and projections.
- *Supplemental Budget:* Monitor statewide supplemental appropriation bills and coordinate statewide analyses of supplemental requests; maintain central supplemental backup files.
- *Fund Tracking:* Prepare analyses and regular updates on various reserve accounts and special purpose funds to ensure that balances are sufficient to cover appropriations, propose actions to correct projected imbalances, and track the amount of available funding and the amounts appropriated throughout the budget process.
- *Fiscal Note Coordination:* Coordinate with legislators and appropriate legislative staff to ensure that the desired fiscal notes are included in an appropriation bill; track bills through the subcommittee process to ensure that modifications are reflected accurately in the fiscal notes; collaborate with programmers to make refinements to the automated fiscal note system as glitches surface; communicate changes in the automated fiscal note system to all stakeholders to ensure smooth adoption of changes or new features.
- *Fiscal Summary:* Update the fiscal summary in December (when the Governor's budget request is received) and in June (when the final budget is adopted).

Agency and Special Assignments

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 Ildiko Nysten, Administrative Officer.....(main line) 465-3795

| Agency Assignment | Analyst | Phone |
|--|-----------------------|--------------|
| Administration | Danith Watts | 465-5435 |
| Commerce, Community & Economic Development ... | Lacey Sanders..... | 465-5410 |
| Corrections | Kelly Cunningham..... | 465-3821 |
| Court System | Kelly Cunningham..... | 465-3821 |
| Education & Early Development | Alexei Painter | 465-5434 |
| Environmental Conservation | Alexei Painter | 465-5434 |
| Fish and Game | Lacey Sanders..... | 465-5410 |
| Governor’s Office | David Teal..... | 465-3002 |
| Health & Social Services..... | Amanda Ryder..... | 465-5411 |
| Labor & Workforce Development | Danith Watts | 465-5435 |
| Law..... | Danith Watts | 465-5435 |
| Legislature | David Teal..... | 465-3002 |
| Military & Veterans’ Affairs | Lacey Sanders..... | 465-5410 |
| Natural Resources | Alexei Painter | 465-5434 |
| Public Safety | Kelly Cunningham..... | 465-3821 |
| Revenue | Rob Carpenter | 465-5413 |
| Transportation & Public Facilities..... | Rob Carpenter | 465-5413 |
| University of Alaska..... | Danith Watts | 465-5435 |

| Special Assignments | Analyst | Phone |
|---------------------------------------|-----------------------|--------------|
| Capital Budget Coordinator..... | Rob Carpenter | 465-5413 |
| Operating Budget Coordinator..... | Amanda Ryder..... | 465-5411 |
| Statewide Debt/Revenues | Rob Carpenter | 465-5413 |
| Supplemental Budget Coordinator | Rob Carpenter | 465-5413 |
| Fund Tracking..... | Lacey Sanders..... | 465-5410 |
| Fiscal Note Coordinator | Kelly Cunningham..... | 465-3821 |
| Fiscal Summary | Lacey Sanders..... | 465-5410 |

Fiscal Analysts

| Fiscal Analyst | Agency/Assignment | Phone |
|-----------------------|--|----------|
| Rob Carpenter..... | Revenue Transportation & Public Facilities Capital Budget Coordinator Supplemental Budget Coordinator Statewide Debt/Revenues..... | 465-5413 |
| Kelly Cunningham..... | Corrections Courts Public Safety Fiscal Note Coordinator..... | 465-3821 |
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| Amanda Ryder..... | Health and Social Services Operating Budget Coordinator..... | 468-5411 |
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Purpose of this Guide



Handbook Purpose

The Alaska Legislative Budget Handbook is designed to provide legislators and aides with a step-by-step budget primer. It will help you understand the appropriations (budget) process and will give you the necessary tools to develop a budget.

This publication is organized in the following way:

- **Operating Budget.** Because the operating budget bill is scrutinized more intensely than other appropriation bills (and is worked on by more people), this publication begins with a look at the operating appropriations process. The process is broken into three pieces: pre-session activity, session activity, and post-session activity.

- **Capital Budget.** A step-by-step primer to help the reader work through the development of the capital budget.
- **Supplemental Budget.** General information on appropriations affecting the current fiscal year.
- **Budget Resources.**
- **Fund Sources and Fund Groups.** How and why they are created.
- **Appropriation Law.** Article IX of the Constitution and Alaska Statutes.
- **Glossary.**

Tip



Tips & Information:

This publication's sidebars contain tips and information for finance committee aides as they analyze the budget and navigate the budget process.

Alaska's Appropriation Process

Both the governor and the legislature play major parts in the appropriation (or budget) process. The Alaska Constitution requires the governor to submit a budget and associated appropriation bills for the next fiscal year and a bill (or bills) covering new or additional revenue recommendations (Article IX, Section 12), and it bestows the power of appropriation to the legislature. Article IX, Section 13 mandates that no money can be withdrawn from the treasury except in accordance with appropriations made by law. Alaska is one of several states in which agencies cannot spend federal receipts without an appropriation.

The governor typically submits the following appropriation bills for legislative consideration:

- the operating budget bill;
- the mental health bill (containing both operating and capital mental health appropriations);
- a supplemental bill; and
- a capital budget bill.

The bills the legislature usually passes are the operating budget bill, the mental health bill, and the capital bill (although informally called the capital bill, it has become an omnibus bill containing appropriations for capital projects, operating items, supplementals, and repeals/reappropriations of previous appropriations).

Major appropriation bills typically contain two major parts—a numbers section and language sections. The **numbers section** is generated by the Legislative Finance Division using software that summarizes thousands of database transactions. The bill shows only the sums of these transactions arranged by appropriation and allocation within each agency. When the numbers section of the bill is complete, LFD sends the bill to the Legislative Legal Services Division where the language sections are appended.

The **language sections** (generated by Legislative Legal Services Division) typically appropriate funding that is a bit more difficult to specify, such as an open-ended appropriation of



Appropriation:

An appropriation is authorization to spend funds for a stated purpose. However, "appropriation" is often used to refer to the bold type within the numbers section of an appropriation bill.

General Information

funding from the federal government for fighting fires (the amount needed is unknown until the end of the fire fighting season).

Each appropriation bill contains one (or more) of the following types of appropriations:

- **Operating**—Annual appropriations covering ongoing operations of state programs. Operating budget appropriations are typically made for a fiscal year, with any unexpended and unobligated funds lapsing at the end of the fiscal year.
- **Capital**—An appropriation for items that have an anticipated life that exceeds one year and that usually cost more than \$25,000. Capital budget appropriations lapse only if funds remain after the project is completed.
- **Supplemental**—An appropriation increasing or decreasing the operating or capital budget for the current fiscal year.
- **Repeal/Reappropriation**—These appropriations typically change a previously authorized capital project to reflect title change or purpose, or to utilize

a potentially lapsing balance for a new project. Operating reappropriations are rarer, but some occur nearly every year.

- **Fiscal Note**—Fiscal notes are usually prepared by agencies affected by new bills. They specify funding sources and amounts associated with new legislation, but money identified in a fiscal note cannot be spent unless it is appropriated (usually in the operating budget). *For detailed information on fiscal notes, please see the Fiscal Notes section in this publication.*



Appropriations and Appropriation (or Budget) Structure

It is difficult to have a meaningful conversation about state budgeting without using the term “appropriation.” Understanding what an appropriation is and why there are separate appropriations in a budget bill is vital to understanding the appropriation process. The following questions about appropriations are commonly asked.

What is an appropriation?

An appropriation is specific statutory authorization to spend funds for a stated purpose. However, when many people speak about appropriations, they are referring to the bold type within the numbers section of an appropriations bill. As shown in the sample page to the right, an appropriation bill reflects an *appropriations structure (or budget structure)*.

Appropriation (or Budget) Structure.

The numbers section of a budget bill contains a budget structure for each agency that is broken out by appropriations and allocations.

Appropriations appear in bold. Funding in one appropriation cannot be used in any other appropriation. In the sample page, the bold words and numbers indicate that the Village Public Safety Officer

Program (VPSO), the Alaska Police Standards Council, and the Council on Domestic Violence and Sexual Assault are appropriations.

Allocations are indented and appear in non-bold type and are sub-units of appropriations. Allocations are expenditure guidelines for a state program and agencies can move money freely between allocations within an appropriation. For instance, funding from the Alaska Bureau of Investigation allocation can be used in the AK Bureau of Alcohol & Drug Enforcement allocation. However, none of this funding could be used in the VPSO Contracts allocation because the VPSO Contracts allocation is in a different appropriation.

| | Allocations | Appropriation Items | General Funds | Other Funds |
|----|---|---------------------|---------------|-------------|
| 1 | | | | |
| 2 | 4,888,000 | | | |
| 3 | Alaska Bureau of | | | |
| 4 | Investigation | 2,242,600 | | |
| 5 | AK Bureau of Alcohol & Drug | | | |
| 6 | Enforcement | 11,619,300 | | |
| 7 | AK Bureau of Wildlife | | | |
| 8 | Enforcement | 2,832,600 | | |
| 9 | Aircraft Section | 3,390,200 | | |
| 10 | Marine Enforcement | | 5,803,100 | 5,685,400 |
| 11 | Village Public Safety Officer | | | 117,700 |
| 12 | Program | 5,436,400 | | |
| 13 | VPSO Contracts | 366,700 | | 990,000 |
| 14 | Support | | 990,000 | |
| 15 | Alaska Police Standards | | | |
| 16 | Council | | | |
| 17 | The amount appropriated by this appropriation includes up to \$125,000 of the unexpended | | | |
| 18 | and unobligated balance on June 30, 2004, of the receipts collected under AS 12.25.195(c), | | | |
| 19 | AS 12.55.039, AS 28.05.151, and AS 29.25.074 and receipts collected under AS | | | |
| 20 | 18.65.220(7). | | | |
| 21 | Alaska Police Standards | 990,000 | | |
| 22 | Council | | 9,599,400 | 854,000 |
| 23 | Council on Domestic Violence | | | 8,745,400 |
| 24 | and Sexual Assault | | | |
| 25 | Notwithstanding AS 43.23.028(b)(2), up to 10% of the amount appropriated by this | | | |
| 26 | appropriation under AS 43.23.028(b)(2) to the Council on Domestic Violence and Sexual | | | |
| 27 | Assault may be used to fund operations and grant administration. | | | |
| 28 | It is the intent of the legislature that the Council on Domestic Violence and Sexual Assault | | | |
| 29 | use all of the federal grant funds awarded to the Council in federal fiscal year 2005 for the | | | |
| 30 | grants and services required of the federal grant awards in state fiscal year 2005 to the | | | |
| 31 | maximum extent allowable by the federal grants. | | | |
| 32 | Council on Domestic | 9,399,400 | | |
| 33 | Violence and Sexual Assault | | | |
| | CCS HB 375, Sec. 1 | | -30- | |



Beginning in FY05, OMB submitted the Governor's budget with an organizational structure containing "Results Delivery Units" (RDUs) instead of appropriations and "components" instead of allocations. Although the RDUs and components typically align with appropriations and allocations as they appear in the operating bill, the Legislative Finance Division works with a *budget* structure comprised of appropriations and allocations rather than an *organizational* structure comprised of RDUs and components.

Why is an appropriation structure so important?

The power of appropriation resides in the legislature. However, agencies have substantial flexibility in determining how money is used after it is appropriated. As noted above, agencies can transfer money freely between allocations within an appropriation. They can also use money appropriated to them for any purpose that is consistent with the responsibilities/mission of the allocation/appropriation (unless specifically limited by language in the bill). The point is that the power of appropriation is less specific than many people realize.

Structure can be used to increase legislative control over spending. Breaking appropriations into smaller pieces reduces agency flexibility. As an extreme example, the legislature may identify a grant as the only item in an appropriation. The agency could not increase the grant by moving other money across appropriation lines, and could not use the grant money for any other purpose.

Structure is a way of ensuring that funding desired for one program cannot be used in another. Note, however, that the legislature cannot make an agency spend money for a particular purpose; they can only ensure that the money can't be spent for other purposes.

Why is language inserted into the numbers section of the budget?

In addition to appropriations and allocations, instructions (commonly called wordage in order to differentiate it from the language sections of the bill) may be inserted into the numbers section of the bill. Wordage in an appropriations bill is typically one of two types:

- **Conditional Language**

Conditional language has the force of law and applies to the appropriation or allocation in which the wordage is placed. For instance, in the sample page of the bill, conditional language under the Council on Domestic Violence and Sexual Assault appropriation limits the operations and grant administration costs to 10% of the total funding appropriated.

- **Intent Language**

Intent language is a stated goal of the legislature in enacting legislation and always begins with "It is the intent of the legislature...." Intent does not have the force of law, but it may be used to provide guidance on the use of an appropriation.

Why doesn't the bill show line items?

Including line items in the bill would be informational only and would make the budget bill look more complicated than it already is. Line items in a budget indicate how the agency plans to spend appropriated funding (i.e., on personal services, travel, services, commodities, capital outlay, grants and benefits, or miscellaneous line items). As previously noted, agencies have substantial flexibility in determining how money is used after it is appropriated. As well as transferring money freely between allocations within an appropriation, agencies can also transfer funding between line items. For instance, if an agency's copier breaks and funding in the services line is tight, the agency can move funding from its travel line (or any other line) to its services line to repair the broken copier. For more information on line items please see information on the *Governor's Budget Request Books* in the "Budget Resources" section of this publication.

Why aren't positions included in the budget bill?

Positions are not included in the budget bill for the same reasons that line items are not included. Although the legislature may appropriate funding to an agency with the expectation that the funding will be used for a certain number of positions, the agency has complete control over which (and how many) positions are in the budget. Sometimes legislators target a specific position for elimination without realizing that, if desired, the agency can retain that position.



Appropriation structure can be used to increase the legislature's control over the budget.

Breaking appropriations into smaller pieces reduces agency flexibility.

Operating Budget Process

Alaska's budget process is continuous and iterative, involving all levels and branches of government. Those involved in the budget process deal with different references of time - looking backward to gain from experience, implementing and monitoring the current year budget, and planning for future public needs.

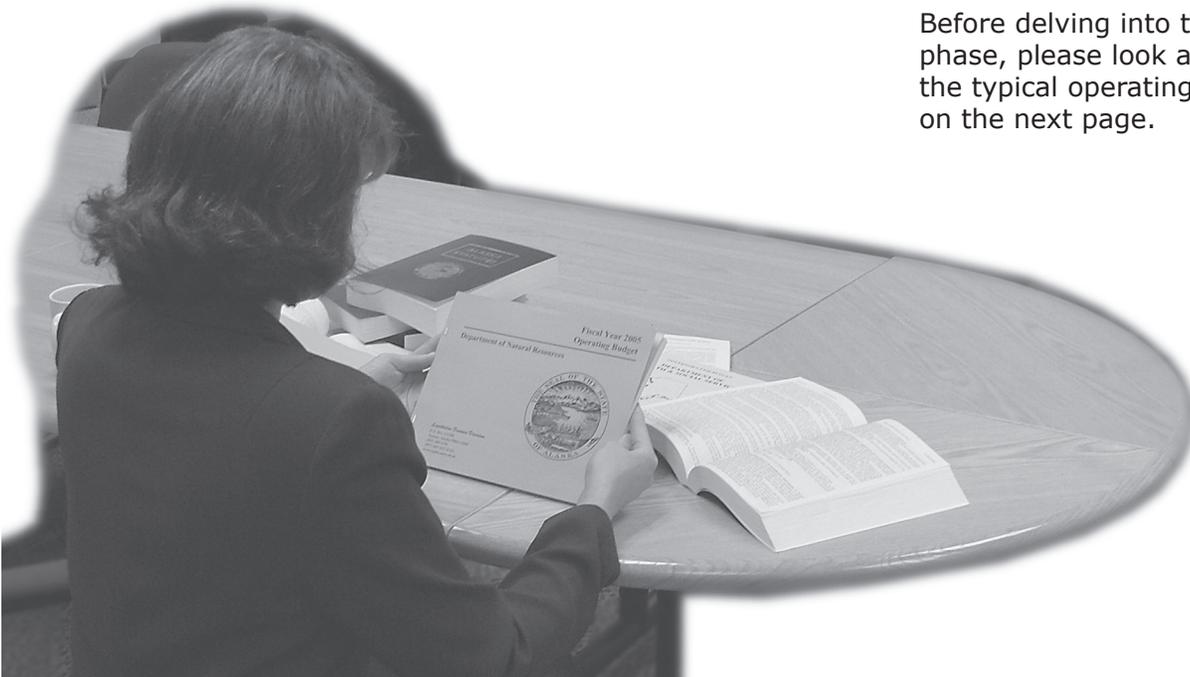
Preparation of the operating budget begins long before the legislature convenes. This chapter breaks the

budget preparation process into three distinct phases:

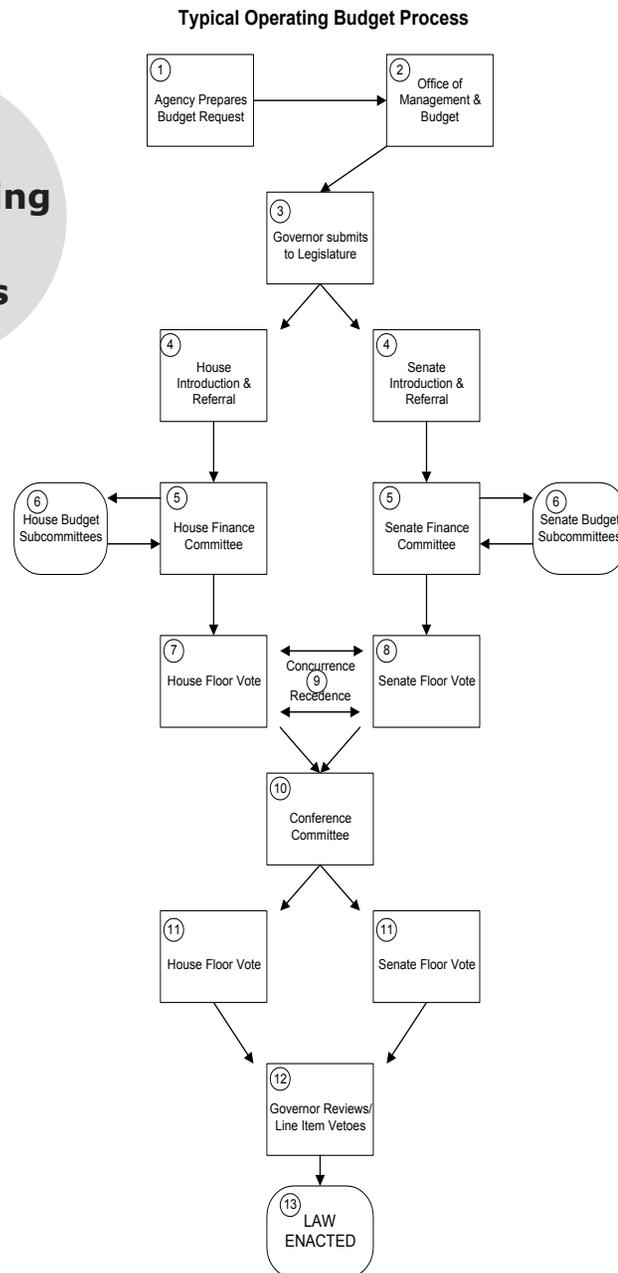
- 1 Pre-Session Activity**
- 2 Session Activity**
- 3 Post-Session Activity**

Before delving into the details of each phase, please look at a diagram of the typical operating budget process on the next page.

By December 15th of each year, the governor must submit the proposed operating, capital, and mental health appropriation bills to the legislature.



Typical Operating Budget Process



1 State agencies prepare their budgets during the late summer and fall of each year and submit them to the Governor's Office of Management and Budget (OMB) for review in November.

2 OMB checks agency requests for accuracy and format and prepares recommendations to the Governor.

3 The governor reviews agency requests, sets budget amounts and submits the appropriation bill and budget documents to the legislature by December 15. This has generally been a draft bill with the actual bill referred to the House Rules Committee prior to the State of the Budget Address. The governor may submit budget amendments through the 30th day of the session.

4 The House and Senate Rules Committees introduce companion bills (HB & SB) which receive their first reading and are referred to House and Senate Finance Committees, respectively.

5 The House and Senate Finance Committees receive the bill. Though work usually progresses simultaneously, the House typically acts on the bill first, then submits its version to the Senate.

6 The finance committees appoint subcommittees to work on each department's budget. These subcommittees submit recommendations to the full finance committees. Each finance committee finalizes the budget by department and moves a committee substitute bill out of committee.

7 The bill goes to the floor of the House in second reading and can be amended at this point. The bill is then moved to third reading, voted on, and sent to the Senate.

8 The Senate Finance Committee completes its work and sends its own committee substitute to the floor of the Senate, where it can be amended and then voted on.

9 The Senate version is sent back to the House for concurrence. Typically, the House does not concur, but asks the Senate to recede from their amendments. The Senate usually does not recede, and a conference committee is appointed.

10 11 The Conference Committee works out a compromise version of the budget and sends this version to the House and Senate floors for the final vote.

12 After the bill's approval by both houses, the bill is sent to the governor, who has 20 working days (excluding Sundays) to review the bill and exercise line item veto power, if desired.

13 The bill becomes law and is typically effective on the first day of a fiscal year, but most appropriations bills contain sections with other effective dates.

1 Pre-Session Activity

Agency Budget Requests

The budget process begins with agency requests to the Office of Management and Budget (OMB). Departments usually request the funds necessary to continue current program levels (existing staff and support costs, debt service, and formula driven programs), but an agency budget may include new or expanded programs and possibly consolidation, reduction or elimination of existing programs.

Governor's Budget Request

Individual agencies are not in a position to determine how their priorities fit within available state funds. Prior to establishing the Constitutional Budget Reserve Fund (CBRF), agencies requested what they believed they needed to carry out their mandates. It was the role of the governor to prioritize these needs within available funds and to propose a balanced spending plan to the legislative branch. With the creation of the CBRF in 1991, the governor continued to review agency requests, but often relied on withdrawals from the CBRF to balance the budget.

Until the early 1990s, the governor's budget submission included each agency's request. In recent years the governor has submitted the budget without agency requests so that differences between agency requests and the governor's request are no longer obvious.

By December 15th of each year, per AS. 37.07.020(a), the governor must submit the proposed operating, capital, and mental health appropriation bills to the legislature. Concurrently, OMB sends the Legislative Finance Division (LFD) the records of changes (in the form of budget transactions) from the prior year budget to the proposed

budget. The operating budget transactions for the mental health bill are included with the other operating budget transactions. By early January the governor releases more detailed budget information on the OMB web site, and in a set of books (OMB calls them the *Governor's Budget Summary Books* but they are also referred to as the *Governor's Detailed Budget Books*). For more information on the content of these books, please see the "Budget Resources" section in this publication.

Legislative Finance's Analysis of the Governor's Budget Request

When the budget bills (and transactions showing changes from the prior year) are received from OMB, the LFD staff begins their review and analysis. When the analysis is complete, the Legislative Finance Division publishes:

- The *Governor's Operating Budget Request Books* (also known as the *Subcommittee Books*). These books are the working documents used by the legislature to review the governor's budget. The information in these books is summarized by appropriations and allocations and includes position counts, line items, and dollar figures for the prior year, current year, and the request year.
- The *Legislative Fiscal Analyst Overview of the Governor's Request*. This booklet is a narrative overview of the major changes in each department's budget as well as a general discussion of the governor's budget request. For more information on what these publications contain, please see the "Budget Resources" section in this publication.



Conducting a Detailed Analysis of the Governor’s Budget Request

Talk to staff previously assigned to the budget to become acquainted with past approaches in the analysis and committee decision making process.

Analyze PROGRAMS as well as the FUNDING level. The typical base for funding comparisons is the legislatively approved level (as adjusted within executive branch authority). Generally, this information appears in the previous year’s “Management Plan” column.

When reviewing a program’s **funding**, consider the following:

1. Is it consistent with the existing approved level?
2. Does it include expenditures that were originally approved on a nonrecurring basis?
3. Are there existing activities that may be less essential than new programs or expansions?
4. Are there activities that should be eliminated or would be better performed by another agency (state or local)?

When reviewing a requested funding increase due to an **increased workload**, consider the following:

1. Is the projected workload increase self-generated, i.e., are activity levels controllable by the agency or do they truly reflect increased demand by the public or other beneficiaries?
2. Is the proposed volume consistent with workload patterns of recent years and adequately justified?
3. Are the levels of staff, support costs, and facilities accurately related to workload/staffing ratios, economies of scale, and/or seasonal peaks/valleys? The existing capacity to absorb increased workload should be considered first.
4. What is the impact if the increase is not approved? What if the requested service level is not provided?

When reviewing **programs** consider the following:

Program Adjustments:

Was a prior year increment intended for continuation or was it considered a one-time measure to meet an emergency need that is no longer critical?

Tip

Conducting a Detailed Analysis of the Governor's Budget Request continued

New Programs:

1. The appropriateness of the agency to perform the service--is it presently provided by, or should it be provided by, another state agency, local entity or private organization?
2. Are there revenue sources that may be available to defray the costs of implementing the new program, i.e., user fees?

Program Improvements:

1. What is the product or effect?
2. Why is it proposed and what (who) originated the demand?
3. What is the impact on existing programs?
4. What criteria were used to develop staff and support costs? Are they valid?
5. History--was the proposal previously considered and denied? Why?
6. Is the improvement a higher priority than an existing program?
7. Have future costs and benefits been considered?

Reduced or Eliminated Programs:

1. The impact of the services that will be eliminated.
2. Whether an action would increase costs in another program or agency (state or local).
3. Whether statutory changes are necessary.
4. Alternative programs and alternative actions.

If a funding increase is requested for the **operation of new facilities**, consider the following:

1. The status of the capital project--is the capital project already approved or is the request contingent upon a future appropriation? If under construction, what is the latest estimate on when it will come on line?
2. What standards or other verifiable information is available to support the estimated operating costs of the facility?
3. Are offsetting savings available and, if so, are they reflected in the request?

2 Activity During Session

The Alaska Legislature is required by statute (AS 24.05.090) to convene in regular session annually on the third Tuesday in January. The legislature is comprised of 20 senators and 40 representatives. Each body has a finance committee. The House Finance Committee has eleven members. The Senate Finance Committee has seven members. As committees of general fiscal referral, the House and Senate Finance Committees receive all appropriation measures, all revenue measures, and all bills having significant fiscal impact.

Finance Subcommittees

For the purpose of holding budget hearings and developing specific budgetary recommendations, the finance committees have established subcommittees for each agency's budget. The House and Senate Finance Committee co-chairs may set agency fund targets (normally general fund targets) that the subcommittees are expected to meet. House and Senate targets may differ; targets are the prerogative of each co-chair.

Subcommittees are charged with reviewing the governor's request, hearing testimony by agency personnel and other interested parties, and developing budget recommendations to be presented to the full finance committee. At the direction of the operating co-chairs, subcommittees typically review only the numbers section (section 1) of the bill. Language sections, most of which deal with statewide issues, are often reviewed and revised by the finance co-chairs.

Tip

Preparing for and Running Effective Subcommittee Meetings

DO NOT DELAY. The earlier you organize your subcommittee schedule, the greater the probability of obtaining preferred meeting times and locations (meeting rooms are at a premium) and of ensuring the availability of appropriate agency personnel. Subcommittee chairs may wish to hold joint sessions with their subcommittee counterpart in the other body, especially early overview sessions.

Please work with your Legislative Finance fiscal analyst when scheduling subcommittee hearings/overviews. Your analyst also serves other House and Senate finance subcommittees; including him or her in the scheduling process will help eliminate conflicting meeting schedules.

If there are issues for which you wish to have a special briefing (e.g., the impact of national health care reform on Alaska health care program or the status of the State's compliance with the federal Clean Air Act requirements) be sure to include those meetings in your scheduling to assure attendance by all involved parties.

continued on next page

Tip

Preparing for and Running Effective Subcommittee Meetings continued

Before Subcommittee Hearings Begin

1. Meet with your Legislative Finance analyst.

Your analyst can give you a briefing on major agency-specific issues and events from last session, issues anticipated to be brought forward by the agency, and issues that have developed over the interim (e.g., RPL's, and internal reorganizations).

2. Do your homework.

- a. Read relevant portions of the Legislative Finance publication, *Overview of the Governor's Request*.
- b. Read your agencies' *Governor's Operating Budget Request Books* (also known as the *Subcommittee Books*), which are generated by Legislative Finance. These publications highlight changes from the previous session's Conference Committee action so you know what changes occurred and why.
- c. Read and understand the *Governor's Budget Summary Books* (also referred to as the *Governor's Detailed Budget Books*) that are generated by the departments.
- d. Look at your agency's web sites.

3. Prepare a list of possible questions and have your agency respond to questions prior to (or at) the meeting.

At least three days in advance of each scheduled finance subcommittee meeting, work with your Legislative Finance analyst to prepare a list of possible questions relevant to the program or division staff scheduled to testify. Directing questions to the agency prior to the meeting

enables the agency to obtain answers from the most knowledgeable agency staff, and ensures answers that are more complete and accurate.

4. Working through the Subcommittee Hearings Agency Handouts.

Agencies typically have overview information prepared for distribution to subcommittee members. Insist that your agencies provide your office with copies of what they plan to distribute at the hearing **NO LATER THAN 24 HOURS BEFORE A SUBCOMMITTEE HEARING**. This allows time to distribute the information to all subcommittee members (and your Legislative Finance analyst) in advance of the hearing, giving subcommittee members time to formulate questions.

5. Fiscal Information from Legislative Finance.

Upon receiving the governor's operating budget request, your Legislative Finance analyst will prepare a report tracking all changes from the final conference committee action last session. Work with your Legislative Finance analyst so that you know what changes occurred and why.

6. Subcommittee Reports, Narrative, and Draft Bill Subcommittee Narrative.

Along with a standard set of reports prepared by Legislative Finance, the subcommittee chair submits a narrative describing the subcommittee's budget recommendations to the full finance committee. *Prior to submitting the narrative to the co-chair, it is helpful to have your Legislative Finance fiscal analyst proof it to make sure the narrative is consistent with subcommittee actions as reported by LFD.*

Subcommittee Reports, Narrative, and a Draft Bill for the Full Finance Committee

Standard Subcommittee Reports.

In general, the finance committee co-chairs require “standard” subcommittee reports prepared by LFD staff along with a narrative prepared by committee staff. Beginning with the FY11 budget process, co-chairs also require a “Budget Action” spreadsheet (or “BA Sheet”). The LFD reports are the official subcommittee reports; the BA Sheets provide the Finance co-chairs with a summary of subcommittee action in an Excel template. Standard reports ensure:

1. Consistent and accurate presentation of subcommittee actions;
2. Smooth transition to full committee action; and
3. Improved access (for web posting).

The standard subcommittee reports include the following items prepared by LFD:

- Budget Action (BA) Sheet—includes all transactions requested by the governor and independent subcommittee additions and/or deletions. This spreadsheet automatically highlights subcommittee actions that differ from the governor’s request;
- Agency Totals—highlights “big picture” changes in funding, positions, and line items;
- Appropriation Summary (general funds only)—at the appropriation/allocation level, this report highlights changes in general funds;
- Appropriation Summary (all funds)—at the appropriation/allocation level, this report highlights funding changes of all funds;
- Transaction Comparison—lists the individual transactions generating the funding/position changes from one stage of the budget to the next; and

- Wordage Report—Language that is inserted in the numbers section of the operating budget bill. Wordage in an appropriations bill is typically conditional or intent language.

Subcommittee Recommendations Narrative.

Along with the standard reports, the subcommittee chair submits a narrative describing the subcommittee’s budget recommendations to the full finance committee. Prior to submitting the narrative to the co-chair, it is helpful to have your Legislative Finance fiscal analyst proof it to make sure the narrative is consistent with subcommittee actions as reported by LFD.

Subcommittee Draft Bill.

The LFD drafts a bill incorporating the subcommittees’ recommendations and the co-chairs’ language recommendations, which the full finance committee typically adopts as a working draft.

Finance Committee Closeout Procedures

After the subcommittees’ substitute bill is submitted to the full finance committee, public testimony is heard and the finance committee members prepare amendments. **Using the amendment template on LFD’s web site**, both majority and minority finance committee members submit amendments to the finance committee co-chair *prior* to the full finance committee meeting. The co-chair organizes the amendments and reviews each amendment with the following in mind:

- Are there duplicate or overlapping amendments? If several members have prepared similar amendments and more than one of these amendments pass, the appropriation may receive more (or less) funding than intended. The co-chair will work with members to decide which amendment(s) should be included in the packet.

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Tip

Please take a careful look at the bill and, if an amendment is desired, find a finance committee member to submit the amendment. Finance committee amendments may be submitted only by a finance committee member. (An amendment template may be obtained from the LFD web site).

- Does the amendment contain an accurate appropriation reference? Information on appropriation/ allocation structure is vital to determining where funding should be placed.
- Is the funding source workable? Amendments competing for a limited funding source are common. Care must be taken that approving these amendments does not overappropriate the funding source. Similarly, proposed decrements cannot remove funding that is not in the bill (i.e., remove a funding source that isn't appropriated or remove more funding than the amount appropriated by the draft bill).

See the tip in the box on the left. The adopted amendments are incorporated into a committee substitute bill, which is then sent to the floor for additional amendments and a final vote.

Conference Committee Process

The House and Senate work independently, therefore, differences in the bills they produce are inevitable. A conference committee is appointed to reconcile differences between the House and Senate versions of the operating budget bills. Unlike conference committees for many other bills where an actual comparison between the hard copies of the two versions of the bills occur, the conference committee for

the operating and mental health budget actually compare differences in *budget transactions* between the house and senate versions of the bills.

Packet to be sent to the Senate President and the Speaker of the House.

After the conference committee has been appointed, LFD prepares a packet for the conference committee to send to the Senate President and the Speaker of the House. The packet includes a letter to the Senate President and the Speaker of the House requesting, for specified bills, limited powers of free conference for specific points that are included in the following reports:

1. Allocations with items subject to conference;
2. Language sections of the bill that are subject to conference;
3. Structural changes subject to conference;
4. The Mental Health bill's capital projects subject to conference;
5. Uniform Rule 42. The conference committee process is conducted under Uniform Rule 42. (*Uniform Rule 42 can be found under the "APPROPRIATION LAW and UNIFORM RULE 42" section in this publication.*)

Conference Committee Motion Sheets.

Legislative Finance prepares "motion sheets" to clarify items subject to

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conference (see example below). These sheets show, by transaction, all conferenceable items in each agency's budget, and statewide items (such as debt service and special appropriations). After the conferees have received them, the motion sheets are available on the LFD web site.

DOT
Department of Transportation and Public Facilities

Conference Committee Motion Sheet
FY2015 Operating and Mental Health Bills

Indicates language
Indicates structure change

| Number | Appropriation | Allocation | Description | CCBase | House Change | Fund Code | Fund Source | Position Change | Senate Change | Fund Code | Fund Source | Position Change | Notes |
|--------------|--|---|--|-----------|--------------|-----------|-------------|-----------------|---------------|-----------|-------------|-----------------|--|
| | | | | 111,214.4 | 0.0 | | | 0 | (321.7) | | | 0 | |
| TOTAL | | | | | | | | | (321.7) | 1004 | Gen Fund | | |
| 1 | Administration and Support | Agency-Wide Unallocated Reduction | Unalloc: Unallocated Travel Reduction | | | | | | 2,000.0 | 1076 | Marine Hwy | | Items 2, 3, 4, and 5 are related. |
| 2 | Marine Highway System | Marine Vessel Operations | IncOTL One-time increment from the Marine Highway System Fund Capitalization Sub-Account | 111,214.4 | | | | | (2,000.0) | 1004 | Gen Fund | | Items 2, 3, 4, and 5 are related. |
| 3 | Marine Highway System | Marine Vessel Operations | Dec: General Fund Reduction to be Offset with Increased Tariffs and Fees in Future Budgets | | | | | | | | | | Items 2, 3, 4, and 5 are related. |
| 4 | Marine Highway System Senate | Marine Vessel Operations | Allocation Conditional Language This allocation includes \$2 million from the Capitalization Sub-account within the Alaska Marine Highway System Fund. | | | | | | | | | | Items 2, 3, 4, and 5 are related. |
| 5 | Marine Highway System Senate | Marine Vessel Operations | Allocation Legislative Intent It is the intent of the legislature that the Alaska Marine Highway System complete a review and analysis of the current passenger/ vehicle/ cabin rate structure for the system and present a modified tariff and fee schedule to the Alaska State Legislature, no later than February 1, 2015, in order to offset the one-time \$2 million from the Capitalization Sub-account within the Alaska Marine Highway System Fund, beginning in FY 2016. | | | | | | | | | | |
| 6 | Marine Highway System Senate | Marine Vessel Operations | Allocation Legislative Intent It is the intent of the legislature that the department examine the economics of an additional ferry run between Ketchikan and Metlakalla and report the findings to the 29th Legislature. | | | | | | 4.8 | 1002 | Fed Rcpts | | The Senate added funding for additional bargaining unit agreements |
| 7 | International Airports | Anchorage Airport Safety and the Fairbanks Airport Safety allocations | FY15 Public Safety Employee Association Health Insurance and COLA salary adjustments | | | | | | 73.1 | 1027 | IntAirport | | |



Conference committee members attempt to reach an agreement on motions prior to the meetings. Discussion is limited and testimony is unusual. Please take a careful look at the motion sheets for the agencies or issues you may be following and speak to your conferees if you have concerns. Conference committee is often the final opportunity to make operating budget changes.

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The conference committee also decides which fiscal notes will be attached to the operating budget. If a fiscal note is not attached to an appropriation bill, the fiscal note's funding is NOT appropriated. (*More details on fiscal notes are included in the "Fiscal Notes" section below.*)

After conference committee differences are resolved.

After the conference committee has resolved the differences (and made fiscal note decisions), the conference committee's substitute bills are sent to both floors for a vote and then transmitted to the governor. Conference Committee bills cannot be amended on the floor.

Governor Signs the Operating Budget Bill

If an appropriation bill is transmitted to the governor after session, Article II, Section 17 of Alaska's Constitution states that the governor has 20 working days (excluding Sundays) to review the bill and exercise line item veto power (if desired). The bill becomes law and is typically effective with the beginning of the fiscal year on July 1; however, most appropriation bills also have sections with other effective dates.

Accessing the Constitutional Budget Reserve Fund (CBRF)

Depending on available revenue, a draw from the CBRF to balance the budget may be required. Appropriations from the CBRF have typically occurred in the capital budget because it is usually the last appropriation bill to pass. Article IX, Section 17 of Alaska's Constitution establishes a Budget Reserve Fund and subsections (b) & (c) outline procedures for appropriating money from the fund. The two ways appropriations from the CBRF can occur are as follows:

Simple majority vote.

Subsection (b) allows appropriations from the CBRF with a simple majority vote of the legislature, but only under two conditions:

1. The amount *available for appropriation* must be less than the *amount appropriated* for the prior year; and
2. The amount appropriated from the CBRF must not allow total appropriations to exceed the total amount appropriated for the prior year.

A $\frac{3}{4}$ vote of the legislature.

Subsection (c) allows unlimited appropriations from the CBRF with a $\frac{3}{4}$ vote of the legislature. Until fiscal year 2004, each annual budget (for the last decade) included a $\frac{3}{4}$ vote because the requirements of subsection (b) had never been met.

After the legislature passes the budget (with the CBRF vote), the legislature transmits the bill to the Governor's Office for the governor's signature.

Fiscal Notes

This section consists of answers to questions the Legislative Finance Division (LFD) is most frequently asked about fiscal notes.

What bills need fiscal notes?

Fiscal notes are attached to *all* non-appropriation bills to show the financial impact of the legislation on an agency. Many bills have fiscal notes that show no fiscal impact (i.e., a zero fiscal note). A fiscal note can go through multiple versions as a bill progresses and changes.

Who prepares fiscal notes?

Fiscal notes are typically prepared by each agency affected by the bill. The Governor's Office uploads them to the Legislative Finance Division's fiscal note system and emails the fiscal note link(s) to the Office of Management and Budget (OMB), the member sponsoring the legislation and the requester of the fiscal note. Occasionally the sponsor of a bill will prepare a fiscal note or a committee will revise a fiscal note.

The latest fiscal note instructions can be found on the LFD website at www.legfin.akleg.gov under the Fiscal Note dropdown.

Where do I get copies of fiscal notes?

Copies of fiscal notes that have passed out of committee may be found on the Bill Action and Status Inquiry Software (BASIS) section on the Alaska State Legislature's web site. In addition, the Legislative Finance Division's fiscal note system is available to the public at www.legfin.akleg.gov. Both websites provide the current status of a fiscal note.

What does the Legislative Finance fiscal note system provide that BASIS does not?

The most important enhancement is the ability to run reports. A user can select a particular set of bills (by time period, body of origin, sponsoring committee, or agency affected). There is an option to suppress zero fiscal notes and the user can limit the report to bills passed out of (or currently in) a particular committee. The shortest—and perhaps most useful—reports are those on a single bill.

All reports show the chronology of each fiscal note's passage through the legislative process; they show

how and why a note was revised, and active notes are easy to identify because they are always at the end of the list.

The reports offer a summary of fiscal note appropriations for the upcoming fiscal year. In any report, the user can pull up a copy of the actual fiscal note by clicking the version letter of the associated bill.

Another significant difference is that the Legislative Finance System displays the current committee fiscal note under review while BASIS posts a note *after* it passes from a committee.

What information is included in fiscal notes?

According to AS 24.08.035 (c), a fiscal note for a bill or resolution must contain the following information:

- (1) the fiscal impact on existing programs;
- (2) the fiscal impact of new programs or activities;
- (3) a line item detail of the fiscal impact;
- (4) the source of funds expected to be utilized by general fund source, federal fund source, or other identified source;
- (5) the number of new positions that may be required, identified as full-time, part-time, or temporary;
- (6) an analysis of how the figures in the fiscal note were derived;

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Fiscal notes do not appropriate funding--they are only estimates of the fiscal impact of the bill.



(7) additional information necessary to explain the fiscal note;

(8) a fiscal impact projection for the current fiscal year and for the succeeding five fiscal years; and

(9) formal information consisting of

(A) the bill or resolution number,

(B) the name of the prime sponsors,

(C) the date the fiscal note was prepared,

(D) the name of the committee requesting the fiscal note,

(E) the name and phone number of the person who prepared the fiscal note, and

(F) the budget request unit, program, or subprogram affected.

What if I question the assumptions of the fiscal note(s)?

Fiscal notes contain the agency's *estimates* of the bill's costs and should be carefully analyzed. Please read OMB's fiscal note instructions (located on the LFD website), then go through the questions included in the sidebar, "Tips for Conducting a Detailed Analysis of the Governor's Budget Request," located in the "Pre-Session Activity" section of this publication.

Questions may be directed to the agency contact responsible for preparing the fiscal note and/or you may request that a Legislative Finance analyst review the fiscal note(s) to determine the validity of estimated costs, new position requirements, fund sources, and five-year projections.

Tip

To obtain a copy of the latest fiscal note *passed out of committee* go to BASIS or to the Legislative Finance website at:

www.legfin.akleg.gov

To obtain a copy of the latest fiscal note for a bill *still in committee*, please contact the chair of that committee.

Why do some bills have multiple fiscal notes?

Bills may have multiple fiscal notes for the following reasons:

- *More than one agency is affected by the bill.* Because fiscal notes are prepared by each agency affected by the bill, a bill that affects more than one agency will have a fiscal note prepared by each of those agencies.
- *More than one appropriation or allocation within the agency is affected.* A separate fiscal note is prepared for each allocation affected by a bill.
- *A bill revision changes the estimated cost of the bill.* Fiscal notes are revised each time a bill is revised in a manner that affects costs.
- *Fiscal note assumptions are questioned or updated.* Even if a bill is unchanged, a committee member (or agency) may change a fiscal note to reflect costs in keeping with updated information.

Please be careful to obtain the latest version(s) of fiscal note(s).

What happens to fiscal notes?

Once a bill has been read across the floor, the Senate Secretary's or Chief Clerk's offices enter the fiscal information into the BASIS system. This occurs when a bill is being referred to a committee or is being reported from a committee.

The House and Senate Finance Committees provide the Legislative Finance Division with final versions of fiscal notes accompanying legislation reported out of their respective committees. These fiscal notes are then used by the conference committee to develop a listing of new legislation and to appropriate funds for implementation of new legislation.

For information on how changes can be made to fiscal notes, please see the answer to the question: "Why do some bills have multiple fiscal notes?" on the previous page.

When do fiscal notes have to be delivered?

Unless otherwise requested, the deadline for delivery of a fiscal note to the legislative committee is within three days of the request.

Are funds appropriated through fiscal notes?

No. Fiscal notes do not appropriate funding--they are only estimates of the fiscal impact of the bill. The following must occur for a fiscal note appropriation to be valid: (1) the bill is enacted; and (2) the fiscal note attached to an enacted appropriations bill survives the governor's line item veto.

Once a bill has passed the legislature, what happens?

When a bill or resolution has passed it doesn't automatically go to the governor for signature. First it has to go through an enrolling process at Legal Services. After the bill has been enrolled, the Senate Secretary and Chief Clerk coordinate sending bills to the President and Speaker for signature. Once they have been signed, and upon direction of Senate and House leadership, the bill is sent to the governor for action.

What if the Governor doesn't sign a bill?

While the legislature is in session, a bill becomes law if the governor neither signs nor vetoes it within fifteen days, Sundays excepted, after it's delivered to him. If the legislature is not in session, a bill becomes law if the governor neither signs nor vetoes a bill within twenty days, Sundays excepted, after it's delivered to him.

3 Post-Session Activity

Interim Publications

After the governor has signed all appropriation bills, (and bills with relevant fiscal notes), the Legislative Finance Division generates several publications documenting the appropriation actions that occurred during the past session. These publications include the *Conference Committee Books (CC Books)*, *Summary of Appropriations*, and the *House District Reports*.

For more detail on information included in these publications, please see the "Budget Resources" section of this publication.

Revised Program Legislative (RPLs) Process

A Revised Program Legislative (RPL) is a type of budget revision requiring legislative involvement because it supplements a specific appropriation made by the full legislature. Under AS 37.07.080(h), an agency request for a revision must be submitted through the Office of Management and Budget (OMB) to the Legislative Budget and Audit (LB&A) Committee for approval. An RPL can provide authority to receive and expend *additional* receipts, but

cannot create a new appropriation [See Legal Services memorandum 21-LS0121 (November 5, 1998) on this subject]. The governor may wait 45 days after submitting an RPL to the LB&A Committee, then notify the legislature that the agency intends to spend the receipts despite lack of approval by the LB&A Committee.

LFD RPL Analyses.

About two weeks before each LB&A meeting, OMB delivers to LFD each RPL they wish to see placed on the agenda, with accompanying back-up.

The roles of the Legislative Finance Division in this process include:

- Analyzing RPLs. Analyses and recommendations are inserted in the RPL document. Clarifications, differences with contentions in the agency request, and a summary of issues may be included;
- Distributing the RPLs and the LFD analysis to the LB&A Committee; and
- Preparing RPL discussion items for LB&A Committee meetings.

After the governor has signed all appropriation bills (and bills with relevant fiscal notes), the Legislative Finance Division generates several publications documenting the appropriation actions that occurred during the past session.

Statutes for Revised Program Legislative (RPL)

Sec. 37.07.080. Program execution.



A Revised Program Legislative (RPL) is a type of budget revision requiring legislative involvement because it supplements a specific appropriation made by the full legislature.

(h) The increase of an appropriation item based on additional federal or other program receipts not specifically appropriated by the full legislature may be expended in accordance with the following procedures:

(1) the governor shall submit a revised program to the Legislative Budget and Audit Committee for review;

(2) 45 days shall elapse before commencement of expenditures under the revised program unless the Legislative Budget and Audit Committee earlier recommends that the state take part in the federally or otherwise funded activity;

(3) should the Legislative Budget and Audit Committee recommend within the 45-day period that the state not initiate the additional activity, the governor shall again review the revised program and if the governor determines to authorize the expenditure, the governor shall provide the Legislative Budget and Audit Committee with a statement of the governor's reasons before commencement of expenditures under the revised program.

Capital Budget

By statute, the governor is required to develop and recommend to the legislature a six-year capital improvement program. An appropriation bill covering year one of the ongoing plan (the upcoming fiscal year) must be submitted by December 15th.

The legislature reviews the proposed capital budget and makes adjustments. Often projects are added to meet needs deemed important to the legislature. Those include additional projects for state agencies as well as grants to communities and named recipients.

The planning process improved with adoption of legislation in 2008, AS 37.07.020(b), that requires agencies to submit 10-year plans for anticipated operating and capital needs.

What is typically included in a capital appropriations bill?

Typical capital projects may include the following:

- New infrastructure construction
- Capital improvements to existing infrastructure
- Infrastructure maintenance/deferred maintenance
- Information technology upgrades
- Equipment purchases
- Materials stockpiling
- State equipment fleet replacement
- Trail/parks construction and

maintenance

- Land purchases
- Grants to Municipalities, Communities and Organizations

Are there recurring agency programs/ requests?

There are several ongoing capital programs within state agencies that require expenditure authority on an annual basis. These programs are often the result of recurring federal funding. Examples include the following:

- Department of Environmental Conservation
 - Water and Wastewater Infrastructure projects
- Department of Transportation and Public Facilities
 - Airport Improvement Program
 - Surface Transportation Program
- Alaska Housing Finance Corporation
 - Supplemental Housing Development Program
 - Low Income Weatherization
 - Senior Citizens Housing Development Program

Also, the Department of Education and Early Development (DEED) typically submits requests for new school construction and school maintenance. DEED maintains a prioritized needs list for rural school construction and maintenance/ renovation.¹ The back-log is

What is a capital appropriation?

As defined by AS 37.07.120(4), "...an allocation or appropriation item for an asset with an anticipated life exceeding one year and cost exceeding \$25,000 and includes land acquisition, construction, structural improvement, engineering and design for the project and equipment and repair costs."

Additional rules used to identify "capital" items by Legislative Finance include 1) Grants - grants to communities or organizations. The funding is typically administered by the state, but is not used as "operating" funding for state agencies. 2) Special contractual studies - studies or research of a temporary nature by non-state personnel; these studies could take multiple years and technically produce an asset at a cost exceeding \$25,000. However, studies performed by state employees may be added to the operating budget as "IncOTI's". 3) Does the project pertain to the operations of the agency? For example, law enforcement training or patrol improvement funding in Public Safety may be more appropriately added to the operating budget. The funding is ongoing and pertinent to the mission of the agency.



When do capital appropriations lapse?

A typical capital bill includes a provision stating that capital projects lapse under AS 37.25.020 unless otherwise stated. This provision states that an appropriation is valid for the life of the project and that the unexpended balance shall be carried forward to subsequent fiscal years.

New language added in the 2014 session per Ch. 61 (HB 306), further qualifies that substantial ongoing work on the project must have begun within five years after the effective date of the appropriation. This language was modeled after the lapse provision for Grants to Municipalities under AS 37.05.315. The new qualifying language was also added to the lapse provisions for Grants to Named Recipients (AS 37.05.316) and Grants to Unincorporated Communities (AS 37.05.317).

Furthermore, agency accounting controls dictate an initial five-year termination date on every capital appropriation booked in the state accounting system. However, as projects near the five-year "term date", they can be extended in the accounting system without legislative action if the substantial, ongoing work provision is met.

substantial and gets attention regularly. Other typical requests include deferred maintenance on state facilities. Most agencies request some amount of funding for this purpose.

Which supporting staff is responsible for the individual sections of the bill?

The capital bill contains two primary sections with two different responsible supporting staff groups. Legislative Finance is responsible for drafting what is referred to as the "numbers sections" of the bill. Legislative Legal Services is responsible for drafting what is referred to as the "language sections." These are the individual descriptive appropriations in the back of the bill (following the numbers sections).

Although Legislative Finance does not draft the "language sections," it does track the amounts and types of funding contained in those sections. Additional discerning characteristics, such as effective dates and lapse dates are also tracked by Legislative Finance.²

What is the process for developing the capital bill?

After the governor makes a recommendation to the legislature, identical capital bills are referred to the finance committees of both bodies. Both bodies typically work simultaneously on their own bills with varying degrees of cooperation. There are generally fewer public meetings than on the operating bills, and formal action often occurs late in the

session.

It is customary for one co-chair of each body's finance committee to oversee the review and modification of the capital bill. Often, the co-chair will have full committee meetings reviewing each project in the governor's bill. Subcommittees have been formed in the past to further explore topics, but it is not common.

After review by the full committee, the co-chair's staff works with committee members, other legislators, Legislative Finance and Legislative Legal Services to complete a committee substitute bill.

How do I get capital projects in the bill?

As the co-chair's office develops a committee substitute bill, each legislative office is requested to submit their capital project priorities by a certain deadline. Numerous factors affect whether funding is allocated for individual legislator priorities. However, to make sure your priorities are considered, submit detailed capital project back-up information in a timely manner via the Legislative Finance Capital Project Submission and Information System (CAPSIS).

What is CAPSIS?

CAPSIS is the Legislative Finance Capital Project Submission and Information System. Created in 2007, and under continuous refinement, this

internet based user interface allows each legislative office to input their capital project priorities for submission to the co-chair's office. In-depth information for each project is captured in a digital format that can be retained in perpetuity and readily located by Legislative Finance. The information is available to the public on the internet and is transmitted to OMB for post session veto analysis.

Why is capital project backup information necessary?

Backup information is a critical ingredient to a complete capital bill. All legislative additions require backup materials. This backup is utilized by the co-chair's office to ascertain the merit of each project and determine how it can fit into the overall appropriation level. The information is also utilized by the Governor's Office in their veto analysis. Furthermore, the back-up provides critical information for the Department of Commerce, Community and Economic Development to administer grants.

All project back-up is kept on file by Legislative Finance and available on the web to the public. Backup materials document the need for funding and include any pertinent information and correspondence that may be useful in the future for determining the purpose of the appropriation and if the funds were spent as intended by the legislature.

How does the committee substitute bill get amended?

One or several full finance committee meetings can be scheduled to amend the committee substitute bill. Formal amendments to the bill can be offered in these meetings. Legislative Finance and Legislative Legal Services are available to assist in the development of amendments (*see the sidebar to the right*).

What happens to the bill after it is passed from the finance committee?

After the bill is amended in the full finance committee, the bill is passed to the rules committee for scheduling on the body's floor. On the floor, the amendment process can be repeated if desired or necessary.

After the bill passes a particular body, it is passed to the other body where the process is repeated.

What about re-appropriations?

The unwritten rule with regard to capital projects in any particular legislator's district is "hands off my money." In other words, it is customary to re-appropriate any remaining funding from a completed capital project back to the district it resided in originally. This is not required by law, but helps maintain civility.

When requesting reappropriation of funding within a district, it is important to review the underlying funding source. Bond funding is very restricted and is ineligible for reappropriation. In addition, reappropriation of agency projects are generally the purview of the co-chair's office.

Tip

Any legislator wishing to modify the bill needs to contact the co-chair responsible. The co-chair has direct control over the committee substitute bill. It might also prove beneficial to approach the co-chair regarding any amendments that may be offered in a finance committee meeting.

Amendments

It is recommended that Legislative Finance review proposed amendments for accuracy. This avoids technical problems that may need to be addressed later. Legislative Finance prefers to have "numbers section" amendments follow the template that can be found on our website at the following address:

<http://www.legfin.akleg.gov>

Using the template helps prevent errant action and provides the details necessary for Legislative Finance to perform its duties and answer future questions.

How do I find out about capital project funding available for re-appropriation?

Grantees typically contact their respective legislator for action when funding is available. However, the Department of Commerce, Community & Economic Development (DCCED) customarily notifies grantees of pending lapsing funding. This is done as a courtesy by the agency, but also serves as a mechanism to monitor and maintain grant records. Furthermore, a letter is typically sent to each legislative office notifying them of potentially lapsing funding.

What happens when my district receives a legislative grant?

A typical capital appropriation bill will contain numerous legislative grants to various municipalities, boroughs, unincorporated communities and named recipients. After the bill is enacted into law, DCCED will notify grantees of the availability of the grant. The grantees must execute an agreement with DCCED stating that they will spend the grant for the purposes specified in the appropriation. Additionally, a completion date is set in the agreement that is usually five years. This is not a statutory lapse date for the funding, but a date agreed upon for project completion. This date can be extended indefinitely as long as the appropriation has a typical lapse

date under AS 37.25.020 (for the life of the project) and meets the substantial and ongoing work provisions (see sidebar on page 33).

How does Legislative Finance assign a House District (HD) to each project?

The house districts assigned to capital project appropriations are for informational purposes and have no binding legal significance. However, the HD assignments provide--to the best of our ability--a geographical representation of appropriated funding. The House District Summary Report provides this information.

Given that many capital projects have an impact on more than one house district, Legislative Finance may assign them to "areawide" districts. Additionally, "regional" districts may be used. These would be used for projects affecting an entire region of the state. A primary example lies in appropriations for the Alaska Marine Highway System. A new fast-ferry serving Southeast Alaska, would receive a "Southeast Region" district assignment.

Legislative Finance tries to assign each project to a particular area-wide/ regional district that is most appropriate. Certainly, however, the assignment of

projects to any particular areawide or regional district is subjective.

Additionally, many legislators like to see a break-out of what projects reside in their districts, regardless of the impact they have regionally. Therefore, as of FY2005, Legislative Finance is recording a house district on an exact geographic basis and an areawide basis. If an exact district cannot be assigned, an areawide district will apply to both. *(See areawide and regional districts sidebar on following page.)*

What is the appropriation structure?

Appropriations create statutory restrictions on the movement of money. Money cannot be moved between appropriations. Allocations, however, allow for flexibility in how funding can be utilized. An appropriation can have any number of allocations. Movement of funding between allocations is generally restricted in accordance with AS 37.07.080(e) which requires approval from the commissioner of an agency.

The capital bill can be developed very stringently, with many appropriations and few allocations, or conversely with many allocations and few

appropriations. Usually, some sort of compromise structure is used. This allows the administration the flexibility to operate efficiently while maintaining appropriation restrictions where necessary. (See the *program flexibility sidebar to the right.*)

What resources are available for developing the capital bill?

- 1. Legislative Finance Division.** Fiscal Analysts are available with expertise in all areas of the state budget. One particular analyst is responsible for coordinating analysis and development of the capital bill.
- 2. Legislative Finance Website.** The LFD website contains links to the most up-to-date capital budget information. Current and historical reports can be found summarizing or detailing items throughout the iterations of the capital bill. Additionally, individual project titles can be queried and project back-up can be accessed by *clicking on any project title* found in any report. Links to amendment forms and CAPSIS are also available.
- 3. Database reports.** Legislative Finance can generate custom reports that may not be found on the LFD website.
- 4. Governor’s Project Detail.** As required by statute, the Office of Management and Budget prepares back-up documents detailing information about each capital project in the governor’s capital bill. This back-up is available through OMB, Legislative Finance or the House and Senate Finance Committees.
- 5. Prior Year Backup.** Legislative Finance retains copies of prior year capital project backup information. With the development of CAPSIS, that back-up is readily available and more informative than ever.
- 6. AKSAS and ALDER.** The Alaska State Accounting System (AKSAS) and the ALaska Data Enterprise Reporting system (ALDER) can provide current information on historical capital appropriations. Legislative Finance, Legislative Audit, OMB and agency budget staff can access AKSAS and ALDER.
- 7. Summary of Appropriations.** This document contains all appropriation bills passed during a specific session along with various budget reports.
- 8. House District Book.** This published document contains capital appropriations and capital re-appropriations sorted by house district.



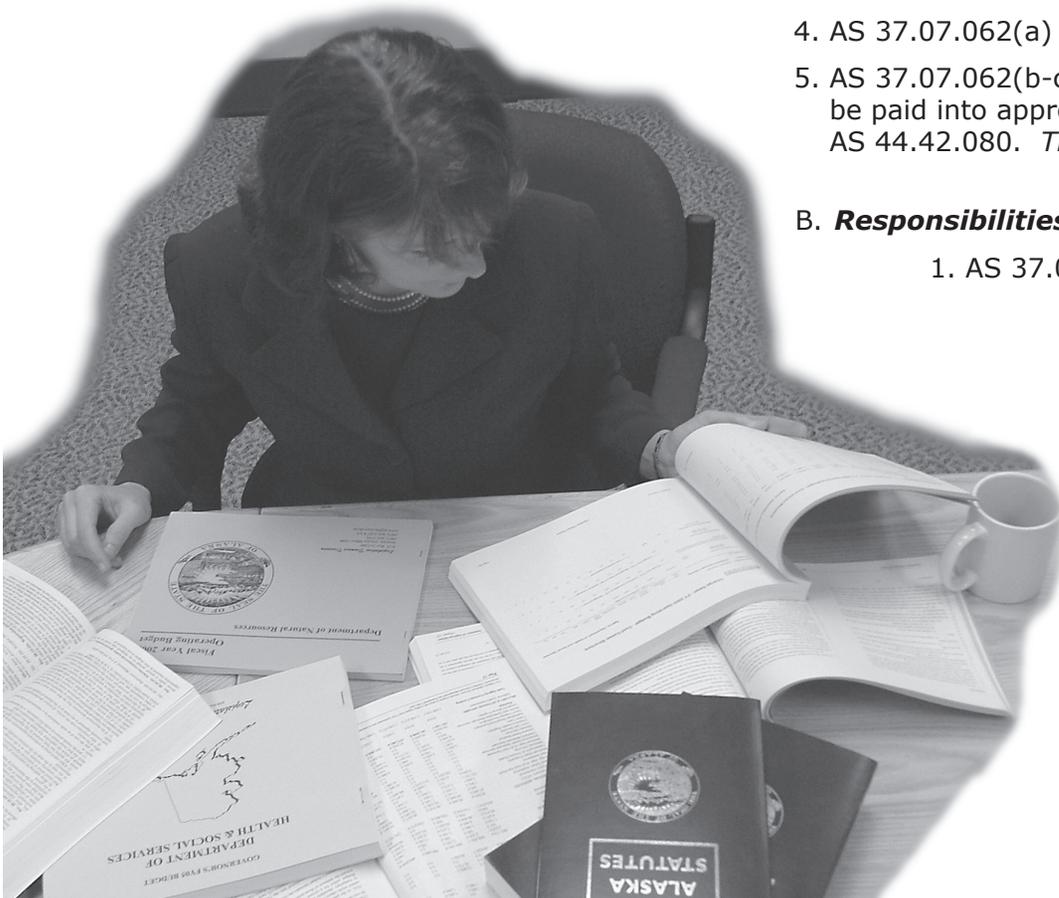
Areawide & Regional Districts

Areawide and Regional districts were created to summarize projects on the basis of the impact they have on a community. For example, road improvements made in House District 33, although geographically located in that particular district, have an impact on the entire community of Juneau. Similarly, many projects impact entire regions or the State in its entirety.

Program Flexibility

Often, a particular program in an agency will receive one appropriation for the program and numerous allocations within. This tends to occur in programs using primarily federal funding. Examples include DOT&PF’s Airport Improvement Program and Surface Transportation Programs. Both of these are large, federally funded programs with many dynamic factors that require program flexibility.

The Legislative Finance Division employs Fiscal Analysts with expertise in all areas of the state budget, including the capital budget.



What statutes govern the capital bill?

A. Responsibilities of the Governor

1. AS 37.07.020(a)(3) – appropriation bill for capital projects other than those in the comprehensive mental health program
2. AS 37.07.020(b) – capital improvements program covering the succeeding six fiscal years
3. AS 37.07.060(b)(3)(A-H) – recommendation to legislature for capital improvement program for succeeding six fiscal years with details of what must be included
4. AS 37.07.062(a) – project back-up information details
5. AS 37.07.062(b-c) – amounts appropriated for capital outlay shall be paid into appropriate capital project funds established under AS 44.42.080. *This appears to be obsolete. This does not occur.*

B. Responsibilities of the Legislature

1. AS 37.07.070 – Legislative Review

End Notes

¹ The majority of urban area school construction and maintenance funding is provided via a municipal debt reimbursement program (school debt reimbursement) that is addressed in the operating budget.

² Effective dates play an integral part in determining whether an appropriation is considered a supplemental appropriation or upcoming fiscal year appropriation.

Supplemental Budget

*Two factors determine if an appropriation is a supplemental. One is that the **effective date** must be in the **current fiscal year**. Second is the appropriation must change the **funding level** in the **current fiscal year**.*

The governor annually requests appropriations (called supplemental appropriations) that modify the current fiscal year's budget. Occasionally, two supplemental appropriation bills—a "fast-track" supplemental bill and a "slow-track" supplemental bill—are submitted by the governor. Before passage, the requested appropriations in both supplemental bills are reviewed by the legislature.

By law [AS 37.07.070(1)], the governor must submit supplemental requests to the legislature by the fifteenth day of session. The legislature can, and frequently does, modify and initiate supplemental appropriations throughout the legislative session. The following are answers to common questions the Legislative Finance Division receives regarding supplemental appropriations:

What makes an appropriation a supplemental appropriation?

An appropriation is classified as a supplemental if (1) the effective date is in the current fiscal year, and (2) if the appropriation impacts current year revenue. For example, an appropriation to capitalize the Alaska Marine Highway System Fund with an effective date of June 30th may be intended for use in future years, but its June 30th effective date and the use of current year revenue makes it a supplemental appropriation.

A repeal/reappropriation uses money from a prior fiscal year for a new purpose. Because the "old" money was already counted as spent in the year of the original appropriation, a repeal/reappropriation is not treated as a supplemental appropriation despite having a current year effective date. Doing so would count the expenditure twice.

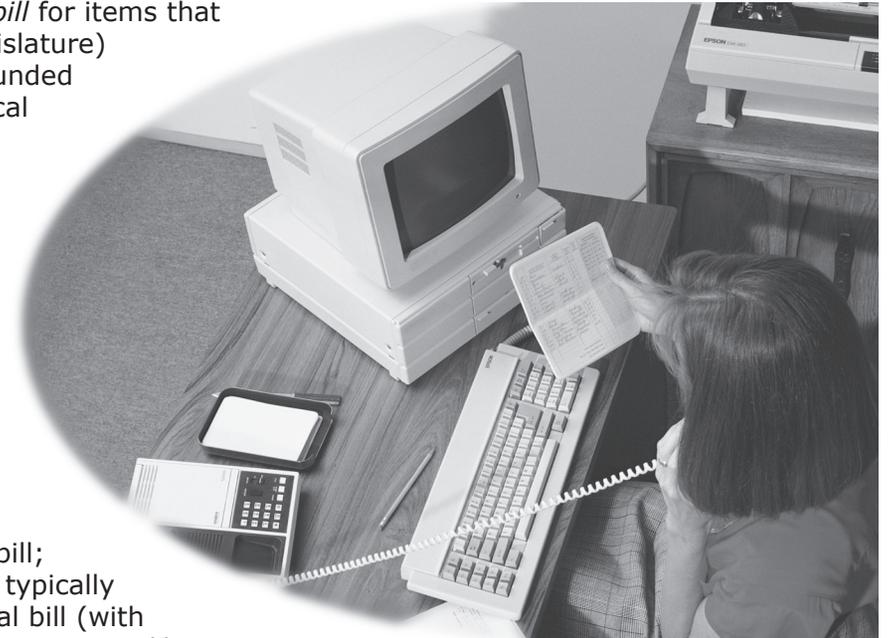
What is the difference between a supplemental appropriation and a ratification? The term “ratification” applies to legislative action approving an expenditure that occurred in a closed fiscal year and that was not previously authorized by the legislature. Because Article IX, section 13 of the Alaska Constitution prohibits withdrawal of money from the treasury without an appropriation, the legislature must act after the fact to approve an unauthorized expenditure in a closed fiscal year. A supplemental appropriation applies to the current, open fiscal year. If an over-expenditure is not addressed with a supplemental appropriation it must be addressed with a ratification.

Do supplemental appropriations have to be appropriated in a separate appropriation bill? No. Supplemental appropriations are usually included in all major appropriation bills.

Can a supplemental appropriation cross fiscal years? Yes. When an appropriation is needed for multiple fiscal years, language in the bill can extend the lapse date for that appropriation for as many fiscal years as it is needed. If no lapse date is specified, funding for an operating appropriation lapses at the end of the fiscal year.

Why does the governor submit a “fast-track” supplemental bill and a “slow-track” supplemental bill? The governor may submit a *fast-track supplemental bill* for items that the governor (or legislature) believes should be funded earlier than the typical last day of session supplemental effective date. The adoption of a fast track bill is not a sure thing. Fast track items may simply be appended to the capital bill (with an early effective date). There is rarely a separate slow track bill; slow track items are typically included in the capital bill (with an effective date of June 30 and/or the last day of session).

Does the Legislative Finance Division generate the supplemental bills? Legislative Finance generates the numbers sections of the supplemental bills and Legislative Legal Services generates the language sections. Transactions for both the numbers and language sections are included in the LFD budget system for informational and reporting purposes.



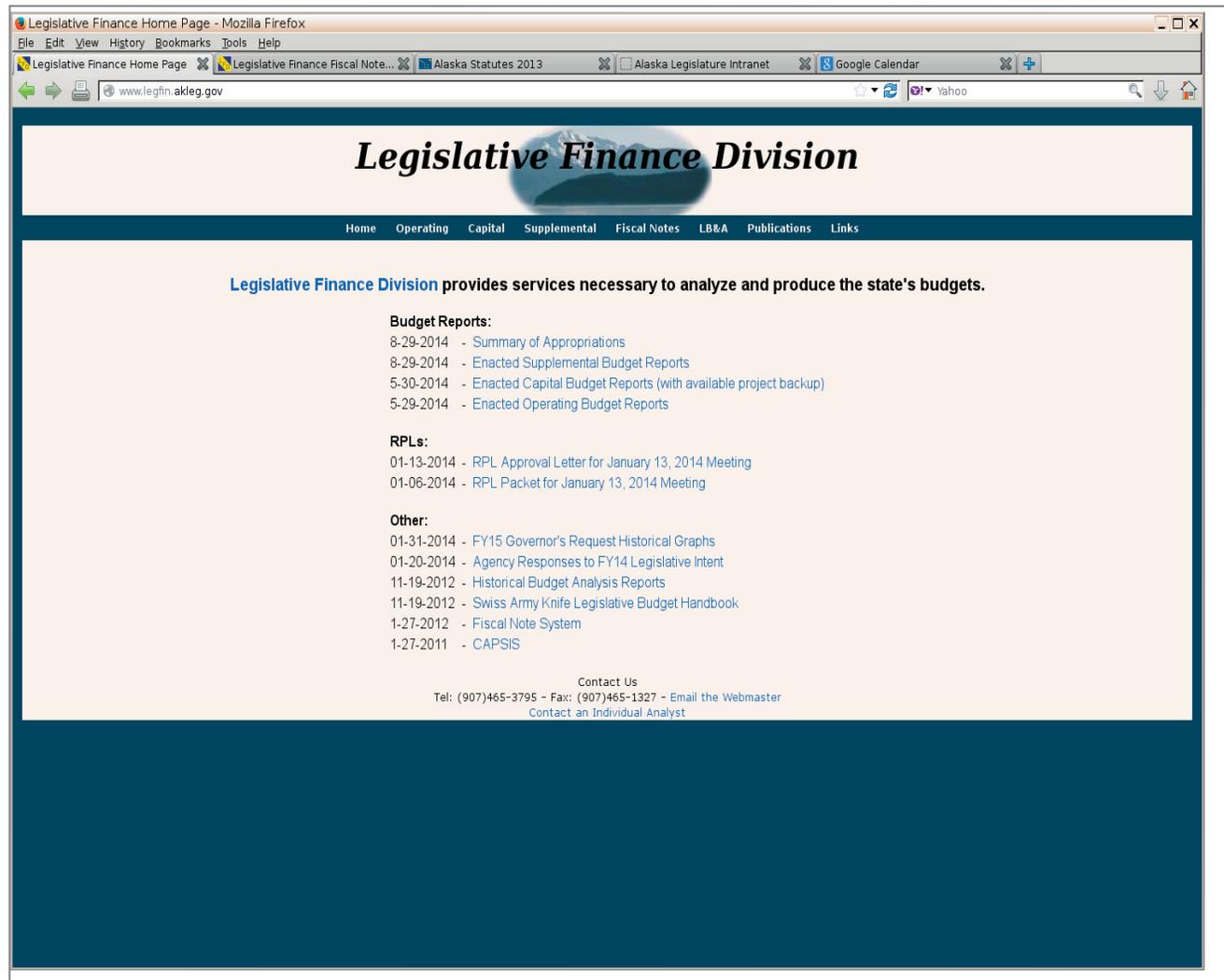
The fast-track supplemental bill contains items that should be funded early in the session. For example, if a winter flood washes out an Anchorage road, DOT&PF may want to begin road repairs immediately.

Supplemental Budget

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How do I know which supplemental appropriations passed?

There are two ways to find out which supplemental appropriations pass: First, closely examine the effective date of all appropriations in each appropriation bill that passes. The second (and simpler) way is to obtain supplemental reports generated by LFD. Reports on all supplementals that pass are included in the *Conference Committee Books*, the *Summary of Appropriations*, and posted on LFD's web site.



Reports Generated by Legislative Finance's Budget System

The Legislative Finance Division typically posts (on our website) a series of reports at each step of the budget review process. Legislators, staff, and the general public can request custom reports from the Legislative Finance budget system. Reports can be generated for multiple fiscal years on a statewide basis or by specific agency or House District (capital projects only). A range of detail—from statewide summaries to lists of transactions—can be produced quickly and emailed to requestors. Analysts can help determine which reports best fit needs and help interpret results.

Fiscal Summary

Twice a year—after the governor's budget is released in December and after the legislature passes its final budget—Legislative Finance produces a concise two-year summary of statewide revenues and appropriations. The primary function of the Fiscal Summary is to depict the overall "fiscal health" of the state. Therefore, emphasis is applied to the Unrestricted General Fund Revenue and the Unrestricted General Fund Appropriations. Calculating the difference of the two provides the projected fiscal surplus or fiscal gap.

The summary is organized into two main sections (revenue and appropriations) with

columns for each of the major fund source groups. The appropriation categories are Agency Operations, Statewide Operations, Capital Infrastructure, and Fund Transfers followed by a section for Permanent Fund appropriations. Each category has a subsection for current year and supplemental (prior year) appropriations. The major fund group columns consist of Unrestricted General Funds, Designated General Funds, Other State Funds and Federal Funds (see Fund Group definitions in the "Fund Sources & Fund Groups" section in this publication).

Part two of the Summary provides approximate balances of savings accounts that are available for appropriation. The savings (or reserves) are categorized as Undesignated (i.e., set aside without a particular purpose) or Designated (i.e., set aside for a particular purpose). A Reserve Ratio calculation provided at the bottom indicates the number of years reserves would last at the current level of appropriations (and assuming zero revenue).

Part three, the Fiscal Sensitivity Graph, depicts projected Unrestricted General Fund Revenue at various year-end average prices of Alaska North Slope crude and the associated fiscal surplus/gap given the current Unrestricted General Fund Budget. A key take-away point from the graph is the "break-even price" of oil associated with the given budget.



Legislators, staff, and the general public can request custom reports from the Legislative Finance budget system.

Budget Resources

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State of Alaska Fiscal Summary--FY14 and FY15 (Part 1)

(\$ millions)

| | FY14 BUDGET | | | | | | FY15 BUDGET | | | | | | Change in UGF | |
|---|----------------------------|------------------------------|---------------------|-------------------|------------------|-----------------|----------------------------|------------------------------|---------------------|-------------------|------------------|-----------------|------------------|----------------|
| | Unrestricted General Funds | Designated General Funds | Total General Funds | Other State Funds | Federal Receipts | All Funds | Unrestricted General Funds | Designated General Funds | Total General Funds | Other State Funds | Federal Receipts | All Funds | \$ | % |
| 1 REVENUE (Excludes Permanent Fund Earnings) (1) | 5,338.9 | 977.7 | 6,316.6 | 589.5 | 2,971.1 | 9,877.3 | 4,522.9 | 959.6 | 5,482.5 | 638.6 | 3,137.8 | 9,258.9 | (816.0) | -15.3% |
| 2 Unrestricted General Fund Revenue (Spring 2014) (2) | 5,304.0 | - | 5,304.0 | - | - | 5,304.0 | 4,522.9 | - | 4,522.9 | - | - | 4,522.9 | - | - |
| 3 Carryforward (3) | 34.9 | - | 34.9 | - | 1.6 | 36.5 | - | - | - | - | - | - | - | - |
| 4 Designated General Fund Revenue (4) | - | 977.7 | 977.7 | - | - | 977.7 | - | 959.6 | 959.6 | - | - | 959.6 | - | - |
| 5 Other State Funds and Federal Receipts | - | - | - | 589.5 | 2,969.5 | 3,559.0 | - | - | - | 638.6 | 3,137.8 | 3,776.4 | - | - |
| APPROPRIATIONS | | | | | | | | | | | | | | |
| 6 TOTAL OPERATING APPROPRIATIONS | 6,438.8 | 743.8 | 7,182.6 | 550.8 | 2,042.1 | 9,775.5 | 5,244.5 | 772.4 | 6,016.9 | 3,573.5 | 2,019.5 | 11,609.9 | (1,194.3) | -18.5% |
| 7 Agency Operations | 4,394.2 | 721.8 | 5,116.0 | 466.2 | 2,001.4 | 7,583.6 | 4,512.9 | 751.5 | 5,264.4 | 517.6 | 1,991.8 | 7,773.9 | 118.7 | 2.7% |
| 8 Current Fiscal Year Appropriations (Includes Fiscal Notes) | 4,386.2 | 721.7 | 5,107.8 | 466.2 | 2,001.4 | 7,575.4 | 4,492.9 | 751.5 | 5,244.4 | 517.6 | 1,991.8 | 7,753.9 | 106.8 | 2.4% |
| 9 Agency Operations (Non-Formula) | 2,297.0 | 647.8 | 2,944.8 | 463.2 | 914.8 | 4,322.8 | 2,246.3 | 642.9 | 2,889.2 | 514.7 | 903.8 | 4,307.7 | (50.6) | -2.2% |
| 10 K-12 Formula and Pupil Transportation | 1,216.2 | 10.5 | 1,226.7 | - | 20.8 | 1,247.5 | 1,200.6 | 10.0 | 1,210.6 | - | 20.8 | 1,231.4 | (15.6) | -1.3% |
| 11 Other Formula Programs | 873.0 | 63.4 | 936.3 | 2.8 | 1,063.9 | 2,003.0 | 877.7 | 74.9 | 952.5 | 2.8 | 1,067.2 | 2,022.5 | 4.7 | 0.5% |
| 12 Revised Programs Legislatively Approved | - | - | - | 0.2 | 1.9 | 2.1 | - | - | - | - | - | - | - | - |
| 13 Fiscal Notes (FY14 notes are included in Management Plan) | - | - | - | - | - | - | 168.3 | 23.8 | 192.1 | 0.1 | 0.1 | 192.2 | - | - |
| 14 Vetoes (non-additive) | (1.4) | - | (1.4) | (0.1) | (0.3) | (1.8) | - | - | - | - | - | - | - | - |
| 15 Duplicated Authorization (non-additive) (5) | - | - | - | 734.7 | - | 734.7 | - | - | - | 736.4 | - | 736.4 | - | - |
| 16 Supplemental Operating Appropriations | 8.0 | 0.1 | 8.2 | 0.0 | (0.0) | 8.2 | 20.0 | 0.0 | 20.0 | 0.0 | 0.0 | 20.0 | 11.8 | 144.6% |
| 17 Statewide Operations | 2,044.6 | 22.0 | 2,066.6 | 84.6 | 40.8 | 2,191.9 | 731.6 | 20.9 | 752.4 | 3,055.9 | 27.7 | 3,836.1 | (1,313.0) | -64.2% |
| 18 Current Fiscal Year Appropriations | 2,004.2 | 22.0 | 2,026.2 | 61.6 | 40.8 | 2,128.5 | 731.6 | 20.9 | 752.4 | 3,055.9 | 27.7 | 3,836.1 | (1,272.6) | -63.5% |
| 19 Debt Service | 207.4 | 20.8 | 228.2 | 54.5 | 17.5 | 300.1 | 218.8 | 19.3 | 238.1 | 50.3 | 5.2 | 293.7 | 11.5 | 5.5% |
| 20 Fund Capitalization | 1,146.0 | 1.2 | 1,147.2 | 7.1 | 23.3 | 1,177.5 | 507.5 | 1.6 | 509.1 | 5.6 | 22.5 | 537.1 | (638.5) | -55.7% |
| 21 Local Government Support | 60.0 | - | 60.0 | - | - | 60.0 | 52.0 | - | 52.0 | - | - | 52.0 | (8.0) | -13.3% |
| 22 Oil & Gas Investment Tax Credits | 600.0 | - | 600.0 | - | - | 600.0 | 450.0 | - | 450.0 | - | - | 450.0 | (150.0) | -25.0% |
| 23 AIDEA Capitalization (Fiscal Note) | 125.0 | - | 125.0 | - | - | 125.0 | - | - | - | - | - | - | (125.0) | -100.0% |
| 24 In-State Pipeline Fund | 355.0 | - | 355.0 | - | - | 355.0 | - | - | - | - | - | - | (355.0) | -100.0% |
| 25 Other Fund Capitalization | 6.0 | 1.2 | 7.2 | 7.1 | 23.3 | 37.5 | 5.5 | 1.6 | 7.1 | 5.6 | 22.5 | 35.1 | (0.5) | -7.0% |
| 26 Retirement Costs: Actuarial Recommendation | 633.8 | - | 633.8 | - | - | 633.8 | 5.2 | - | 5.2 | - | - | 5.2 | (628.5) | -99.2% |
| 27 Retirement Costs: Additional Contributions | - | - | - | - | - | - | - | - | - | 3,000.0 | - | 3,000.0 | - | - |
| 28 Special Appropriations | 17.1 | - | 17.1 | - | - | 17.1 | - | - | - | - | - | - | - | - |
| 29 Duplicated Authorization (non-additive) (5) | - | - | - | 42.0 | - | 42.0 | - | - | - | 12.1 | - | 12.1 | - | - |
| 30 Supplemental Statewide Appropriations | 40.4 | - | 40.4 | 23.0 | (0.0) | 63.4 | - | - | - | - | - | - | (40.4) | -100.0% |
| 31 Debt Service | (15.4) | - | (15.4) | 23.0 | (0.0) | 7.6 | - | - | - | - | - | - | - | - |
| 32 Other Fund Capitalization | 52.3 | - | 52.3 | - | - | 52.3 | - | - | - | - | - | - | - | - |
| 33 Judgments, Claims and Settlements | 3.5 | - | 3.5 | - | - | 3.5 | - | - | - | - | - | - | - | - |
| 34 Duplicated Authorization (non-additive) (5) | - | - | - | (22.9) | - | (22.9) | - | - | - | - | - | - | - | - |
| 35 TOTAL CAPITAL APPROPRIATIONS | 880.4 | 219.5 | 1,099.9 | 36.8 | 929.0 | 2,065.7 | 594.9 | 164.5 | 759.4 | 65.1 | 1,118.2 | 1,942.7 | (285.5) | -32.4% |
| 36 Current Fiscal Year Appropriations | 796.2 | 212.8 | 1,008.9 | 34.8 | 929.0 | 1,972.7 | 594.9 | 164.5 | 759.4 | 65.1 | 1,118.2 | 1,942.7 | (201.3) | -25.3% |
| 37 Project Appropriations & RPLs (Revised Programs) | 769.2 | 212.8 | 981.9 | 34.8 | 929.0 | 1,945.7 | 594.9 | 164.5 | 759.4 | 65.1 | 1,118.2 | 1,942.7 | (174.3) | -22.7% |
| 38 Fund Capitalization | 27.0 | - | 27.0 | - | - | 27.0 | - | - | - | - | - | - | (27.0) | -100.0% |
| 39 Projects Funded with Other Debt Proceeds (non-additive) | - | - | - | 35.0 | - | 35.0 | - | - | - | 172.5 | - | 172.5 | - | - |
| 40 Duplicated Authorization (non-additive) (5) | - | - | - | 58.3 | - | 58.3 | - | - | - | 200.9 | - | 200.9 | - | - |
| 41 Supplemental Appropriations | 84.2 | 6.8 | 91.0 | 2.0 | 0.0 | 93.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (91.0) | -100.0% |
| 42 Capital Projects (net of Duplication) | 84.2 | 6.8 | 91.0 | 2.0 | - | 93.0 | - | - | - | - | - | - | - | - |
| 43 Duplicated Authorization (non-additive) (5) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 44 Money on the Street (includes all fund sources) (6) | 880.4 | 219.5 | 1,099.9 | 95.1 | 929.0 | 2,124.0 | 594.9 | 164.5 | 759.4 | 265.9 | 1,118.2 | 2,143.5 | (285.5) | -32.4% |
| 45 Pre-Transfers Authorization (unduplicated) | 7,319.2 | 963.3 | 8,282.5 | 587.6 | 2,971.1 | 11,841.2 | 5,839.4 | 936.8 | 6,776.2 | 3,638.6 | 3,137.8 | 13,552.6 | (1,479.8) | -20.2% |
| 46 Pre-Transfers Surplus/(Deficit) | (1,980.3) | -37.1% of UGF Revenue | | | | | (1,316.5) | -29.1% of UGF Revenue | | | | | | |

State of Alaska Fiscal Summary--FY14 and FY15 (Part 1)

(\$ millions)

| | FY14 BUDGET | | | | | | FY15 BUDGET | | | | | | Change in UGF | |
|---|----------------------------|------------------------------|---------------------|-------------------|------------------|-----------------|----------------------------|------------------------------|---------------------|-------------------|------------------|------------------|------------------|----------------|
| | Unrestricted General Funds | Designated General Funds | Total General Funds | Other State Funds | Federal Receipts | All Funds | Unrestricted General Funds | Designated General Funds | Total General Funds | Other State Funds | Federal Receipts | All Funds | \$ | % |
| | Transfers (7) | (266.3) | 14.4 | (251.8) | 1.9 | - | (249.9) | 67.7 | 22.8 | 90.5 | (3,000.0) | - | (2,909.5) | 334.0 |
| Current Fiscal Year Transfers | (292.1) | 14.4 | (277.7) | 1.9 | 0.0 | (275.7) | 67.7 | 22.8 | 90.5 | (3,000.0) | 0.0 | (2,909.5) | 359.9 | -123.2% |
| Loan Funds | 10.0 | - | 10.0 | - | - | 10.0 | - | - | - | - | - | - | (10.0) | -100.0% |
| Designated Reserves (Public Education Fund) | 1.3 | - | 1.3 | - | - | 1.3 | 58.4 | - | 58.4 | - | - | 58.4 | 57.1 | 4400.7% |
| Undesignated Reserves (Alaska Housing Capital Corp) | (374.1) | - | (374.1) | - | - | (374.1) | (63.1) | - | (63.1) | - | - | (63.1) | 311.0 | -83.1% |
| Oil & Hazardous Substance Fund | 8.7 | 13.6 | 22.3 | - | - | 22.3 | 8.4 | 3.4 | 11.8 | - | - | 11.8 | (0.3) | -3.4% |
| REAA School Fund | 36.2 | - | 36.2 | - | - | 36.2 | 40.0 | - | 40.0 | - | - | 40.0 | 3.8 | 10.6% |
| AMHS Fund | 0.8 | - | 0.8 | - | - | 0.8 | 0.1 | - | 0.1 | - | - | 0.1 | (0.7) | -88.9% |
| Renewable Energy Fund | 25.0 | - | 25.0 | - | - | 25.0 | 20.0 | - | 20.0 | - | - | 20.0 | (5.0) | -20.0% |
| Other Funds | - | 0.8 | 0.8 | 1.9 | - | 2.8 | 4.0 | 19.4 | 23.4 | (3,000.0) | - | (2,976.6) | - | - |
| Supplemental Transfers | 25.9 | 0.0 | 25.9 | 0.0 | 0.0 | 25.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (25.9) | -100.0% |
| Undesignated Reserves (Alaska Housing Capital Corp) | (37.5) | - | (37.5) | - | - | (37.5) | - | - | - | - | - | - | - | - |
| AMHS Fund | 2.5 | - | 2.5 | - | - | 2.5 | - | - | - | - | - | - | - | - |
| AMHS Vessel Replacement Fund | 8.4 | - | 8.4 | - | - | 8.4 | - | - | - | - | - | - | - | - |
| Permanent Fund Transfers | 52.5 | - | 52.5 | - | - | 52.5 | - | - | - | - | - | - | - | - |
| Post-Transfers Authorization (unduplicated) | 7,052.9 | 977.7 | 8,030.7 | 589.5 | 2,971.1 | 11,591.3 | 5,907.1 | 959.6 | 6,866.8 | 638.6 | 3,137.8 | 10,643.1 | (1,145.8) | -16.2% |
| Post-Transfer Balance to/(from) the SBR (8) | (1,714.1) | -32.1% of UGF Revenue | | | | | (1,384.2) | -30.6% of UGF Revenue | | | | | | |
| Permanent Fund | - | 2,062.6 | 2,062.6 | 7.2 | - | 2,069.8 | - | 2,173.0 | 2,173.0 | 8.5 | - | 2,181.5 | | |
| Permanent Fund Dividends | - | 1,070.0 | 1,070.0 | - | - | 1,070.0 | - | 1,150.0 | 1,150.0 | - | - | 1,150.0 | | |
| Deposits to Principal | - | 934.0 | 934.0 | - | - | 934.0 | - | 965.0 | 965.0 | - | - | 965.0 | | |
| Alaska Capital Income Fund | - | 20.0 | 20.0 | - | - | 20.0 | - | 22.0 | 22.0 | - | - | 22.0 | | |
| Other Uses of Earnings (included in op or cap budget) (9) | - | 38.6 | 38.6 | 7.2 | - | 45.8 | - | 36.0 | 36.0 | 8.5 | - | 44.5 | | |
| Total Authorization (unduplicated) | 7,052.9 | 3,001.7 | 10,054.7 | 589.5 | 2,971.1 | 13,615.3 | 5,907.1 | 3,096.6 | 9,003.8 | 638.6 | 3,137.8 | 12,780.1 | (1,145.8) | -16.2% |
| FISCAL YEAR SUMMARY | 7,319.2 | 2,987.3 | 10,306.5 | 587.6 | 2,971.1 | 13,865.2 | 5,839.4 | 3,073.8 | 8,913.2 | 3,638.6 | 3,137.8 | 15,689.6 | (1,479.8) | -20.2% |
| Agency Operations | 4,394.2 | 721.8 | 5,116.0 | 466.2 | 2,001.4 | 7,583.6 | 4,512.9 | 751.5 | 5,264.4 | 517.6 | 1,991.8 | 7,773.9 | 118.7 | 2.7% |
| Statewide Operations | 2,044.6 | 22.0 | 2,066.6 | 84.6 | 40.8 | 2,191.9 | 731.6 | 20.9 | 752.4 | 3,055.9 | 27.7 | 3,836.1 | (1,313.0) | -64.2% |
| Total Operating | 6,438.8 | 743.8 | 7,182.6 | 550.8 | 2,042.1 | 9,775.5 | 5,244.5 | 772.4 | 6,016.9 | 3,573.5 | 2,019.5 | 11,609.9 | (1,194.3) | -18.5% |
| Capital | 880.4 | 219.5 | 1,099.9 | 36.8 | 929.0 | 2,065.7 | 594.9 | 164.5 | 759.4 | 65.1 | 1,118.2 | 1,942.7 | (285.5) | -32.4% |
| Unduplicated Appropriation of Permanent Fund Earnings | 0.0 | 2,024.0 | 2,024.0 | 0.0 | 0.0 | 2,024.0 | 0.0 | 2,137.0 | 2,137.0 | 0.0 | 0.0 | 2,137.0 | | |
| Transfers (non-additive) | (266.3) | 14.4 | (251.8) | 1.9 | - | (249.9) | 67.7 | 22.8 | 90.5 | (3,000.0) | - | (2,909.5) | 334.0 | -125.4% |

Notes:

August 29, 2014

- Although Permanent Fund earnings may be appropriated for any purpose, the legislature traditionally excludes them from the definition of available revenue. Appropriations of Permanent Fund earnings are reported in lines 64-67 of the summary. Permanent Fund earnings and balance information is reported in part 2 of the Fiscal Summary.
- The Department of Revenue's Spring 2014 oil forecast for FY14 is 0.522 mbd at \$106.61 per barrel; the FY15 forecast is 0.498 mbd at \$105.06 per barrel.
- Carryforward is money that was appropriated in a prior year that is made available for spending in a later year via multiyear appropriations or reappropriations. Total carryforward into FY15 will be unknown until the close of FY14.
- Designated general funds include 1) program receipts that are restricted to the program that generates the receipts and 2) revenue that is statutorily designated for a specific purpose.
- Duplicated authorization is in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. Duplicated authorization also includes the expenditure of bond proceeds when debt service on bonds (which includes repayment of principal) will be reflected in future operating budgets.
- Including duplicated fund sources in the amount of capital spending provides a valuable measure of "money on the street" because it includes projects funded with bond proceeds and other duplicated fund sources.
- "Transfers" refer to appropriations that move money from one fund to another within the Treasury. Although transfers are not true expenditures, they reduce the amount of money available for other purposes so must be included in the calculation of the surplus/deficit. For reserve accounts, a positive number indicates a deposit and a negative number indicates a withdrawal. When money is withdrawn and spent, the expenditure is included in the operating or capital budget, as appropriate.
- The post-transfer withdrawal necessary to balance the budget is anticipated to be \$1.7 billion in FY14 and \$1.4 billion in FY15.
- Amounts shown on line 68 can be considered duplicated appropriations--they are included in the operating or capital budgets above. The Designated General Fund column include amounts associated with the dividend program. Amounts in the Other column reflect gross earnings of the Permanent Fund spent for purposes other than operation of the corporation.

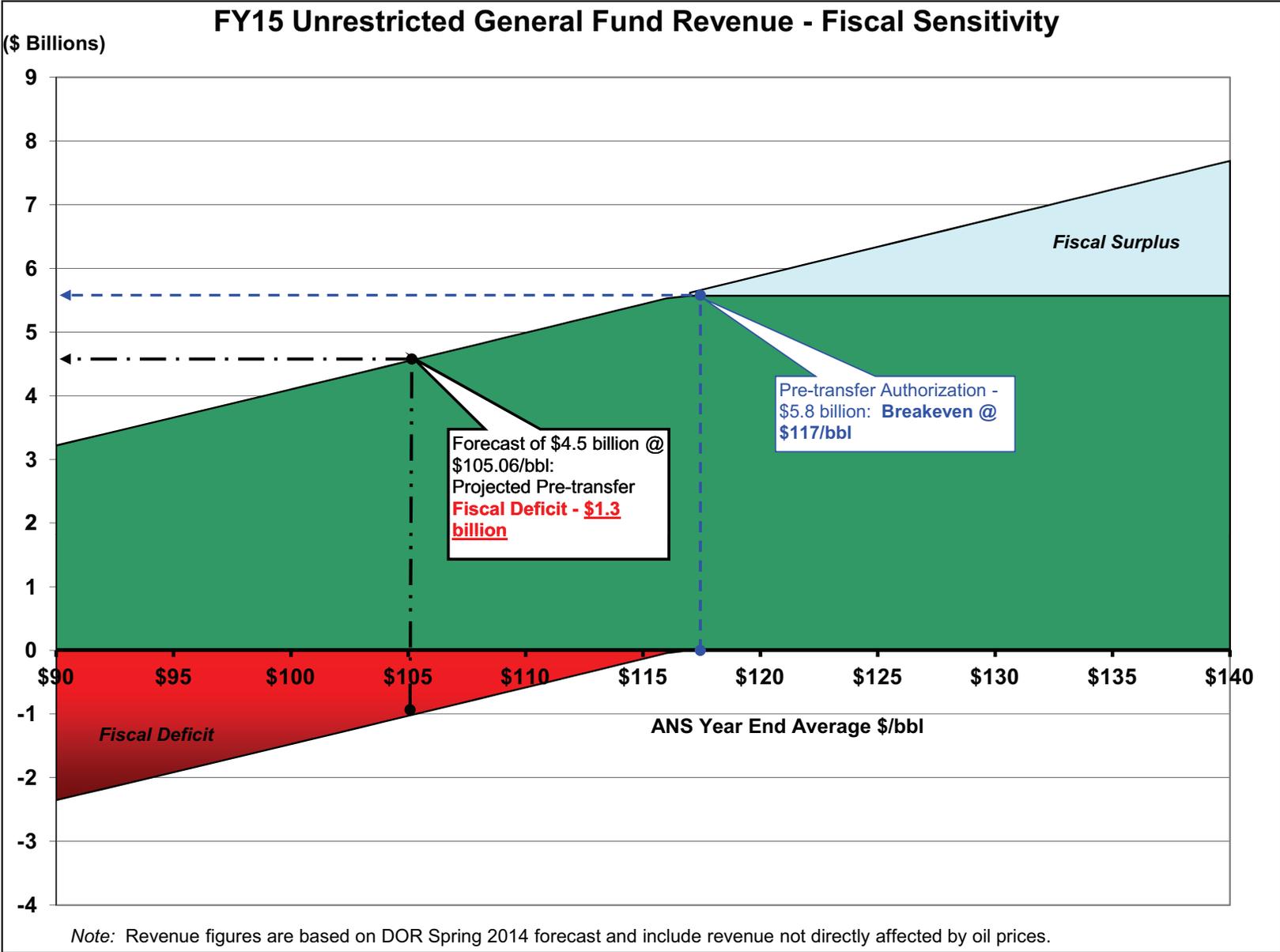
Budget Resources

State of Alaska Fiscal Summary-- FY14 and FY15 (Part 2)

(\$ millions)

Approximate Balances of Reserve Accounts

| | FY14 | | | | FY15 | | | |
|--|-----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|
| | BoY Balance | In | Out | EoY Balance | BoY Balance | In | Out | EoY Balance |
| Permanent Fund (no appropriations allowed) | 36,616.0 | 1,282.0 | 0.0 | 37,898.0 | 37,898.0 | 1,668.0 | 0.0 | 39,566.0 |
| Undesignated Reserves | 20,844.0 | 2,563.9 | 3,760.6 | 19,647.3 | 19,647.3 | 2,908.8 | 6,584.4 | 15,971.8 |
| Total Excluding Permanent Fund | 16,789.9 | 631.9 | 2,125.6 | 15,296.2 | 15,296.2 | 461.8 | 4,447.4 | 11,310.7 |
| Constitutional Budget Reserve Fund (cash) | 11,620.6 | 618.2 | - | 12,238.8 | 12,238.8 | 458.9 | 3,000.0 | 9,697.7 |
| Statutory Budget Reserve Fund | 4,711.3 | - | 1,714.1 | 2,997.2 | 2,997.2 | - | 1,384.3 | 1,613.0 |
| Alaska Housing Capital Corporation Fund | 458.0 | 13.7 | 411.6 | 60.2 | 60.2 | 2.9 | 63.1 | 0.0 |
| Permanent Fund Earnings Reserve Account | 4,054.1 | 1,932.0 | 1,635.0 | 4,351.1 | 4,351.1 | 2,447.0 | 2,137.0 | 4,661.1 |
| Designated Reserves | 2,729.1 | 1,418.6 | 1,393.8 | 2,753.8 | 2,753.8 | 1,474.0 | 1,435.7 | 2,792.1 |
| Alaska Capital Income Fund | 88.3 | 72.5 | 96.9 | 63.8 | 63.8 | 22.0 | 72.7 | 13.1 |
| Alaska Higher Education Investment Fund | 419.1 | 26.2 | 12.0 | 433.3 | 433.3 | 27.1 | 16.6 | 443.8 |
| Public Education Fund | 1,201.4 | 1,192.7 | 1,191.4 | 1,202.7 | 1,202.7 | 1,303.0 | 1,244.6 | 1,261.1 |
| Revenue Sharing Fund | 180.0 | 60.0 | 60.0 | 180.0 | 180.0 | 52.0 | 60.0 | 172.0 |
| Power Cost Equalization Endowment | 840.2 | 67.2 | 33.5 | 873.9 | 873.9 | 69.9 | 41.7 | 902.2 |
| Reserves (Excluding Permanent Fund Principal) | 23,573.0 | 3,982.5 | 5,154.5 | 22,401.1 | 22,401.1 | 4,382.8 | 8,020.0 | 18,763.9 |
| Unrestricted General Fund Appropriations | | | | 7,052.9 | | | | 5,907.2 |
| Years of Reserves (Reserves/UGF Appropriations) | | | | 3.18 | | | | 3.18 |



The Fiscal Year 2015 Budget: Legislative Fiscal Analyst's Overview of the Governor's Request



Legislative Finance Division
www.legfin.state.ak.us

Overview of the Governor's Request

Published at the beginning of each session, The Fiscal Year "xx" Budget: Legislative Fiscal Analyst's Overview of the Governor's Request provides a "first look" at the governor's proposed budget and gives a succinct view of the work facing the finance committees in the months ahead. The Overview is prepared by Legislative Finance analysts and contains analyses of the governor's operating budget from a statewide perspective, including summaries of agency responsibilities and major funding and organizational changes proposed by the governor, breakdowns by line item and type of program, and multi-year spending comparisons.

Governor’s Budget Summary Books (or Governor’s Detail Budget Books)

Along with a proposed operating budget bill, the governor releases a set of books providing detailed information on the governor’s request. Copies of these books (usually 1-5 three-ring volumes for each agency) are available in both the House and Senate finance committee rooms and may be checked out by staff. The detail books contain a great deal of information, including the following:

Department Summary: This form provides a departmental summary of the following:

- The mission;
- Core services (in priority order);
- Measures by core service;
- Major accomplishments for the previous year;
- Key department challenges; and
- Significant changes in results to be delivered.

Department of Military and Veterans Affairs

Mission

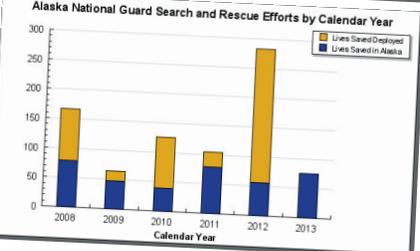
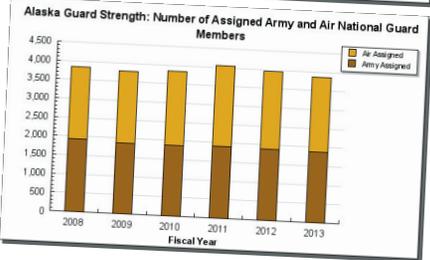
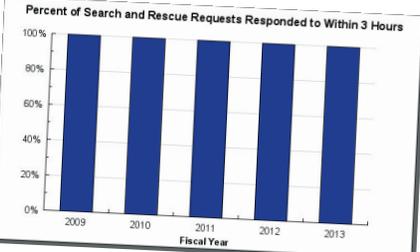
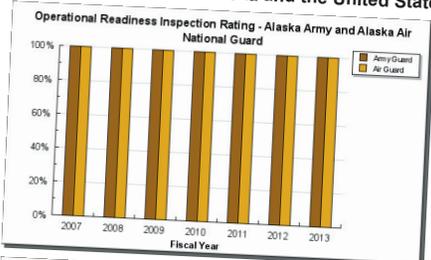
To provide military forces to accomplish military missions in the state and around the world; provide homeland security and defense; emergency response; veterans’ services; and youth military style training and education.

| Core Services (in priority order) | UGF | DGF | Other | Fed | Total | PFT | PPT | NP | % GF |
|---|-----------------|-------------|-----------------|-----------------|-----------------|------------|----------|----------|-------|
| 1 Defend and Protect Alaska and the United States | 16,454.6 | 17.8 | 5,451.1 | 15,751.8 | 37,675.3 | 181 | 1 | 0 | 73.8% |
| 2 Disaster Preparedness/Response and Recovery | 3,547.5 | 9.6 | 3,662.6 | 5,098.4 | 12,318.1 | 62 | 0 | 0 | 15.9% |
| 3 Youth Intervention | 372.0 | 1.0 | 7,545.3 | 4,523.9 | 12,442.2 | 92 | 1 | 1 | 1.7% |
| 4 Outreach to Veterans and Military Families | 1,923.8 | 0.0 | 111.8 | 0.0 | 2,035.6 | 4 | 0 | 0 | 8.6% |
| FY2014 Management Plan | 22,297.9 | 28.4 | 16,770.8 | 25,374.1 | 64,471.2 | 339 | 2 | 1 | |

Measures by Core Service

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

1. Defend and Protect Alaska and the United States



Results Delivery Unit — Air Quality

Air Quality Results Delivery Unit

Contribution to Department's Mission
 To conserve, improve, and protect Alaska's natural resources and environment and control air pollution, in order to enhance the health, safety, and welfare of the people of the state and their overall economic and social well being.

Results
 (Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

Core Services

- Protect air quality.
- Timely issue air quality permits.
- Conduct air quality assessments and identify air pollution concerns.
- Minimize pollution from stationary sources.

Measures by Core Service
 (Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

1. Protect air quality.

| Calendar Year | Man-Made Pollution | Natural Pollution | Total |
|---------------|--------------------|-------------------|-------|
| 2006 | 5 | 3 | 8 |
| 2007 | 12 | 0 | 12 |
| 2008 | 8 | 2 | 10 |
| 2009 | 13 | 0 | 13 |
| 2010 | 20 | 5 | 25 |
| 2011 | 14 | 2 | 16 |
| 2012 | 35 | 0 | 35 |

2. Timely issue air quality permits.

| Fiscal Year | Within 130 Days | Longer than 130 Days | Pending at End of FY | Total |
|-------------|-----------------|----------------------|----------------------|-------|
| 2007 | 30 | 11 | 27 | 68 |
| 2008 | 36 | 17 | 36 | 89 |
| 2009 | 38 | 35 | 60 | 133 |
| 2010 | 34 | 34 | 35 | 103 |
| 2011 | 25 | 2 | 14 | 41 |
| 2012 | 35 | 3 | 15 | 53 |
| 2013 | 40 | 12 | 14 | 66 |

| Fiscal Year | Percentage in Compliance |
|-------------|--------------------------|
| 2007 | 95% |
| 2008 | 60% |
| 2009 | 45% |
| 2010 | 75% |
| 2011 | 90% |
| 2012 | 95% |
| 2013 | 98% |

Released December 12, 2013
Page 2

FY2015 Governor
Department of Environmental Conservation

Results Delivery Unit (RDU) Summary:
 This form summarizes a Results Delivery Unit's services and responsibilities.
 Information covered includes:

- The RDU's contribution to the department's mission;
- Results;
- Core services;
- Measures by Core Service(s);
- Major RDU accomplishments for the previous year;
- Key RDU challenges; and
- Significant changes in results to be delivered.

Budget Resources

Component Financial Summary and Estimated Revenue Collections: This form shows line item expenditures, funding sources and estimated revenue collections for each component within the RDU. This information is shown in three columns—the previous year’s actuals, the current year management plan, and the governor’s proposed budget.

| Component — Banking and Securities | | | |
|---|----------------|---------------------------|-----------------|
| Banking and Securities Component Financial Summary | | | |
| | FY2013 Actuals | FY2014 Management Plan | FY2015 Governor |
| <i>All dollars shown in thousands</i> | | | |
| Non-Formula Program: | | | |
| Component Expenditures: | | | |
| 71000 Personal Services | | | |
| 72000 Travel | 2,260.2 | 2,490.8 | 2,488.0 |
| 73000 Services | 149.7 | 242.1 | 242.1 |
| 74000 Commodities | 821.9 | 817.7 | 817.7 |
| 75000 Capital Outlay | 37.9 | 46.4 | 46.4 |
| 77000 Grants, Benefits | 0.0 | 28.0 | 28.0 |
| 78000 Miscellaneous | 0.0 | 0.0 | 0.0 |
| Expenditure Totals | 3,269.7 | 3,625.0 | 3,622.2 |
| Funding Sources: | | | |
| 1005 General Fund/Program Receipts | 3,269.7 | 3,625.0 | 3,622.2 |
| Funding Totals | 3,269.7 | 3,625.0 | 3,622.2 |

| Estimated Revenue Collections | | | | |
|---------------------------------|------------------------|-----------------|------------------------|-----------------|
| Description | Master Revenue Account | FY2013 Actuals | FY2014 Management Plan | FY2015 Governor |
| Unrestricted Revenues | | | | |
| General Fund Program Receipts | 51060 | 0.0 | 0.0 | 0.0 |
| Unrestricted Fund | 68515 | 206.6 | 0.0 | 0.0 |
| Unrestricted Total | | 206.6 | 0.0 | 0.0 |
| Restricted Revenues | | | | |
| General Fund Program Receipts | 51060 | 13,631.3 | 3,625.0 | 3,622.2 |
| Restricted Total | | 13,631.3 | 3,625.0 | 3,622.2 |
| Total Estimated Revenues | | 13,837.9 | 3,625.0 | 3,622.2 |

FY2015 Governor
 Department of Commerce, Community, and Economic Development
 Released December 12, 2013
 Page 6



Budget Resources

Personal Services Expenditure Detail: The Personal Services Expenditure Detail form shows all Position Control Numbers (PCNs) assigned to a particular component. It also shows job class title, time status, retirement code, bargaining unit, location, salary by range and step, number of months

budgeted, annual salary, premium pay, annual benefits and total costs plus budgeted general fund amount. The form also summarizes the number of full-time, part-time, and non-permanent (budgeted) positions as well as budgeted vacancy factors. An organizational chart is also included for each component.

| Personal Services Expenditure Detail | | | | | | | | | | | | | | | | | |
|---|-----------------------------|------------------------|-------------|----------------|-----------|--------------|--------------|-------------|---------------|-----------------|-------|-------------|---|-------------|-----------|--|--|
| Department of Commerce, Community, and Economic Development | | | | | | | | | | | | | | | | | |
| Scenario: FY2015 Governor (11059) | | | | | | | | | | | | | | | | | |
| Component: Banking and Securities (2808) | | | | | | | | | | | | | | | | | |
| RDU: Banking and Securities (536) | | | | | | | | | | | | | | | | | |
| PCN | Job Class Title | Time Status | Retire Code | Barg Unit | Location | Salary Sched | Range / Step | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount | | |
| 08-1280 | Investigator II | FT | A | GP | Juneau | 205 | 16E / F | 12.0 | | 58,582 | 784 | 0 | 36,632 | 95,998 | 95,998 | | |
| 08-2041 | Investigator III | FT | A | GP | Anchorage | 200 | 18N / O | 12.0 | | 83,328 | 1,115 | 0 | 45,004 | 129,447 | 129,447 | | |
| 08-2110 | Occup Licensing Examiner | FT | A | GP | Anchorage | 200 | 13B / C | 12.0 | | 40,726 | 545 | 0 | 30,591 | 71,862 | 71,862 | | |
| 08-2112 | Occup Licensing Examiner | FT | A | GP | Anchorage | 200 | 13D / E | 12.0 | | 43,894 | 587 | 0 | 31,663 | 76,144 | 76,144 | | |
| 08-2210 | Financial Instit Exam III | FT | A | GP | Anchorage | 200 | 21F / G | 12.0 | | 81,255 | 1,087 | 0 | 44,302 | 126,644 | 126,644 | | |
| 08-3001 | Division Director | FT | A | XE | Anchorage | N00 | 27L | 12.0 | | 132,672 | 1,694 | 0 | 60,214 | 194,580 | 194,580 | | |
| 08-3002 | Administrative Assistant I | FT | A | GP | Juneau | 205 | 12F / G | 12.0 | | 46,724 | 625 | 0 | 32,621 | 79,970 | 79,970 | | |
| 08-3003 | Financial Instit Exam IV | FT | A | SS | Juneau | 205 | 22M | 12.0 | | 108,756 | 1,455 | 0 | 53,430 | 163,641 | 163,641 | | |
| 08-3004 | Securities Examiner I | FT | A | GP | Anchorage | 200 | 21C / D | 12.0 | | 73,654 | 986 | 0 | 41,731 | 116,371 | 116,371 | | |
| 08-3008 | Division Operations Manager | FT | A | SS | Anchorage | 200 | 24E / F | 12.0 | | 102,324 | 1,369 | 0 | 51,254 | 154,947 | 154,947 | | |
| 08-3010 | Securities Examiner I | FT | A | GP | Anchorage | 200 | 21K / L | 12.0 | | 92,848 | 1,243 | 0 | 48,224 | 142,315 | 142,315 | | |
| 08-3014 | Securities Examiner I | FT | A | GP | Anchorage | 200 | 21F / G | 12.0 | | 82,920 | 1,110 | 0 | 44,866 | 128,896 | 128,896 | | |
| 08-3021 | Financial Instit Exam IV | FT | A | SS | Anchorage | 200 | 22F | 12.0 | | 89,388 | 1,196 | 0 | 46,878 | 137,462 | 137,462 | | |
| 08-3024 | Business Reg Examiner | FT | A | GP | Juneau | 205 | 13F / G | 12.0 | | 50,484 | 676 | 0 | 33,893 | 85,053 | 85,053 | | |
| 08-3027 | Securities Examiner I | FT | A | GP | Anchorage | 200 | 21C / D | 12.0 | | 73,544 | 984 | 0 | 41,694 | 116,222 | 116,222 | | |
| 08-3028 | Business Reg Examiner | FT | A | GP | Juneau | 205 | 13A | 12.0 | | 41,172 | 551 | 0 | 30,742 | 72,465 | 72,465 | | |
| 08-3030 | Financial Instit Exam I | FT | A | GP | Juneau | 205 | 17A | 12.0 | | 54,060 | 723 | 0 | 35,102 | 89,885 | 89,885 | | |
| 08-3088 | Financial Instit Exam I | FT | A | GP | Juneau | 205 | 17D / E | 12.0 | | 60,822 | 814 | 0 | 37,390 | 99,026 | 99,026 | | |
| 08-3089 | Secretary | FT | A | GP | Anchorage | 200 | 11E / F | 12.0 | | 39,519 | 529 | 0 | 30,183 | 70,231 | 70,231 | | |
| 08-3095 | Business Reg Examiner | FT | A | GP | Anchorage | 200 | 13C | 12.0 | | 41,856 | 560 | 0 | 30,974 | 73,390 | 73,390 | | |
| 08-3098 | Office Assistant II | FT | A | GP | Juneau | 205 | 10G / J | 12.0 | | 42,888 | 574 | 0 | 31,323 | 74,785 | 74,785 | | |
| 08-3099 | Financial Instit Exam II | FT | A | GP | Anchorage | 200 | 19C / D | 12.0 | | 63,680 | 852 | 0 | 38,357 | 102,889 | 102,889 | | |
| 08-3100 | Financial Instit Exam III | FT | A | GP | Anchorage | 200 | 21C / D | 12.0 | | 74,204 | 993 | 0 | 41,917 | 117,114 | 117,114 | | |
| 08-3101 | Financial Instit Exam I | FT | A | GP | Anchorage | 200 | 17B / C | 12.0 | | 54,970 | 736 | 0 | 35,410 | 91,116 | 91,116 | | |
| | | | | | | | | | | | | | Total Salary Costs: | 1,634,270 | | | |
| | | | | | | | | | | | | | Total COLA: | 21,788 | | | |
| | | | | | | | | | | | | | Total Premium Pay: | 0 | | | |
| | | | | | | | | | | | | | Total Benefits: | 954,395 | | | |
| | | | | | | | | | | | | | Total Pre-Vacancy: | 2,610,453 | | | |
| | | | | | | | | | | | | | Minus Vacancy Adjustment of 4.69%: | (122,453) | | | |
| | | | | | | | | | | | | | Total Post-Vacancy: | 2,488,000 | | | |
| | | | | | | | | | | | | | Plus Lump Sum Premium Pay: | 0 | | | |
| | | | | | | | | | | | | | Personal Services Line 100: | 2,488,000 | | | |
| | | Total Positions | New | Deleted | | | | | | | | | | | | | |
| Full Time Positions: | | 24 | 0 | 0 | | | | | | | | | | | | | |
| Part Time Positions: | | 0 | 0 | 0 | | | | | | | | | | | | | |
| Non Permanent Positions: | | 0 | 0 | 0 | | | | | | | | | | | | | |
| Positions in Component: | | 24 | 0 | 0 | | | | | | | | | | | | | |
| Total Component Months: | | 288.0 | | | | | | | | | | | | | | | |

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail: Specific types of planned expenses are outlined by expenditure account in the Line Item Detail pages of the governor’s budget submittal. The line item detail forms include each of the major categories in which component

expenses are anticipated. These categories include, if applicable, travel, services (formerly contractual or contractual services), commodities, capital outlay (formerly equipment) and grants.

| Line Item Detail | | | | | |
|--|------------------------------|---|----------------------------|------------------------|-----------------|
| Department of Commerce, Community, and Economic Development | | | | | |
| Services | | | | | |
| Component: Banking and Securities (2808) | | | | | |
| RDU: Banking and Securities (536) | | | | | |
| Line Number | Line Name | | FY2013 Actuals | FY2014 Management Plan | FY2015 Governor |
| 73000 | Services | | 821.9 | 817.7 | 817.7 |
| Expenditure Account | Servicing Agency | Explanation | FY2013 Actuals | FY2014 Management Plan | FY2015 Governor |
| 73000 Services Detail Totals | | | 821.9 | 817.7 | 817.7 |
| 73025 | Education Services | Training, educational conferences, agency memberships, tuition, books and fees for work-related courses. CSBS and Supervisor Dues. | 21.9 | 12.0 | 12.5 |
| 73050 | Financial Services | Accounting, auditing, management consulting, grantee monitoring, loan servicing and insurance related services. | 7.7 | 0.5 | 0.5 |
| 73150 | Information Technlgy | Software Licensing | 6.2 | 4.6 | 6.2 |
| 73156 | Telecommunication | Local, long-distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors. | 6.2 | 3.7 | 6.2 |
| 73225 | Delivery Services | Promotional materials distribution, courier services, and product shipping. | 2.1 | 2.0 | 2.0 |
| 73450 | Advertising & Promos | Professional Services - Promotional programs in the domestic and export markets. | 6.0 | 0.6 | 6.0 |
| 73650 | Struc/Instruct/Land | Structure, infrastructure and land repairs, maintenance, rentals and leases. | 6.7 | 5.7 | 6.7 |
| 73675 | Equipment/Machinery | Machinery, furniture and equipment purchase, repair, maintenance, rental, and leases. | 3.8 | 1.0 | 1.0 |
| 73750 | Other Services (Non IA Svcs) | Program management/consulting, economic/development, safety-related services, printing, copying, and other services. | 0.6 | 0.2 | 0.6 |
| 73805 | IT-Non-Telecommunication | | 12.9 | 0.0 | 0.0 |
| 73805 | IT-Non-Telecommunication | Admin Enterprise Technology Services - Multiple computer services - including mainframe applications, Alaska Budget System (ABS), antivirus and MICS. | 0.0 | 13.2 | 12.9 |
| 73806 | IT-Telecommunication | | 36.6 | 0.0 | 0.0 |
| 73806 | IT-Telecommunication | Admin Enterprise Technology Services - Non-telephone | 0.0 | 23.7 | 36.6 |
| FY2015 Governor | | | Released December 12, 2013 | | |
| Department of Commerce, Community, and Economic Development | | | Page 15 | | |

Budget Resources

52

Governor's Operating Budget Request Books (or Subcommittee Books)

Legislative Finance produces these "Subcommittee Books," in early January. These books are the starting point for the operating budget subcommittee process. Each agency's "Subcommittee Book" summarizes funding information (all funds and general funds) and highlights the appropriation and allocation structure. Following the summary information, Allocation Detail reports provide information on line items, funding sources and positions. "Transaction Change Detail" reports show every change, by transaction, from the prior year's enacted budget to the governor's request.

Fiscal Year 2015 Subcommittee Book

Department of Administration

Governor's Operating Budget Request



Legislative Finance Division
Box 113200
Juneau, AK 99811-3200
(907) 465-3795
www.legfin.state.ak.us

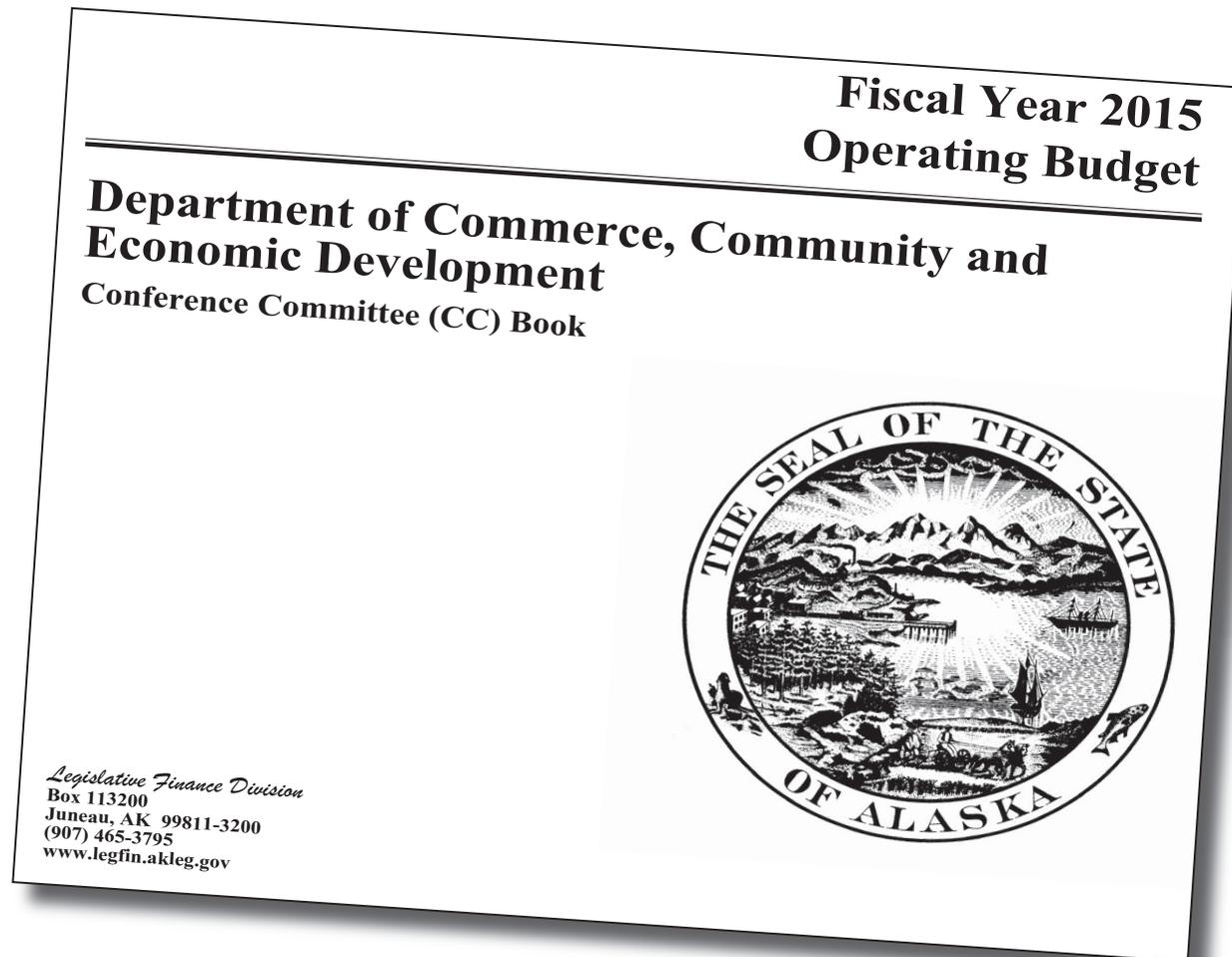
Tip

Schedule a walk-through of the Governor's Budget Books

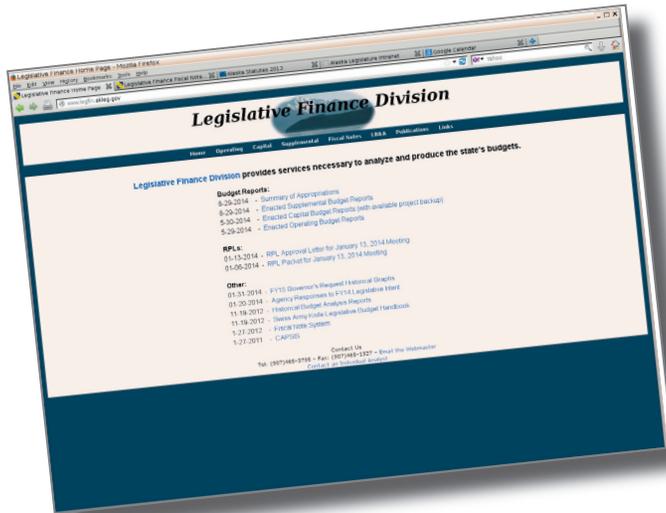
Staff are encouraged to contact the appropriate Legislative Finance fiscal analyst for a thorough walk-through of the Governor's Detail Budget Books and Short Forms. The best time to do this is soon after subcommittee assignments are made.

Conference Committee (CC) Books

These books are printed after the governor signs the final budget bills and bills with fiscal notes. The CC Books are usually available in August. The reports compare the governor’s proposal (as amended), House, Senate and Conference Committee versions of the operating budget. A final “Enacted” column includes any gubernatorial vetoes. Additional information in the conference committee report includes legislative intent, fiscal notes for new legislation, supplemental appropriations and revised programs requiring legislative approval (RPLs) impacting the prior fiscal year, plus special appropriations outside the operating budget bill.



Budget Resources



Web Sites

Legislative Finance Division's site contains:

Operating, Capital, and Supplemental Budget reports, fiscal notes, current RPL information, Fiscal Summary, and historical information.

<http://www.legfin.akleg.gov>

Office of Management & Budget's site contains:

Operating, Capital and Supplemental Budget bills, Performance Measures, Fiscal Summary, various Forms and Manuals including Audit and Cost Recovery, RP, RPL, & RSA manuals and agreements.

<http://omb.alaska.gov/>

House District Reports

(formerly called Election District Report)

Contains reports of projects included in the capital and reappropriations bill sorted by election district and by agency.

Summary of Appropriations

The *Summary of Appropriations* includes the fiscal summary, revenue source projections, appropriations for the operating and capital budgets, debt service, loan fund capitalization and fund transfers, Revised Program Legislative (RPL), and supplementals. The *Summary of Appropriations* also contains a copy of all appropriation bills (with any vetoes or changes made by the governor) that passed in the previous session.

Revenue Sources Book

Produced by the Department of Revenue, this document details all revenue received (and projected to be received) by the state. This resource is often used when forecasting the fiscal gap/surplus. Forecasts are usually released in December and in April.



Fund Sources & Fund Groups

A valid appropriation must specify at least four things:

- a fund source;
- an amount;
- a stated purpose for the appropriation;
- a time frame in which the appropriation is valid (typically, operating budget appropriations are valid for one year and capital budget appropriations are valid for the life of the project—five years is standard).

Some appropriations also cite statutory expenditure authorization. This section discusses the fund source portion of a valid appropriation and why fund sources are summarized according to fund groups.

Fund Sources (or Fund Codes)

Although every appropriation requires specification of the source of funds, the numbers sections of appropriations bills do not list specific fund sources. Bills list funding at the appropriation level only as “General Funds” and “Other Funds.” Allocation Detail reports generated by the Legislative Finance Division (LFD) must be used to determine individual fund sources used in an appropriation’s allocations.

What is the difference between a fund source and a fund code?

Fund sources are one of the budget tools used to make appropriations. Because there are more than 200 fund sources and each fund

source has its own four-digit code, the terms “fund sources” and “fund codes” are often used interchangeably. Below are answers to common fund code questions.

Why are fund codes created?

All fund codes are created by LFD when a fund source is needed (or desired) in the budget process. Reasons new fund codes may be created include the following:

- **Legislation creates a new fund(s).** A fund code may be created when legislation creating a new fund is passed and an appropriation from this fund is made. *Note: A fund code is created only if an appropriation from that funding source occurs. For example, there is no fund code for the Alaska Permanent Fund because the principal cannot be spent [the Permanent Fund’s Earnings Reserve Account (the account that pays the Permanent Fund Dividends) may be appropriated and has its own code].*

- **To track (and/or limit) appropriations from a particular revenue source.** A new fund code may be created when the legislature would like to track appropriations for a particular purpose. For example, both the dividends received from AIDEA and AIDEA’s internal operating budget were once appropriated using a fund source called “corporate receipts.” To separate appropriations for internal operations from dividends, two new fund codes were created (called “AIDEA Receipts” and “AIDEA Dividends”).

Fund sources are one of the budget tools used to make appropriations. There are more than 200 fund sources and each fund source has its own four-digit code.

Fund Sources & Fund Groups

How many fund sources are there?

There are more than 200 fund sources and each fund source has its own four-digit code. The most commonly used funding sources are general funds (1004), general fund match (1003), and federal receipts (1002).

How do I find out what fund source a particular appropriation uses?

There are several ways to find out which fund source has been used for an appropriation:

- **Language sections** of an appropriation bill contain specific funding sources identified in the language;
- The **numbers section** of the operating budget includes a section listing all funding sources appropriated to each agency, but provides no further detail. At the appropriation level, the numbers section of an appropriation bill *summarizes* funding sources in four columns with the following titles:
 - o Allocations: includes the allocation's total funding;
 - o Appropriation Items: includes appropriation's entire total funding;
 - o General Funds: includes ALL general fund sources in the appropriation;
 - o Other Funds: includes all non-general funds (including federal funds).

To **obtain specific funding** at the appropriation/allocation level, one must look at the appropriation or allocation detail reports generated by Legislative Finance. These reports can be obtained from:

- the LFD web site;
- LFD publications (for more information please see the "Budget Resources" section in this publication); or
- a LFD analyst.

Can one fund source be substituted for another?

Rarely. Appropriated fund sources are very specific and do not allow for substitution. A rare exception is that GF/Match and GF are interchangeable. This exception is made because the purpose of the GF/Match code—to track required match—is promoted when agencies are free to report actual match requirements.

Fund Groups

Fund Code Recategorization ("Budget Clarification" Project). Funding sources are often placed into funding groups in order to summarize budget activity. Traditionally, appropriations have been tallied in three groups: general funds, federal funds, and other funds. Over the years more and more funding moved from the general fund category to the other funds category, causing some budget-watchers to express the following concerns regarding the proliferation of "other funds."

- Appropriations of "other funds" got less scrutiny than appropriations of general funds, despite the fact that many "other funds" were so indistinguishable from general funds that they were referred to by names such as "spends like GF", "funny money" and "flexible funds."
- Despite continued statements recognizing that "other funds" were truly state funds, the media and the legislature focused on general funds to the extent that appropriations of "other funds" were often referred to as "off-budget." Of course, the "off-budget" label was a mischaracterization—other funds were (and have always been) included in the budget.
- Because "other funds" received less scrutiny they were overused, which made it more difficult to understand the budget and, perhaps more to the point, to make the best possible budget decisions.

As Legislative Finance worked with the Finance Committee Co-Chairs and OMB to present the budget in a more meaningful way, it became obvious that traditional fund code categories—

general, federal and other—were incapable of distinguishing degrees of legislative discretion. The traditional “other funds” category included not only:

- Dedicated funds, trust funds, bonds and corporate receipts—that is, funds over which the legislature had limited discretion—but also
- Numerous fund sources with an identified use—or, more accurately, a suggested use (given constitutional prohibition of dedicated revenue)—that did not limit the legislature’s ability to appropriate the funds for another purpose.

Once the degree of discretion was identified as the key to improving budget presentation, the obvious solution was to create a fourth fund category. Adding a new category for designated general funds (the previous general fund category was for unrestricted general funds) sent a signal to the legislature that fund sources with designated (i.e., suggested) uses were not outside the purview of the legislature. Legislative Finance reviewed all fund codes and placed each fund code in one of the four fund categories. Most, but not all, movement from one category to another was from “other” to designated general funds.

Standard Fund Groups:

- “Unrestricted General”;
- “Designated General”;
- “Other”; and
- “Federal Funds”.

The four standard fund groups are helpful to the legislature and the public because they indicate the level of discretion the legislature has over the use of the funding. The fund groups’ definition and the legislative level of discretion is indicated below.

State general funds (GF) can be categorized as “unrestricted” or “designated” as follows:

1. **Unrestricted general funds (UGF):** As the name indicates, there are no statutory designations or restrictions on funding included in this group—funding in this group can be (and is) appropriated for any purpose.
2. **Designated general funds (DGF):** Although the Constitution prohibits the dedication of funds (with a few exceptions), and the Governmental Accounting Standards Board (GASB) indicates that all state funds are technically part of the general fund, the legislature has statutorily designated some revenue sources for a specific purpose. For instance, by statute, up to seven percent of the Power Cost Equalization (PCE) Endowment Fund balance may be annually appropriated to fund the PCE program. Although the legislature may use this funding for another purpose, using the fund for other than statutory guidelines would conflict with legislative intent.

Tip

LFD can sort/filter fund codes and prepare reports to meet individual needs.

Fund Sources & Fund Groups

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3. **The “other” fund group** contains fund codes over which the legislature has limited discretion. It also includes duplicated funding (such as interagency receipts).

4. **The federal funds group** contains funding received from the federal government and, for the most part, the legislature has limited discretion over the use of this funding. Typically, federal funds must be spent as specified by the federal program.

State (Non-Duplicated) Funds.

This fund group gives the most accurate estimate of appropriated state funding. All state funding (both general funds and other funds) is counted--except duplicated expenditures. Reports using this fund group will not match the appropriations bill because the appropriations bill includes duplicated appropriations.

“Unrestricted” and “Restricted” funds

Another important distinction between funding sources is whether the funding is restricted or unrestricted. Funding can be restricted in two ways:

1. By purpose:
 - Restricted Funding - Funding restricted by purpose can be appropriated (and spent) only for that particular purpose. For example, expenditures of most federal funding can occur only for the purpose specified by a federal grant. For instance, federal funding received for the restoration of bulk fuel tanks in rural villages cannot be redirected by the legislature to pave roads.
 - Unrestricted Funding - Unrestricted funding can be appropriated for any purpose within the constraints of the appropriation’s structure

and mission. For instance, if the legislature appropriated \$100,000 of general funds to the Department of Administration, Commissioner’s Office to pay for a Deputy Commissioner, the money could actually be used to purchase a new copier or for any other purpose that fits the mission of the appropriation.

2. By amount available:
 - Restricted Funding - The state’s accounting system (AKSAS) places a restriction on expenditure of program receipts until the receipts are received. When the funding is received, the restriction is lifted and the receipts can be spent. It is similar to having an empty checking account. You may have a full book of checks but cannot use them until a deposit is made. For example, if the legislature authorized expenditures of \$2.5 million of program receipts for management of DNR’s Parks but DNR only received \$2 million of program receipts, DNR could not expend more than the \$2 million received.
 - Unrestricted Funding - An appropriation of unrestricted funding can be spent as soon as the appropriation is valid. Unrestricted funding is like having money in the bank.

Note: Regardless of how much revenue is received by a program, the accounting system places spending limits on both restricted and unrestricted funds. Spending limits on unrestricted revenue is the amount appropriated. Spending limits for restricted funding is the lesser of the amount received or the amount appropriated.

Fund Sources & Fund Groups

Funding Codes Currently in Use as of 10/30/2014 (Alphabetical Order)

| Fund Code | Fund Short Name | Fund Long Name |
|-----------|--------------------|---|
| 1190 | Adak Air (Fed) | Adak Airport Operations |
| 1021 | Agric RLF (DGF) | Agricultural Revolving Loan Fund |
| 1101 | AAC Fund (Other) | Alaska Aerospace Corporation Fund |
| 1197 | AK Cap Fnd (DGF) | Alaska Capital Income Fund |
| 1209 | Capstone (DGF) | Alaska Capstone Avionics Revolving Loan Fund |
| 1230 | CleanAdmin (Other) | Alaska Clean Water Administrative Fund |
| 1075 | Cln Wtr Fd (Other) | Alaska Clean Water Fund |
| 1106 | ACPE Rcpts (Other) | Alaska Commission on Postsecondary Education Receipts |
| 1231 | DrinkAdmin (Other) | Alaska Drinking Water Administrative Fund |
| 1100 | Drk Wtr Fd (Other) | Alaska Drinking Water Fund |
| 1107 | AEA Rcpts (Other) | Alaska Energy Authority Corporate Receipts |
| 1198 | F&GRevBond (Other) | Alaska Fish and Game Revenue Bond Redemption Fund |
| 1226 | High Ed (DGF) | Alaska Higher Education Investment Fund |
| 1213 | AHCC (UGF) | Alaska Housing Capital Corporation Receipts |
| 1139 | AHFC Div (UGF) | Alaska Housing Finance Corporation Dividend |
| 1103 | AHFC Rcpts (Other) | Alaska Housing Finance Corporation Receipts |
| 1113 | AHFC Bonds (Other) | Alaska Housing Finance Corporation Statewide Bonds |
| 1102 | AIDEA Rcpt (Other) | Alaska Industrial Development & Export Authority Receipts |
| 1140 | AIDEA Div (UGF) | Alaska Industrial Development and Export Authority Dividend |
| 1235 | AGDC-LNG (Other) | Alaska Liquefied Natural Gas Project Fund |
| 1236 | AK LNG I/A (Other) | Alaska Liquefied Natural Gas Project Fund I/A |
| 1076 | Marine Hwy (DGF) | Alaska Marine Highway System Fund |
| 1227 | Micro RLF (DGF) | Alaska Microloan ROF |
| 1104 | AMBB Rcpts (Other) | Alaska Municipal Bond Bank Receipts |
| 1162 | AOGCC Rct (DGF) | Alaska Oil & Gas Conservation Commission Receipts |
| 1199 | Sportfish (Other) | Alaska Sport Fishing Enterprise Account |
| 1186 | ASLC Bonds (Other) | Alaska Student Loan Corporation Bonds |
| 1150 | ASLC Div (UGF) | Alaska Student Loan Corporation Dividend |
| 1181 | Vets Endow (Other) | Alaska Veterans' Memorial Endowment Fund |
| 1180 | A/D T&P Fd (DGF) | Alcohol and Other Drug Abuse Treatment & Prevention Fund |
| 1013 | Al/Drg RLF (Fed) | Alcoholism and Drug Abuse Revolving Loan Fund |
| 1082 | Vessel Rep (DGF) | AMHS Vessel Replacement Fund |
| 1202 | Anat Fnd (DGF) | Anatomical Gift Awareness Fund |
| 1145 | AIPP Fund (Other) | Art in Public Places Fund |
| 1218 | 146(c)code (DGF) | AS 37.05.146(c) codes that are not GFPR |
| 1205 | Ocn Ranger (DGF) | Berth Fees for the Ocean Ranger Program |
| 1216 | Boat Rcpts (Other) | Boat Registration Fees |
| 1172 | Bldg Safe (DGF) | Building Safety Account |
| 1208 | Fuel Bridg (DGF) | Bulk Fuel Bridge Loan Fund |
| 1074 | Bulk Fuel (DGF) | Bulk Fuel Revolving Loan Fund |
| 1175 | BLic&Corp (DGF) | Business License & Corporation Filing Fees and Taxes |
| 1061 | CIP Rcpts (Other) | Capital Improvement Project Receipts |
| 1163 | COP (Other) | Certificates of Participation |
| 1221 | Legal Serv (DGF) | Civil Legal Services Fund |
| 1093 | Clean Air (Other) | Clean Air Protection Fund |
| 1144 | CWF Bond (Other) | Clean Water Fund Bond Receipts |
| 1223 | CharterRLF (DGF) | Commercial Charter Fisheries RLF |
| 1201 | CFEC Rcpts (DGF) | Commercial Fisheries Entry Commission Receipts |
| 1036 | Cm Fish Ln (DGF) | Commercial Fishing Loan Fund |
| 1166 | Vessel Com (DGF) | Commercial Passenger Vessel Environmental Compliance Fund |
| 1206 | CVP Tax (Other) | Commercial Vessel Passenger Excise Tax |
| 1225 | CQuota RLF (DGF) | Community Quota Entity RLF |

Funding Codes Currently in Use as of 10/30/2014 (Alphabetical Order)

| Fund Code | Fund Short Name | Fund Long Name |
|-----------|--------------------|--|
| 1001 | CBR Fund (Other) | Constitutional Budget Reserve Fund |
| 1220 | Crime VCF (Other) | Crime Victim Compensation Fund |
| 1133 | CSSD Admin (Fed) | CSSD Administrative Cost Reimbursement |
| 1016 | CSSD Fed (Fed) | CSSD Federal Incentive Payments |
| 1191 | DEED CIP (DGF) | DEED CIP Fund Equity Account |
| 1014 | Donat Comm (Fed) | Donated Commodity/Handling Fee Account |
| 1159 | DWF Bond (Other) | Drinking Water Fund Bond Receipts |
| 1185 | Elect Fund (Other) | Election Fund |
| 1018 | EVOS Civil (Other) | Exxon Valdez Oil Spill Trust--Civil |
| 1043 | Impact Aid (Fed) | Federal Impact Aid for K-12 Schools |
| 1002 | Fed Rcpts (Fed) | Federal Receipts |
| 1212 | Stimulus09 (Fed) | Federal Stimulus: ARRA 2009 |
| 1033 | Surpl Prop (Fed) | Federal Surplus Property Revolving Fund |
| 1188 | Fed Unstr (Fed) | Federal Unrestricted Receipts |
| 1023 | FICA Acct (Other) | FICA Administration Fund Account |
| 1024 | Fish/Game (Other) | Fish and Game Fund |
| 1070 | FishEn RLF (DGF) | Fisheries Enhancement Revolving Loan Fund |
| 1032 | Fish Fund (DGF) | Fishermen's Fund |
| 1037 | GF/MH (UGF) | General Fund / Mental Health |
| 1003 | G/F Match (UGF) | General Fund Match |
| 1005 | GF/Prgm (DGF) | General Fund/Program Receipts |
| 1091 | GF/Desig (Other) | General Funds - Designated |
| 1008 | G/O Bonds (Other) | General Obligation Bonds |
| 1184 | GOB DSFUND (DGF) | General Obligation Bond Debt Service Fund |
| 1173 | GF MisEarn (UGF) | GF Miscellaneous Earnings |
| 1017 | Group Ben (Other) | Group Health and Life Benefits Fund |
| 1026 | HwyCapital (Other) | Highways Equipment Working Capital Fund |
| 1081 | Info Svc (Other) | Information Services Fund |
| 1229 | AGDC-ISP (Other) | In-State Natural Gas Pipeline Fund |
| 1232 | ISPF-I/A (Other) | In-State Natural Gas Pipeline Fund--Interagency |
| 1007 | I/A Rcpts (Other) | Interagency Receipts |
| 1055 | IA/OIL HAZ (Other) | Inter-Agency/Oil & Hazardous Waste |
| 1112 | IntAptCons (Other) | International Airports Construction Fund |
| 1027 | IntAirport (Other) | International Airports Revenue Fund |
| 1042 | Jud Retire (Other) | Judicial Retirement System |
| 1224 | MariculRLF (DGF) | Mariculture RLF |
| 1196 | Master LOC (Other) | Master Lease Line of Credit |
| 1094 | MHT Admin (Other) | Mental Health Trust Administration |
| 1092 | MHTAAR (Other) | Mental Health Trust Authority Authorized Receipts |
| 1192 | Mine Trust (Other) | Mine Reclamation Trust Fund |
| 1233 | MBB Bonds (Other) | Municipal Bond Bank Bonds |
| 1045 | Nat Guard (Other) | National Guard Retirement System |
| 1063 | NPR Fund (Fed) | National Petroleum Reserve-Alaska Special Revenue Fund |
| 1217 | NGF Earn (Other) | Non-GF Miscellaneous Earnings |
| 1052 | Oil/Haz Fd (DGF) | Oil/Hazardous Release Prevention & Response Fund |
| 1179 | PFC (Other) | Passenger Facility Charges |
| 1050 | PFD Fund (DGF) | Permanent Fund Dividend Fund |
| 1041 | PF ERA (DGF) | Permanent Fund Earnings Reserve Account |
| 1105 | PF Gross (Other) | Permanent Fund Gross Receipts |
| 1171 | PFD Crim (DGF) | PFD Appropriations in lieu of Dividends to Criminals |
| 1169 | PCE Endow (DGF) | Power Cost Equalization Endowment Fund Earnings |
| 1062 | Power Proj (DGF) | Power Project Fund |

Fund Sources & Fund Groups

Funding Codes Currently in Use as of 10/30/2014 (Alphabetical Order)

| Fund Code | Fund Short Name | Fund Long Name |
|-----------|--------------------|--|
| 1147 | PublicBldg (Other) | Public Building Fund |
| 1029 | PERS Trust (Other) | Public Employees Retirement Trust Fund |
| 1066 | Pub School (DGF) | Public School Trust Fund |
| 1222 | REAA Fund (DGF) | REAA and Small Municipal School District School Fund |
| 1040 | Real Est (DGF) | Real Estate Recovery Fund |
| 1156 | Rcpt Svcs (DGF) | Receipt Supported Services |
| 1141 | RCA Rcpts (DGF) | Regulatory Commission of Alaska Receipts |
| 1210 | Ren Energy (DGF) | Renewable Energy Grant Fund |
| 1009 | Rev Bonds (Other) | Revenue Bonds |
| 1164 | Rural Dev (DGF) | Rural Development Initiative Fund |
| 1030 | School Fnd (DGF) | School Fund |
| 1031 | Sec Injury (DGF) | Second Injury Fund Reserve Account |
| 1189 | SeniorCare (DGF) | Senior Care Fund |
| 1154 | Shore Fish (DGF) | Shore Fisheries Development Lease Program |
| 1170 | SBED RLF (DGF) | Small Business Economic Development Revolving Loan Fund |
| 1234 | LicPlates (DGF) | Special License Plates Receipts |
| 1195 | SpecVehRct (DGF) | Special Vehicle Registration Receipts |
| 1153 | State Land (DGF) | State Land Disposal Income Fund |
| 1054 | STEP (DGF) | State Training & Employment Program |
| 1108 | Stat Desig (Other) | Statutory Designated Program Receipts |
| 1034 | Teach Ret (Other) | Teachers Retirement Trust Fund |
| 1151 | VoTech Ed (DGF) | Technical Vocational Education Program Receipts |
| 1178 | temp code (DGF) | temporary code |
| 1109 | Test Fish (DGF) | Test Fisheries Receipts |
| 1155 | Timber Rcp (DGF) | Timber Sale Receipts |
| 1168 | Tob ED/CES (DGF) | Tobacco Use Education and Cessation Fund |
| 1049 | Trng Bldg (DGF) | Training and Building Fund |
| 1228 | UGFSequest (UGF) | UGF Associated with Sequestration |
| 1215 | UCR Rcpts (Other) | Unified Carrier Registration Receipts |
| 1174 | UA I/A (Other) | University of Alaska Intra-Agency Transfers |
| 1048 | Univ Rcpt (DGF) | University of Alaska Restricted Receipts |
| 1004 | Gen Fund (UGF) | Unrestricted General Fund Receipts |
| 1238 | VaccAssess (DGF) | Vaccine Assessment Account |
| 1200 | VehRntlTax (DGF) | Vehicle Rental Tax Receipts |
| 1237 | VocRehab S (DGF) | Voc Rehab Small Business Enterprise Revolving Fund (State) |
| 1117 | VocRehab F (Other) | Vocational Rehab Small Business Enterprise Revolving Fund |
| 1214 | WhitTunnel (Other) | Whittier Tunnel Tolls |
| 1203 | WCBenGF (DGF) | Workers Compensation Benefits Guarantee Fund |
| 1157 | Wrkrs Safe (DGF) | Workers Safety and Compensation Administration Account |





The Constitution of the State of Alaska

Article IX

Finance and Taxation

Section 9.1 - Taxing Power.

The power of taxation shall never be surrendered. This power shall not be suspended or contracted away, except as provided in this article.

Section 9.2 - Nondiscrimination.

The lands and other property belonging to citizens of the United States residing without the State shall never be taxed at a higher rate than the lands and other property belonging to the residents of the State.

Section 9.3 - Assessment Standards.

Standards for appraisal of all property assessed by the State or its political subdivisions shall be prescribed by law.

Section 9.4 - Exemptions.

The real and personal property of the State or its political subdivisions shall be exempt from taxation under conditions and exceptions which may be provided by law. All, or any portion of, property used exclusively for non-profit religious, charitable, cemetery, or educational purposes, as defined by law, shall be exempt from taxation. Other exemptions of like or

different kind may be granted by general law. All valid existing exemptions shall be retained until otherwise provided by law.

Section 9.5 - Interests in Government Property.

Private leaseholds, contracts, or interests in land or property owned or held by the United States, the State, or its political subdivisions, shall be taxable to the extent of the interests.

Section 9.6 - Public Purpose.

No tax shall be levied, or appropriation of public money made, or public property transferred, nor shall the public credit be used, except for a public purpose.

Section 9.7 - Dedicated Funds.

The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in Section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

Section 9.8 - State Debt.

No state debt shall be contracted unless authorized by law for capital improvements or unless authorized by law for housing loans for veterans, and ratified by a majority of the qualified voters of the State who vote on the question. The State may, as provided by law and without ratification, contract debt for the purpose of repelling invasion, suppressing insurrection, defending the State in war, meeting natural disasters, or redeeming indebtedness outstanding at the time this constitution becomes effective.

Section 9.9 - Local Debts.

No debt shall be contracted by any political subdivision of the State, unless authorized for capital improvements by its governing body and ratified by a majority vote of those qualified to vote and voting on the question.

Section 9.10 - Interim Borrowing.

The State and its political subdivisions may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year, but all debt so contracted shall be paid before the end of the next fiscal year.

Section 9.11 - Exceptions.

The restrictions on contracting debt do not apply to debt incurred through the issuance of revenue bonds by a public enterprise or public corporation of the State or a political subdivision, when the only security is the revenues of the enterprise or corporation. The restrictions do not apply to indebtedness to be paid from special assessments on the benefited property, nor do they apply to refunding indebtedness of the State or its political subdivisions.

Section 9.12 - Budget.

The governor shall submit to the legislature, at a time fixed by law, a budget for the next fiscal year setting forth all proposed expenditures and anticipated income of all departments, offices, and agencies of the State. The governor, at the same time, shall submit a general appropriation bill to authorize the proposed expenditures, and a bill or bills covering recommendations in the budget for new or additional revenues.

Section 9.13 - Expenditures.

No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void.

Section 9.14 - Legislative Post-Audit.

The legislature shall appoint an auditor to serve at its pleasure. He shall be a certified public accountant. The auditor shall conduct post-audits as prescribed by law and shall report to the legislature and to the governor.

Section 9.15 - Alaska Permanent Fund.

At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

Section 9.16 - Appropriation Limit.

Except for appropriations for Alaska permanent fund dividends, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a non-State source in trust for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed \$2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation since July 1, 1981. Within this limit, at least one-third shall be reserved for capital projects and loan appropriations. The legislature may exceed this limit in bills for appropriations to the Alaska permanent fund and in bills for appropriations for capital projects, whether of bond proceeds or otherwise, if each bill is approved by the governor, or passed by affirmative vote of three-fourths of the membership of the legislature over a veto or item veto, or becomes law without signature, and is also approved by the voters as prescribed by law. Each bill for appropriations for capital projects in excess of the limit shall be confined to capital projects of the same type, and the voters shall, as provided by law, be informed of the cost of operations and maintenance of the capital projects. No other appropriation in excess of this limit may be made except to meet a state of disaster declared by the governor as prescribed by law. The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.

Section 9.17 - Budget Reserve Fund.

(a) There is established as a separate fund in the State treasury the budget reserve fund. Except for money deposited into the permanent fund under Section 15 of this article, all money received by the State after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. Money in the budget reserve fund shall be invested so as to yield competitive market rates to the fund. Income of the fund shall be retained in the fund. Section 7 of this article does not apply to deposits made to the fund under this subsection. Money may be appropriated from the fund only as authorized under (b) or (c) of this section.

(b) If the amount available for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year, an appropriation may be made from the budget reserve fund. However, the amount appropriated from the fund under this subsection may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year.

(c) An appropriation from the budget reserve fund may be made for any public purpose upon affirmative vote of three-fourths of the members of each house of the legislature.

(d) If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law.

Alaska Statutes

Title 37. Public Finance **Chapter 37.05. Fiscal Procedures Act** **Article 01. Administration**

Sec. 37.05.010. Bond of commissioner of administration.

The commissioner of administration, before entering upon official duties, shall execute a good and sufficient bond in the sum of \$10,000 payable to the state, conditioned upon the faithful performance of duties imposed by law. The premium on each bond shall be paid in the same manner as other expenses of the department.

Sec. 37.05.020. Regulations.

The Department of Administration shall adopt regulations for the performance of its powers or duties, the execution of its business, and its relations to and business with other state agencies.

Sec. 37.05.030. Financial reports and statements. [Repealed, Sec. 19 ch 6 SLA 1998].

Sec. 37.05.035. Annual state loan reports.

Each state agency that makes or purchases a loan shall prepare an annual report of the aggregate of all loans, by type, made or purchased by the state agency during the preceding fiscal year. The report must include the estimated rate of interest that would have been charged if the loan had been made or purchased at prevailing market rates and must include the difference between the return on the loan that would have been realized under that estimated rate of interest and the return on the loans under the interest rate actually charged. In the absence of a prevailing market rate in the state, the state agency shall use a rate that, in the judgment of the agency, is comparable to a prevailing market rate. The report must also include an analysis of the income groups benefited under the loan programs. By January 30 of each year the state agency shall notify the

legislature that the report prepared under this section is available.

Sec. 37.05.040. Legal custody of records. The commissioner has the legal custody of all records, memoranda, writing, entries, prints, representations, or combinations of them, of any act, transaction, occurrence, or event of the department.

Sec. 37.05.050. Federal funds. Federal funds received by an agency shall be deposited in the state treasury and disbursed in the same manner as other state money. Federal funds are subject to the fiscal controls imposed by this chapter, except where federal laws or regulations prevent the funds from being deposited, appropriated, allocated, accounted for, or expended as provided by this chapter and other laws not inconsistent with this chapter.

Sec. 37.05.060. - 37.05.120 [Repealed, Sec. 3 ch 188 SLA 1970].

Article 02. Uniform Accounting

Sec. 37.05.130. General powers.

The Department of Administration is responsible for all accounts and purchases.

Sec. 37.05.140. Accounting system.

(a) The Department of Administration shall maintain centralized accounting records that include the general and controlling accounts of the state. The state agencies shall prepare and transmit the documents prescribed by the department and shall submit the reports and statements required in order to carry out this chapter. Statistical or cost accounts related to the control accounts may be maintained by the department or by the agency as determined by the department, after consultation with the head of the agency concerned. Duplicate accounting records may not

be maintained, except in the office of the Department of Administration as it directs.

(b) *[Repealed, Sec. 18 ch 9 SLA 1994].*

(c) *[Repealed, Sec. 18 ch 9 SLA 1994].*

(d) The Department of Administration after consultation with the head of the agency concerned may decide not to maintain all or any part of the accounting records for an agency if the department finds that to do so would result in an appreciable loss of federal grant-in-aid funds to defray the administrative costs of maintaining the records.

Sec. 37.05.142. Accounting for program receipts.

The Department of Administration shall establish and maintain separate accounts by program source for all program receipts that state agencies deposit under AS 37.10.050 or under another statute if the program receipts are exempted by law from the deposit requirements of AS 37.10.050.

Sec. 37.05.144. Appropriations based upon program receipts. The annual estimated balance in each account maintained under AS 37.05.142 may be used by the legislature to make appropriations to state agencies to administer the programs generating the program receipts, to implement the laws related to the functions generating the program receipts, or to cover costs associated with the collection of the program receipts.

Sec. 37.05.146. Definition of program receipts and non-general fund program receipts.

(a) In AS 37.05.142 - 37.05.146 and AS 37.07.080 "program receipts" means fees, charges, income earned on assets, and other state money received by a state agency in connection with the performance of its functions. Unless otherwise provided in this section, program receipts are accounted for within, and appropriated from, the general fund of the state.

(b) The program receipts listed in this subsection are accounted for separately, and appropriations from these program receipts are not made from the unrestricted general fund:

- (1) federal receipts;
- (2) University of Alaska receipts (AS 14.40.491);
- (3) designated program receipts; in this paragraph, "designated program receipts" means money received by the state from a source other than the state or federal government that is restricted to a specific use by the terms of a gift, grant, bequest, or contract;
- (4) receipts of or from the trust established by AS 37.14.400 - 37.14.450, except reimbursements described in AS 37.14.410;
- (5) receipts of the Alaska Fire Standards Council for which a taxpayer is allowed a credit under AS 21.89.075.

(c) The program receipts of the following are accounted for separately, and appropriations from these program receipts are not made from the unrestricted general fund:

- (1) highway working capital fund (AS 44.68.210);
- (2) *[Repealed, Sec. 10 ch 58 SLA 2006].*
- (3) loan funds;
- (4) international airport revenue fund (AS 37.15.430);
- (5) corporate receipts earned or managed by a public corporation of the state;
- (6) fish and game fund (AS 16.05.100);
- (7) school fund (AS 43.50.140);
- (8) training and building fund (AS 23.20.130);
- (9) retirement funds (AS 14.25, AS 22.25, AS 26.05.222, AS 39.35, and former AS 39.37);
- (10) permanent fund (art. IX, sec. 15, Alaska Constitution);
- (11) public school trust fund (AS 37.14.110);
- (12) second injury fund (AS 23.30.040);
- (13) fishermen's fund (AS 23.35.060);
- (14) FICA administration fund (AS 39.30.050);
- (15) receipts of the employee benefits program established under AS 39.30.150 - 39.30.180;
- (16) receipts of the deferred compensation program established under AS 39.45;
- (17) clean air protection fund (AS 46.14.260);
- (18) receipts of the group insurance programs

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- established under AS 39.30.090;
- (19) mental health trust fund (AS 37.14.031);
- (20) Alaska children's trust (AS 37.14.200);
- (21) commercial fisheries test fishing operations (AS 16.05.050(a)(14));
- (22) Regulatory Commission of Alaska under AS 42.05, AS 42.06, and AS 42.08;
- (23) Alaska Oil and Gas Conservation Commission under AS 31.05;
- (24) receipts of the Department of Commerce, Community, and Economic Development under AS 08.01.065 and from fines and penalties collected in licensing and disciplinary actions for occupations under AS 08.01.010;
- (25) receipts from the seafood marketing assessment under AS 16.51.120-16.51.170, and receipts of the Alaska Seafood Marketing Institute;
- (26) the administrative cost charge under AS 44.33.113 for the state's role in the federal community development quota program;
- (27) dive fishery management assessment receipts (AS 43.76.150), salmon fishery assessment receipts (AS 43.76.220), and permit buy-back assessment receipts (AS 43.76.300);
- (28) process service fees collected by the Department of Public Safety;
- (29) Alaska Commercial Fisheries Entry Commission under AS 16.05.490, 16.05.530, and AS 16.43;
- (30) receipts of the Alaska Vocational Technical Center;
- (31) Alaska Pioneers' Home and Alaska Veterans' Home care and support receipts under AS 47.55.030;
- (32) receipts of the Department of Transportation and Public Facilities from tolls charged for use of the Whittier Tunnel;
- (33) receipts of the Department of Commerce, Community, and Economic Development, division of insurance, from license fees and fees for services;
- (34) receipts of the Department of Commerce, Community, and Economic Development from its functions relating to banking, securities, and corporations;
- (35) receipts of the Department of Corrections from the electronic prisoner monitoring program under AS 33.30.065 (d);
- (36) receipts of the Department of Corrections from the operation of community residential centers;
- (37) receipts of the Alaska Police Standards Council;
- (38) receipts of the Department of Public Safety from fees for fire and life safety plan checks under AS 18.70.080 (b);
- (39) receipts of the Department of Transportation and Public Facilities from the measurement standards and commercial vehicle enforcement program;
- (40) receipts of the Department of Education and Early Development for teacher certification under AS 14.20.020;
- (41) receipts of the Professional Teaching Practices Commission from professional certification fees;
- (42) receipts of the Department of Health and Social Services, Bureau of Vital Statistics;
- (43) receipts of the Department of Corrections from the inmate telephone system;
- (44) receipts of the Department of Public Safety from the Alaska automated fingerprint system under AS 44.41.025 (b);
- (45) receipts of the Department of Administration from the boat registration program under AS 05.25.096;
- (46) state land disposal program (AS 38.04.022);
- (47) shore fisheries development lease program account (AS 38.05.082(f));
- (48) timber receipts account (AS 38.05.110);
- (49) workers' safety and compensation administration account (AS 23.05.067);
- (50) receipts of fees for recording and related services of the Department of Natural Resources

(AS 40.17.030 (a)(10), 40.17.070; AS 44.37.025(b), 44.37.027(c); AS 45.29.303 (b), 45.29.525, and 45.29.619(b));

(51) receipts described in AS 46.03.482 (b)(1) and (2) received under the commercial passenger vessel environmental compliance program;

(52) receipts of the Department of Commerce, Community, and Economic Development for fees for business licenses and license endorsements under AS 43.70;

(53) receipts of fees for certain inspections deposited under AS 05.20.060, AS 18.60.360, 18.60.395, 18.60.800, and AS 18.62.030 in the building safety account created under AS 44.31.025;

(54) passenger facility charges collected at state-owned and operated airports under Federal Aviation Administration guidelines;

(55) money received by the Department of Environmental Conservation from the inspection of food under AS 17.20;

(56) fees received by the Department of Natural Resources under AS 41.21.026 for the use of state park system facilities;

(57) application and renewal fees received by the Department of Public Safety under AS 18.65.400 - 18.65.490 for licenses for security guards and security guard agencies;

(58) fees received by the Department of Public Safety under AS 18.65.700 - 18.65.790 for the issuance, renewal, and replacement of permits to carry concealed handguns;

(59) monetary recoveries by the Department of Health and Social Services of Medicaid expenditures from recipients, third parties, and providers under AS 47;

(60) the state's share of overpayments collected by the Department of Health and Social Services under AS 47.05.080;

(61) income received by the Department of Health and Social Services from a state or federal agency

for children in foster care under AS 47.14.100;

(62) fees received by the Department of Health and Social Services under AS 44.29.022 for nursing and planning services provided at health centers;

(63) fees received by the Department of Health and Social Services under AS 44.29.022 for genetic screening clinics and specialty clinics;

(64) fees received by the Department of Health and Social Services under AS 18.08.080 for the certification of emergency medical technicians, emergency medical dispatchers, and emergency medical technician instructors;

(65) fees collected by the Department of Health and Social Services under AS 44.29.022 from the certification of x-ray machines;

(66) fees collected under AS 44.29.022 by the Department of Health and Social Services under the Alcohol Safety Action Program;

(67) fees received by the Department of Health and Social Services under AS 47.32;

(68) charges, rentals, and fees for airport or air navigation facility contracts, leases, and other arrangements under AS 02.15.020 and 02.15.090;

(69) fees for utility facility permits under AS 02.15.102, encroachment permits under AS 02.15.106, utility right-of-way permits under AS 19.25.010, and utility facility permits under AS 35.10.210;

(70) recoveries of repair costs for damage to highway fixtures;

(71) the state's share of child support collections for reimbursement of the cost of the Alaska temporary assistance program as provided under AS 25.27.120, 25.27.130, and AS 47.27.040;

(72) vehicle registration fees collected under AS 28.10.421 and other fees and charges collected under AS 28.10.441;

(73) fees for drivers' licenses, drivers' permits, renewals, and driver skills tests collected under AS 28.15.271;

(74) user fees and other fees collected by the

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Department of Education and Early Development under AS 14.57.010;
(75) student tuition and other fees related to schools that are operated by the state and collected under AS 14.07.030;
(76) receipts of fees for registration and renewal of registration for the sale of business opportunities under AS 45.66.040;
(77) emission control permit receipts account (AS 46.14.265);
(78) workers' compensation benefits guaranty fund (AS 23.30.082);
(79) receipts of the Department of Environmental Conservation from the registration of pesticides and broadcast chemicals and the licensing of pesticide applicators under AS 44.46.025;
(80) proceeds from prison employment, including deductions from prisoner wages for the cost of confinement under AS 33.30.201 (b) and forfeited wages under AS 33.30.201 (e);
(81) fees collected under AS 18.74.080;
(82) civil legal services fund under AS 37.05.590;
(83) donations to the anatomical gift awareness fund under AS 13.50.150;
(84) crime victim compensation fund (AS 18.67.162);
(85) gifts, donations, and grants received by the Department of Military and Veterans' Affairs for the purpose of establishing and maintaining Alaska veterans' cemeteries under AS 26.10.030 and AS 44.35.035(b);
(86) fines imposed and collected under AS 12.55.035.

Sec. 37.05.150. Funds and accounts.

The accounting system shall be in accordance with accepted principles of governmental (fund) accounting and shall include both budgetary and property accounts. The system must provide records showing at all times by funds, accounts, and other pertinent classifications the amounts appropriated, the estimated revenue, actual revenue or receipts, the amounts available for expenditure, the total expenditures, the unliquidated obligations, actual balances on hand, and the unencumbered balances of appropriations for each state agency.

Sec. 37.05.151. [Renumbered as AS 37.05.500].

Sec. 37.05.152. [Renumbered as AS 37.05.510].

Sec. 37.05.153. [Renumbered as AS 37.05.520].

Sec. 37.05.156. [Renumbered as AS 37.05.540].

Sec. 37.05.157 - 37.05.158 Reserve for capital outlay account; reserve for energy facilities development account. [Repealed, Sec. 62 ch 14 SLA 1987].

Sec. 37.05.159. Reserve for emergency operating expenses account. [Repealed, Sec. 2 ch 58 SLA 1986].

Sec. 37.05.160. Property records.

The Department of Administration shall direct the use of inventory records by all state agencies to show all fixed and movable property of the state. The records must be based on a physical inventory and charged with all subsequent purchases and shall be reduced by all property traded in, condemned, or disposed of. The accuracy of the property record shall be verified periodically by actual inspection of the property by the department. The state agencies may be required to take physical inventory of properties annually and at other times as the department directs.

Sec. 37.05.165. Petty cash accounts.

The Department of Administration shall determine the amount of the petty cash accounts needed by each state agency and inspect the petty cash accounts at least once each year to determine that the total plus amounts of receipts for unreplenished disbursements is equal to the fixed sum of cash set aside. Shortages in petty cash accounts are a personal liability of the responsible head of the agency to whom the account is set aside. The department shall adopt necessary regulations governing use and replenishment of petty cash funds.

Sec. 37.05.170. Restrictions on payments and obligations.

Payment may not be made and obligations may not be incurred against a fund unless the Department of Administration certifies that its records disclose that there is a sufficient unencumbered balance available in the fund and that an appropriation or expenditure authorization

has been made for the purpose for which it is intended to incur the obligation.

Sec. 37.05.180. Limitation on payment of warrants.

A warrant upon the state treasury may not be paid unless presented at the office of the commissioner of revenue within six months of the date of its issuance. A warrant not presented within that time is presumed abandoned, except where the warrant is for the payment of a permanent fund dividend or a benefit payment or refund under AS 14.25, AS 22.25, AS 26.05, AS 39.30, AS 39.35, former AS 39.37, or AS 39.45. Money held for an abandoned warrant shall be delivered to the custody of the Department of Revenue to be administered as unclaimed property under AS 34.45.

Sec. 37.05.190. Pre-audit of claims.

(a) The Department of Administration shall examine and audit every receipt, account, bill, claim, refund, and demand on the funds in the state treasury arising from activities carried on by state agencies. It shall determine whether or not the obligation is incurred in accordance with laws and regulations adopted under authority of law, and that the amount is correct and is unpaid.

(b) The department may not approve for payment an account, bill, claim, refund, or demand on funds in the state treasury unless the claim is ordered by act of the legislature or is contracted against the state by an authorized officer or agent of the state.

Sec. 37.05.200. Pre-audit of receipts.

The Department of Revenue shall transmit to the Department of Administration copies of receipt documents showing all receipts received by the Department of Revenue. The receipt documents shall be audited, examined, and the amounts entered in the proper accounts in the records of the Department of Administration. The Department of Administration may adopt regulations to establish the

system for providing current receipt documents.

Sec. 37.05.210. Fiscal reporting and statistics.

- (a) The Department of Administration shall
- (1) file with the governor and with the legislative auditor before December 16 a report of the financial transactions of the preceding fiscal year and of the financial condition of the state as of the end of that year, prepared in accordance with generally accepted accounting principles and audited by the legislative auditor in accordance with generally accepted audit standards, with comments and supplementary data that the Department of Administration considers necessary; this report shall be printed for the information of the legislature and the public;
 - (2) compile statistics necessary for the budget and other statistics required by the governor;
 - (3) file a travel and compensation report with the legislature by January 31 of each year containing detailed information for the previous calendar year of the salaries, per diem, travel expenses, relocation expenses, and any additional allowances for
 - (A) the governor, the lieutenant governor, and the chiefs of staff of the governor and lieutenant governor;
 - (B) the president and vice-president of the University of Alaska and the chancellors of the individual campuses of the university;
 - (C) the commissioners or other executive heads of the principal departments in the executive branch of state government, and the deputy commissioners and division directors in those departments; and
 - (D) the executive heads of public corporations created by law, including the Alaska Railroad Corporation.

(b) By January 21 of each year, the University of Alaska

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and each public corporation shall provide the information related to salaries, per diem, travel expenses, relocation expenses, and any additional allowances to the Department of Administration in the form and manner prescribed by the department.

Title 37. Public Finance **Chapter 37.05. Fiscal Procedures Act** **Article 06. Special Funds**

Sec. 37.05.540. Budget reserve fund; appropriation limit.

(a) There is established as a separate fund in the state treasury the budget reserve fund. The budget reserve fund consists of appropriations to the fund. Money received by the state that is subject to the appropriation limit under (b) of this section and that exceeds that limit, may be appropriated to the budget reserve fund.

(b) Except for appropriations to the permanent fund or for Alaska permanent fund dividends, appropriations to the budget reserve fund, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a nonstate source in trust for a specific purpose, including revenue of a public enterprise or public corporation of the state that issues revenue bonds, appropriations from the mental health trust settlement income account (AS 37.14.036), and appropriations made to the mental health trust fund (AS 37.14.031), appropriations from the treasury made in a fiscal year may not exceed appropriations made in the preceding fiscal year by more than five percent plus the change in population and inflation since the beginning of the preceding fiscal year. For purposes of applying this limit an appropriation is considered to be made in the fiscal year in which it is enacted and a reappropriation remains attributed to the fiscal year in which the original appropriation is enacted. The determination of the change in population for purposes

of this subsection shall be based on an annual estimate of population by the Department of Labor and Workforce Development. The determination of the change in inflation for purposes of this subsection shall be based on the Consumer Price Index for all urban consumers for Anchorage prepared by the United States Bureau of Labor Statistics. The amount of money received by the state that is subject to the appropriation limit includes the balance in the general fund carried forward from the preceding fiscal year.

(c) If the legislature determines that the money subject to the appropriation limit received by the state in a fiscal year is less than the maximum permitted to be appropriated under (b) of this section, up to 25 percent of the balance of the budget reserve fund may be appropriated to the general fund.

(d) The Department of Revenue shall manage and invest assets of the budget reserve fund in the manner set out for the management and investment of the assets of the general fund under AS 37.10.070 . Income from investment of the budget reserve fund may be appropriated to the fund each year by law.

(e) Notwithstanding other provisions of this section, appropriations may be made from the budget reserve fund needed by the governor to meet a disaster. In this subsection, "disaster" has the meaning given in AS 26.23.900.

Title 37. Public Finance **Chapter 07. Executive Budget Act**

Sec. 37.07.010. Statement of policy.

It is the purpose of this chapter to establish a comprehensive system for state program and financial management that furthers the capacity of the governor and legislature to plan and finance the services that they determine the state will provide for its citizens. The system must include procedures for

(1) the orderly establishment, continuing review, and periodic revision of the program goals and policies of state agencies and financial goals and policies of the state;

(2) the development, coordination, and review of long-range program and financial plans that will implement established state goals and policies;

(3) the preparation, coordination, analysis, and enactment of a budget that is organized to focus on the services provided by state agencies and on the cost of those services and that provides for implementation of policies and plans, in the succeeding budget period;

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

(5) the regular appraisal and reporting of program performance;

(6) public participation in the development of the annual budget, including opportunity for the public to review and comment upon the plans and programs of the Office of the Governor and all state agencies in the executive branch, the legislature, the judicial system, the University of Alaska, and the public corporations of the state.

Sec. 37.07.014. Responsibilities of the legislature.

(a) To carry out its legislative power under art. II, sec. 1, Constitution of the State of Alaska, and to promote results-based government, the legislature shall issue a mission statement for each agency and the desired results the agency should achieve. The legislature may issue a separate mission statement for a subunit of an agency. A mission statement and desired results should promote the efficient, measured use of the state's resources. A mission statement and desired results constitute policy under which an agency shall operate, and, where appropriate, the mission statement may be implemented by statute.

(b) The legislature shall provide for a budget review function that promotes results-based government. The legislature shall adopt a method of measuring results for each agency, and measurements shall be reported semi-annually by each agency to the legislature. The reports shall be used by the legislature to evaluate whether the mission and desired results for that agency or subunit of the agency are being achieved.

(c) The legislature shall analyze the comprehensive operating and capital improvements programs and financial plans recommended by the governor.

(d) To foster results-based government, to carry out the mission statements, and to obtain desired results, the legislature shall authorize the comprehensive operating and capital improvements programs and financial plans. The legislature shall allocate the state's resources for effective and efficient delivery of public services by

(1) clearly identifying desired results;

(2) setting priorities;

(3) assigning accountability; and

(4) using methods for measuring, reporting, and evaluating results.

(e) The legislature shall

(1) provide for a post-audit function to cover financial transactions, program accomplishment, and compliance with legislative intent;

(2) adopt or revise the estimate of receipts required to balance the succeeding fiscal year's budget in order that proposed expenditures do not exceed estimated receipts for that fiscal year;

(3) adopt, revise, or initiate revenue measures in order to balance the succeeding fiscal year's budget and the capital improvements section of the budget for the succeeding six years.

(f) To help fulfill the legislature's responsibilities under this section and achieve results-based government, each agency shall

(1) allocate resources to achieve the mission and desired results established by the legislature;

(2) express desired results established by the legislature and other program results in measurable terms;

(3) measure progress towards mission statements and desired results established by the legislature and other results;

(4) promote activities consistent with mission statements and desired results established by the

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legislature that reduce or avoid future costs;
(5) plan for the short-term and the long-term using consistent assumptions for major demographic and other trends; and
(6) require accountability at all levels for meeting program mission statements and desired results established by the legislature.

Sec. 37.07.016. Governor's use of mission statements.

To carry out the executive power under art. III, sec. 1 and sec. 16, Constitution of the State of Alaska, the governor shall use the mission statements and desired results issued by the legislature as a guide to implement and execute the law. The governor shall assure that each agency complies with the mission statement and achieves the desired results identified by the legislature.

Sec. 37.07.020. Responsibilities of the governor.

(a) The governor shall prepare a budget for the succeeding fiscal year that must cover all estimated receipts, including all grants, loans, and money received from the federal government and all proposed expenditures of the state government. The budget shall be organized so that the proposed expenditures for each agency are presented separately.

The budget must be accompanied by the information required under AS 37.07.050 and by the following separate bills:

- (1) an appropriation bill authorizing the operating and capital expenditures of the state's integrated comprehensive mental health program under AS 37.14.003(a);
- (2) an appropriation bill authorizing state operating expenditures other than those included in the state's integrated comprehensive mental health program;
- (3) an appropriation bill authorizing capital expenditures other than those included in the state's integrated comprehensive mental health

program; and

(4) a bill or bills covering recommendations, if any, in the budget for new or additional revenue. The budget for the succeeding fiscal year and each of the bills shall become public information on December 15 at which time the governor shall submit copies to the legislature and make copies available to the public. The bills, identical in content to the copies released on December 15, shall be delivered to the rules committee of each house before the fourth legislative day of the next regular session for introduction.

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

- (1) must include sufficient details to identify
 - (A) significant sources of funds;
 - (B) significant uses of funds, including lump sum projections of
 - (i) operating expenditures;
 - (ii) capital expenditures;
 - (iii) debt service expenditures;
 - (iv) fund capitalizations;
 - (v) appropriations of income of the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska), if any;
- (2) must balance sources and uses of funds held while providing for essential state services and protecting the economic stability of the state;
- (3) must include projected balances of significant funds held in separate accounts, including the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska), the public education fund (AS 14.17.300), and the Alaska capital income fund (AS 37.05.565);
- (4) must set out significant assumptions used in

the projections with sufficient detail to enable the legislature to rely on the fiscal plan in understanding, evaluating, and resolving issues of state budgeting including information that supports major areas of operating increases, such as population demographics that affect the need for particular government services.

(c) Proposed expenditures may not exceed estimated revenue for the succeeding fiscal year. The expenditures proposed in the six-year capital improvements program may not exceed the estimated revenue and bond authorizations passed and proposed.

(d) *[Repealed, Sec. 35 ch 126 SLA 1994].*

(e) The budget prepared under (a) of this section must present the proposed operating expenditures for each agency for annual facility operations, annual maintenance and repair, and periodic renewal and replacement for components of public buildings and facilities separately from the other proposed operating expenditures by the agency. Proposed annual appropriations for an agency's facility operations, maintenance and repair, and renewal and replacement for components of public buildings and facilities contained in an appropriation bill prepared under (a) of this section must be presented separately from appropriations for other proposed operating expenditures by the agency.

Sec. 37.07.030. Responsibilities of the legislature. [Repealed, Sec. 9 ch 27 SLA 1998].

Sec. 37.07.040. Office of management and budget.

The Alaska office of management and budget shall

(1) assist the governor in meeting the requirements of AS 37.07.020, including the coordination and analysis of state agency goals and objectives, plans, and budget requests;

(2) prepare for submission to the governor an annually updated six-year capital improvements program and the proposed capital improvements budget for the coming fiscal year, the latter to include individual project justification with documentation of estimated project cost;

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

(4) assist state agencies in their statement of goals and objectives to achieve, among other things, the legislature's mission and desired results, preparation of plans, assessments of the extent to which missions and desired results have been achieved, budget requests, and reporting of program performance; all documents forwarded by the office to a state agency containing instructions for the preparation of program plans and budget requests and the reporting of program performance are public information after the date they are forwarded;

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

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

(7) provide the legislative finance division with an advance copy of the governor's budget workbooks at least seven days before the legislature convenes in a regular session;

(8) prepare the proposed capital improvements budget for the coming fiscal year evaluating both state and local requests from the standpoint of need, equity, and priorities of the jurisdiction; other factors such as project amounts, population, local financial match, federal funds being used for local match, municipality or unincorporated community acceptance of the facility, and all associated costs of the facility may be considered;

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

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

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

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

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

Sec. 37.07.045. Debt affordability analysis.

The Department of Revenue shall prepare a report that includes an inventory of state bonded debt, an estimate of state bonded debt that will be acquired within the next three years, and an evaluation of debt affordability. The report must conform to rating agency requirements for a debt affordability study. By January 31 each year, the report must be provided to the legislature for use in budget planning and made available to the public.

Sec. 37.07.050. Agency program and financial plans; mission statements.

(a) The agencies shall assure the development of a statewide system of results-based government designed to increase efficiency and effectiveness of state programs and services. Toward that end, each state agency shall, on a semi-annual basis, identify results-based measures that have been used to work toward achievement of the mission statement and desired results issued by the legislature and of other goals of the agency, and set out the results as measured. Each state agency shall also prepare information that shall be compiled and submitted on December 15 each year to the office, the legislature, and the legislative finance division; this information must

(1) identify the agency mission and desired results

established by the legislature;

(2) identify the goals and objectives the agency will use to achieve the legislature's mission and desired results;

(3) set out the results of any user group surveys and, if the results do not agree with the mission and desired results, goals, and objectives, explain why;

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

(5) identify results-based measures that have been used to work toward achievement of the mission statement and desired results issued by the legislature and other goals of the agency and set out the results as measured;

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

(7) identify methods of measuring performance when the mission statement and desired results issued by the legislature involve more than one agency and make recommendations to eliminate duplication of government functions and waste;

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

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

the services, the cost of the services, and other information requested by the office;

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

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

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

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

(b) The state agency proposals prepared under (a) of this section must describe the relationships of their program services to those of other agencies, of other governments, and of nongovernmental bodies.

(c) The office shall assist agencies in the preparation of their proposals under (a) of this section. This assistance may include technical assistance, organization of materials, centrally collected accounting, budgeting and personnel information, standards and guidelines formulation, population and other required data, and any other assistance that will help the state agencies produce the information necessary for efficient agency management and effective decision-making by the governor and the legislature.

(d) If any state agency fails to transmit the program and financial information provided under (a) of this section on the specified date, the office may prepare the information.

(e) The office shall compile and submit to the governor-elect in any year when a new governor has been elected, not later than November 20, a summary of the program and financial information prepared by state agencies.

(f) Budget requests for boards and commissions and for those agency programs for the fiscal year following termination under AS 44.66 shall be prepared and submitted. The recommended appropriation request must include

(1) an identification of the objectives intended for

the program and the problem or need that the activities and operations of the board, commission, or program is intended to address;

(2) an assessment of the degree to which the original objectives of the program have been achieved expressed in terms of performance, effects, or accomplishments of the program and of the program or need that it was intended to address;

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

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

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

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

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

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

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

(g) All goals and objectives, plans, programs, estimates, budgets, and other documents forwarded to the office of management and budget by a state agency under this section are public information after the date they are forwarded.

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(h) Each agency shall, with participation of its employees, develop methods for measuring agency results. A group or committee established by an agency to develop methods of measuring results shall include a representative of each of the bargaining units that represents employees of the agency.

Sec. 37.07.060. Governor's recommendation.

(a) The governor shall formulate the operating and capital budget, capital improvements program, and fiscal plan required to be recommended to the legislature by AS 37.07.020 after considering the state agency proposed program and financial plans prepared in accordance with AS 37.07.050, and other programs and alternatives that the governor considers appropriate. The plans must include the governor's recommended missions and results, recommended strategies to implement the missions and results, recommended measures for determining whether the missions and desired results are achieved, including an assessment of whether prior year missions and desired results have been achieved, recommended operating program for the succeeding fiscal year, recommended capital improvements program for the succeeding six fiscal years, recommended programs for the upgrading of public buildings and facilities prepared in accordance with AS 35.10.015, and recommended revenue measures to support the programs.

(b) The governor shall present the proposed comprehensive operating and capital improvements programs, and fiscal plan if it is required under AS 37.07.020(b), in a message to a joint session of the legislature before the fourth legislative day following the convening of the legislature in regular session. The message must be accompanied by an explanatory report that summarizes recommended goals, plans, and appropriations. The report must contain

- (1) the coordinated program goals and objectives which the governor recommends to guide the decisions on the proposed program plans and budget appropriations;
- (2) the governor's operating program and budget

recommendations for the succeeding fiscal year organized by agency as required by AS 37.07.020(a);

(3) the governor's capital improvements program and budget recommendations for the succeeding fiscal year and capital improvements program for the succeeding six fiscal years, which must include

(A) a description of each project, its estimated cost for the year construction is to start and the estimated cost of the project adjusted for inflation over the estimated period of construction, and the source of financing for the project; the project description for a new building or a new facility or for a major addition to a building or facility should include a site plan, preliminary drawings, and architect's or engineer's total cost estimate for the project;

(B) a summary of projects previously authorized and not yet completed;

(C) a summary, listed by agency, of all previously proposed projects that have been deferred beyond the six years covered by the plan and the year in which construction has been rescheduled to begin;

(D) a forecast of the debt structure of the state and the various debt ratios over the life of the state's bonds outstanding, bonds authorized and to be issued, and bond authorizations recommended in the plan;

(E) a description of additional revenue measures needed to finance the plan in lieu of debt;

(F) bond election bills to authorize the bonds required to fund the projects scheduled for the first three years of the plan;

(G) projections of population of the state and its regions and communities;

(H) economic data and projections necessary for the evaluation of the plan;

(4) a summary of state receipts in the last fiscal year, a revised estimate for the current fiscal year,

- and an estimate for the succeeding fiscal year;
- (5) a summary of expenditures during the last fiscal year, those authorized for the current fiscal year, and an estimate for the succeeding fiscal year;
- (6) any additional information that will facilitate understanding of the governor's proposed programs and financial plans by the legislature and the public.

Sec. 37.07.062. Capital budget.

(a) Each appropriation bill authorizing capital expenditures required to be submitted to the legislature in AS 37.07.020 (a) must be accompanied by documents supporting the expenditures for each of the capital projects funds (AS 44.42.080). The documents must list, for each project, the (1) project identification number; (2) project title; (3) source of funding; (4) amount expended on the project during the preceding fiscal year, the amount authorized for the current fiscal year, and the amount proposed to be expended during the succeeding fiscal year; (5) estimated start for construction; (6) schedule of bond elections pertaining to the appropriation, including elections previously held. The total appropriation to each capital projects fund must be reflected in the balance sheet of each fund as of June 30 of each fiscal year.

(b) Upon the effective date of each appropriation bill authorizing capital expenditures, the amounts appropriated by the bill for capital outlay shall be paid into the appropriate capital project funds established under AS 44.42.080.

(c) The balance sheet of each capital projects fund (AS 44.42.080) shall, at the end of each fiscal year, contain the following items so as to reflect the status of each fund and that the appropriations to each fund are not based upon a fiscal year:

- (1) cash with treasury - shows a normal debit balance;
- (2) bonds authorized and unissued - shows a normal debit balance; these are assets of each fund and shall be sold in accordance with the election date of each authorization; the proceeds are expended on a

first-in, first-out basis;

(3) bonds to be authorized - shows a normal debit balance; these shall be reflected in general obligation bond or revenue bond act proposals accompanying each year's capital improvements program revision; the general obligation bond act proposals are to provide funding for the three fiscal years following the general election date;

(4) general fund; other - shows a normal debit balance; additional appropriations from the general fund above those required by law for capital outlay;

(5) other funds - shows a normal debit balance; appropriations from other state funds for capital outlay;

(6) federal aid - shows a normal debit balance; includes funds expected to be received from federal sources for capital projects;

(7) expenditures, prior fiscal year - shows a normal credit balance;

(8) encumbrances - shows a normal debit balance;

(9) reserve for encumbrances - shows a normal credit balance;

(10) fund balance - shows a normal zero balance.

(d) The annual financial report of the state must contain the following statements for each capital projects fund:

(1) balance sheet;

(2) analysis of changes in bonds authorized and unissued;

(3) analysis of changes in bonds to be authorized;

(4) analysis of changes in funds to be provided by others;

(5) statement of expenditures and encumbrances compared to appropriations.

Sec. 37.07.070. Legislative review.

The legislature shall consider the governor's proposed

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comprehensive operating and capital improvements programs, and financial plan if it is required under AS 37.07.020(b), evaluate alternatives to the plans, make program selections among the various alternatives, and determine, subject to available revenues, the level of funding required to support authorized state services. The presiding officer of each house may refer the fiscal plan to one or more committees. If the fiscal plan is referred, the first committee of referral shall hold at least one hearing on it. The operating and capital budgets of each agency shall be separately reviewed. During each regular session of the legislature, legislative review of the governor's supplemental appropriation bills and the governor's budget amendments are governed by the following time limits:

(1) requests by the governor for supplemental appropriations for state agency operating and capital budgets for the current fiscal year may be introduced by the rules committee only through the 15th legislative day;

(2) requests by the governor for budget amendments to state agency budgets for the budget fiscal year may be received and reviewed by the finance committees only through the 30th legislative day.

Sec. 37.07.080. Program execution.

(a) Except as limited by executive decisions of the governor, the mission statements and desired results issued by the legislature, appropriations by the legislature, and other provisions of law, the several state agencies have full authority for administering their program service assignments and are responsible for their proper management.

(b) Each state agency shall prepare an annual plan for the operation of each of its assigned programs except for programs that are exempted from this requirement by the office. The operations plan shall be prepared in the form and content and be transmitted on the date prescribed by the office.

(c) The office shall

(1) review each operations plan to determine

that it is consistent with the executive decisions of the governor, the mission statement and desired results issued by the legislature, appropriations by the legislature, and other provisions of law, that it reflects proper planning and efficient management methods, and that appropriations have been made for the legislatively established purpose and will not be exhausted before the end of the fiscal year;

(2) approve the operations plan if satisfied that it meets the requirements under (1) of this subsection; otherwise, the office shall require revision of the operations plan in whole or in part.

(d) A state agency may not increase the salaries of its employees, employ additional employees, or expend money or incur obligations except in accordance with law and properly approved operations plan.

(e) Transfers or changes between objects of expenditures or between allocations may be made by the head of an agency upon approval of the office. Transfers may not be made between appropriations, including transfers made through the use of a reimbursable service agreement or other agreement, except as provided in an act making the transfers between appropriations. However, a reimbursable service agreement or other agreement may be used to finance the provision of a service if

(1) the agency that requires the service has, by law, the authority to obtain or provide the service and has an appropriation that may be used for that purpose; and

(2) the agency that provides the service bills the agency administering the available funds based on

(A) the actual cost to provide the service; or

(B) a cost allocation method approved by the office.

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

(g) The governor may direct the withholding or reduction of appropriations to a state agency at any time during the fiscal year only if the governor determines that the planned expenditures can no longer be made due to factors outside the control of the state which make the expenditure factually impossible.

(h) The increase of an appropriation item based on additional federal or other program receipts not specifically appropriated by the full legislature may be expended in accordance with the following procedures:

- (1) the governor shall submit a revised program to the Legislative Budget and Audit Committee for review;
- (2) 45 days shall elapse before commencement of expenditures under the revised program unless the Legislative Budget and Audit Committee earlier recommends that the state take part in the federally or otherwise funded activity;
- (3) should the Legislative Budget and Audit Committee recommend within the 45-day period that the state not initiate the additional activity, the governor shall again review the revised program and if the governor determines to authorize the expenditure, the governor shall provide the Legislative Budget and Audit Committee with a statement of the governor's reasons before commencement of expenditures under the revised program.

Sec. 37.07.090. Performance reporting. [Repealed, Sec. 9 ch 27 SLA 1998].

Sec. 37.07.100. Proposed supplemental or special appropriations.

The governor from time to time may transmit to the legislature proposed supplemental or special appropriations in accordance with AS 37.07.070 which in the governor's judgment are necessary. However, if the governor finds that an emergency situation necessitates the proposal of supplemental or special appropriations, the governor may

transmit them to the legislature at any time. The governor shall accompany each proposal with a statement of the reasons for it, including the reasons for its omission from the budget.

Sec. 37.07.110. Interpretation of chapter.

This chapter shall be construed as supplemental to all other state laws not in conflict with it. If a section or part of a section of this chapter is in conflict with federal requirements for a program for which federal grant-in-aid funds are available, the section or part, to the extent of the conflict, is inoperative.

Sec. 37.07.120. Definitions.

In this chapter,

- (1) "agency" means a department, officer, institution, board, commission, bureau, division, or other administrative unit forming the state government and includes the Alaska Pioneers' Home, the Alaska Veterans' Home, and the



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University of Alaska, but does not include the legislature or the judiciary;

(2) "allocation" means an amount set out as a legislative guideline for expenditure by a state agency for a stated purpose within the total amount of an appropriation;

(3) "appropriation" means a maximum amount available for expenditure by a state agency for a stated purpose set out in an appropriation act;

(4) "capital projects" and "capital improvements" mean an allocation or appropriation item for an asset with an anticipated life exceeding one year and a cost exceeding \$25,000 and include land acquisition, construction, structural improvement, engineering and design for the project, and equipment and repair costs;

(5) "facility operations" means activities and expenses relating to the day-to-day operations of a building or facility, including utilities, janitorial service, security service, snow removal, and direct supervision of related maintenance activities;

(6) "fiscal year" means a year beginning on July 1 of one calendar year and ending on June 30 of the following calendar year;

(7) "maintenance and repair" means the day-to-day scheduled and preventive maintenance effort, including minor repair work, required to keep a building or facility operational and in a continuous state of readiness;

(8) "object of expenditure" means a line item of expenditure within an allocation or an appropriation;

(9) "office" means the Alaska office of management and budget established in the Office of the Governor by AS 44.19.141;

(10) "renewal and replacement" means the scheduled replacement of worn-out major building components and the replacement or retrofitting of obsolete or inefficient building systems in order to maintain or extend the life of a building or facility.

Sec. 37.07.130. Short title.

This chapter may be cited as the Executive Budget Act.

Uniform Rules

RULE 42. Conference and Free Conference Committees.

(a) If one house refuses to concur in the amendments of the other it so notifies the amending house and requests that it recede from its amendments. The vote on receding from amendments is taken by the calling of the roll and the recording of the yeas and nays in the journal. A house recedes from its amendments only by a majority vote of the full membership of the house. If the house refuses to recede, the presiding officer of each house appoints three members to sit as a Conference Committee. The committee meets when mutually agreeable to its members. If the committee reaches agreement on previously adopted amendments to a bill adopted by either house, the committee then submits an identical report to each house. The report is not subject to amendment in either house. If the report is adopted by each house the bill is enrolled, signed, and transmitted to the governor. If the members of the Conference Committee cannot agree on amendments, or if one or both houses refuses to adopt the committee report, the Conference Committee submits an identical written report to each house listing the specific points of disagreement for which the committee requests powers of free conference. The presiding officer of each house may then give limited powers of free conference only on the specific points listed. If the members of a Conference Committee with limited powers of free conference cannot agree on amendments, or one or both houses refuses to adopt the committee report, it is then in order to appoint a Free Conference Committee. A member who served on a Conference Committee or a Conference Committee with limited powers of free conference may not be appointed to a subsequent Conference Committee or Free Conference Committee concerning the same measure. The vote on adoption

of a conference committee report is taken by the calling of the roll and the recording of the yeas and nays in the journal. Adoption requires a majority vote of the full membership of each house.

(b) A Free Conference Committee is appointed in the same manner as a Conference Committee and may suggest in its report any new amendments clearly germane to the question. When a majority of the membership of the committee from each house agrees on amendments, the amendments are attached to the bill and reported back to each house in an identical report. The report is not subject to amendment in either house. If the report is adopted in each house, the bill is then ordered enrolled by its house of origin. If the members of a Free Conference Committee fail to agree on amendments or one or both houses refuses to adopt the free conference report, a second Free Conference Committee may be appointed, but no member of the first committee may be reappointed. A free conference report on a measure other than an appropriation bill may not be voted on by the house until at least 24 hours after the report is duplicated and delivered to the chief clerk or secretary of the house for distribution to each member. The chief clerk or secretary shall certify the time of delivery of the report for recording in the journal. The vote on adoption of a free conference committee report is taken by the calling of the roll and the recording of the yeas and nays in the journal. Adoption requires a majority vote of the full membership of each house.

(c) A Conference Committee with limited powers of free conference or a Free Conference Committee may not include in its report on an appropriation bill an item which was not included in a version of that appropriation bill adopted in third reading by a house and the amount appropriated by an item may not exceed the higher amount appropriated by that item in a version of the bill adopted in third reading by a house. An item in an appropriation bill includes a line item, an allocation, and an appropriation.

The report on an appropriation bill of a Conference Committee, a Conference Committee with limited powers of free conference, or a Free Conference Committee may not be voted on by the house until at least 24 hours after the report is duplicated and delivered to the chief clerk or secretary of the house for distribution to each member. The chief clerk or secretary shall certify the time of delivery of the report for recording in the journal.

(d) Notwithstanding the provisions of (c) of this rule, a Free Conference Committee may consider and include in its report on an appropriation bill appropriations as requested by attached fiscal notes on new legislation and resolutions that have been passed by both houses.

(e) A Conference Committee, a Conference Committee with limited powers of free conference, or a Free Conference Committee may not adopt a report that requires a change in the title of a bill other than a clerical or technical change.



Glossary

ABS - The Automated Budget System used by the Governor's Office of Management and Budget.

Accomplishment Measure - The indicator used to determine the extent to which the services, projects, or activities provided by a budget request unit achieve an objective.

Actuals - See Prior Year Actual.

Adjournment - The termination of legislative activities at the conclusion of each legislative day, or the ending of the first regular session of a legislature.

Adjournment Sine Die - The termination of a second regular session without setting a date for reconvening that has the effect of closing the session and terminating all unfinished business.

Agency - Generally a state department, but for budgeting purposes the Legislature, Court System and University of Alaska are also considered agencies.

Agency Budgeting - Structuring budget information by organizations established to administer the programs funded through the budget. The principal alternative to agency budgeting is program budgeting, which structures budget information by grouping all programs addressing a similar problem or need regardless of which agency administers the programs.

AKSAS - Alaska Statewide Accounting System. This system will soon be replaced by the IRIS System. (See IRIS.)

ALDER - The ALaska Data Enterprise Reporting (ALDER) Data Warehouse is a statewide reporting system designed to integrate data from multiple systems into a unified environment with a single toolset for simpler and more effective reporting. Current reports access information from AKSAS and the state has begun efforts to include AKAPY (HR/Payroll) and Workplace Alaska (Recruitment) source data into the integrated reporting platform.

Allocation - A subunit of appropriations in an appropriation bill. An agency can move funding freely between allocations within an appropriation. (Also referred to as a component).

Appropriation - Authorization to spend funds for a stated purpose. Appropriations are often subdivided into allocations in the appropriations bill. The Alaska Constitution prohibits payment of money out of the treasury unless authorized by an appropriation.

Authority - The constitutional, statutory, regulatory, or executive requirement that a service be provided by the State. In budgetary terms, authority also means permission to spend money.

Authorized - See Current Year Authorized.

Authorized Position - A position that has been approved by the legislature (i.e., it is included in the authorized budget).

Bargaining Unit - A classification which determines which (if any) organized representation a position is associated with. The current bargaining units are: General Government (GG); Confidential (KK); Labor, Trades, and Crafts (LL); Public Safety (AA); Airport Police and Fire (AP); Correctional Officers (GC); Inland Boatman's Union (MM); Masters, Mates & Pilots (CC); National Marine Engineers' Beneficial Assoc (BB) and Supervisory (SS). Four position groups without collective bargaining representation are: Executive Branch Exempt/Partially Exempt (XE) and Excluded (EE); Legislative Branch (XL) and Judicial Branch (XJ).

Base (Operating) - The prior year's budget less one-time appropriations plus "unavoidable" statewide increases (such as salary adjustments) needed to maintain services at a status quo level.

Benchmark – A standard by which something can be measured or judged. For example, regional or fifty-state averages, “top ten” ratings or nationally recommended performance levels. In the absence of appropriate comparables, the result in a prior “starting point” year or recent multi-year average could be used.

Budget – The plan or authorization for revenues and expenditures for a fixed period of time. The governor must submit an operating, mental health, and capital budget to the legislature by December 15th.

Budget Amendment - A revision to an agency’s budget involving a formal request to change the dollar amount or scope of a project after the operating or capital budgets have been submitted to the legislature. Governor’s budget amendments are due to the legislature by the 30th day of the legislative session. Legislative amendments occur throughout the budget process.

Budget Request Unit (BRU) – A group of program activities (or allocations), organized to achieve a specific goal. These typically correspond to divisions within a department. BRUs were replaced with Results Delivery Units (RDUs) in FY05.

Budget Structure – The organization of a budget bill into appropriations and allocations. The budget structure limits where funding can be spent; funding can be transferred between allocations within an appropriation but cannot be transferred freely across appropriation lines.

Budget Year - The fiscal year for which the budget is being prepared (July 1 through June 30).

Capital Budget - A plan for the distribution of state financial resources for items which have an anticipated life that exceeds one year and which usually costs at least \$25,000. Capital budget appropriations lapse only if funds remain after the project is completed.

Capital Improvement Project (CIP) – A project listed in the capital budget. A project may include major expenditures for land acquisition, construction and structural improvements, one-time studies, and equipment purchases where the total project budget generally equals or exceeds \$25,000. Please refer to AS 37.07.120(4).

Capital Project Status Report (CPSR) - A report prepared annually by OMB that contains the status of currently authorized capital projects.

Carryforward – The amount of unspent money an agency is allowed to carry forward from one fiscal year to the next.

Capital Outlay (previously called Equipment)– Proposed expenditures for the purchase of durable items with a unit value between \$5,000 and \$25,000. Line 500 on the allocation detail pages, Governor’s Budget Request Books, and Conference Committee Books.

Certificates of Participation (COPs) – Certificates of participation in rent are similar to lease revenue bonds. The certificates represent fractional interests or share in lease payments from lessees and are sold to finance construction or purchase of leased facilities. The issuer can be a private developer, public agency, or other party acting as lessor.

Commodities (previously called Supplies)- Proposed expenditures for the purchase of items normally consumed or expended within one year of being acquired or equipment purchases valued under \$5,000. Line 400 on the allocation detail pages, Governor’s Budget Request Books, and Conference Committee Books.

Component – See Allocation.

Concurrent Resolution - A formalized motion reflecting the will, wish, view, or decision of both houses speaking concurrently.

Conditional Language – Language that sets limits or conditions on an appropriation or allocation in the numbers section of an appropriation bill. Conditional language has the force of law.

Conference Committee Books (CC Books) – Post-session publications produced by the Legislative Finance Division providing a detailed summary of each state agency’s operating budget at the individual allocation level.

Contractual Services (“Services”) - Proposed expenditures for services provided by a 3rd party including communications, printing and advertising, utilities, repairs and maintenance, equipment rentals and lease/purchases, judicial expense, professional services, and data processing chargeback costs. Line 300 on the allocation detail pages, Governor’s Budget Request Books and Conference Committee Books.

Constitutional Budget Reserve Fund (CBRF) - Article IX, Section 17 of the Alaska Constitution, which became effective on January 2, 1991, established the CBRF as a separate fund in the state treasury, provided for deposit of proceeds of certain tax and mineral revenue disputes into the CBRF, established limitations on the legislature’s ability to appropriate money from the fund, and required that sums withdrawn from the fund be repaid.

Current Year Authorized (“Authorized”) - Funding appropriated by the legislature as adjusted by vetoes, fiscal notes, language items, special appropriations and adjustments for carryforward.

Dedicated Funds - Funds that are classified as “other” because they are limited to a specific purpose by the Constitution or by federal law. Funds that are dedicated solely by virtue of their dedicated status prior to the drafting of the State Constitution are classified as designated general funds because the legislature may change the stated purpose at any time.

Designated General Funds - Includes all non-federal, non-other fund codes that are designated for a specific purpose by statute. The legislature traditionally complies with designations, but may use these funds for any purpose at any time.

Detail Budget Books (also called Governor’s Budget Summary) - Contains detailed information for each agency’s budget request. Includes agency overview, RDU overviews, allocation goals and objectives, formula funded program calculations, personal services detail, organizational charts, line item detail and revenue information.

Discretionary Capital Projects - Projects included in the capital budget by the legislature to address district priorities.

Duplicated Funds - Duplication occurs when money is appropriated more than once. For example, an appropriation of Interagency Receipts to one agency may be backed by an appropriation of general funds to another agency, making the Interagency Receipts an example of duplicated funds. The fund code clarification project of FY 2010-2011 greatly reduced the number of duplicated funds. Duplicated funds typically appear in budget reports prepared by the Legislative Finance Division.

Effective Date - The date on which an act takes effect. Unless otherwise specified in the law itself, the effective date is 90 days after enactment.

Engrossment - The preparation of an exact and official copy of a measure in the house of origin, along with amendments and proper signatures, before transmitting the measure to the other house.

Enrolled Bill - The final copy of a bill as approved by the legislature before transmittal to the governor.

Equipment - See Capital Outlay.

Executive Budget Act - The statute (AS 37.07) that establishes a system for state program and financial management that enables the governor and the legislature to plan and finance the services which they determine the State will provide for its citizens.

Executive Order - An order by the governor that has the force of law and makes changes in the organization of the executive branch or the assignment of agency functions. Executive Orders may be disapproved by the legislature meeting in joint session.

Federal Medical Assistance Participation (FMAP) - The federal share of payments for eligible Medical Assistance services. The share is also applied to Alaska Temporary Assistance Program and foster care maintenance

reimbursement. The FMAP rate is based on a formula driven by each state's per capita income and ranges from 50-83 percent.

Federal Receipts - Funds received by the State from the federal government to support expenditures made by state programs. The legislature appropriates federal funds along with other state funds.

Fiscal Note - An itemization of the estimated costs of proposed legislation, beyond those included in an agency's regular budget submission. Fiscal notes are usually prepared in conjunction with new bills and must be appropriated (usually in the operating budget) before funds may be spent.

Fiscal Year - The period of time over which the state budgets and accounts for funds. The state fiscal year begins on July 1 each year and ends on June 30 of the following year.

Formula Funded Program - A program with certain eligibility standards which provides that any person, group or place meeting those standards may receive a given level of benefits. The standards and benefits must be based in statute and/or regulations.

Fund - A sum of resources constituting a separate accounting entity created and maintained for a particular purpose and having transactions subject to legal or administration restrictions. All funds are managed by the Division of Finance in the Department of Administration. This term is distinguished from the term "funding" or "funds" which usually refers to the amount of dollars contained in a fund.

Funding Sources - Numeric codes used in the budget process to indicate the source of revenue from which expenditures will be supported. The most common funding sources are federal receipts, general fund match, general fund, interagency receipts, and general fund/program receipts.

Funds - Generic term describing all funding sources which support state government and its activities.

General Fund - The general fund is the state's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

General Funds - The overall category of funding sources that are non-federal and are not included in the "Other" funds group.

General Obligation Bonds - Bonds backed by the full faith and credit of the issuing government.

Goal - The condition (external to the program) which a unit or agency intends to achieve through its activities. A goal statement will tell the reader why an agency is in business.

Governor's Operating Budget Request Books (or Subcommittee Books) - Publications produced by Legislative Finance Division providing a detailed summary of the Governor's Operating Budget Request for each state agency at the individual allocation level. These publications are typically used as working documents by House and Senate Finance subcommittees.

Grants/Benefits - Funds disbursed by the state to units of local government and to individuals in payment of various benefits and claims. Types of grants include: Designated, Municipal, Named Recipient, Unincorporated, Competitive, Grants to Individuals, etc. Line 700 on the allocation detail pages, Governor's Budget Request Books and Conference Committee Books.

House District (formerly called Election District Report) Report - A report prepared annually by Legislative Finance Division that sorts capital projects and reappropriations by election district and contains historical information on capital funding.

Indirect Costs - Expenditures that cannot be directly charged to the program providing services. Indirect costs can be thought of as an overhead expense.

Intent - See Legislative Intent.

Interagency Receipts - Funds received from another state agency or from a separate appropriation within a state agency as a result of a contract for services. The contracted services must be beyond the expertise, capacity, or function of the contracting agency. Most interagency receipts stem from Reimbursable Services Agreements. Interagency receipts are funding sources for expenditures and may be budgeted or unbudgeted.

Interagency Transfers - Funds transferred to another state agency or between appropriations as payment for a service. For every dollar budgeted for interagency transfers, a corresponding dollar should be budgeted as interagency receipts in the receiving agency/allocation. Interagency transfers are a type of expenditure that is made to another state agency as opposed to the private sector. Interagency transfers are not a funding source in a budget but simply indicate that budgeted funds will be spent by another state agency. Interagency transfers are a "non-add" item on the budget forms, meaning they do not affect total expenditures or funding sources.

IRIS - The Integrated Resource Information System (IRIS) Project is a statewide effort to implement a new accounting, financial, procurement, payroll and human resource management software solution for the State of Alaska. IRIS will soon replace AKSAS.

Land/Buildings - Proposed expenditures for all acquisitions of or additions to land and buildings which will not exceed \$25,000 per project. Line 600 on the allocation detail pages, Governor's Budget Request Books and Conference Committee Books. This expenditure code is no longer active.

Language Section - Appropriation items contained in the narrative section of the budget bill. These items generally include program and federal receipt language, debt service, fund transfers, loan balances returned to the general fund, loan fund appropriations, and other special items.

Lapse - The expiration of the authorization to spend funds. Unexpended or unobligated funds lapse.

Legislative Audit Division - An office that serves the Legislative Budget and Audit Committee with nonpartisan staff. The staff conducts performance post-audits and completes audits, reports and studies as requested by the Legislative Budget and Audit Committee.

Legislative Finance Division - An office that serves the Legislative Budget and Audit Committee and two standing finance committees with a nonpartisan staff. The staff's responsibilities include analysis of budget submissions, revenue requirements, comprehensive budget review, fiscal analysis, and review of revised programs.

Legislative Intent ("Intent") - A stated goal of the legislature in enacting legislation. Intent does not have the force of law, but it may be used to interpret statutory language.

Line Item - Expenditure object codes identified on the allocation detail pages, Governor's Budget Request Books and Conference Committee Books. Maintains consistency with accounting system.

Maintenance of Effort (MOE) Requirements - A requirement by the federal government that the State continue funding the program at a certain level (usually the same funding level as in the current or prior year) in order to receive federal funds.

Management Plan - Authorized level of expenditures at the beginning of the fiscal year plus adjustments to allocations within appropriations made at an agency's discretion. This may include position adjustments – adding or deleting positions with no changes to the allocation funding level.

Miscellaneous - This line item is used for expenditures that are not specifically covered by other line items. This includes state debt service payments and unallocated reductions or additions. Line 800 on the allocation detail

pages, Governor's Budget Request Books and Conference Committee Books.

New Position - A new position is one not previously authorized by the legislature.

Nonpermanent Position - There are four types of statutory nonpermanent positions: (1) Substitute: A nonpermanent appointment to a position which is temporarily vacated by a permanent employee on leave. Appointments are limited to the duration of the incumbent's leave or an earlier specified date. (2) Normal: An appointment to complete a given work assignment which does not exceed 120 calendar days in a twelve-month period in one department. (3) Project: Appointments made for the duration of a specified project that is not a regular and continuing function of a department and that has an established probable date of termination. (4) Program: Appointments to nonpermanent positions of a limited duration created primarily to help the employee. Interns are in this category.

OMB - See Office of Management and Budget.

Objective - An intermediate step toward achieving a goal. It must specify a measurable change in the current status of a condition affecting people or places in Alaska (external to the program providing services) within a specific time period. An objective tells the reader what is going to be accomplished.

Office of Management and Budget (OMB) - An office within the Office of the Governor which assists the governor in determining the allocation of state resources and management of state programs. OMB is responsible for preparing the governor's budget.

Open-Ended Appropriation - An appropriation in which the level of funding necessary (but not specified) to fulfill an obligation is made available in the fiscal year. Budget documents will typically show an estimate of the amount expected to be spent. An example of this is standard language appropriating federal funds for fire suppression.

Operating Budget - A plan for the yearly distribution of state resources to cover the ongoing operations of state programs. Operating budget appropriations are typically made for a fiscal year and any unexpended or unobligated funds lapse, or revert, to the general fund at the end of the fiscal year.

Other Funds - The "other" fund group contains fund codes over which the legislature has limited discretion (such as bonds and debt service). Other funds includes all fund codes that are not included in the federal or general funds groups.

PCN - See Position Control Number.

Performance Planning and Evaluation Process

- A planning, budgeting and evaluation process which begins with the development of goals and operating policies by the governor and his cabinet. The agencies develop goals and objectives congruent with the governor's goals, and the budget request units develop more specific goals, objectives, and performance measures (the operational plan) to carry out the agency goals. Following legislative and gubernatorial approval, performance measures are adjusted as needed and the budget is implemented. Finally, performance reports provide feedback in developing the next fiscal year's performance plan.

Permanent Full-Time (PFT) Position - A continuing position to be filled twelve months a year with a normal work schedule of 30 or more hours per week. The only exception is for educational institutions which operate only nine months per year.

Permanent Part-Time (PPT) Position - A continuing position to be filled twelve months a year with a normal work schedule of 30 hours or less per week.

Permanent Seasonal Position - A position required each year that is to be filled less than twelve months per year. Seasonal positions are also designated as full-time or part-time, depending upon the number of hours worked within a work week. On budget forms

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that show only permanent full-time and permanent part-time positions, seasonal positions should be included in the total for permanent part-time positions.

Personal Services - Proposed expenditures for the staffing costs of the budget request unit or allocation. The costs include salaries, premium pay and benefits for all permanent and non-permanent positions. Line 100 on the allocation detail pages, Governor's Budget Request Books and Conference Committee Books.

Personal Services Module - An ABS computerized calculation and report system for all positions and personal services costs.

Position - An authorized Position Control Number (PCN) for which there are specific duties that require the full-time or part-time services of one person (except where job sharing is approved). A position may or may not be filled. Therefore, a position is not equivalent to an employee.

Position Control Number (PCN) - A four to six-character code identifying a position. PCNs for authorized positions are assigned by the Division of Personnel. Exempt positions usually contain "X" and exempt temporary positions usually contain "T" in the first character of the PCN. The Personal Services Module identifies new position requests and positions which are not authorized, by using a non-numeric character such as "N" or "#" as the first character, and assigns a sequential number, e.g. N123 or #123. If the new position is authorized by the legislature, the Division of Personnel will assign an authorized number when it is filled. Occasionally, a position will contain a "?" as the first character, this identifies a new position that has not been established through the Division of Personnel but has been authorized by the legislature.

Position Count - A tally of the number of positions or PCNs in an allocation or RDU by time status (such as full-time or part-time/seasonal).

Prior Year Actual - The actual, unaudited operating budget expenditures of the prior fiscal year, including supplementals, RPLs, encumbrances, and unbudgeted RSAs. Each department includes actual expenditures as part of its budget submittal.

Prior Year Authorized - The funds appropriated by the legislature and adjusted by the governor's veto or funding reduction decisions for the year preceding the current year.

Program Budgeting - The allocation of resources to groups of activities designed to accomplish similar goals regardless of which agency or division administers the programs or activities.

Project - An activity with a specific purpose designed to be accomplished within a specific time period. Projects may refer to a budgeting item in either the operating or capital budget.

RSA - See Reimbursable Services Agreement.

Range - A part of the salary schedule which indicates the amount of money paid per month to specific job classes. Changes in range are vertical movements up or down on the salary schedule, as opposed to step changes, which are horizontal movements within the same range.

Rate - The level of benefits that will be distributed to qualified recipients of a formula funded program for a specific time period.

Ratification - Appropriations for unauthorized expenditures made in a closed fiscal year.

Reading - Refers to the three stages of the legislative process:

First Reading - Formal introduction by the clerk or secretary reading aloud the measure number, title, and sponsor. Committee referrals are made at this time.

Second Reading - The measure is returned to the floor of the House with a committee report. Debate is limited to amendments.

Third Reading - The measure is before a house for debate and final passage on a roll call vote. Amendments cannot be made in third reading; the measure must be returned to second reading for an amendment.

Referral - The sending or referring of a bill or other matter to a committee or committees for consideration and report.

Reimbursable Services Agreement (RSA) - An agreement or contract between two state agencies (or between appropriations within one agency) where one agency provides a service and the other agency provides funds in payment for the service. An RSA is allowed only when the requesting agency does not have the skills, expertise, or capability to carry out the necessary work or service. See also Interagency Receipts.

Repeal/Reappropriation ("Reappropriation") - Changes to a previously authorized appropriation to reflect a change in title or purpose, or to utilize a lapsing balance for a new project or purpose. Although reappropriations typically occur for capital projects, it is not uncommon to reappropriate operating appropriations.

Resolution - Expression of the will, wish, or direction of the legislature. A resolution does not have the effect of law.

Restricted Funds - Appropriations that are restricted to the lower of the amount appropriated or the amount of revenue available for the activity.

Retirement System - The system administered by the Division of Retirement and Benefits in the Department of Administration which pays state employees for their service by providing them with monthly retirement payments. The retirement systems are: Public Employees Retirement System (PERS), Elected Public Officers Retirement System (EPORS), Fireman-PERS, Peace Officer-PERS, the Teacher's Retirement System, (TRS), the Unlicensed Vessel Participant Annuity Retirement Plan (UVPARP), the Judicial Retirement System (JRS), and the National Guard and Naval Militia Retirement System (NGNMRS).

Revenue Bonds - Bonds on which the principal and interest are to be paid solely from money generated by the project they finance.

Revolving Fund - Funds established in law in which revenue (including loan payments) is credited back to the fund for the same use as the original appropriation.

Results Delivery Unit (RDU) - A group of allocations or program activities combined to achieve a specific goal.

Revised Program - A request to adjust approved funding by line item or between allocations within an appropriation that must be approved by the Office of Management and Budget. A request for additional authorization to receive and expend funds beyond budgeted authority requires the approval of the Legislative Budget and Audit Committee. See Revised Program/Legislative (RPL).

Revised Program/Legislative (RPL) - A request to increase budget expenditure authorization as a result of the availability of new or additional revenues from federal or other sources which are earmarked for specific uses and purposes. This type of Revised Program requires review by the Legislative Budget and Audit Committee.

Session - A meeting of the legislature; or the period during which the legislature conducts meetings for enactment of laws, between convening and final adjournment. The legislature convenes each year on the third Tuesday in January. Each legislature has a duration of two years, consisting of the "First Regular Session" and the "Second Regular Session."

Special Session - May be called by the governor or by two-thirds vote of the legislature and is limited to 30 calendar days. A special session called by the governor is limited to the subjects presented by the governor in the call.

State Funds - All non-federal funds.

Step - A horizontal movement within a range across the salary schedule.

Summary of Appropriations - A publication produced by Legislative Finance Division following each regular legislative session that includes all appropriations bills passed by the Legislature and enacted into law. The publication provides summary reports for operating, debt service, capital, loans, supplementals, and special appropriations.

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Supplemental - Authorization by the legislature to spend or commit additional funds for the current or prior fiscal year to cover deficiencies. Deficiencies in funding for a program may be due to a law enacted after the transmission of the budget, public interest, audit exceptions, over-expenditure or anticipated over-expenditure, or other emergency or unforeseen circumstance. An agency must be able to demonstrate actions taken to run the program within the existing budget, the inability to transfer other funds within the department to cover the shortfall, and how the supplemental is in the best interest of the State.

Supplies - See Commodities.

Temporary Assistance for Needy Families (TANF)- The federal program that replaced the Aid to Families with Dependent Children program when it was eliminated and replaced with passage of welfare reform in 1996.

Tobacco Settlement - Ongoing payments that are deposited into the state's general fund as a result of the tobacco settlement agreement reached in 1998. Eighty percent of Alaska's settlement is used to retire "tobacco bonds" and twenty percent is used for tobacco education and cessation programs.

Transaction - An individual entry into the Legislative Finance budget system, which produces appropriations bills. A transaction indicates fund source, amount, line item, and purpose for each entry.

Travel - Proposed transportation and per diem expenditures incurred while traveling on authorized state business and proposed expenditures associated with the moving or relocation of an employee. Line 200 on the allocation detail pages, Governor's Budget Request Books and Conference Committee Books.

Unbudgeted RSA - Usually a first-time or one-time contractual agreement between two state agencies (or between appropriations within one agency), including the University of Alaska and independent commissions, where one agency provides a service and the other agency provides funds in payment for the service. The need for the specific service was not anticipated and, therefore, not included in the agency budget requests.

Uniform Rules - Rules adopted by both houses sitting in joint session, setting out uniform procedures for enacting bills into law and adopting resolutions; required by the Alaska Constitution, Article II, Section 12.

Unrestricted Revenue - Revenue accruing to the State which has not been appropriated by the legislature as expenditures for a specific program. The revenue is credited to a fund and may be used for any purpose permitted by the fund. Departments report their unrestricted revenues in the detail budget books.

Vacancy Factor - The percentage by which personal services are purposely underfunded. Minimum and maximum vacancy factors are suggested by OMB and increase with the number of full-time positions.

Wordage - Clarifying language that is inserted in the numbers section of an appropriation bill. Wordage in an appropriations bill is typically conditional language or intent language.

Questions?

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