

State of Alaska FY2003 Governor's Operating Budget

**Office of the Governor
Office of Management and Budget
BRU/Component Budget Summary**

BRU/Component: Office of Management and Budget

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

Contact: Annalee McConnell, Director

Tel: (907) 465-4660 **Fax:** (907) 465-3008 **E-mail:** Annalee_McConnell@gov.state.ak.us

Component Mission

To improve the effectiveness and efficiency of state government by providing budgetary, policy development, management and auditing services to the Governor and state agencies.

Component Services Provided

Develop the Governor's annual budget and work through the budget process with agencies and the legislature.

- Generate and analyze fiscal projections.
- Coordinate inter-departmental financial issues and fiscal notes.
- Implement the budget throughout the year including managing budget modifications, reviewing internal service rates, and supporting the statewide computerized Alaska Budget System.
- Provide policy analysis and support to the Governor.
- Oversee state single audit requirements.
- Coordinate distribution of Americans with Disabilities Act (ADA) capital improvement funds.
-

Component Goals and Strategies

- 1) Work toward a long-term plan to balance the budget.
 - Work with the Legislature, business groups, and the public to evaluate how best to balance the budget with a variety of fiscal tools.
 - Control expenditures while improving the effectiveness of key state services.
 - Work with the Legislature to resolve long-term capital needs, especially for school construction and deferred maintenance of schools and state facilities.
- 2) Improve public understanding of the state budget.
 - Provide timely information and projections to the Governor, agencies, Legislature and public.
 - Make budget information more accessible and meaningful to the public with a web-based Governor's Budget and timely updates throughout the session.
 - Provide a comprehensive view of budget policy issues by coordinating multi-agency testimony at legislative hearings and other public meetings.
- 3) Continue to make the state budget process more effective and efficient.
 - Expand the use of results-based budgeting to improve policy evaluation and decision-making.
 - Focus budget information and discussion on key policy issues.
 - Coordinate interdepartmental budget initiatives to address issues such as child protection and alcohol control and treatment.
- 4) Improve access to state buildings for persons with disabilities.
 - Continue to make all state programs and services accessible through program accommodations to persons with disabilities.
 - Continue removing physical barriers to access in state buildings as funds are appropriated.
 -

Key Component Issues for FY2002 – 2003

- Regardless of the price of oil, the state needs a long-range fiscal plan which balances the budget while maintaining stability for the Alaska economy and reliable services for Alaskans.
- The growing backlogs of school construction and deferred maintenance for schools and state facilities must be addressed with a plan that provides long-term financing.

Further work is needed to implement more effective results-based budgeting and decision making.

- The Alaska Public Building Fund program should be expanded to include additional state facilities. The program
- incorporates the cost of facility maintenance and operations into agencies' operating budgets and brings in non-general fund dollars where appropriate. Additional funds will still be needed to fix the deferred maintenance backlog.

Major Component Accomplishments in 2001

- Expanded information on the OMB web site (www.gov.state.ak.us/omb/akomb.htm) to include detailed narrative and financial information about department budgets at the division (budget request unit) and program (component) levels. Coordinated development and implementation of the inter-agency budget proposals which emphasized child protection, children's health, and quality education.
- Improved and reorganized the use of performance measures in department budgets and key indicators in major interdepartmental program areas.
- Simplified data entry and expanded functionality for the statewide Alaska Budget System, which all the departments use to prepare their budgets.
- Developed a new operating budget instruction manual for the Alaska Budget System to assist agencies in their use of the system.
- Developed scheduled upgrade versions of the Alaska Budget System to expand functionality to meet the needs of agency and department users of the system.
- Improved access to fiscal notes for legislation by implementing a process to prepare fiscal notes electronically and make them available over the Internet on the Legislature's bill status system.
- Notified recipients of state financial assistance of audit requirements before the due date and worked with granting agencies resolved audit findings within the required timeframe.

Statutory and Regulatory Authority

AS 37.010 & .040, AS 37.06, AS 44.19.145

Key Performance Measures for FY2003

Measure:

Performance measures in departments' budgets are integrated with trend data available from departments to facilitate both the development of performance measures in the future, as well as the assessment of whether performance has achieved the target levels.

Alaska's Target & Progress:

The Governor's Executive Budget Summary (EBS) for FY1997 included a few key performance measures for each department. One of the FY97 measures was for OMB to design and implement a new statewide budget system. Performance measures are now an integral part of the budget system. Three years ago, the legislature began working on missions and performance measures with departments. At the same time, the executive branch was expanding its use of performance measures as well as targeting their use to program areas where tracking progress, or the lack of it, is vital. To help bring focus to the goals and objectives of the Governor and the legislature, the reporting of performance measures in the Alaska budget system was simplified. The most significant Governor's performance measures are now presented at the department level in budget submissions, all legislative performance measures are presented at the budget request unit level. Performance measures are not repeated at the component level.

Benchmark Comparisons:

Other states vary in the number of key performance measures they track. Several that started with hundreds of measures eventually reduced the number to focus on the most important areas. The State of Alaska has gone through this process as well, and is also simplifying and reorganizing its use of performance measures. The purpose is so measures of special concern to lawmakers, the public, and agencies can be easily identified and tracked, as well as linked to broader indicators of change in selected program areas.

Background and Strategies:

In FY 2003, the use of performance measures will be taken a step farther, to link the assessment of performance as proposed in the budget to the use of trend indicator data which will help evaluate the degree to which progress has been accomplished. One aspect of this will be integration with the Department of Community and Economic Development's outstanding new online Alaska Economic Information System (currently in prototype development). With these new tools, trend indicator information will be much more easily available to the public and agencies.

In FY 2003, the use of performance measures will be taken a step farther, to link the assessment of performance as proposed in the budget to the use of trend indicator data which will help evaluate the degree to which progress has been accomplished. One aspect of this will be integration with the Department of Community and Economic Development's outstanding new online Alaska Economic Information System (currently in prototype development). With these new tools, trend indicator information will be much more easily available to the public and agencies.

Other states have learned that the process develops best when the executive and legislative branches work together to identify areas needing measures, agree on data needs and constraints, set targets for improvement that are aggressive but achievable, and adjust targets if necessary to meet the funding levels which are ultimately appropriated. The Knowles/Ulmer Administration is committed to working with the legislature to continue establishing viable performance measures and using the results to help evaluate budget needs and program effectiveness.

Measure:

100% of granting agencies and grantees will be notified of audit requirements at least 3 months before single audits are due.

Alaska's Target & Progress:

A database is used to identify which state and/or federal grant recipients are required to have single audits and whether the audits contain findings and questioned costs. In FY2002 all grantees required to have a single audit will be notified of this requirement in sufficient time to have their audit conducted and submitted by the due date. Follow-up by OMB on audits with findings and questioned costs takes place on a monthly basis.

Benchmark Comparisons:

OMB has caught up with a significant backlog of audit reviews. Comparative information on other state's timeframes has not been gathered.

Background and Strategies:

As the state coordinating agency for single audits, OMB must ensure that entities expending \$300,000 or more per fiscal year in state financial assistance have an audit submitted within 9 months after the fiscal year end. Audit findings and questioned costs must be resolved by agencies within 6 months of the receipt of final audits.

As a recipient of federal financial assistance, OMB must ensure that the State's subrecipients of federal financial assistance submit federal single audits within 9 months after the fiscal year end. Audit findings and questioned costs must be resolved by agencies within 6 months of the receipt of final audits.

OMB has streamlined the compilation of financial information so recipients are notified of audit requirements at least 3 months before the audits are due. OMB is closely tracking audits with findings and questioned costs to ensure that the granting state agencies are monitoring the resolution process.

**Office of Management and Budget
Component Financial Summary**

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,544.5	1,656.0	1,543.5
72000 Travel	4.6	7.0	7.0
73000 Contractual	42.8	84.5	84.5
74000 Supplies	7.6	9.0	9.0
75000 Equipment	8.3	5.0	5.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,607.8	1,761.5	1,649.0
Funding Sources:			
1004 General Fund Receipts	1,521.7	1,761.5	1,649.0
1007 Inter-Agency Receipts	51.7	0.0	0.0
1053 Investment Loss Trust Fund	8.6	0.0	0.0
1108 Statutory Designated Program Receipts	25.8	0.0	0.0
Funding Totals	1,607.8	1,761.5	1,649.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Interagency Receipts	51015	51.7	0.0	0.0	0.0	0.0
Statutory Designated Program Receipts	51063	25.8	0.0	0.0	0.0	0.0
Restricted Total		77.5	0.0	0.0	0.0	0.0
Total Estimated Revenues		77.5	0.0	0.0	0.0	0.0

Office of Management and Budget

Proposed Changes in Levels of Service for FY2003

No service changes.

Summary of Component Budget Changes

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	1,761.5	0.0	0.0	1,761.5
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	35.0	0.0	0.0	35.0
-Transfer Postions to Executive Office to Implement the Millennium Agreement	-147.5	0.0	0.0	-147.5
FY2003 Governor	1,649.0	0.0	0.0	1,649.0

Office of Management and Budget

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	22	20	Annual Salaries	1,200,329
Part-time	0	0	COLA	42,878
Nonpermanent	0	0	Premium Pay	516
			Annual Benefits	385,164
			<i>Less 5.24% Vacancy Factor</i>	<i>(85,387)</i>
			Lump Sum Premium Pay	0
Totals	22	20	Total Personal Services	1,543,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Admin Support Technician	0	0	2	0	2
Analyst Programmer IV	0	0	1	0	1
Analyst/Programmer III	0	0	1	0	1
Chief Analyst	0	0	1	0	1
Chief Budget Analyst	0	0	1	0	1
Director of OMB	0	0	1	0	1
Executive Secretary II	0	0	1	0	1
Internal Auditor	0	0	1	0	1
Internal Auditor III	0	0	1	0	1
Policy Analyst	0	0	1	0	1
Program Budget Analyst IV	0	0	2	0	2
Program Budget Analyst V	0	0	5	0	5
Senior Analyst	0	0	1	0	1
Senior Economist	0	0	1	0	1
Totals	0	0	20	0	20