



BUDGET CYCLE

DEPARTMENT OF CORRECTIONS

September 23, 2020



ALASKA CONSTITUTION

- Article 9 – Finance and Taxation

- § 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.”*

- § 13. Expenditures

- *“No money shall be withdrawn from the treasury except in accordance with appropriations made by law.”*



Budget in State Law

- Alaska Statute 37.07 Executive Budget Act:
 - *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.*



Confidential & Deliberative Process

- The budget development process, similar to the Legislative proposal process, is confidential. Only those items that are reflected in the Governor's Budget may be discussed publicly, but only after the release of the budget information.
- Items not approved to be incorporated remain confidential as part of the deliberative process and may not be discussed.



In the Beginning...

- The budget cycle begins in late July and early August of each year. This is the first step in establishing the succeeding fiscal year's budget.
- Leadership first develops “big picture” items – significant changes in the agency's budget from the prior fiscal year operating budget appropriations. These items are reviewed with the Governor's Office (OMB). Approved items are then submitted in the Governor's Budget Request, which is publicly released on December 15th.

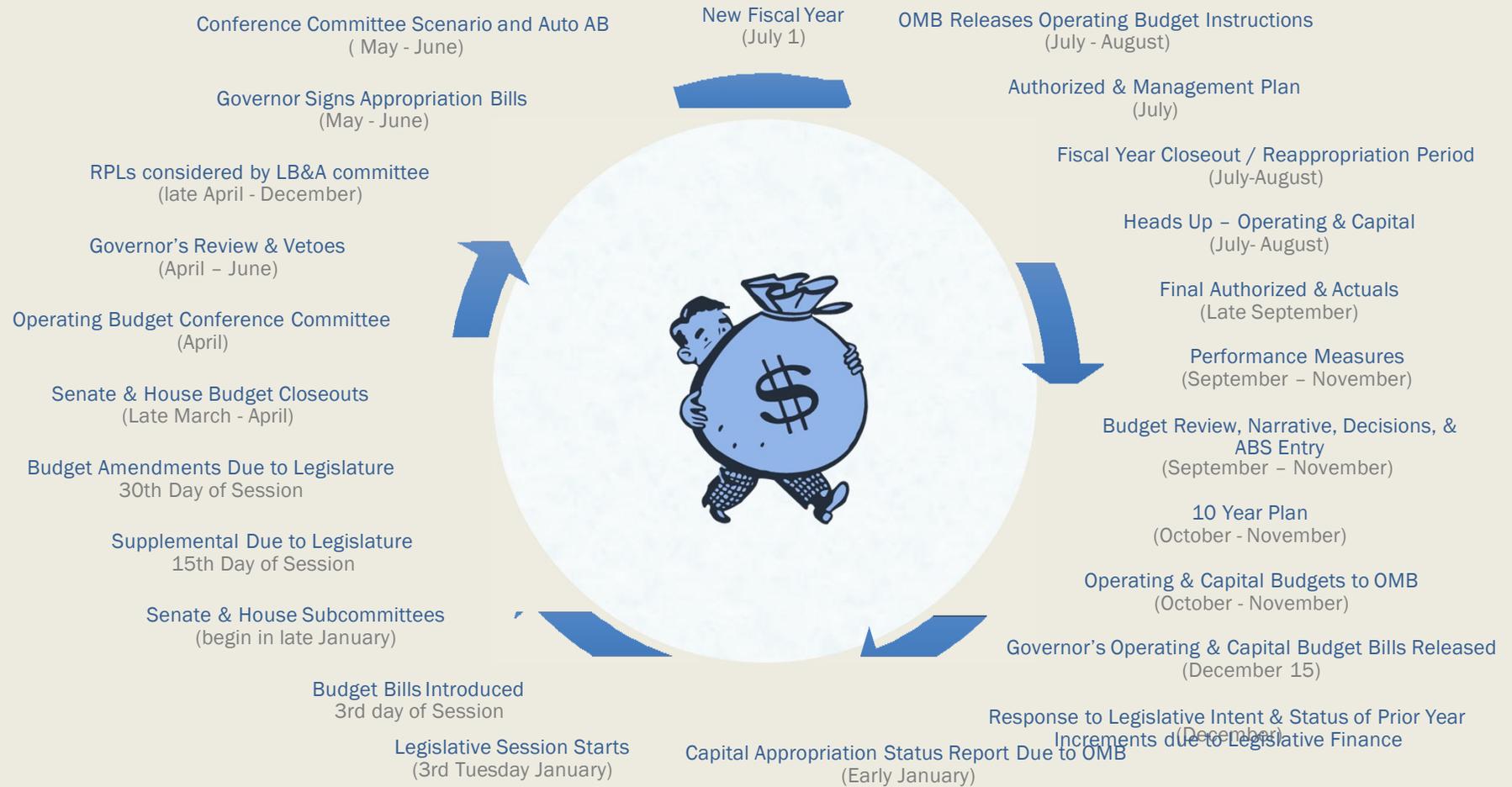


How long is the Budget Cycle?

- Each Fiscal Year (FY) has a 15 month cycle
 - *Starts on July 1*
 - *Concludes on June 30*
 - *Department closeout is complete by August 31*
 - *Division of Finance closeout is complete on or around September 30*
- Each budget request cycle has a 12 month cycle
 - *Budget requests are developed in the department starting in late July*
 - *The Governor's budget is released December 15*
 - *The legislature reviews and passes a budget in the spring*
 - *That budget goes into effect on July 1*
 - *The department completes Management Plan to update the budget to reflect the spending plan in July*



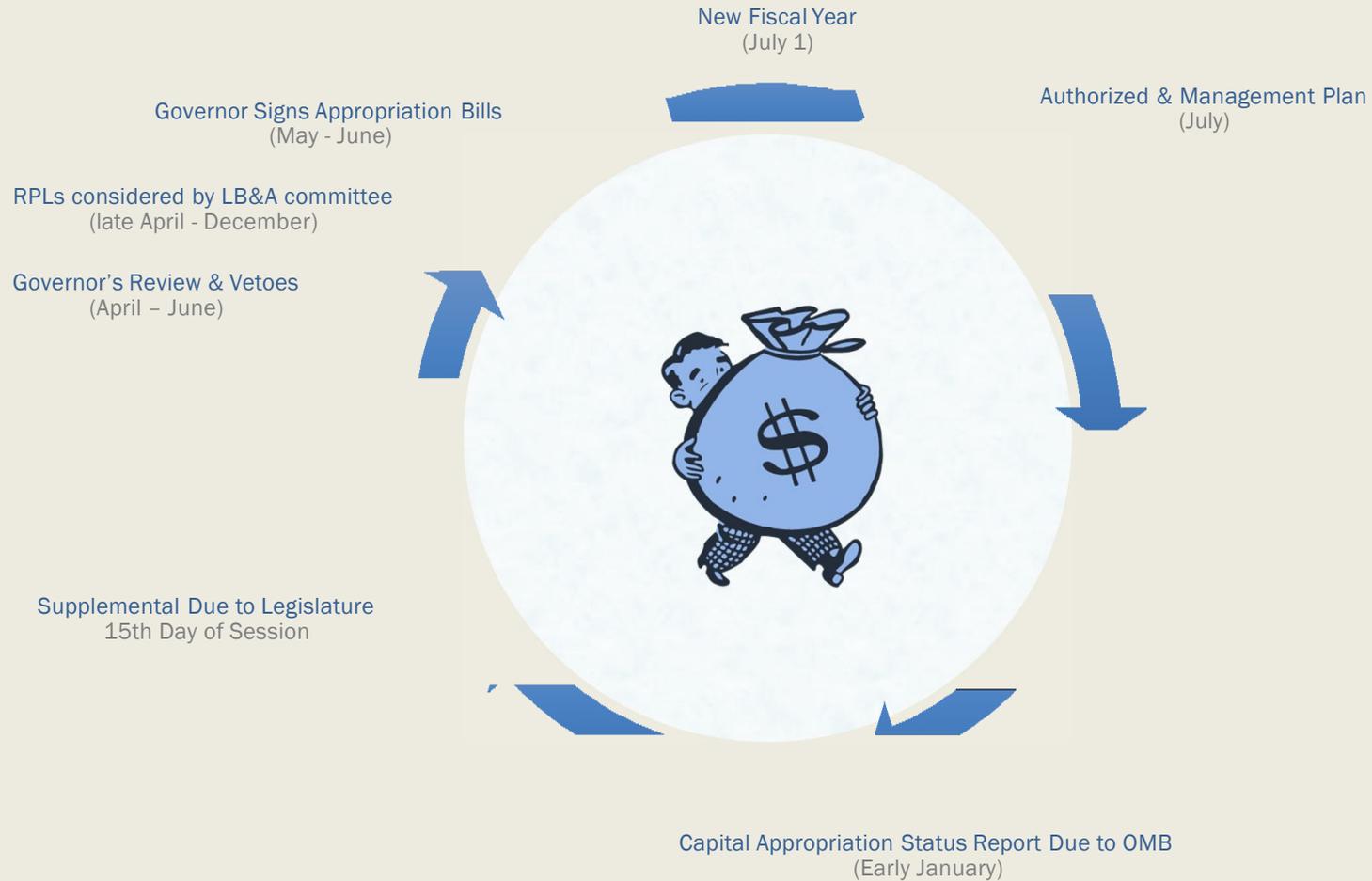
Operating Budget Cycle – 90-Day Session





Operating Budget Cycle – 90-Day Session

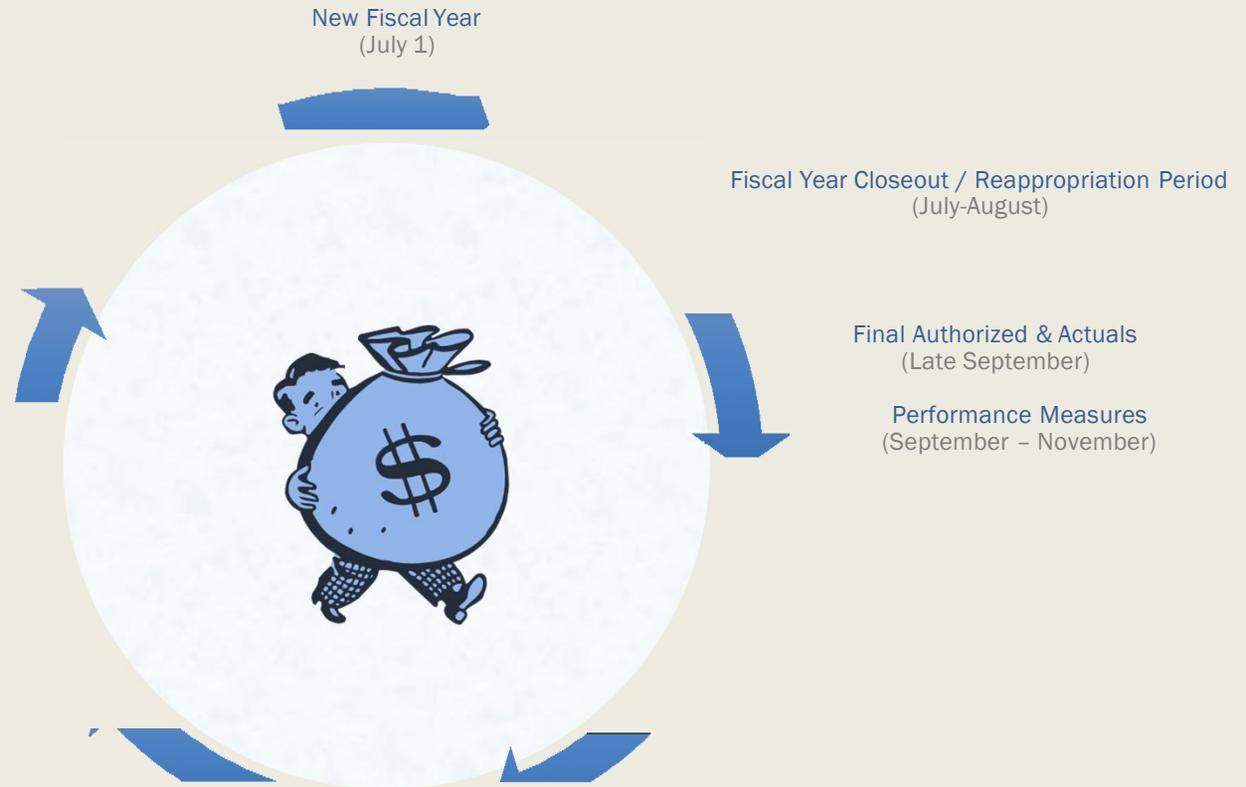
Current Fiscal Year Activities





Operating Budget Cycle – 90-Day Session

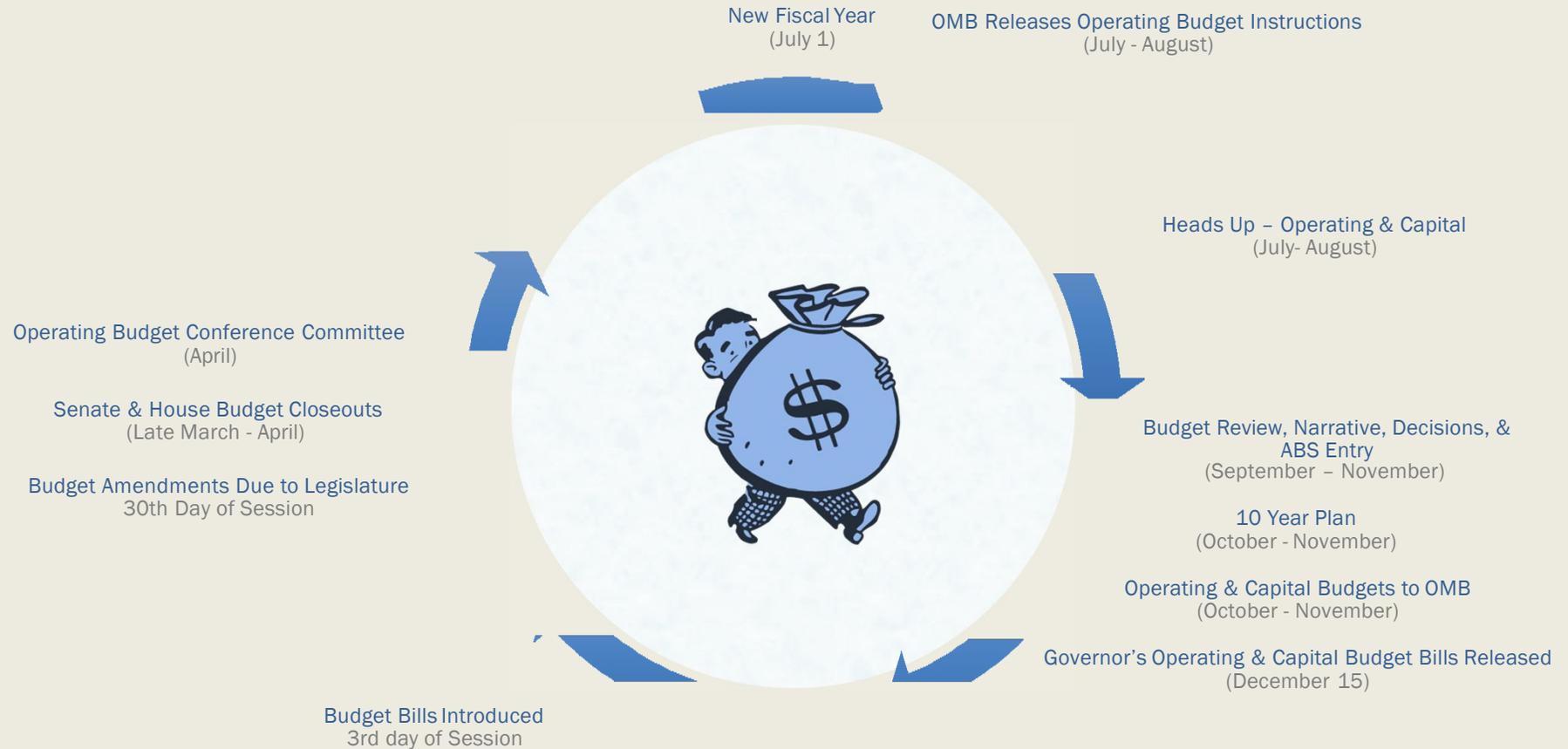
Prior Fiscal Year Reporting





Operating Budget Cycle – 90-Day Session

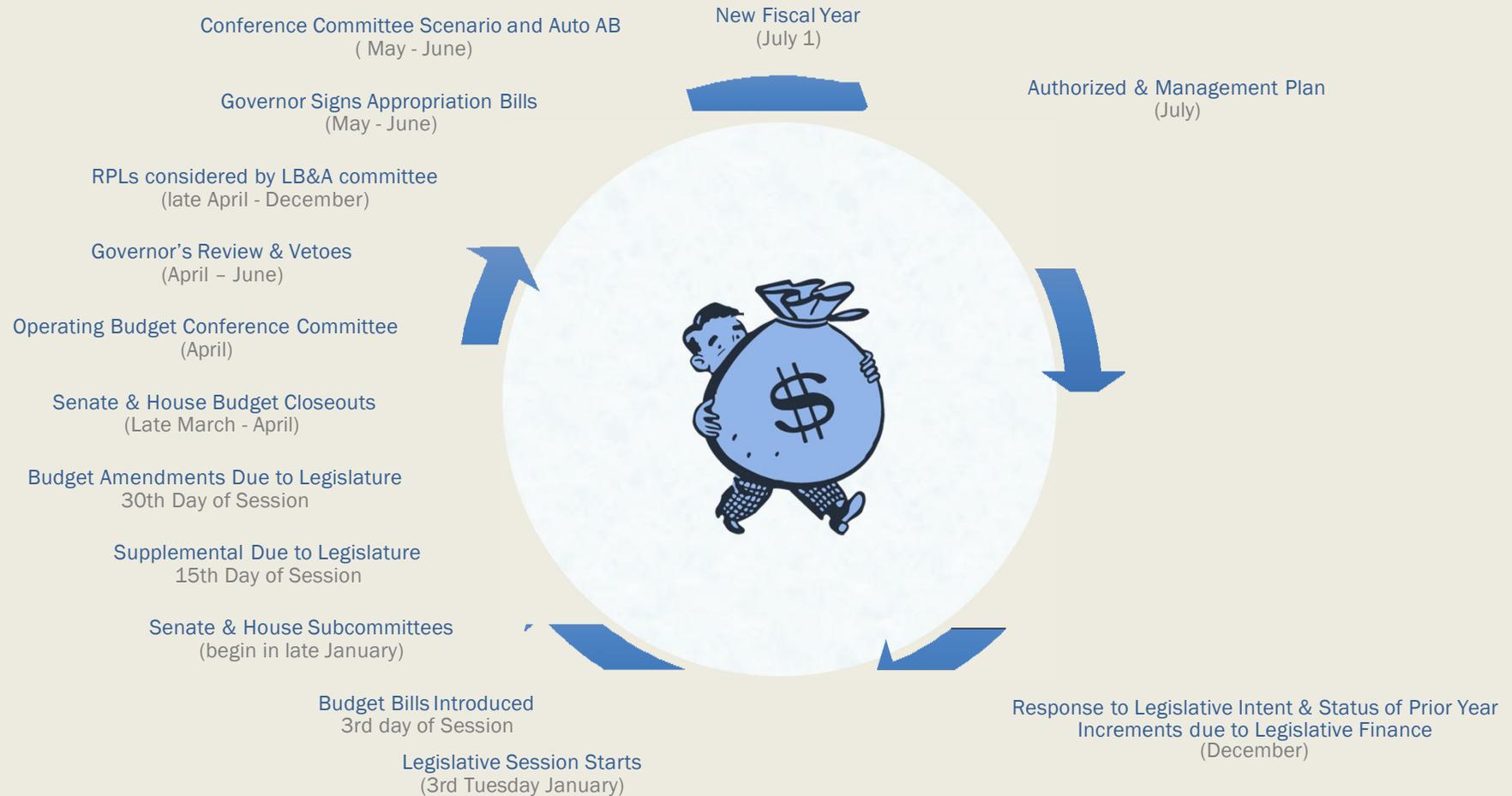
Future Year Budget Development





Operating Budget Cycle – 90-Day Session

Legislative Activity and Budget Enactment





Management Plan

- Represents the department's plan for the current fiscal year. The original budget request was submitted approximately eight months before the start of the fiscal year, and changes may occur in the meantime.
- Funding may be moved between line items and between allocations (components).
- Positions may be transferred and/or adjusted to reflect changes in time status, classification, merit/step increases, location changes, etc.
- Funding cannot be moved between appropriations (RDUs), nor can total funding be increased or decreased from the Authorized scenario.
- Management plan (with a few adjustments) forms the base for the next year's budget.



Budget Development (Heads Up Meeting)

Base budget is received.....BUT.....

- Have a new initiative ...
- Need to expand funding because ...
- Unfunded mandates
- Program changes incurred

■ Internal Process

- OMB issue instructions in conjunction with Cabinet level notification
- Divisions analyze needs, prepare requests and backup documentation, and submit to Budget
- Budget works with divisions to further develop those requests
- Requests are reviewed and selected by department leadership
- Follow-up justification requests are sent to divisions
- Department's consolidated request is finalized

■ Department Requests to OMB

- Items must be approved by Commissioner in advance
- Department leadership meets with OMB to present and advocate for our budget requests
- OMB notifies departments of items approved for inclusion in the Governor's budget
- If time allows, budget works with divisions to incorporate those approvals in to the October/November budget submission



Budget Planning

The division's budget has been submitted to department leadership, what happens next?

- *Directors submit priorities to ASD/Deputy Commissioners*
- *ASD/Deputy Commissioners present to Commissioner*
- *Commissioner makes final decision on requested items*
- *Department submits to OMB*
- *OMB and the Governor's BRT may request changes or additional information*
- *Approved items are included in the Governor's Budget Request*
- *Governor releases budget by December 15th*
- *Budget Unit prepares Budget Overviews for session*



Expenditure Line Items

- 1000 – Personal Services – salary and benefits, premium pay, OT, shift differential
- 2000 – Travel – air, surface, lodging, meals, moving
 - *The travel line must balance with the travel plan for each component*
- 3000 – Contractual Services – non-interagency and interagency
- 4000 – Commodities - disposable supplies short-term duration
- 5000 – Equipment – useful life of more than one year, usually costs over \$25,000
- 7000 – Grants & Benefits – award of funds with terms to outside entities.
- 8000 – Miscellaneous – generally should not be used.



State Revenue Sources

- Unrestricted – Revenue accruing to the state which has not been identified by the legislature for a specific program. The revenue is credited to a fund and may be used for any purpose permitted by the fund. (Example: General Fund)
 - *Unrestricted revenue is analogous to having “money in the bank”. Amounts appropriated are available for expenditure.*
- Restricted – Anticipated state revenue that has been identified by the legislature to pay for the same program that generated the revenue (Example: Program Receipts)
 - *With restricted revenue sources, the department may spend only what it actually collects. (Example: There is \$1,000,000 in program receipt authority, but only \$750,000 is actually collected. The remaining \$250,000 cannot be spent.)*



Revenues as Fund Sources

- Federal Receipts – Funds received from the federal government for specific programs and objectives. The legislature grants authority to expend federal funds. Considered restricted.
- 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. Considered unrestricted.
- GFPR – Fees, charges, income earned on assets, and other money received from a non-state source in connection with the performance of certain functions. Considered restricted.
- Interagency receipts – Funds received from another agency or from another division within the agency from a contract for services. Considered restricted.



Positions

- Position Detail - budgeted (ABS) vs. actual (IRIS HRM)
- Report new positions, deleted positions, transferred positions
- Report internal position adjustments (time status, location, classification, etc.)
- Positions should be funded with realizable fund sources.
 - *This is particularly important when increments are requested for salary adjustments. These are generally calculated by OMB, and are allocated to the fund sources listed for each PCN.*



Position Detail

- Each budget includes the number of positions, each position's location, classification, and new positions in fiscal notes or other legislation.
- The calculation of premium pay has a significant impact on personal services, particularly for CO and POs that have varying premium pays.
- Benefits (e.g. retirement, health insurance)
- Split PCNs
- Reconciliation with IRIS HRM



Position Vacancy

Vacancy and Turnover (V&T) Factor

Below are the recommended vacancy factor guidelines. The minimum vacancy factor is optional down to zero. However, the maximum vacancy factor may not be exceeded without OMB approval.

Number of Full-Time Positions	Minimum Vacancy Factor	Maximum Vacancy Factor
10 or less	0%	3%
11 to 20	1%	4%
21 to 30	2%	5%
31 to 50	3%	6%
51 plus	4%	7%



Budget Issues Specific to DOC

- Primarily General Funded (FY2021 GF is \$339,285.9)
- Ability to internally adjust and reallocate budget authority based on varying priority and needs
- Duty station changes and the flexibility needed to move positions to meet the fluctuating caseloads
- Number of revised programs throughout the year, especially at year-end
- Operating structure doesn't necessarily match budget structure
- Restricted revenue authority – if new sources of non-state funding (e.g. federal grants) become available, we may need to request an increase in our authorization
- Conversely – if there are fund sources that will be unrealizable, authority should be reduced as appropriate



Budget Implementation Terms

- Revised Programs (RP)
 - *Delegated to department*
 - Budget changes not listed below
 - *OMB approval required*
 - Approval of all expenditures to be made
 - Operating transfers involving the Travel or Grants line items
 - Location changes of filled positions (regardless of location)
 - Transfers between capital and operating allocations
 - Creating new positions (FT, PT, Seasonal)
 - Reclass up more than two ranges
 - Extend temporary exempt positions
 - *Legislative approval required (RPL)*
 - Increases to Federal or SDPR authority



Reimbursable Service Agreements (RSA)

- Contractual agreement between two agencies or two divisions within an agency. Requesting (buying) side provides funds and Servicing (selling) side provides the service.
- Budgeted vs. Unbudgeted
 - *Budgeted RSAs are usually identified in budget detail or use available Interagency Receipt authority.*
 - *Unbudgeted RSAs are generally recorded as a separate ARU, and if ongoing, should be added to the budget. Unbudgeted RSAs over \$300,000 require OMB approval.*



Web Resources

- Governor's Office of Management & Budget
 - <https://omb.alaska.gov/>

- Department of Corrections Performance Measures
 - <https://omb.alaska.gov/html/performance/program-indicators.html?p=24&r=0>

- Alaska Legislative Budget Handbook
 - <http://www.legfin.akleg.gov/Other/SwissArmyKnife18.pdf>

- Alaska Legislative Finance Website
 - <http://www.legfin.akleg.gov/index.php>

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