

Alaska State Legislature

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Sponsor Statement for SB 21 – Bill Version A

SB 21 reorganizes the Executive Budget Act (EBA) to better integrate the planning and budgeting processes used by the executive and legislative branches. Alaska is often in the news for the wrong reasons. When national rankings of performance metrics in key social and economic areas are released, we often come in close to the bottom. This is true for education, health, public safety, and many other critical areas.

We spend *billions* to serve a relatively small population, but somehow improvement seems elusive—sometimes impossible—to achieve. We live in a beautiful and truly amazing state, but the performance of our state programs has not done justice to our potential.

The State of Alaska is a vast and complex multi-billion-dollar enterprise, but we do not have a well-developed and fully integrated Operations Management System and Quality Management System (OMS/QMS). We have fragments of an appropriate enterprise-scale performance management system, but nothing that can properly manage an enterprise of our magnitude.

So, the question is: How can we start to drive a higher level of performance in our state agencies? How can we rise to meet our many challenges while simultaneously successfully improving the cost to benefit ratio of our programs?

Fortunately, the answer to that question is available, and has been successfully implemented by high-performing organizations in both the public and private sector. We have adapted those successful systems into SB 21 as it is today.

SB 21 reorganizes the Executive Budget Act. Under the new system, every annual budgeting cycle will occur within the framework of a 4-year strategic plan, biennial updates to that strategic plan, and yearly performance management & execution plans. The people managing and doing the work will set goals, objectives, and key performance metrics that honor the legislative intent confirmed with every budget cycle. That way, each year, the legislature will consider department budgets that are aligned with strategic and performance plans.

Transitioning to this form of planning, budgeting, and performance management will put us on a path towards a more efficient and stronger future. Our Operations Management System will guide how our enterprise runs, while the Quality Management System will address how we continually improve and how those improvements are sustained.

SB 21 does not provide an instant cure for all problems. But by reforming the EBA—which is the foundation of how we plan, manage, measure, and fund our programs—we will be able to pursue other, more comprehensive continuous improvement processes that will lead to better future for Alaska.