

The Fiscal Year 2019 Budget:

Legislative Fiscal Analyst's Overview of the Governor's Request



Legislative Finance Division

www.legfin.akleg.gov

The Legislative Finance Division has a professional, non-partisan staff that provides general budget analysis for members of the legislature and specifically supports the Legislative Budget and Audit Committee and the House and Senate standing finance committees. Each fiscal analyst is assigned agency areas of responsibility. Per AS 24.20.231 the duties of the office are to:

- (1) analyze the budget and appropriation requests of each department, institution, bureau, board, commission, or other agency of state government;*
- (2) analyze the revenue requirements of the state;*
- (3) provide the finance committees of the legislature with comprehensive budget review and fiscal analysis services;*
- (4) cooperate with the Office of Management and Budget in establishing a comprehensive system for state budgeting and financial management as set out in AS 37.07 (Executive Budget Act);*
- (5) complete studies and prepare reports, memoranda, or other materials as directed by the Legislative Budget and Audit Committee;*
- (6) with the governor's permission, designate the legislative fiscal analyst to serve ex officio on the governor's budget review committee;*
- (7) identify the actual reduction in state expenditures in the first fiscal year following a review under AS 44.66.040 resulting from that review and inform the Legislative Budget and Audit Committee of the amount of the reduction; and*
- (8) not later than the first legislative day of each first regular session of each legislature, conduct a review in accordance with AS 24.20.235 of the report provided to the division under AS 43.05.095.*

LEGISLATIVE FINANCE DIVISION FISCAL ANALYST/BUDGET ASSIGNMENTS

Fiscal Analyst	Agency/Assignment	Phone
David Teal, Director	Governor, Legislature	465-3002
Rob Carpenter	Revenue, Transportation & Public Facilities, Capital Budget Coordinator, Statewide Debt/Revenues, Supplemental Budget Coordinator	465-5413
Kelly Cunningham	Health & Social Services, Fiscal Note Coordinator	465-3821
Alexei Painter	Education & Early Development, Environmental Conservation, Natural Resources, Fiscal Summary, Fund Tracking, Non-petroleum Revenue/Tax Credits	465-5434
Amanda Ryder	Corrections, Judiciary, Law, Public Safety	465-5411
Lacey Sanders	Commerce, Community, & Economic Development, Military & Veterans' Affairs, Operating Budget Coordinator	465-5410
Danith Watts	Administration, Fish & Game, Labor & Workforce Development, University of Alaska	465-5435

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University of Alaska

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY18 Conference Committee (GF Only)	\$648,624.9			
FY18 Fiscal Notes	-			
CarryForward	-			
Misc Adjustments	-			
Multi-Years/Specials	-			
Vetoed	-			
FY18 Management Plan (GF only)	\$648,624.9	\$0.0	0.0%	
One-time Items Removed	(150.0)			
Fiscal Note One-Time Items	-			
Fund Source Change	-			
Temporary Increments (IncTs)	-			
Maintenance Increments (IncMs) and Increments	-			
FY19 Contractual Salary Increases	-			
FY19 Adjusted Base Budget (GF only)	\$648,474.9	(\$150.0)	0.0%	
Lang/Lang OTIs/MiscAdj/Carryforward/MultiYears/Contingent	-			
FY19 Governor's GF Increments/Decrements/Fund Changes	(460.2)			
FY19 Governor's Agency Request (GF only)	\$648,014.7	(\$460.2)	-0.1%	
FY18 Governor's Increments, Decrements, Fund Changes and Language	FY19 Adjusted Base Budget (GF Only)	FY19 Governor's Request (GF only)	Change from FY19 Adj Base to FY19 Governor's Request	See Note:
Allocation			(\$460.2)	
Budget Reductions/Additions - Systemwide	1.0	(459.2)	(460.2)	1
Non-General Fund Agency Summary	FY19 Adjusted Base Budget	FY19 Governor's Request	Change from FY19 Adj Base to FY19 Governor's Request	See Note:
Other State Funds (all allocations)	86,530.4	86,530.4	-	3
Federal Funds (all allocations)	143,852.7	143,852.7	-	
Total Non-General Funds (all allocations)	\$230,383.1	\$230,383.1	\$0.0	
Position Changes (From FY18 Authorized to Gov)	4,270	4,182	(88)	2
PFT	4,078	3,993	(85)	
PPT	192	189	(3)	
Temp	-	-	-	
Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance and Repairs	-	-	-	
Remodel, Reconstruction and Upgrades	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	\$0.0	\$0.0	\$0.0	

University of Alaska

The major goals of the University are to inspire learning and to advance and disseminate knowledge through teaching, research, and public service (emphasizing the North and its diverse peoples). Core services (in priority order) are as follows:

- Student instruction;
- Research: Advancing knowledge, basic and applied; and
- Service: Sharing knowledge to address community needs.

BUDGET SUMMARY

The FY19 University of Alaska (UA) general fund operating budget submitted by the Governor on December 15, 2017 is \$460.2 (0.1%) *below* the FY19 Adjusted Base [all Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

MAINTENANCE OF SERVICES AND FUNDING REDUCTIONS

- 1. Budget Reductions/Additions – Systemwide – Reduction in Alaska Technical and Vocational Education Formula Funding: (\$460.2) VoTech Ed (DGF).** The FY19 estimated receipts of the Alaska Technical and Vocational Education Program account available for statewide distribution is \$10,947.5. As defined by statute, the University of Alaska receives 45 percent (or \$4,926.4) of total receipts. The FY19 distribution is 8.5 percent less than the FY18 distribution level of \$5,386.6.

The Technical Vocational Education Program (TVEP) is a set-aside of employee contributions to unemployment insurance. The receipts are transferred to a separate account in the general fund and, subject to appropriation, are used to support vocational training centers around the state. Legislative appropriations occur in several agencies and are based on a formula set out in statute [AS 23.15.835(d)]. According to the University, TVEP funding has been instrumental in the University's ability to meet Alaska's workforce training and educational needs and continues to be a key source of funds for that purpose. Individual University campuses submit requests for TVEP funds to the University's Associate Vice President for Workforce Development. A review process occurs to determine which projects/ campuses will receive TVEP funding in each fiscal year.

- 2. University of Alaska Position Deletions.** Between the FY18 Authorized Budget and the FY19 Governor's budget submission, the University deleted a total of 88 positions. Since FY17 Authorized budget, the University has deleted 552 positions (520 PFT/ 32 PPT)—11.7% of their budgeted positions.

Legislative Fiscal Analyst Comment: In addition to position deletions, there are no planned compensation increases for any staff in FY19.
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MENTAL HEALTH TRUST FUNDING

- 3. Anchorage Campus: \$1,677.6 Total [All Mental Health Trust Authority Authorized Receipts (MHTAAR) (Other)].** FY19 will be the eleventh year of zero-based budgeting for MHTAAR funding – meaning that all MHTAAR funding in state agencies is removed from state budgets and reconsidered by the Alaska Mental Health Trust Authority (AMHTA). Trustees approve operating and capital budgets and provide annual recommendations to the Governor and the legislature.

The Governor's FY19 request includes eight temporary increment projects (IncT) for the Anchorage Campus, supported by the AMHTA, and related in some way to grants or projects begun in previous years. Since AMHTA reviews and re-approves all mental health projects each year, these are presented for legislative review and approval as well. Those projects are as follows:

- **Workforce – Alaska Area Health Education Centers (AHECs) – IncT (FY18-FY19): \$55.0 MHTAAR.** The AHECs will implement three community-based behavioral health day camps. Locations will include Northwest, Southeast, and the Yukon-Kuskokwim and will concentrate on behavioral health career exploration to encourage and recruit youth into behavioral health occupations. (In FY17, a similar increment included Barrow, the Interior, and Southcentral.)
- **Workforce – Maintain Workforce Director – IncT (FY14-FY19): \$146.1 MHTAAR.** This grant is for a shared workforce development position, administratively housed within the University of Alaska Anchorage, Center for Rural Health and Health Workforce. The position acts as the lead point of contact on all health workforce projects and activities with emphasis and support of Medicaid Expansion, Reform and Redesign, and Criminal Justice Reinvestment.
- **Workforce – The Alaska Training Cooperative – IncT (FY14-FY19): \$984.0 MHTAAR.** The Alaska Training Cooperative (AKTC) will promote career development opportunities for non-degreed professionals, direct service workers, supervisors, and professionals in the behavioral health, home and community-based, and long-term care support services working with AMHTA beneficiaries.
- **Disability Justice – Interpersonal Violence Prevention for Beneficiaries – IncT (FY14-FY19): \$80.0 MHTAAR.** This project is designed to build community behavioral health provider skills and capacity by using a train-the-trainer model to deliver a social skills curriculum to Trust beneficiaries.
- **Disability Justice – Specialized Skills/Services Training on Serving Criminal Justice Involved Beneficiaries – IncT (FY14-FY19): \$72.5 MHTAAR.** This project supports coordination of a two-day, statewide conference focusing on best-practice community treatment modalities, interventions, and supports for serving offenders in the community with cognitive impairments. The project is managed by UA – Anchorage Campus through the Center for Human Development.
- **Disability Justice – Alaska Justice Information Center – IncT (FY18-FY19): \$225.0 MHTAAR.** Funds will be used to support the continued operations of the Alaska Justice Information Center (AJIC). The AJIC collects data from key criminal justice agencies to create an integrated data platform to support many kinds of criminal justice research in Alaska.

- **Housing – Housing Continuum and Assisted Living Targeted Capacity Development – IncT (FY18-FY19): \$50.0 MHTAAR.** These funds will be used in partnership with the Department of Health and Social Services by providing training to caregivers at assisted living homes and supported housing. The grants increase the capacity of these providers to house individuals with intensive behavioral health needs.
- **Beneficiary Employment – Supported Employment Provider Training Infrastructure and Capacity – IncT (FY18-FY19): \$65.0 MHTAAR.** These funds will be used to develop and implement a multi-level approach to benefits counseling and create a statewide system that includes training, credentials and certification for Community Rehabilitation Providers (CRPs) to provide quality employment placement and retention services.

BOARD OF REGENTS' REQUEST

The FY19 Governor's operating budget submitted on December 15th is less than the University Board of Regents' request by approximately \$40 million (of which \$24.5 million is UGF).

ORGANIZATIONAL CHANGES

The Governor's FY19 budget maintains the FY18 single appropriation budget structure for the University of Alaska. The following budget structure changes are included in the FY19 request: the Systemwide Education and Outreach allocation has been zeroed out and all functions moved to other university campuses and the University of Alaska Foundation and Education Trust of Alaska allocations were created. Both of the new allocations are fully funded by University Receipts (DGF).

- **University of Alaska Foundation** – Positions (25 PFT/1 PPT) and funding of \$3.9 million related to the University of Alaska Foundation were transferred out of the Statewide Services allocation in the Governor's FY19 budget request. The Foundation is a separate legal entity with a mission to seek, secure and steward philanthropic support to build excellence at the University of Alaska.
- **Education Trust of Alaska** – Positions (7 PFT) and funding of approximately \$1.5 million related to the Education Trust of Alaska were also transferred out of the Statewide Services allocation in the Governor's FY19 budget request. The Trust was established in 2001 by the UA Board of Regents to implement and manage the Alaska College Savings Program. Currently the Trust offers three college savings plans.

CAPITAL REQUEST

Although the Governor's FY19 capital budget bill doesn't contain any capital project funding for the University of Alaska, the Governor's "Alaska Economic Recovery Plan" proposes \$86 million (\$70 million UGF from the proposed Alaska Economic Recovery Act account, \$8 million University Receipts (DGF), and \$8 million in Federal Receipts) for Facilities Deferred Maintenance/Renewal & Repurposing in the first year of the three-year proposal. The University of Alaska system's deferred maintenance/renewal & repurposing need is over \$1 billion. The Board of Regents' Budget reflected a \$50 million UGF request. Funding for the Alaska Economic

Recovery Act account requires passage of separate legislation. See the Capital Overview in this publication for more details.