

# Overview of the Governor's FY20 Budget—Round 2

House Finance Committee

February 26, 2019

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**Governor Dunleavy said:**

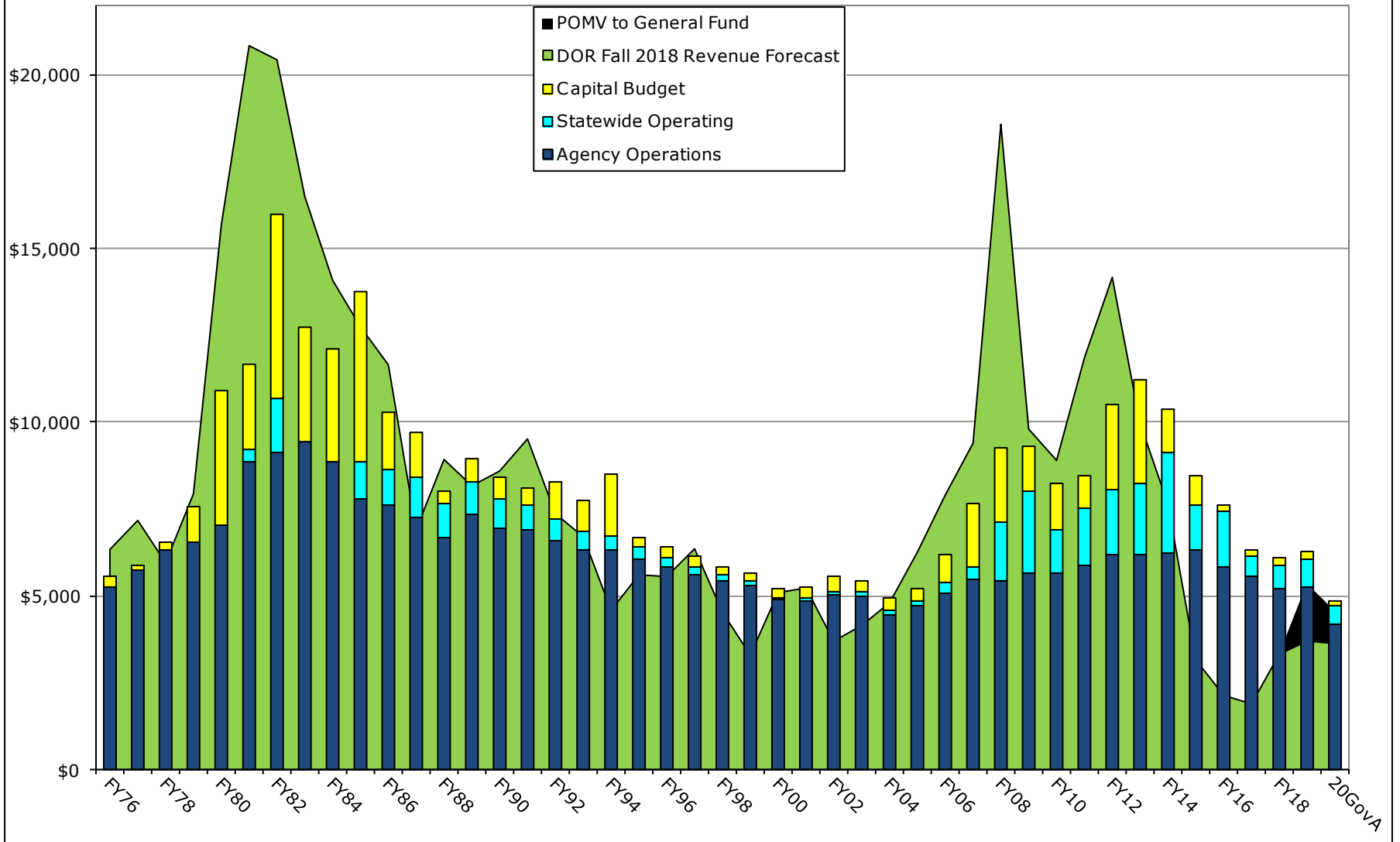
**My reality budget is based on five guiding principles:**

1. expenditures cannot exceed existing revenue;
2. the budget is built on core functions that impact a majority of Alaskans;
3. maintaining and protecting our reserves;
4. the budget does not take additional funds from Alaskans through taxes or the PFD;
5. it must be sustainable, predictable and affordable.

*An Honest Budget: Fiscal Year 2020*

*<https://gov.alaska.gov/an-honest-budget-2020/>*

# Real Per Capita Unrestricted General Fund Revenue/Budget History (2018 dollars Per Person)



# Traditional Budget Balancing Tools:

- ~~1. Add revenue~~
- ~~2. Pull money from reserves~~
3. Reduce expenditures

## Abbreviated Fiscal Summary--UGF Only

(\$ millions)

	FY19 MgtPlan	FY20 GovAmend	Change from FY19 to FY20
Revenue	5,510.3	5,271.1	(239.2)
Appropriations	<u>5,772.5</u>	<u>5,699.5</u>	(73.0)
Surplus / (Deficit)	(262.2)	(428.4)	(166.2)
New Revenue	-	448.8	
Surplus / (Deficit)	(262.2)	20.4	

## FY19 Management Plan to FY20 Governor' Amended Budget

Agency Operations excluding Medicaid and K-12

Unrestricted General Funds

(\$ thousands)

Agency	19MgtPln	20GovAmdTOT	19MgtPln to 20GovAmdTOT	
			Dollars	Percent
Department of Administration	72,517.7	68,307.1	(4,210.6)	-6%
Department of Commerce, Community and Economic Development	10,101.6	40,093.9	29,992.3	297%
Department of Corrections	291,108.0	261,558.1	(29,549.9)	-10%
Department of Education and Early Development	52,111.9	56,872.9	4,761.0	9%
Department of Environmental Conservation	15,391.8	15,010.4	(381.4)	-2%
Department of Fish and Game	51,583.3	50,380.8	(1,202.5)	-2%
Office of the Governor	27,683.2	24,640.8	(3,042.4)	-11%
Department of Health and Social Services	485,517.4	398,084.4	(87,433.0)	-18%
Department of Labor and Workforce Development	20,697.2	20,402.7	(294.5)	-1%
Department of Law	51,589.8	49,792.5	(1,797.3)	-3%
Department of Military and Veterans' Affairs	16,969.9	16,029.8	(940.1)	-6%
Department of Natural Resources	65,154.5	66,748.6	1,594.1	2%
Department of Public Safety	161,708.4	158,446.2	(3,262.2)	-2%
Department of Revenue	25,287.4	25,349.0	61.6	0%
Department of Transportation and Public Facilities	179,988.8	122,788.0	(57,200.8)	-32%
University of Alaska	327,033.5	193,105.0	(133,928.5)	-41%
Executive Branch-wide Appropriations	-	23,145.0	23,145.0	-
Judiciary	105,444.9	108,936.7	3,491.8	3%
Legislature	64,132.4	64,779.2	646.8	1%
<b>Total</b>	<b>2,024,021.7</b>	<b>1,764,471.1</b>	<b>(259,550.6)</b>	<b>-13%</b>

# Filling a \$1.6 Billion Deficit

(\$ millions)

<b>Reductions in Agency Operations</b>	<b>\$ 650</b>	
Non-Formula	249	
Education and Early Development	302	plus additional loss of local reductions
Health and Social Services	132	after using \$172m from the SBR
Power Cost Equalization	(33)	to be paid with UGF, endowment is terminated
<b>Cost Shift from State Government</b>	<b>\$ 520</b>	
Petroleum Property Tax	420	new revenue to Treasury
Shared Taxes	28	new revenue to Treasury
School Debt Reimbursement	68	\$106 total funds
Debt Service	3	
<b>Using Reserves</b>	<b>\$ 352</b>	
AIDEA for O&G Tax Credits & Capital	180	plus \$84m in FY19
SBR for Medicaid	172	\$172m appears in FY19
Assets of Revolving Loan Funds		\$31m returned to the general fund
Assets of PCE Endowment		\$990m returned to the general fund
Assets of Higher Education Endowment		\$340m returned to the general fund
<b>Eliminating December 15 Increments</b>	<b>\$ 107</b>	FY19 is the starting point
<b>Total</b>	<b>\$ 1,629</b>	

# Are people aware that:

1. Dividends consume 37% of revenue?
2. The proposed FY20 UGF budget is \$123 million (2%) below the FY19 UGF budget?
3. Reductions to agency operating budgets address only \$650 million of the \$1.6 billion deficit?
4. The remainder of the deficit is filled by shifting costs to local government or draining reserves?
5. The impact of the proposed cuts to the operating budget is greater than the 350 positions shown in the OMB overview? Add 600 AMHS, 1,300 UA, and 3,000 school district employees to get over 5,000 jobs.

# A Comparison of the FY19 Budget with the Governor's Amended FY20 Budget Request (UGF only)

