

OFFICE OF GOVERNOR BILL WALKER

# **FY2019 Budget Overview and 10-Year Plan**

---

Office of Management and Budget  
December 15, 2017

## Smarter Alaska

### K-12 Education

Alaska's students attend schools in a land of unique opportunity and challenge. Providing an excellent education in Alaska's context requires 53 districts, some of which are larger in land area than many states.

For far too long, Alaska's schools have ranked in the bottom tier of our country in both academic achievement and graduation rate. In 2015, Alaska ranked lower than 41 states in fourth grade reading and lower than 29 states in fourth grade math. In the 2016-2017 school year, the statewide four-year graduation rate for Alaska high schoolers was 78 percent – lower than the national average.

During the past year, over 100 Alaskans met in five communities to rethink our system of public education. Guided by over 1,000 responses to a statewide survey, students, parents, educators, community leaders and legislators worked together to develop a shared vision for a renewed commitment to Alaska's students. These three commitments will guide and inspire the specific strategies and action-plans throughout the system:

- 1) Increase Student Success: Success will be identified using multiple measures as part of a rich and varied curriculum;
- 2) Cultivate Safety and Well-Being: All schools will be safe and nourish student well-being
- 3) Support Responsible and Reflective Learning: Students, families, tribes, educators and communities will participate in educational opportunities

The Walker-Mallott administration embraces the importance of equitable educational opportunities for all students in the state. As a result, the fiscal year 2019 budget supports PreK-12 education and University of Alaska programs to improved academic achievement and create opportunities for Alaska's future workforce. Building on the work of Alaska's Education Challenge, the Department of Education is leading a shared vision for an excellent education every day. The governor's budget also includes funding for pre-elementary school programs to ensure all students are ready for kindergarten and beyond.

The Alaska Economic Recovery Act directs \$70 million to school maintenance projects in fiscal year 2019. Schools across the state will receive funding to ensure that students are educated in safe facilities that are conducive to the learning process.

### University of Alaska

Education extends beyond the K-12 system, which is why the fiscal year 2019 budget is also providing support to our university system. Alaska's land-, sea- and space-grant system has the potential to develop Alaska's next great leaders, workers and business owners. Alaska boasts the only arctic university in the United States, and the UA system's three universities with extended

community campuses and learning centers serve nearly 31,000 full- and part-time students. This budget continues to fund UA operations at a sustainable level.

Investing in University of Alaska infrastructure is a key element of the Alaska Economic Recovery Act, which includes \$70 million for deferred maintenance projects at UA campuses and facilities across the state.

## **Budget Reform and Transparency**

Governor Walker is proposing legislation that would make changes to the budget process itself. In the first year of each two-year legislative cycle, two budget bills will be passed – one for each of the next two fiscal years. This process is known as biennial budgeting.

This change is intended to reduce the inefficiency, ineffectiveness, and uncertainty that have plagued the current annual budget process. A biennial budget will ensure that spending bills are passed in a timely fashion and that government employees, teachers, university staff, and other public servants are not given layoff notices every June. The process of planning for potential government shutdowns has an adverse impact to the public and the economy. Agency staff should be focused on serving the public to the best of their ability rather than planning for potential government shutdowns and diverting resources away from their core missions.

Additionally, passing two budgets in a single year frees up time during the second year of a legislative cycle to focus on public policy issues that impact everyday Alaskans such as public safety, health and social services, education, and cost-saving initiatives.

A second element of the budget reform bill delivers an incentive for government leaders to get their work done on time. As part of this bill, the governor won't receive his or her salary or per diem if the budget is not published on December 15<sup>th</sup>, and legislators will forfeit their per diem and their salary will be withheld for each day they don't pass a budget after the 90th day of session.

The budget reform bill will be accompanied with a budget transparency report to the Alaska legislature outlining significant usage of one-time sources, supplemental funding for future years and other budget strategies to help the public in comparing state spending from year to year.

## **Shared Services and Other Efficiencies**

Although significant reductions have already been made to the budget, it is anticipated that state spending will remain highly constrained into the future. By necessity, the state continues to look for administrative efficiencies and other common-sense reforms to ensure that Alaskans are receiving the best value possible from their government.

### Shared Services of Alaska

The Shared Services organization provides back-office administrative functions common to all state agencies. This organization model builds a smarter Alaska by reducing administrative costs,