

# State of Alaska Office of Management and Budget

Constitutional Budget Reserve Sweep Overview  
Presentation to the Senate Finance Committee  
July 18, 2019



THE STATE  
of **ALASKA**  
GOVERNOR MICHAEL J. DUNLEAVY

# Constitutional Budget Reserve Sweep Overview

Neil Steininger, Administrative Services Director  
Office of Management and Budget



## Sweep Guidelines

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### The CBRF and its repayment or “sweep” provision

The Constitutional Budget Reserve Fund ("CBRF") was established by constitutional amendment in 1990 in article IX, section 17 of the Alaska Constitution. There are four subsections to this constitutional amendment:

- (a) Revenue into the CBRF – money received from the termination of administrative and judicial proceedings involving mineral revenues is deposited into the CBRF;
- (b) Expenditures from the CBRF by majority vote only if – “the amount available for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year” and the appropriation is limited to the amount necessary to make total appropriations equal to the amount appropriated in the previous year;
- (c) Expenditures from the CBRF by a three-fourths vote of the members of each house – the Legislature can appropriate from the fund for any public purpose if such a supermajority vote is obtained;
- (d) **Repayment requirement – “If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law.”**

## Potential Solution

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An amount equal to deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2019 from subfunds and accounts in the general fund including the power cost equalization endowment fund (AS 42.45.070) by operation of article IX, sec. 17(d), Constitution of the State of Alaska, not to exceed the amount necessary after appropriations and deposits to the subfunds and accounts from fiscal year 2020 revenues, to fund appropriations from those subfunds and accounts made in ch. 1 -3, FSSLA 2019, and any other appropriation bills effective in fiscal year 2020, the general fund to the subfunds and accounts from which those funds were deposited into the budget reserve fund.

## Sweep Guidelines Continued

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- Funds for which the legislature has retained the power to appropriate from and that are not available to pay expenditures without further legislative appropriation – subject to the sweep unless a constitutionally dedicated fund or not in the general fund
- Funds that list purposes for which money in the fund can be used but still require a second appropriation to spend from the fund – subject to the sweep unless a constitutionally dedicated fund or not in the general fund
- Money in funds that is already validly appropriated to a particular purpose – not subject to the sweep
- Federal funds are not considered subject to the sweep
- Other trust funds such as the Public Employees Retirement Fund that can only be used for a specific stated purpose under law such as constitutionally permissible dedicated funds and pension funds should not be swept
- Donations - the portion of a fund that comprises money donated to a fund for a particular purpose should not be included in the sweep
- Public corporation funds
  - Public corporation accounts/funds are **not** subject to the sweep **unless** the money is in an account or fund that cannot be accessed by the corporation without an additional legislative appropriation (eg. PCE)
- Receipts subject to refund – eg. Alaska Marine Highway, University tuition or student housing, not subject to the sweep



## Sweep Information and Details

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- Estimated amount to cover all program shortfalls ~\$115 million UGF
  - Section 8 would appropriate the funds needed to address the shortfall
- All accounts will be swept after the reappropriation period
  - FY19 expenditure true-up period
  - Finalized in late August – early September
  - Fund balances will be known at this time
- Notable differences between Legislative Audit and OMB/Law/Division of Finance
  - Power Cost Equalization
  - Higher Education Investment
  - Program Receipts and Carryforward
  - Vaccine Assessment Account – under prior fund structure



## Funds Subject to Sweep Not Listed on Legislative Audit Presentation

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### Code Name

1005 General Fund/Program Receipts  
1049 Training and Building Fund  
1109 Test Fisheries Receipts  
1139 AHFC Dividend  
1140 AIDEA Dividend  
1141 RCA Receipts  
1150 ASLC Dividend  
1154 Shore Fisheries Development Lease Program  
1155 Timber Sale Receipts  
1156 Receipt Supported Services  
1162 Alaska Oil & Gas Conservation Commission Rcpts  
1169 PCE Endowment Fund  
1173 Miscellaneous Earnings  
1195 Snow Machine Registration Receipts  
1200 Vehicle Rental Tax Receipts

### Code Name

1201 Commercial Fisheries Entry Commission Receipts  
1211 Cruise Ship Gambling Tax  
1213 Alaska Housing Capital Corporation Receipts  
1214 Whittier Tunnel Toll Receipts  
1218 146(c)code  
1226 Alaska Higher Education Investment Fund  
1234 License Plates  
1247 Medicaid Monetary Recoveries  
1249 Motor Fuel Tax Receipts  
1254 Marijuana Education and Treatment Fund  
3205 Alaska Historical Commission Receipts Account (Partially Sweep)  
3223 Abandoned Vehicle Fund  
3233 Fish and Game Civil Fines & Penalties  
N/A Reappropriations of FY19 Operating Appropriations



## FY2020 Estimated Program Shortfall Due to Sweep (\$ Thousands)

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### Shortfalls Due to Sweep:

- Alaska Energy Authority – Power Cost Equalization: \$32,355.0
- Alaska Court System – Trial Courts: \$1,198.0
- Dept. of Commerce – Corporation Business and Professional Licensing
- Dept. of Corrections – Physical Health Care: \$4,045.3
- Dept. of Corrections – Population Management: \$4,036.4
- Dept. of Education – Alaska Performance Scholarship Program: \$11,750.0
- Dept. of Fish and Game – Commercial Fisheries Entry Commission Receipts: \$5,142.9
- Dept. of Health and Social Services – Vaccine Assessment Program: \$21,000.0
- Dept. of Health and Social Services – Alcohol Receipts Shortfall: \$1,542.5
- Dept. of Health and Social Services – Tobacco Receipts Shortfall: \$2,626.5
- Dept. of Law – Civil Division, Regulation Affairs Public Advocacy: \$2,384.1
- Dept. of Law – Criminal Division, Criminal Justice Litigation: \$1,602.7

\*See full list provided in packets: FY20 Operating Budget Issues Related to CBR Sweep



Questions?

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