

# State of Alaska

# Office of Management and Budget

Senate Finance Committee FY2021 Budget Overview

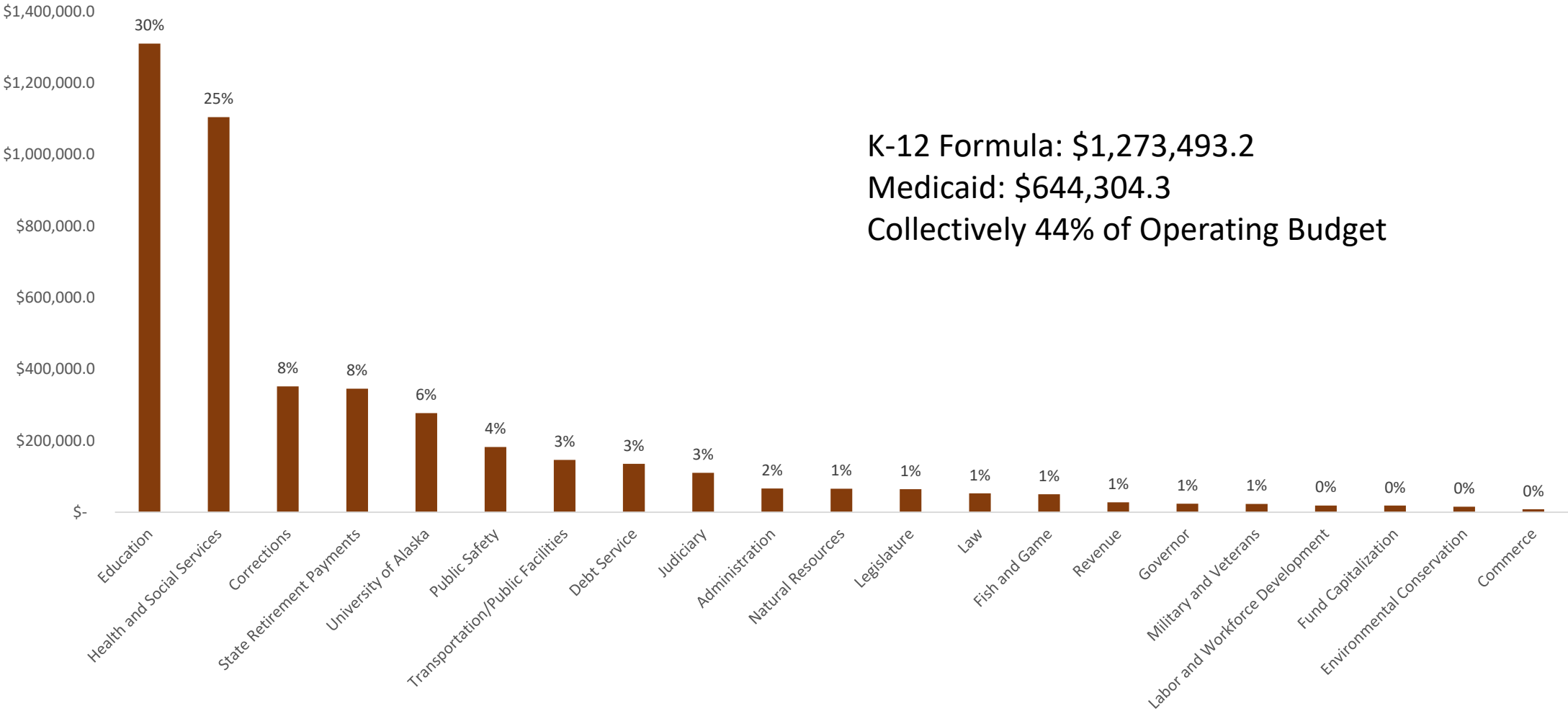
January 28, 2020

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Office of Governor  
**MIKE DUNLEAVY**

# FY2021 Budget by Agency (UGF) - \$Thousands

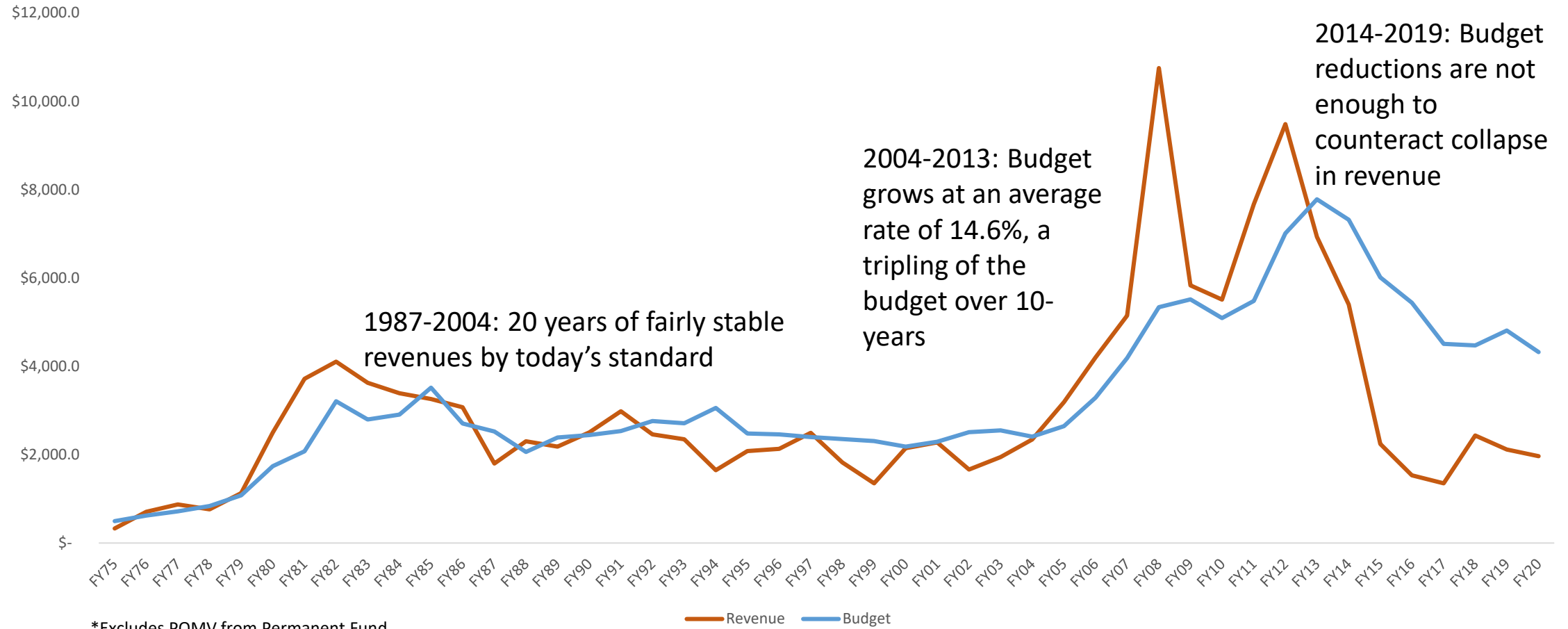


K-12 Formula: \$1,273,493.2  
 Medicaid: \$644,304.3  
 Collectively 44% of Operating Budget



# Alaska's Revenue & Expenditures: Look Back

Alaska Revenue and Expenditure History - FY1975-FY2020 (\$Millions)



# FY2021 Revenue Outlook - \$Millions

FY2021-FY2025 Projected Unrestricted General Fund Revenue (Source: Revenue Sources Book)					
Revenue Source	2021	2022	2023	2024	2025
Unrestricted General Fund Revenue	\$ 1,967.5	\$ 1,976.4	\$ 1,944.9	\$ 1,957.5	\$ 2,021.0
Gross POMV Transfer	\$ 3,091.5	\$ 3,095.0	\$ 3,262.0	\$ 3,378.0	\$ 3,460.0
Less Projected Payments of Permanent Fund Dividends	\$ (2,005.1)	\$ (2,247.7)	\$ (2,396.2)	\$ (2,231.3)	\$ (2,396.2)
Net POMV Transfer	\$ 1,086.4	\$ 847.3	\$ 865.8	\$ 1,146.7	\$ 1,063.8
<b>Total Unrestricted General Fund</b>	<b>\$ 5,059.0</b>	<b>\$ 5,071.4</b>	<b>\$ 5,206.9</b>	<b>\$ 5,335.5</b>	<b>\$ 5,481.0</b>
<b>Total Unrestricted General Fund Statutorily Available for Government Use</b>	<b>\$ 3,053.9</b>	<b>\$ 2,823.7</b>	<b>\$ 2,810.7</b>	<b>\$ 3,104.2</b>	<b>\$ 3,084.8</b>

## FY2021 Revenue Sources

- ANS West Coast FY2021 Projection: \$59.00/Barrel
- Petroleum Revenue: \$1,410.0, 28%
- POMV Revenue: \$3,091.5, 61%
- Non-Petroleum and Non-Permanent Fund Investment Revenues: \$557.5, 11%



# FY2021 Fiscal Summary

(Amounts in millions)	FY2020 Management Plan plus Likely Supplementals					FY2021 Governor					FY2020 to FY2021	
Revenues	UGF	DGF	Other	Federal	FY2020 Total	UGF	DGF	Other	Federal	FY2021 Total	UGF Change	UGF %
Annual Revenue	2,116.3	926.3	798.4	3,932.4	7,773.5	1,967.5	972.8	760.5	3,917.8	7,618.6	(148.8)	-7%
POMV ERA Draw to the General Fund	2,036.6				2,036.6	1,086.4				1,086.4	(950.2)	-47%
Carryforward	11.2	55.8	0.7	46.1	113.7	-	-	-	-	-	(11.2)	-100%
<b>Total Revenue</b>	<b>4,164.1</b>	<b>982.1</b>	<b>799.1</b>	<b>3,978.5</b>	<b>9,923.8</b>	<b>3,053.9</b>	<b>972.8</b>	<b>760.5</b>	<b>3,917.8</b>	<b>8,705.0</b>	<b>(1,110.2)</b>	<b>-27%</b>
Expenditures	UGF	DGF	Other State Funds	Federal	FY2020 Total	UGF	DGF	Other State Funds	Federal	FY2021 Total	UGF Change	UGF %
Total Operating	4,287.0	942.2	727.8	2,951.4	8,905.5	4,465.7	897.4	707.8	2,865.9	8,936.8	178.7	4%
Agency Operations	3,934.6	819.9	621.7	2,873.1	8,249.2	3,897.5	801.3	609.0	2,833.8	8,141.6	(37.0)	-1%
Statewide Operations	352.4	119.5	106.1	78.3	656.3	568.1	96.1	98.9	32.2	795.2	215.7	61%
Total Capital	146.8	39.8	71.3	1,027.1	1,285.1	135.6	75.5	52.7	1,051.8	1,315.6	(11.2)	-8%
<b>Total Appropriations</b>	<b>4,433.8</b>	<b>982.1</b>	<b>799.1</b>	<b>3,978.5</b>	<b>10,193.5</b>	<b>4,601.3</b>	<b>972.8</b>	<b>760.5</b>	<b>3,917.8</b>	<b>10,252.4</b>	<b>167.5</b>	<b>4%</b>
<b>Surplus/(Deficit)</b>	<b>(269.7)</b>					<b>(1,547.4)</b>					<b>(1,277.8)</b>	<b>474%</b>

## Significant Highlights (\$Thousands)

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- Public Safety Investment: \$84,566.7 UGF
- Alaska Development Team: \$2,843.6 DGF
  - Pilot program through FY2023
- Fully Funded K-12 Formula: \$1,273,493.2 UGF
  - \$19,817.4 UGF increase
- Estimated PFD: \$2,005,100.0 UGF (\$3,074 per Alaskan - Estimate)
  - Full Statutory Amount
- Capital Spending: \$135,639.2 UGF
  - Leveraging available Federal Funds (\$1.1B)

# Significant Changes: Public Safety Capital and Operating: \$84,566.7 UGF

	\$ Thousands		\$ Thousands
<b>Public Safety Investments</b>	<b>32,143.4</b>	<b>Corrections</b>	<b>28,022.4</b>
Restoring General Funds to Power-Cost-Equalization funded to Public Safety Items	32,143.4	Drug Dog	253.2
		Re-Entry Staffing	746.1
		Expanded Correctional Officer Recruitment	136.8
<b>Judiciary</b>	<b>1,959.6</b>	Inmate Mail Copying	415.7
Additional Funding and Resources to the Court System Budget	1,959.6	ACOMs Database/Crime Stopper Software	450.0
		Cost of Correctional System/Growth in Inmate Counts	24,710.6
		Body Scanning Equipment	1,310.0
<b>Public Safety</b>	<b>13,459.0</b>		
Funding to Fill Current Trooper Positions (AST and AWT)	2,733.9	<b>Administration</b>	<b>521.0</b>
Increase Number of Trooper Positions	7,599.1	Public Advocacy/Public Defender Travel	155.0
Dispatch in Anchorage	872.8	Public Guardian Salary Support	250.0
Increase Staffing for State Crime Lab	744.2	Bar Dues for Attorney Positions	116.0
CDVSA - Add Federal for Victims of Crimes Act Grant	-		
Building Plan Review Turnaround Time Reduction	219.0	<b>Military and Veterans</b>	<b>8,461.3</b>
NOAA Grant for Fisheries Enforcement	-	SATS/ALMR Upgrades and Maintenance	7,661.3
Wildlife Troopers Equipment Repair and Replacement	1,000.0	Mass Notification System - JBER	800.0
Crime Laboratory Equipment Replacement	290.0		

## Selected Department items - \$Thousands

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### Administration

- Public Defender and Advocacy Support: \$1,756.0 UGF
- OIT Capital Investments in Standardized Systems: \$5,370.0 UGF
- OIT and Personnel Consolidation Efficiencies: (\$3,728.3) Other

### Commerce

- Alaska Development Team Pilot Program (FY20-FY23): \$2,843.6 DGF
- Community Assistance: \$28,731.5 DGF
  - Deposit per statutory calculation

### Fish and Game

- Various Reductions to Research and Stock Assessments with Minimal Impact to Fisheries: (\$1,329.2) UGF



## Selected Department items - \$Thousands

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### Education

- K-12 Aid to School Districts Fully Funded: \$1,260,501.9 UGF, \$29,774.2 Other
- Residential Programs for North Slope Borough School District and Lower Yukon School District: \$900.2 UGF
- Discontinue Online with Libraries Video Conference System: (\$232.9) UGF
- Outsource Federal Family Education Loan Program Servicing: (\$586.3) Other
- Transition Public School Trust Fund to Language Section to Maximize Investment Returns
- Additional Foundation Funding from Dividend Donations to the Dividend Raffle: \$488.2 Other
- Increase to Support WWAMI Contractual Obligation: \$50.8 DGF

## Selected Department items - \$Thousands

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### Governor

- Cost of Statewide Primary and General Elections: \$1,847.0 UGF
- Deferred Maintenance: \$30,000.0 UGF

### Health and Social Services

- Medicaid Services Cost Drivers: \$128,273.6 UGF
- Transfer Parents as Teachers from Dept. of Education: \$474.7 UGF
- Pioneer Homes Payment Assistance: \$5,000.0 UGF
- Add Authority for Electronic Visit Verification Maintenance and Operation: \$137.5 UGF, \$412.5 Federal
- Restore Adult Public Assistance Payment Maintenance of Effort Requirements: \$7,471.2 UGF
- Alaska Psychiatric Institute Projects to Comply with Corrective Action Plan: \$1,619.3 DGF
- Utilize Available Marijuana Education and Treatment Funds to Offset UGF: (\$11,400.0) UGF, \$11,400.0 DGF

## Selected Department items - \$Thousands

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### Labor & Workforce Development

- 4% AVTEC Tuition Increase: \$250.0 DGF
- AVTEC: Restructuring Savings: (\$226.7) UGF

### Military and Veterans Affairs

- Business Process and Contractual Savings: (\$523.0) UGF
- Armory Divestiture Savings: (\$50.0) UGF

### Natural Resources

- Aquatic Farm Application Processing: \$187.3 DGF
- Land Sales Fairbanks Project Development Team: \$98.8 SDPR
- Arctic Strategic Transportation and Resources (ASTAR) - Phase 2: \$2,900.0 UGF
- Geological Mapping for Energy Development (USGS): \$600.0 UGF, \$600.0 Federal
- Critical Minerals Mapping - Earth MRI (3DEEP): \$750 UGF, \$200.0 Other, \$1,500.0 Federal
- Geologic Materials Center Multispectral Scanning Equipment: \$1,290.0 (UGF, DGF, Other)

## Selected Department items - \$Thousands

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### Revenue

- PFD Division Technology Enhancements: (\$527.6) Other
- Investment Management Fee Savings (Treasury): (\$5,000.0) Other
- Investment Management Fee Savings (Permanent Fund): (\$21,098.1) Other
- Move Tax Revenue Management System Costs to Operating \$1,650.0 UGF
- AHFC Homeless Assistance Project: \$6,350.0 UGF, \$950.0 Other

### Transportation

- Marine Highway: \$3,903.2 UGF, \$1,507.0 DGF increase to increase weeks of service from 254.3 to 263.1 (8.8 week increase)
- Deposits to the AMHS Fund: \$16,088.9 UGF
- AMHS Vessel Certification: \$15,000.0 DGF
- Highway and Aviation Match:
  - \$64,295.1 UGF, \$10,858.3 Reappropriations, \$1,946.6 DGF: Leverages Federal at 90%/10%

### University

- Reduction per compact: (\$25,000.0) UGF
- Single appropriation



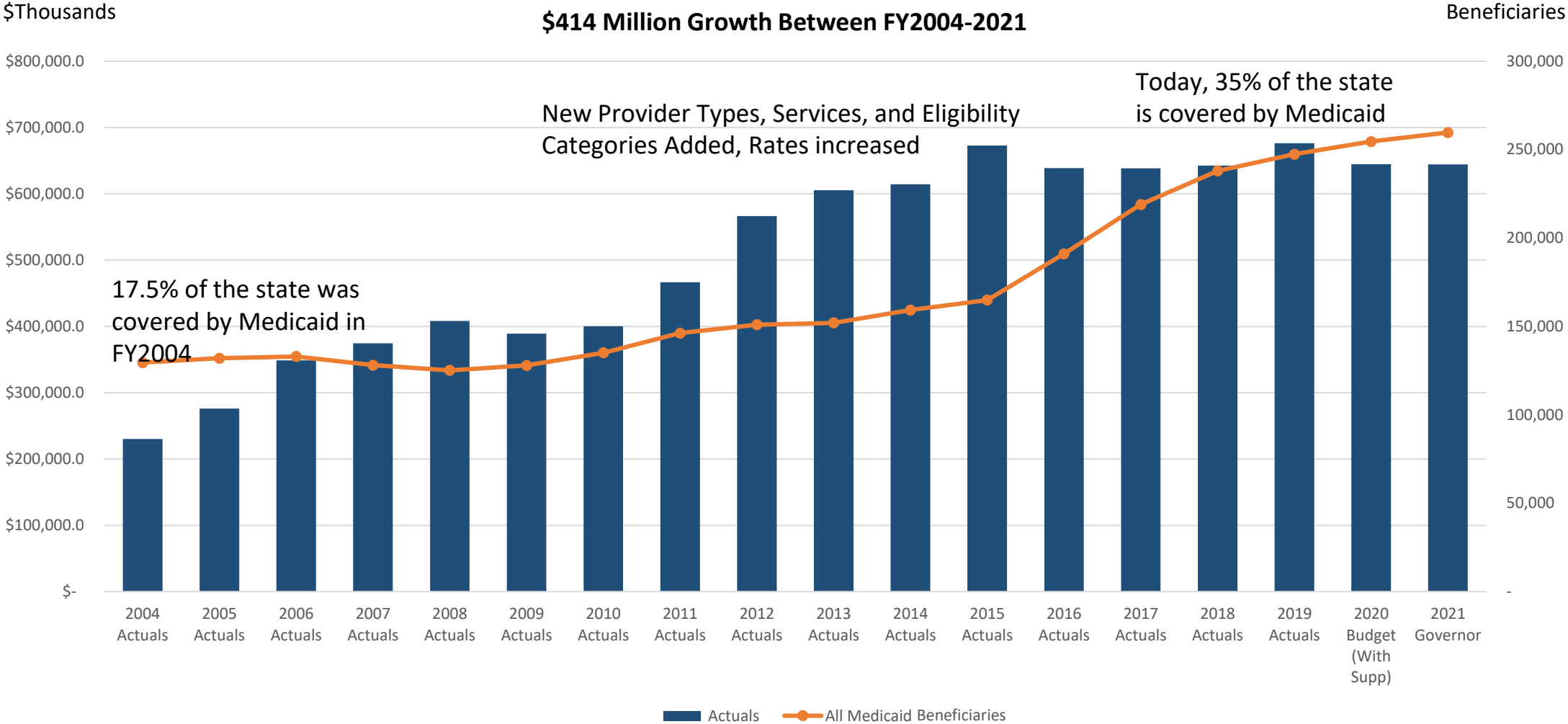
## Budget Drivers – \$Thousands

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- Medicaid
  - Restore \$128,273.6 UGF
- K-12 Formula
  - \$19,817.4 UGF increase
- Retirement
  - \$37,631.3 UGF Increase to a total of \$345,567.4 UGF
- Debt
  - \$12,233.7 UGF increase to a total of \$134,987.0
- State Employee Costs (Cost of Living Adjustments and Health Insurance)
  - \$9,661.5 UGF, \$18,782.9 All Funds increase
  - 28% of Agency Budget

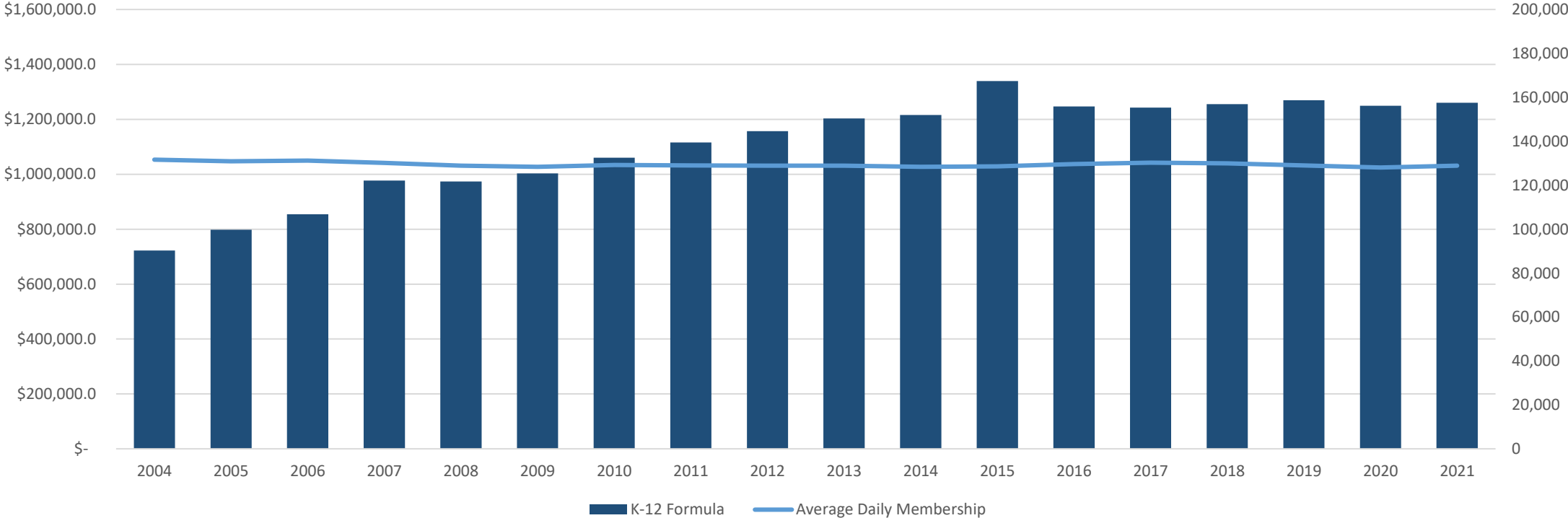
Executive Branch Position Counts (Exc'l University, Legislature, Judiciary)					
	FY2018	FY2019	FY2020	FY2021	Filled 12/15/19
Full-Time	15,298	15,466	15,656	15,468	14,245
Part-Time	1,362	1,336	1,314	1,272	165
Non-Perm	380	389	426	411	737

# Budget Drivers: Formula Programs – Medicaid (UGF)



# Budget Drivers: Formula Programs – K-12 Foundation Formula

**\$538 Million Growth Between FY2004-2021**

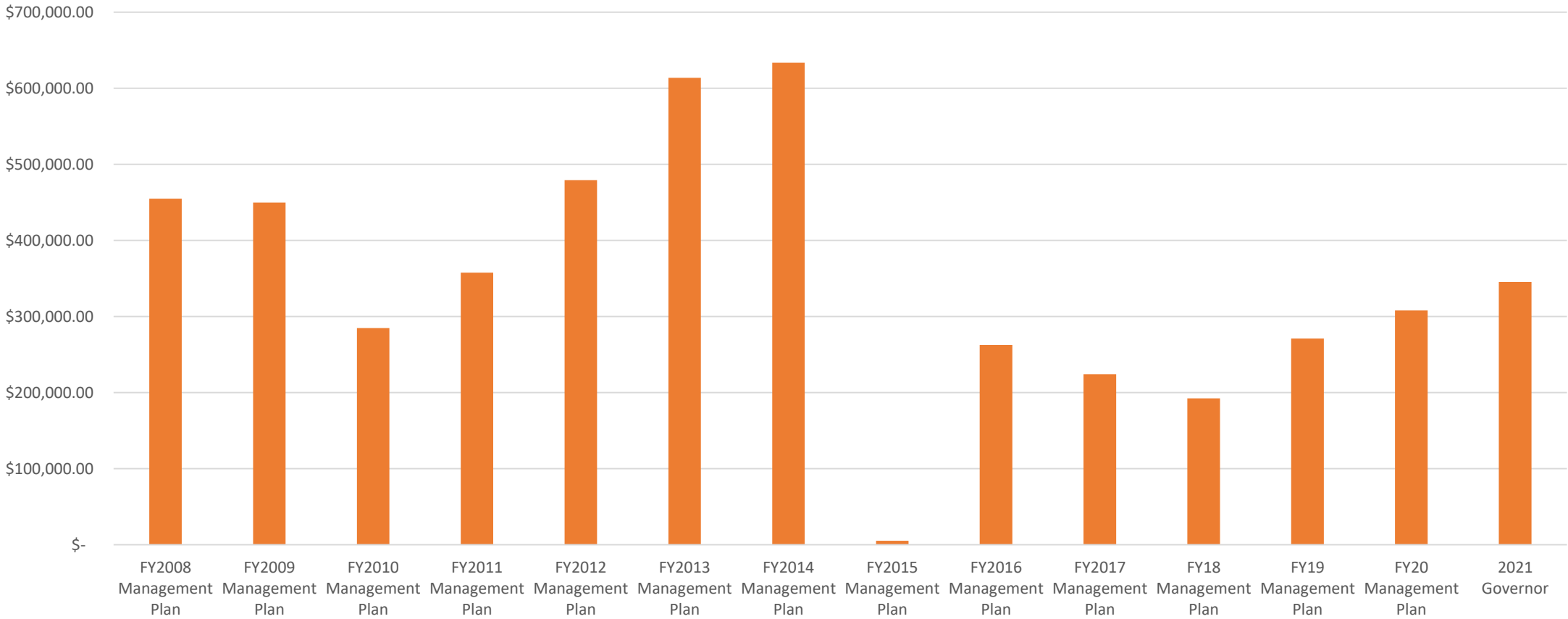


2012: Local contribution decreased from 4.0 mills to 2.65 mills.  
 Base Student Allocation increases from \$4,169 to \$5,930 per student, 42%



# Budget Drivers: Pension Liabilities

Payments for Retirement Obligations (\$Thousands)

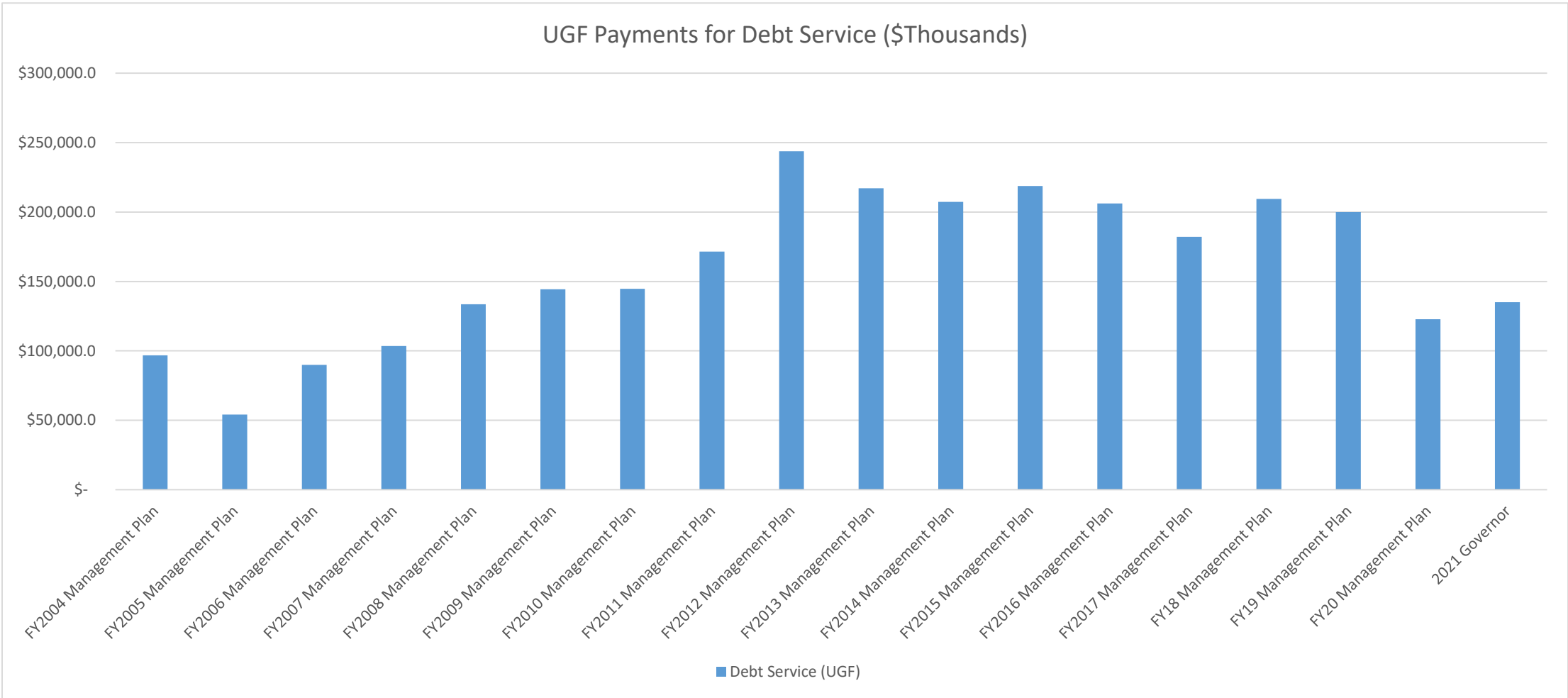


\*Table excludes \$3.0 billion retirement deposit in FY2015



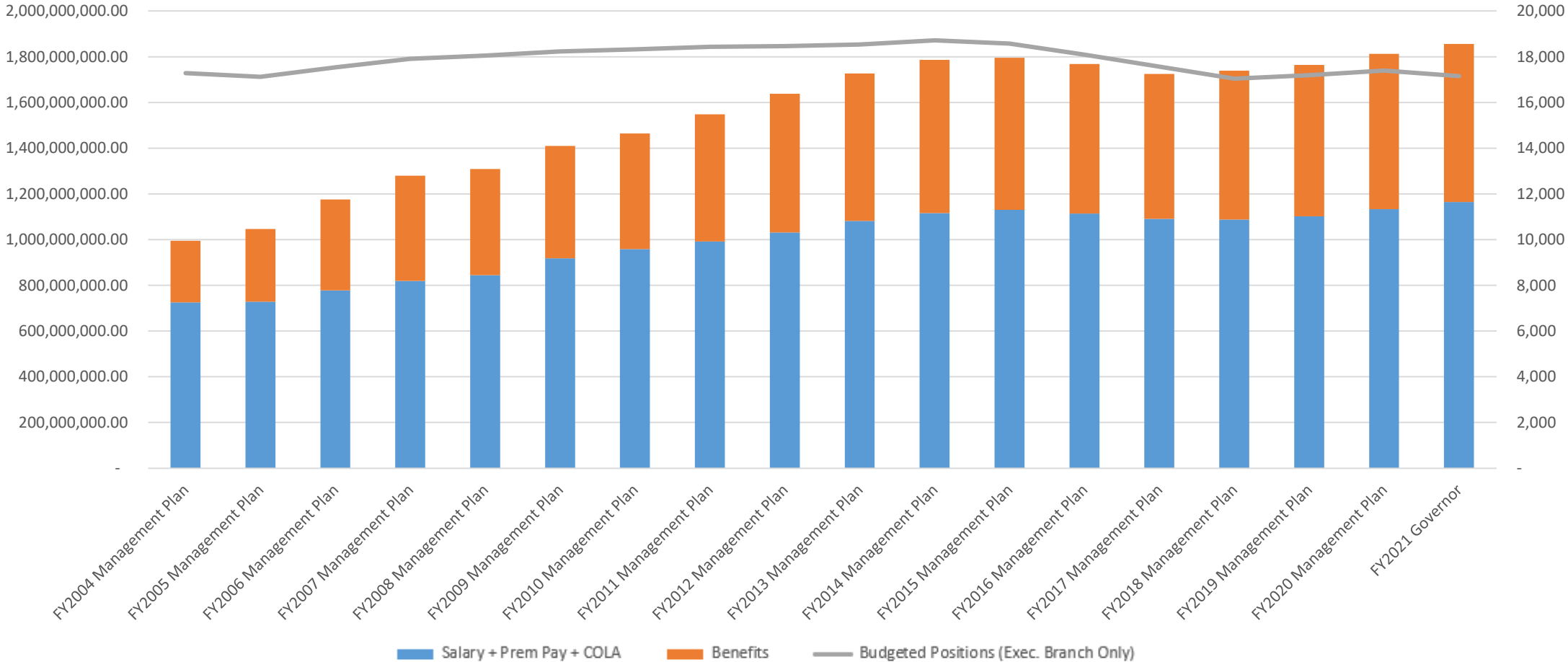


# Budget Drivers: Debt Service Obligations



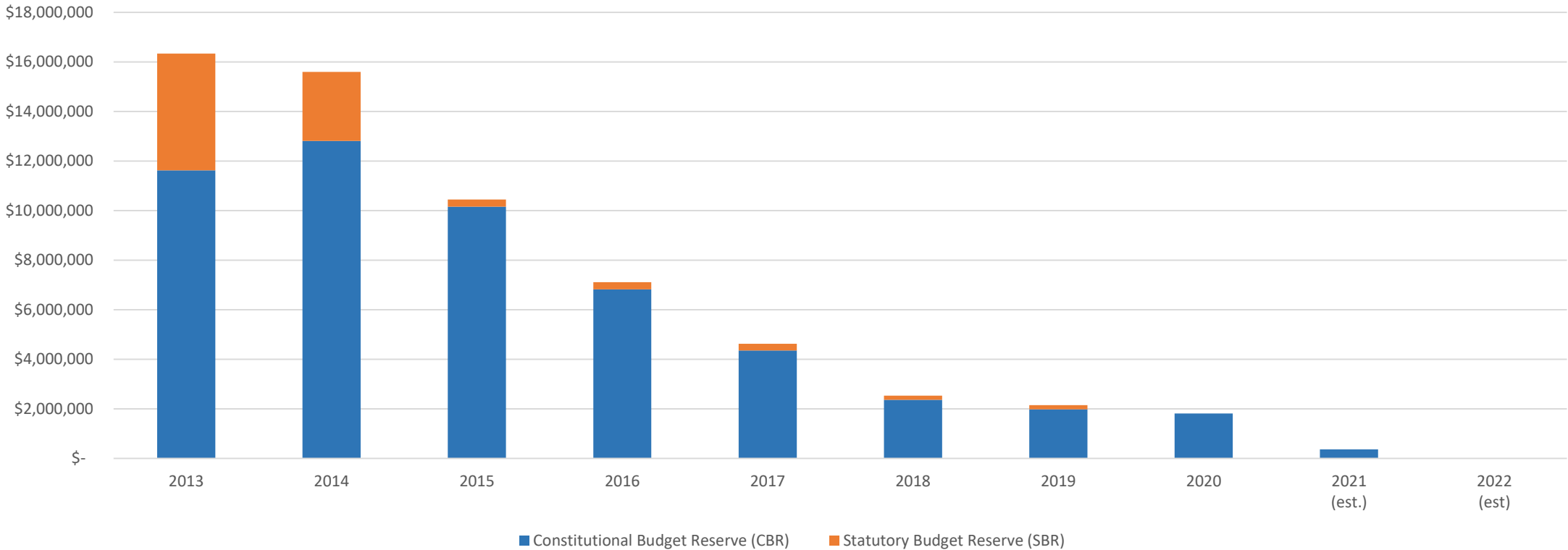
# Budget Drivers: State Employee Costs

Executive Branch Personnel Budget



# Historical CBR/SBR Balances

Budget Reserve Balances at End of Fiscal Year  
 Statutory and Constitutional Budget Reserve  
 (\$Thousands)



- Over \$16 Billion in budget reserves have been spent.
- \$542.4 million estimated remaining in the CBR at the end of FY2021.



# Questions

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**MIKE DUNLEAVY**