

FY2019 Amendments Based on FY2017 Actuals

March 5, 2018

The budget, through the executive budget act, is established by the legislature at the appropriation and allocation level and departments operate at the allocation level to best meet the objectives within the appropriated budget. These amendments are considering expenditures detailed at the “Object Class” level, the lowest level accounting reported. This level of accounting is provided for transparency; however, the legislature’s control is at an appropriation and to a lesser degree the allocation level thus providing the executive branch the authority to execute.

These amendments disregard expenditures above the “Object Class” at “Object Type” level, (the 7 categories listed on most budget reports which the object class rolls to), the impact of multiple fund sources and fund source shortfalls, and operational and budget changes made within departments since FY17. Without a holistic view of all expenditures and revenue sources within an allocation, amendments of this nature are likely to have significant unintended consequences.

Two examples:

H DOA 3 and H DOA 4. Alaska Land Mobile Radio (ALMR) and the State of Alaska Telecommunication System (SATS) –In any given year if there is a failure or high priority fix and larger share of the total budget will be spent on the highest need to keep the communications system operational regardless of object class or object type. In FY17 ALMR only lapsed \$0.7 thousand and SATS \$10.7 thousand lapsed (less than 0.2% of the budget). In operational terms that is fully utilized but not overspent. Between these two amendments sponsored by Rep. Wilson the budget is reduced by \$1,050.0.

Specific to H DOA 3 the amendment looks at spending within object class 3009 in the Alaska Land Mobile Radio (ALMR) allocation. In FY2017 ALMR originally budgeted \$2,547.3 in the 3009 class but only spent \$949.9, while this appears to indicate that there is excess authority, you also need to note that in FY2017 ALMR budgeted \$0 for the 3010 class but spent \$2,601.4. Meaning that the excess budgeted on 3009 was spent on 3010 and is not available for elimination. 3009 is defined as “Structure, infrastructure and land repairs, maintenance, rental, and leases” while 3010 is described as “Machinery, furniture and office equipment purchase, repairs, maintenance, rentals, and leases.” There is sufficient overlap between these two classes

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that it would not take significant operational change to adjust from one to the other.

Additionally, the Fed fund source shortfalls must be taken into consideration for H DOA3: In FY2017 ALMR was budgeted \$1,900.0 Fed, \$2,038.1 UGF, and \$60.0 GFPR. Actual spending was \$1,515.3 Fed, \$2,037.4 UGF, and \$0 GFPR. Due to Federal restrictions, DOA was unable fully collect the ALMR federal revenue. The “excess” authority of \$445.4 is Federal revenue that was not received.

Information on actual and planned spending is provided with the budget books to enable more detailed analysis and internally provides departments significant operational and management insight. Expenditures at the object class level can vary from year to year based on events and operational priorities, additionally the definitions of each object class often have some overlap meaning that any given expenditure may fit within multiple object classes.

An analysis of expenditures at the object class level is insufficient to determine if there is authority available for reduction. Review of all levels of budget detail through the appropriation total as well as a review of prior legislative changes, are needed to ensure an informed decision.

Below are several examples of other amendments that may have unintended consequences of reducing the budget beyond the amount of excess authorization:

- Amendment H DOT 7 proposes to reduce the Marine Highway System’s fuel budget by \$1,000.0, stating that actuals were below FY2017 authorized levels. This reduction does not acknowledge that the price of fuel was much lower in FY2017 than it is today.
- Amendments H DNR 17/18 propose to reduce the budget for parks management and access to align to FY2017 actuals. This amendment does not consider that the budget for Parks has already been reduced by \$1.2 million since FY2017.
- Amendments H DNR 13/14 reduce the budget for Fire Suppression Activity. In FY2017 this allocation was over-spent due to the fire season experienced in the past fiscal year.
- Amendment H HSS 19 proposes to reduce the budget for Public Assistance Administration by \$28.9. This budget was completely expended in FY2017.

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- Amendment H HSS 13 proposes to align the budget to FY2017 actuals by reducing the FY2019 budget by \$100.2. This amendment does not consider that the budget has been cut by 107.5 thousand since FY2017.
- Amendments H DFG 17/19/20 propose to reduce the budget for wildlife conservation by a total of \$300.0 thousand. The UGF lapse in this appropriation was only \$0.1 thousand in FY2017. The lapse in this component occurred in federal receipts, not state general funds.
- Amendments H DGF 5 through H DGF 15 propose reductions that are larger than the amount of UGF lapse in the component, further, in FY2018 DFG moved centralized rent payments into the individual divisions which must be accounted for when comparing to FY17 actuals:
 - H DGF 5 reduces the Southeast Region Fisheries Management budget by \$100.0; FY2017 UGF lapse was just \$14.8
 - H DGF 6 reduces the Central Region Fisheries Management budget by \$100.0; FY2017 UGF lapse was just \$22.8
 - H DGF 7 reduces the Central Region Fisheries Management budget by \$200.0; FY2017 UGF lapse was just \$22.8
 - H DGF 8 reduces the AYK Region Fisheries Management budget by \$200.0; FY2017 UGF lapse was just \$17.8
 - H DGF 9 reduces the AYK Region Fisheries Management budget by \$100.0; FY2017 UGF lapse was just \$17.8
 - H DGF 10 reduces the Westward Region Fisheries Management budget by \$100.0; FY2017 UGF lapse was just \$27.9
 - H DGF 11 reduces the Westward Region Fisheries Management budget by \$400.0; FY2017 UGF lapse was just \$27.9
 - H DGF 12 reduces the Statewide Fisheries Management budget by \$200.0; FY2017 UGF lapse was just \$50.6
 - H DGF 13 reduces the Statewide Fisheries Management budget by \$1,000.0; FY2017 UGF lapse was just \$50.6
 - H DGF 14 reduces the Sport Fisheries budget by \$100.0; FY2017 UGF lapse was just \$23.5
 - H DGF 15 reduces the Sport Fisheries budget by \$50.0; FY2017 UGF lapse was just \$23.5