

ALASKA · STATE · CAPITOL

Alaska's Historical Capital Budget Spending

House Finance Committee

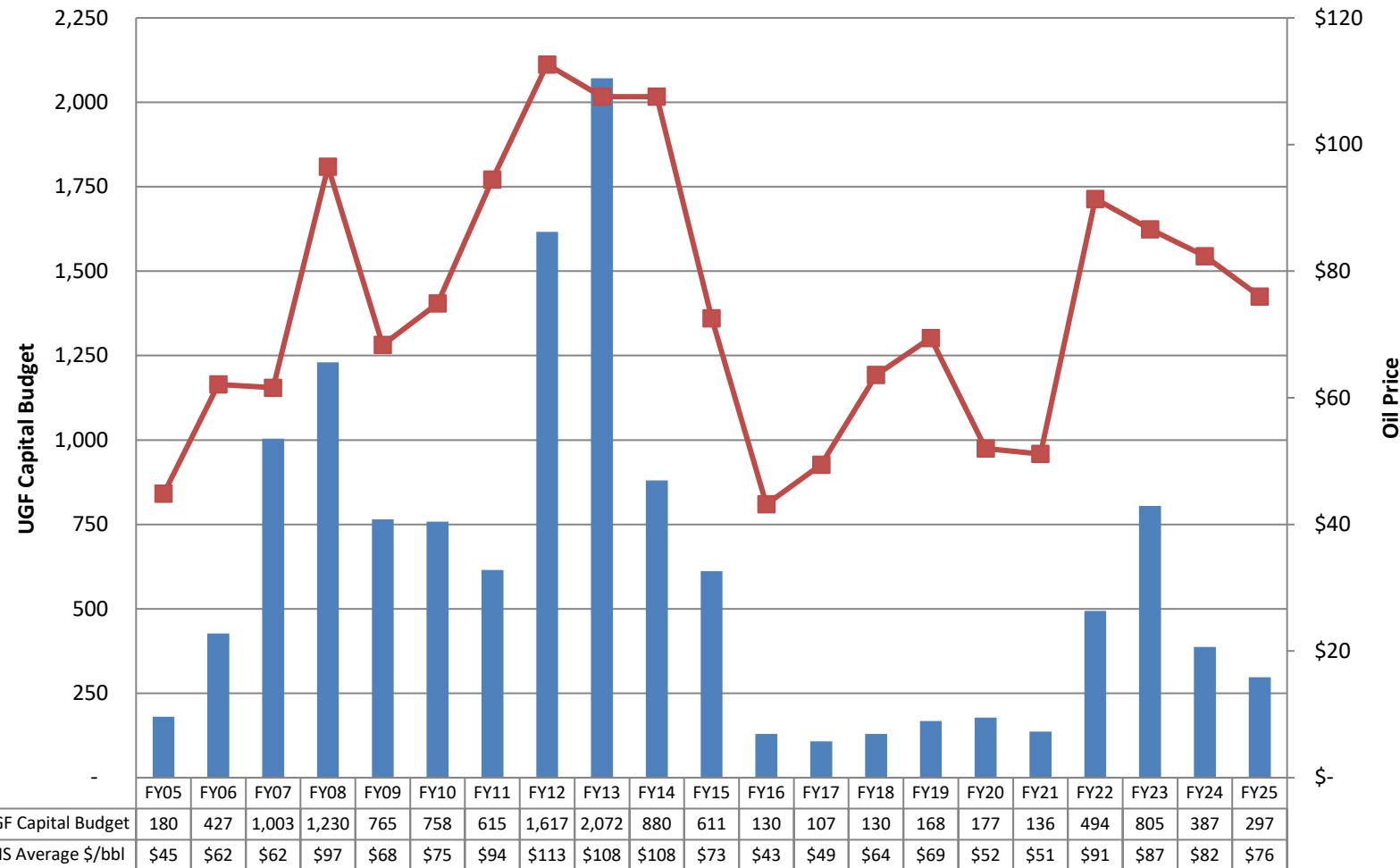
April 23, 2024

Legislative Finance Division

Outline

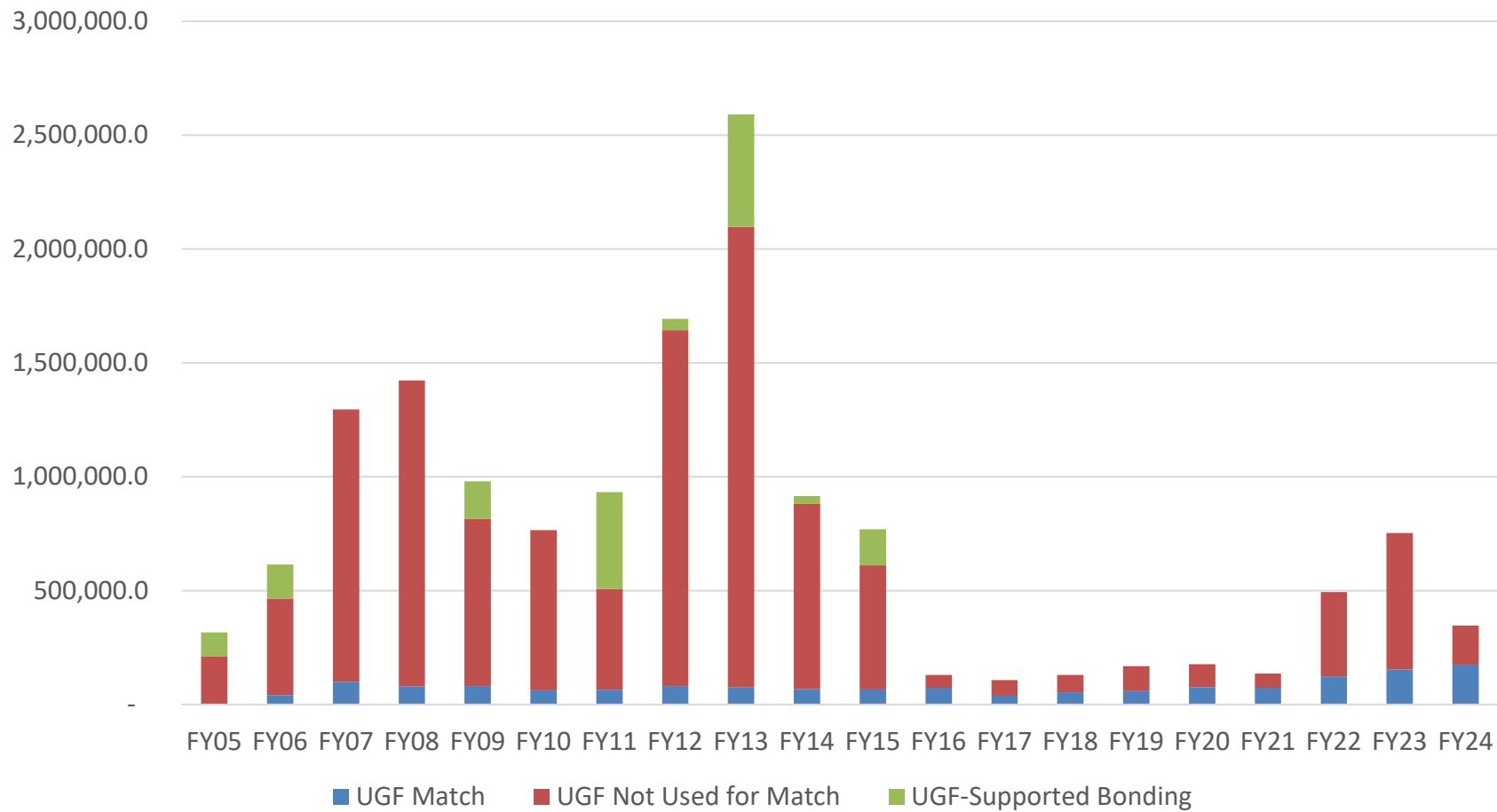
- 20-Year History of UGF and Bonding in Capital Budgets
- Spending categories
 - Matching funds
 - Priority lists
 - Grants to municipalities or named recipients
 - State agency projects
- Geography and Timing

UGF Capital Budget and Oil Prices



ANS Average \$/bbl for FY24/25 are from the DOR 2024 Spring Forecast, spending in FY24/25 are from Governor's amended budget.

FY05-24 UGF and UGF-Supported Capital Budgets



Capital Funding History

- FY05-FY15 capital budgets averaged \$908.7 million UGF (\$2.3 billion total).
 - Including UGF-supported bonding, the average was \$1.1 billion per year.
- Peak year was FY13 with \$2.0 billion UGF (\$3.6 billion total, including \$492.9 million of bonding)
- FY16-FY21 capital budgets averaged \$123 million UGF (\$1.5 billion total), with no bonding.
 - A significant portion of spending needs were covered using an average of \$56 million of reappropriations through FY20. Old money is much harder to find now since the projects from the years of large capital budgets have mostly closed out.
- From FY22-24, capital budgets increased to an average of \$531.2 million UGF per year.

Matching Federal Funds

- From FY06-15, an average of 8% of the UGF capital budget was used to match federal funds. Match was often met partially through bonding.
- From FY16-21, match made up an average of 44.5% of the UGF capital budget.
- From FY22-23, that fell to 22.7%.
- In FY24 and the FY25 Governor's budget, match has increased to 49.0% of the UGF budget as match requirements have increased due to an influx of federal funds.
- FY25 has \$143.7 million match requirement on the \$3.1 billion in Federal funding.

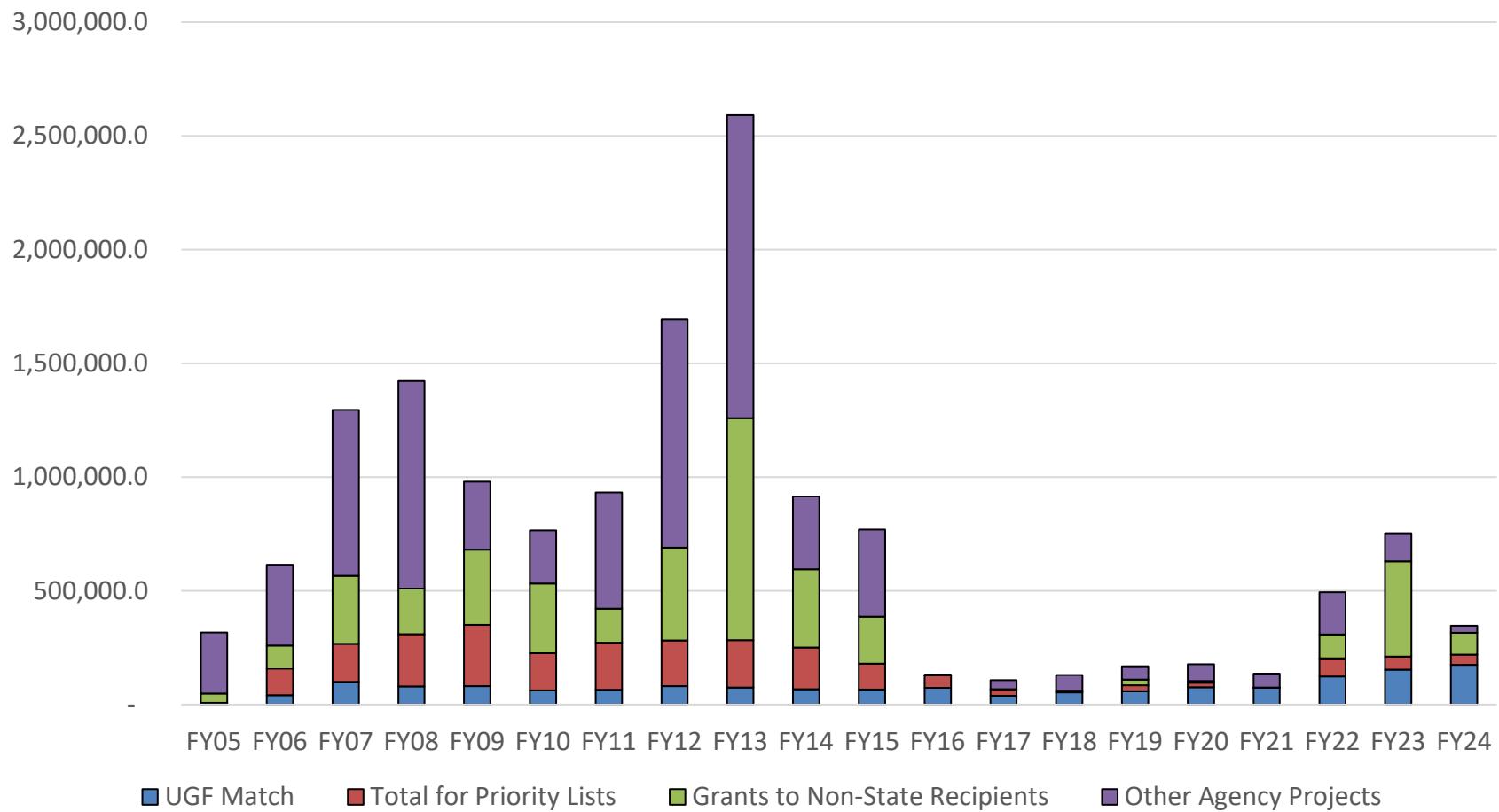
Main Areas of Federal Match in FY25

- Federal-Aid Highway Match: \$87.2 million match to \$822.4 million of federal funds
- Federal-Aid Aviation State Match: \$39.9 million to match \$404.7 million of federal funds
- Village Safe Water and Wastewater Match: \$22.9 million to match \$265.3 million of federal funds

Items Beyond Federal Match

- From FY05-24, UGF Match averaged 21.5% of UGF and bonded capital budgets
- Construction and Maintenance Lists
 - From FY05-24, these averaged 15.4% of UGF and bonded capital budgets
- Agency Projects
 - From FY05-24, these averaged 42.4% of UGF and bonded capital budgets
- Grants to Non-State Recipients
 - Municipal (AS 37.05.315)
 - Named Recipient (AS 37.05.316)
 - From FY05-24, these averaged 20.7% of UGF and bonded capital budgets

FY05-24 Capital Budgets: UGF Categories



UGF Funding through Priority Lists



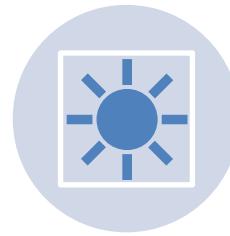
Deferred
Maintenance



School Construction

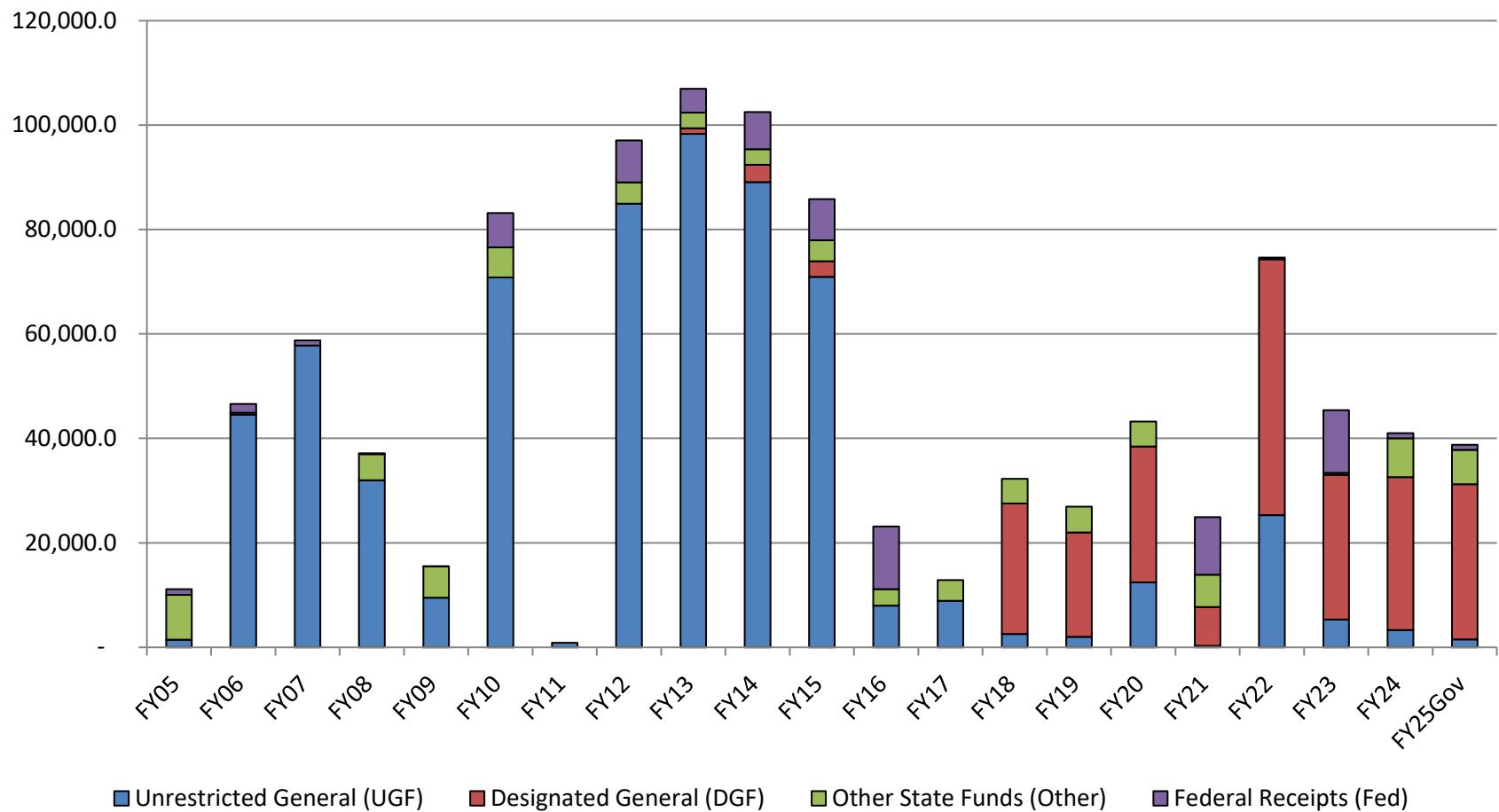


School Major
Maintenance

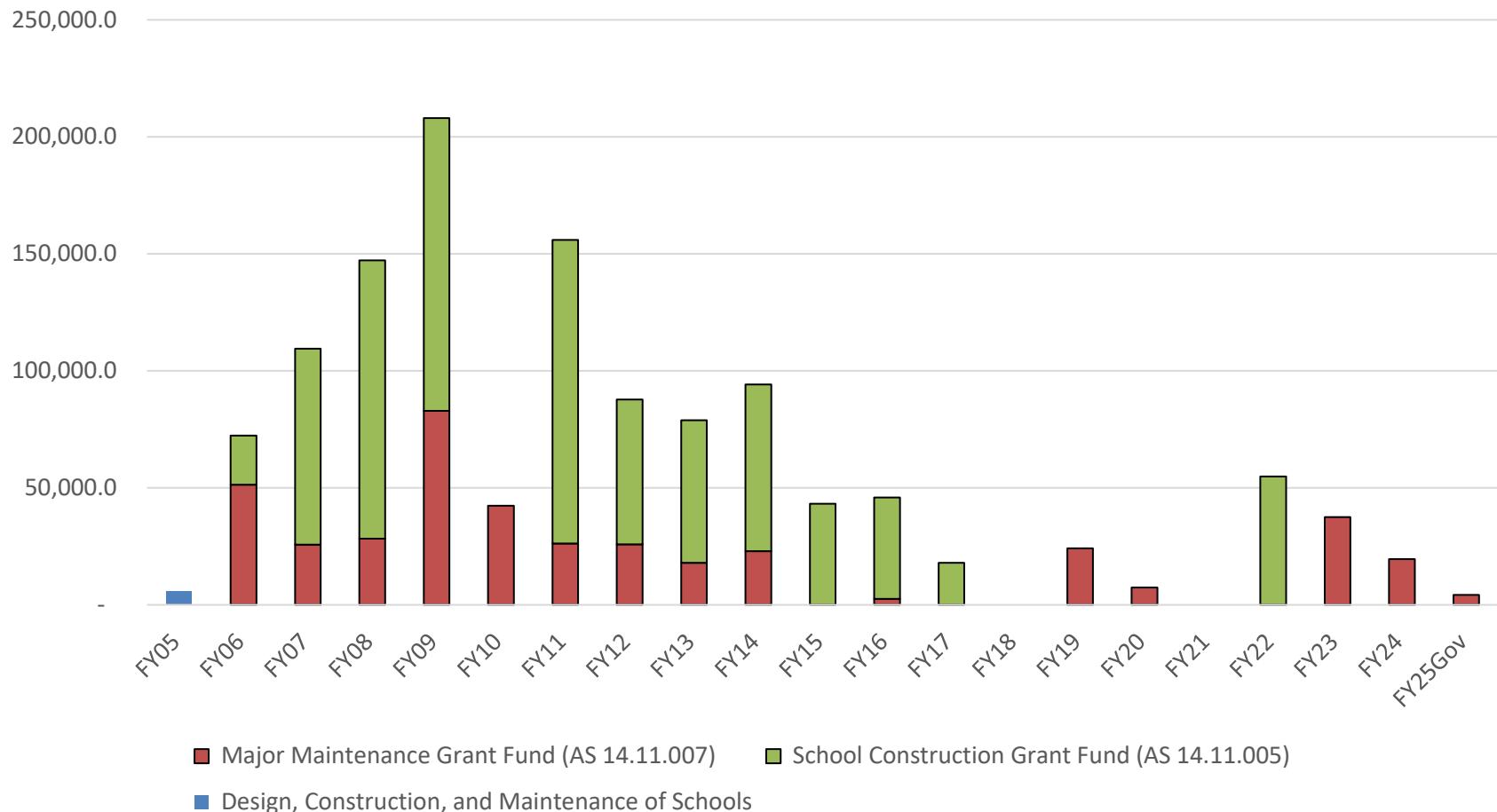


Renewable Energy
Projects

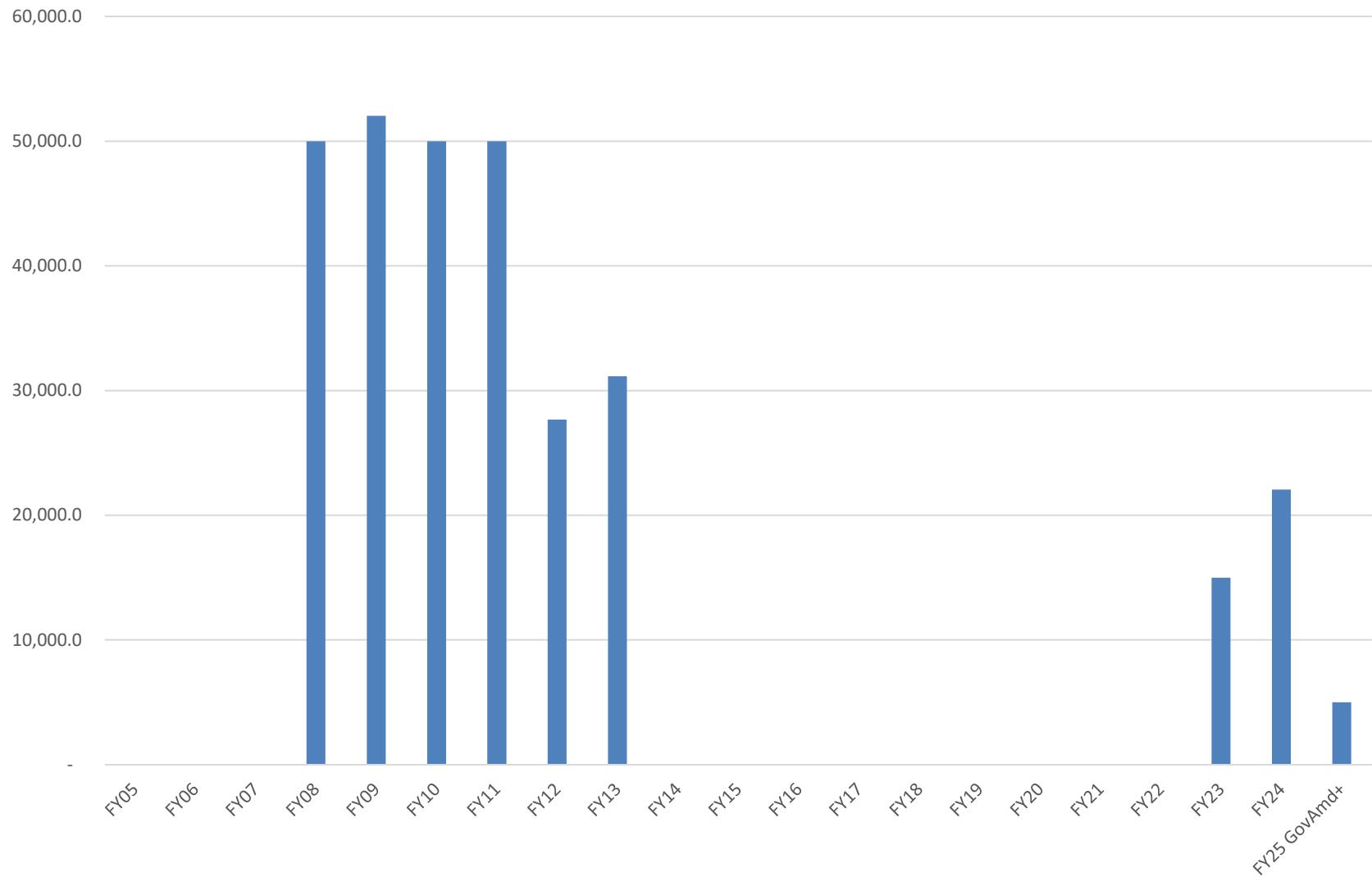
Deferred Maintenance Funding, FY05-25, by Fund Group



FY05-25 School Major Maintenance and Construction Appropriations



Renewable Energy Funding, FY05-25



Geographic Distribution of Funding

- The Legislative Finance Division assigns House District locations of projects based on the information we have available. Locations are informational to the legislature, not binding.
- 74% of the Senate capital budget (70% of UGF) is classified as “Statewide.”
- “Statewide” includes all funding that affects more than one House District and does not fall within a specific region.
 - Priority lists are always shown as Statewide, but each year only a few (or even one) district may be impacted by the funds.
 - DOT has separate allocations with HD locations for federal funding for road projects, but a single statewide appropriation for matching funds to retain flexibility.
- LFD can report location either by *impact* or by *location*. For example, each University of Alaska campus is physically located within a single House District but impacts the entire community.

Timelines and Effective Dates

- Capital Lapse Provision: AS 37.25.020
 - 5 years plus the life of the project (substantial and ongoing work).
 - Funds leftover from completed projects are often reappropriated to new projects. The legislature often keeps those reappropriations within the same district as the lapsing project but there is no formal requirement to do so.
- Due to the longer timeline compared to the operating budget, capital projects can often be “funded” with either supplemental or regular effective dates to match the availability of revenue
- Capital Appropriation Status Report (CASR) updated annually by OMB with current project status
- Lapsing Grants Report prepared annually by Department of Commerce, Community and Economic Development to update the legislature on the status of grants to named recipients

Questions?

Contact Information

Michael Partlow

Capital Budget Coordinator

(907) 465-5435

Michael.Partlow@akleg.gov

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