

FY2011 Budget Overview

Senate Finance Committee



Office of Management and Budget
January 27, 2010

Budget Guidance

The mission

The FY2011 budget supports Governor Parnell's number one mission:

“Position Alaska’s economy for growth and Alaska’s families for opportunity.”



Budget Guidelines

How do we get there?

- Focus on the priorities mandated by Alaska's constitution- Education, Public Safety, and Resource Development
- Maintain budget discipline by limiting agency growth
- Focus on results for Alaskans
- Take a long-term view

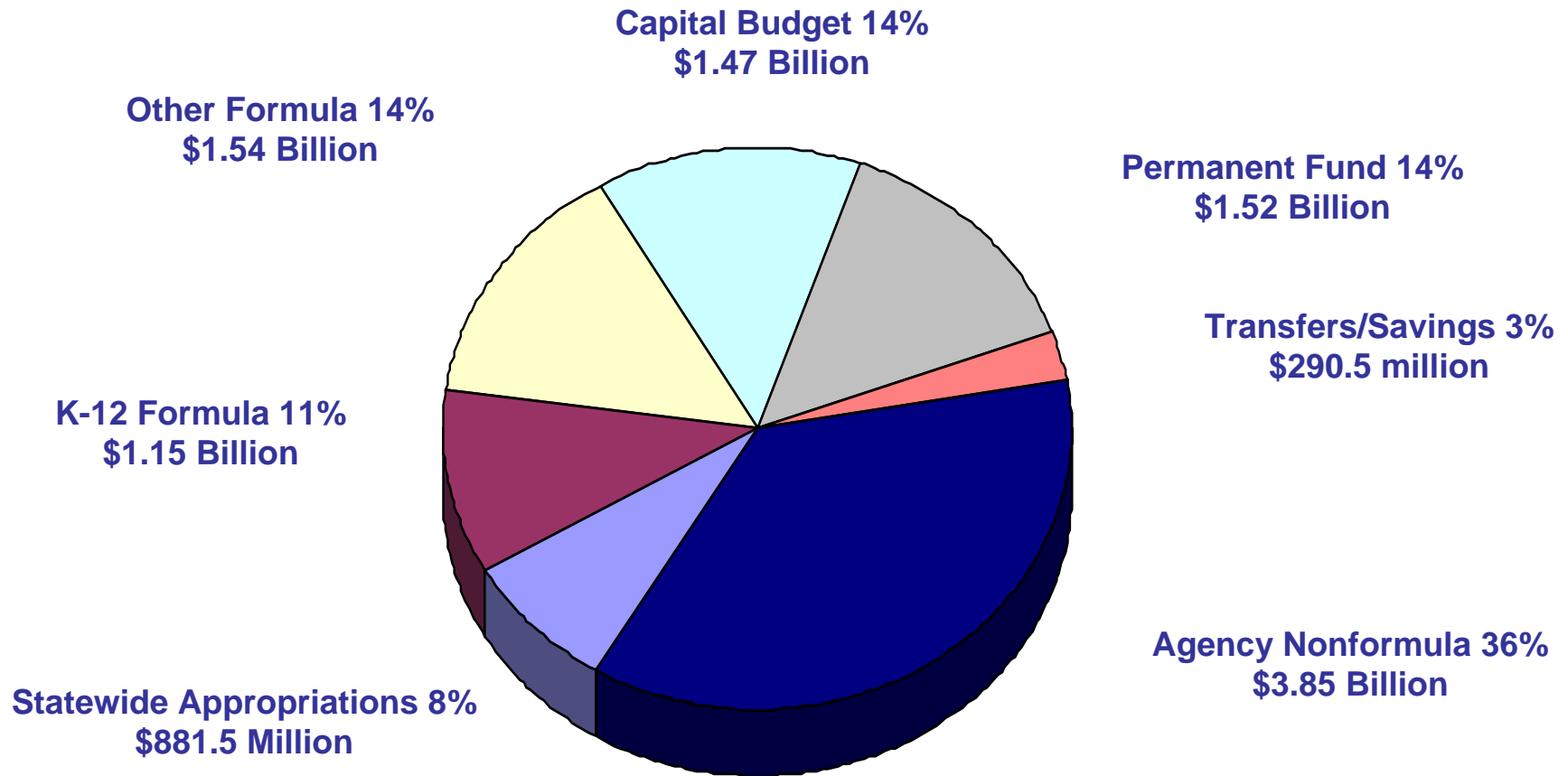


FY2011 Budget Summary

FY2011 Fiscal Summary	Recast General Funds	Recast Other Funds	Recast Federal Funds	Total
<i>Oil Price \$76.35</i>				
Unrestricted GF	\$5,236.6			\$5,236.6
Other Revenue moved to GF	\$759.6			\$759.6
Corporate Dividends	\$59.5			\$59.5
Federal and Other State Funds		\$501.3	\$2,780.6	\$3,281.9
Total Revenue	\$6,055.7	\$501.3	\$2,780.6	\$9,337.6
<u>Expenditures</u>				
Agency Operations	\$4,327.0	\$385.5	\$1,885.6	\$6,598.1
Statewide	\$802.1	\$52.4	\$27.0	\$881.5
Total Operating	\$5,129.1	\$437.9	\$1,912.6	\$7,479.6
Capital	\$580.5	\$54.7	\$839.3	\$1,474.5
Transfers/Savings	\$253.0	\$8.7	\$28.8	\$290.5
Total FY2011 Authorization excludes Permanent Fund	\$5,962.6	\$501.3	\$2,780.7	\$9,244.6
Balance	\$93.1			\$93.1
Permanent Fund	\$1,523.0			\$1,523.0
Total FY2011 Authorization with Permanent Fund	\$7,485.6	\$501.3	\$2,780.7	\$10,767.6

FY2011 Expenditures by Category

Proposed Spending Plan



Total Funds = \$10,767.5 million



Revenue Forecast Revised Upward

Revised Revenue Forecast Creates Opportunity

Forecast version

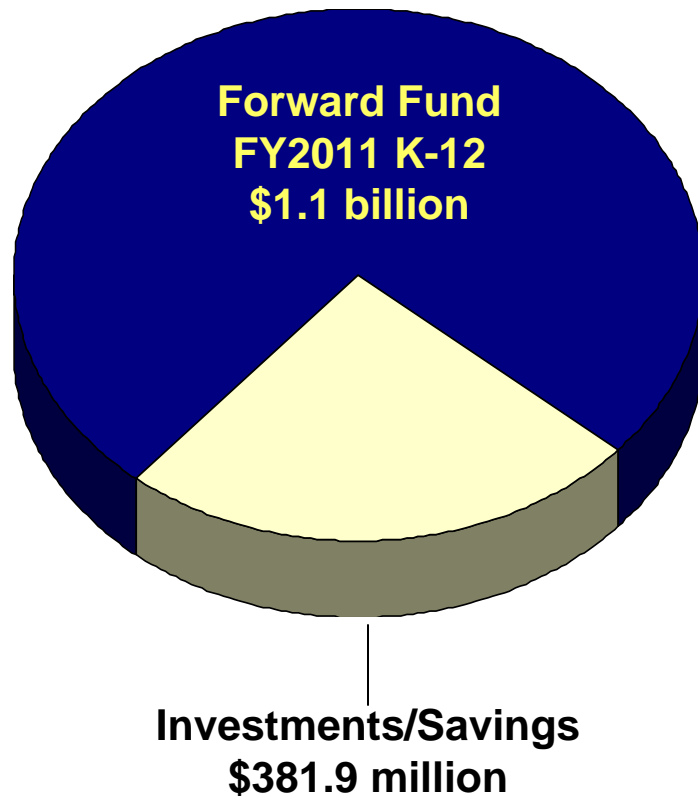
FY2010	Spring 2009	Fall 2009	Difference
ANS West Coast Oil Price (Per Barrel)	\$58.29	\$66.93	\$8.64
Production (mmbbl./day)	0.655	0.659	.004
FY2010 GF Unrestricted Revenue (\$millions)	\$3,210.7	\$4,777.0	\$1,566.3
FY2011			
ANS West Coast Oil Price (Per Barrel)	\$67.67	\$76.35	\$8.68
Production (mmbbl./day)	0.634	0.623	-0.011
FY2011 GF Unrestricted Revenue (\$millions)	\$3,876.0	\$5,236.6	\$1,360.6



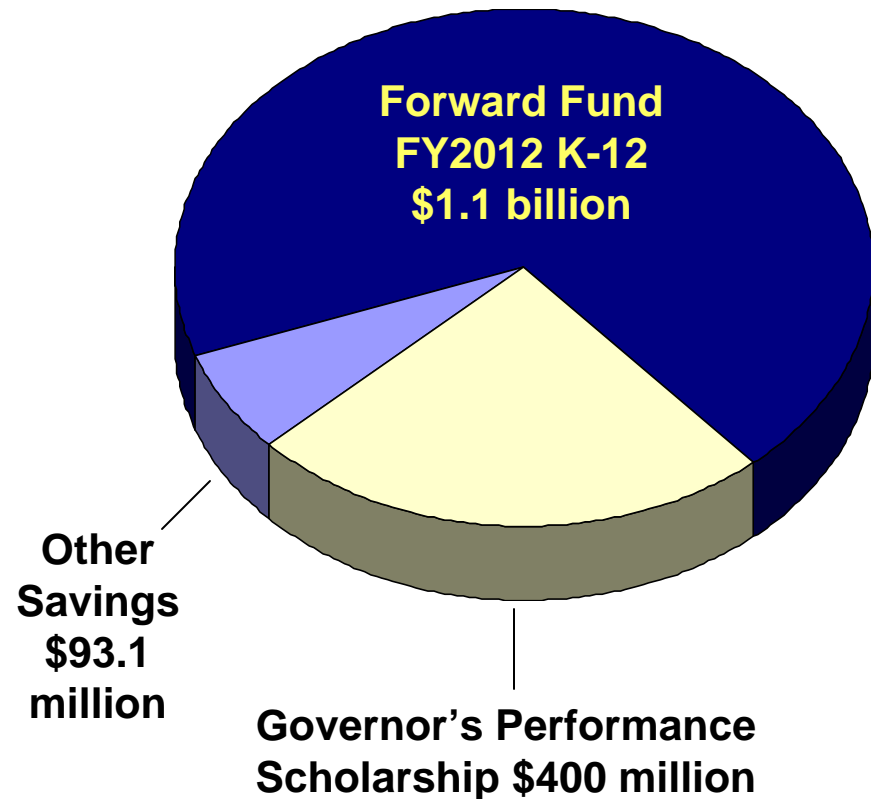
Save/Invest the Projected Surplus

Proposal forward funds K-12 education and saves for Alaska's future

FY2010 Surplus



FY2011 Surplus



FY2011 Results-Based Budgeting

Utilizing the state's performance framework to measure results for Alaskans

- **Agency Missions**
 - Consistent with statutory authority
- **Core Services**
 - Activities to accomplish the mission
 - End Results – planned goals and achievements
 - Strategies and Targets – planned actions and targets to measure success
 - Status and Analysis of Results – How are we doing and what does the data show?
- **System Changes**
 - Align agency and state priorities
 - Identify department priority programs and key performance indicators
 - Distribution of current budget capacity (FY2010) by priorities
 - Key performance indicators to reflect progress toward desired results
 - Link proposed budget changes with desired results System Changes
- **Legislative Review**
 - Part of the annual review and approval of the budget
 - Process outlined in AS 37.07.014
 - Promote results-based government and method to measure results for each agency



Long-Range Fiscal Plan

Resource Development, Spending Discipline, and Saving for the Future

- **Guiding Principles**
 - Responsibly develop Alaska's natural resources – oil, gas, and other natural resources such as mineral, mining, fishing, tourism
 - Restrain spending – focus on essential services, results for Alaskans, promote economic growth and fiscal stability
 - Save for the future – build reserves, forward fund when appropriate, preserve and grow the permanent fund
- **Assumptions**
 - 3% annual growth rate in beginning in FY2012
 - Inflation at 2.75%
 - Population Growth at 1% annually
 - Requires state service delivery to become more efficient over the 10-year period
- **Major Challenges**
 - Formula program increases – Education and Medicaid
 - Infrastructure development
 - Unfunded Liability of Retirement Systems
- **Planning Tool**
 - The long-range fiscal plan is a tool for policy and budget development
 - Does not represent a funding commitment by the Administration or the Legislature in the future



FY2011 Fund Code Project

Transition to new fund categories will take time and patience

- **Three Key Changes to Budget Process**
 - Reappropriations and Carry Forward
 - Fund Transfers
 - General Fund and Designated General Funds
- **FY2011 Revenues and Expenditures**
 - Aligned with Legislative Finance on the numbers
 - Minor differences in fund transfers
- **Implementation Timelines**
 - Updates to OMB's budget system ongoing
 - Enacted budget is the target
 - Sooner if possible



For More Information on the Budget

How can I get more details about the Governor's FY2011 budget?

<http://www.omb.alaska.gov>

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