

State of Alaska

Office of Management and Budget

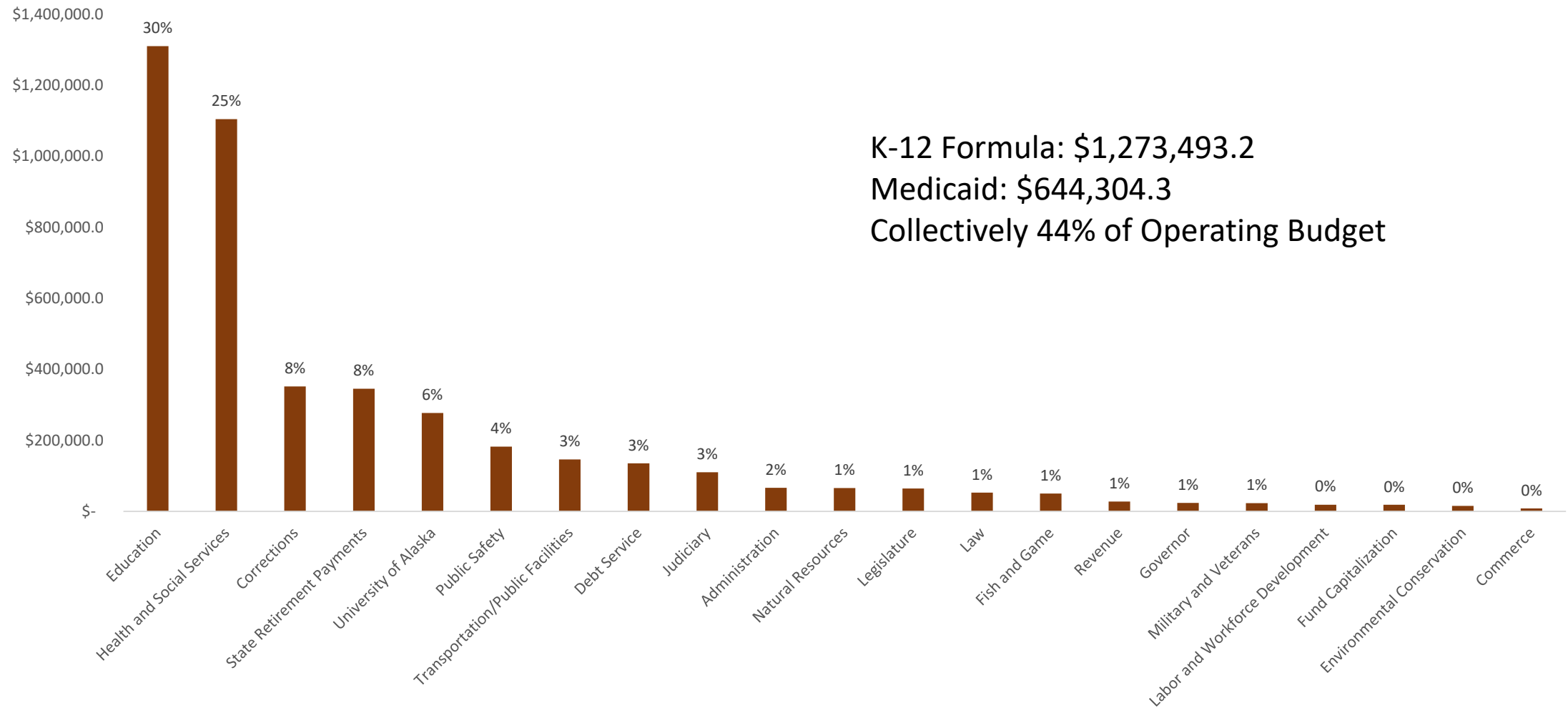
House Finance Committee FY2021 Budget Overview
January 24, 2020

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Brian Fechter, Chief Budget Analyst



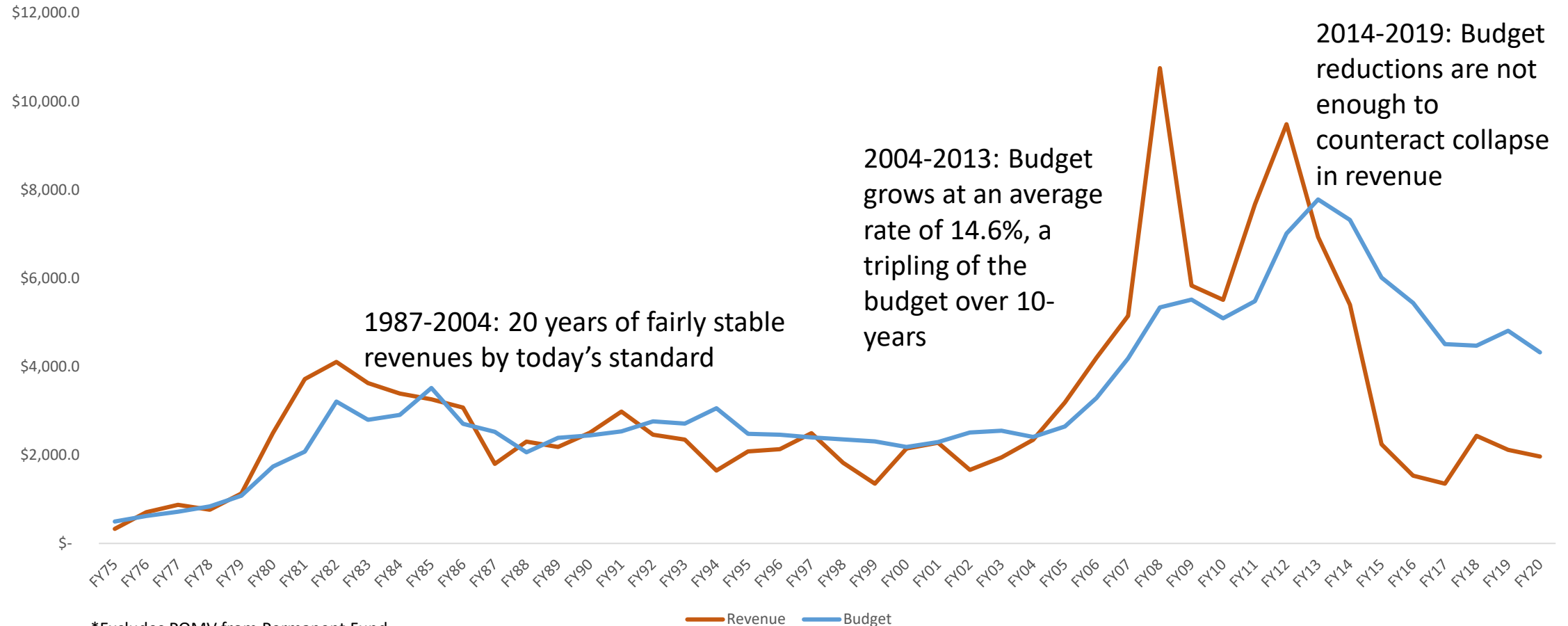
Office of Governor
MIKE DUNLEAVY

FY2021 Budget by Agency (UGF) - \$ Thousands



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
Total Unrestricted General Fund	\$ 5,059.0	\$ 5,071.4	\$ 5,206.9	\$ 5,335.5	\$ 5,481.0
Total Unrestricted General Fund Statutorily Available for Government Use	\$ 3,053.9	\$ 2,823.7	\$ 2,810.7	\$ 3,104.2	\$ 3,084.8

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)						FY2021 Governor					FY2020 to FY2021	
FY2020 Management Plan plus Likely Supplementals												
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%
Total Revenue	4,164.1	982.1	799.1	3,978.5	9,923.8	3,053.9	972.8	760.5	3,917.8	8,705.0	(1,110.2)	-27%
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%
Total Appropriations	4,433.8	982.1	799.1	3,978.5	10,193.5	4,601.3	972.8	760.5	3,917.8	10,252.4	167.5	4%
Surplus/(Deficit)	(269.7)					(1,547.4)					(1,277.8)	474%

Significant Highlights - \$ Thousands

- Public Safety Investment: \$84,566.7 UGF
- Alaska Development Team: \$2,843.6 DGF
 - Pilot Program, will become self sufficient by 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
Public Safety Investments	General Fund	Corrections	General Fund
Restoring General Funds to Power-Cost-Equalization Items	\$ 32,143.4	Drug Dog	\$ 253.2
		Re-Entry Staffing	\$ 746.1
Judiciary		Expanded Correctional Officer Recruitment	\$ 136.8
Additional Funding and Resources to the Court System Budget	\$ 1,959.6	Inmate Mail Copying	\$ 415.7
		ACOMs Database/Crime Stopper Software	\$ 450.0
Public Safety		Cost of Correctional System/Growth in Inmate Counts	\$ 24,710.6
Funding to Fill Current Trooper Positions (AST and AWT)	\$ 2,733.9	Body Scanning Equipment	\$ 1,310.0
Increase Number of Trooper Positions	\$ 7,599.1		
Dispatch in Anchorage	\$ 872.8	Administration	
Increase Staffing for State Crime Lab	\$ 744.2	Public Advocacy/Public Defender Travel	\$ 155.0
CDVSA - Add Federal for Victims of Crimes Act Grant	\$ -	Public Guardian Salary Support	\$ 250.0
Building Plan Review Turnaround Time Reduction	\$ 219.0	Bar Dues for Attorney Positions	\$ 116.0
NOAA Grant for Fisheries Enforcement	\$ -	Military and Veterans	
Wildlife Troopers Equipment Repair and Replacement	\$ 1,000.0	SATS/ALMR Upgrades and Maintenance	\$ 7,661.3
Crime Laboratory Equipment Replacement	\$ 290.0	Mass Notification System - JBER	\$ 800.0

Selected Department items - \$ Thousands

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
- Alaska Energy Authority - Statewide Railbelt Energy Plan: \$1,012 UGF

Selected Department items - \$ Thousands

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

Fish and Game

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

Selected Department items - \$ Thousands

Governor

- Restore Elections Funding: \$1,847.0 UGF
- Deferred Maintenance: \$30,000.0 UGF

Health and Social Services

- 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

Labor & Workforce Development

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



Selected Department items - \$ Thousands

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

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:
 - \$64,2995.1 UGF, \$10,858.3 Reappropriations, \$1,946.6 DGF: Leverages Federal at 90%/10%

University

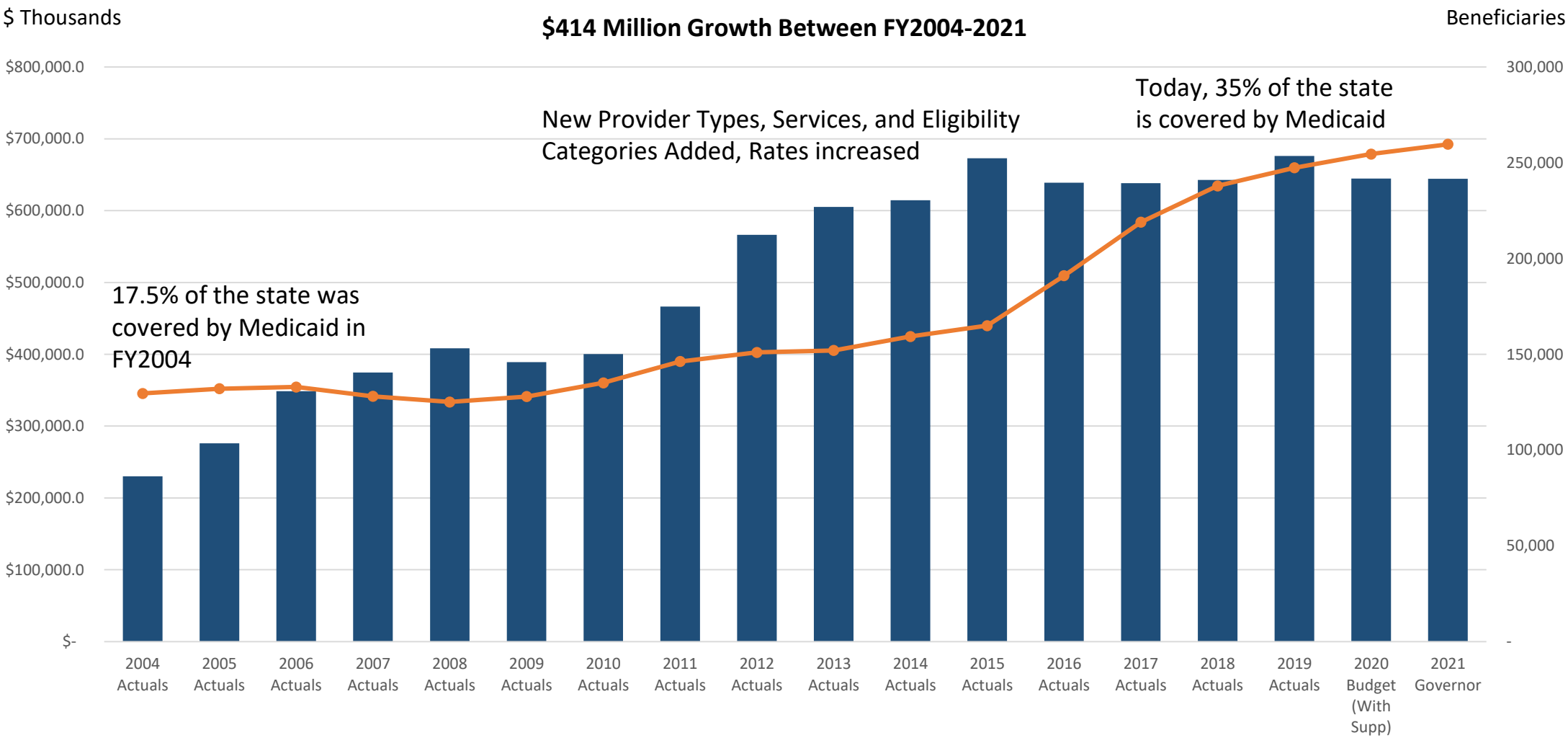
- Reduction per compact: (\$25,000.0) UGF
- Single appropriation

Budget Drivers - \$ Thousands

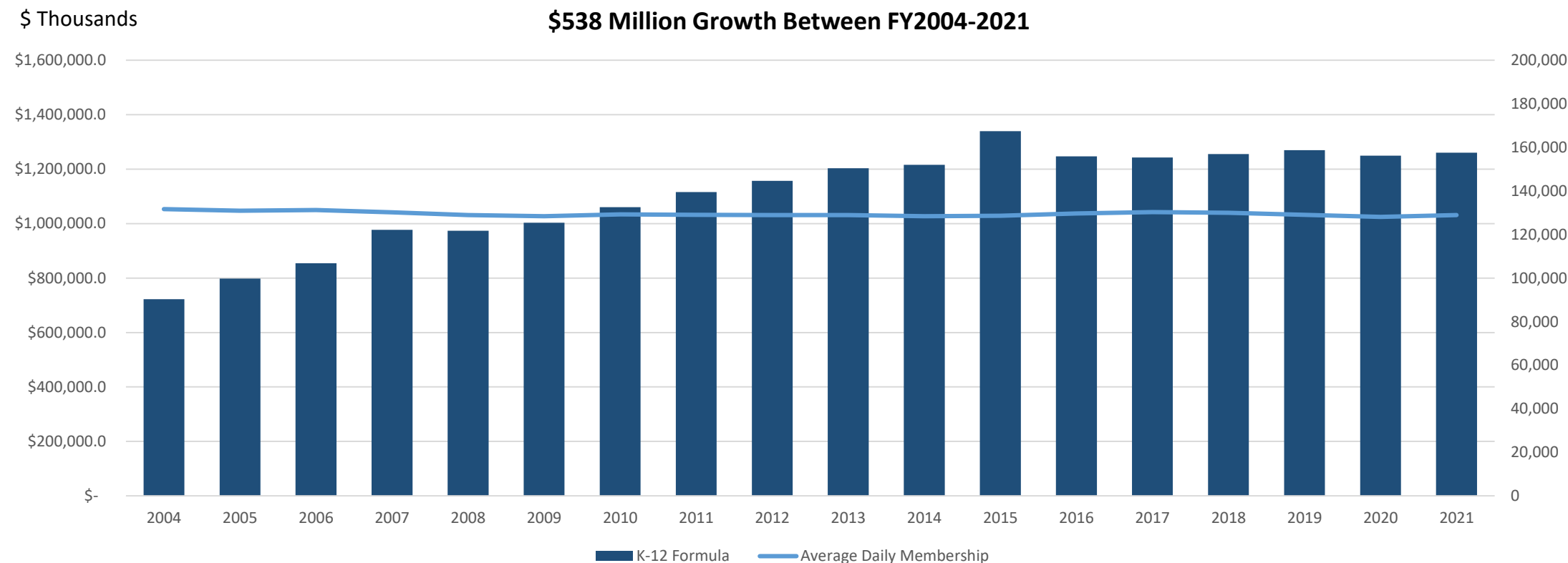
- **Medicaid**
 - Restore \$128,273.6 UGF
- **K-12 Formula**
 - \$19,817.4 UGF increase
- **Retirement**
 - \$37,631.3 UGF Increase to a total of \$345,567.4 UGF
- **Debt**
 - \$12,233.7 UGF increase to a total of \$134,987.0
- **State Employee Costs (Cost of Living Adjustments and Health Insurance)**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

Executive Branch Position Status (Exc'l Univeristy, Legislature, Judiciary)				
	FY2019	FY2020	FY2021	Filled as of 12/15/19
Full-Time	15,466	15,656	15,468	14,245
Part-Time	1,336	1,314	1,272	165
Non-Perm	389	426	411	737

Budget Drivers: Formula Programs – Medicaid

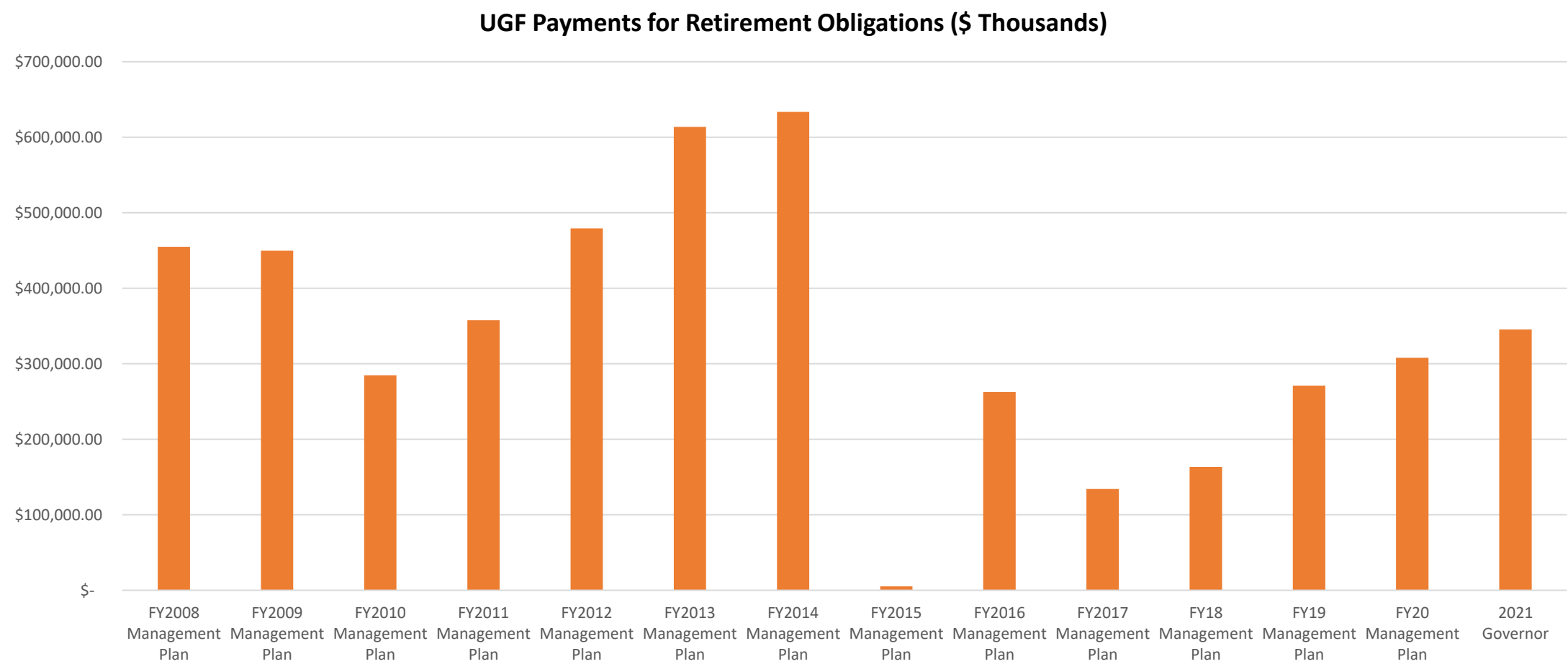


Budget Drivers: Formula Programs – K-12 Foundation Formula



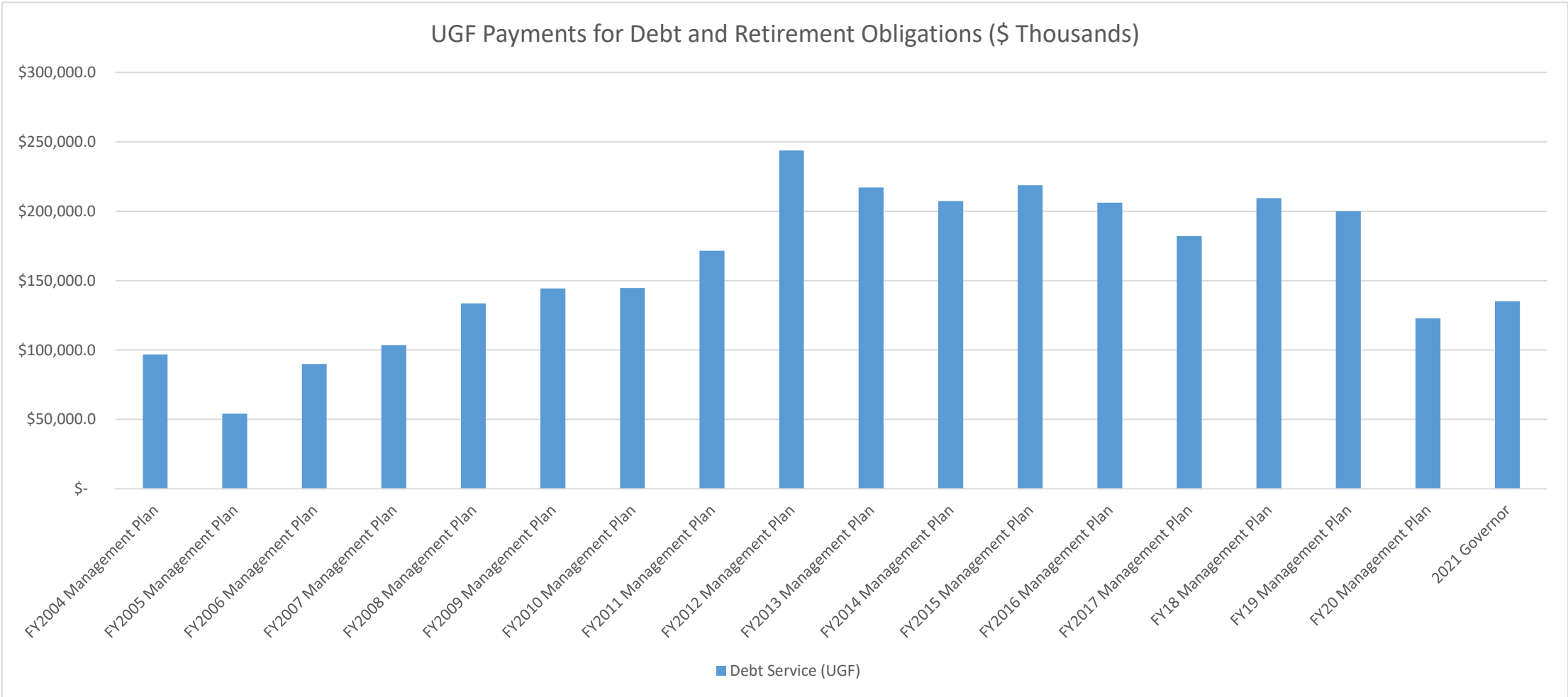
2012: Local contribution decreased from 4.0 mills to 2.65 mills.
Base Student Allocation increases from \$4,169 to \$5,930 per student, 42%

Budget Drivers: Pension Liabilities

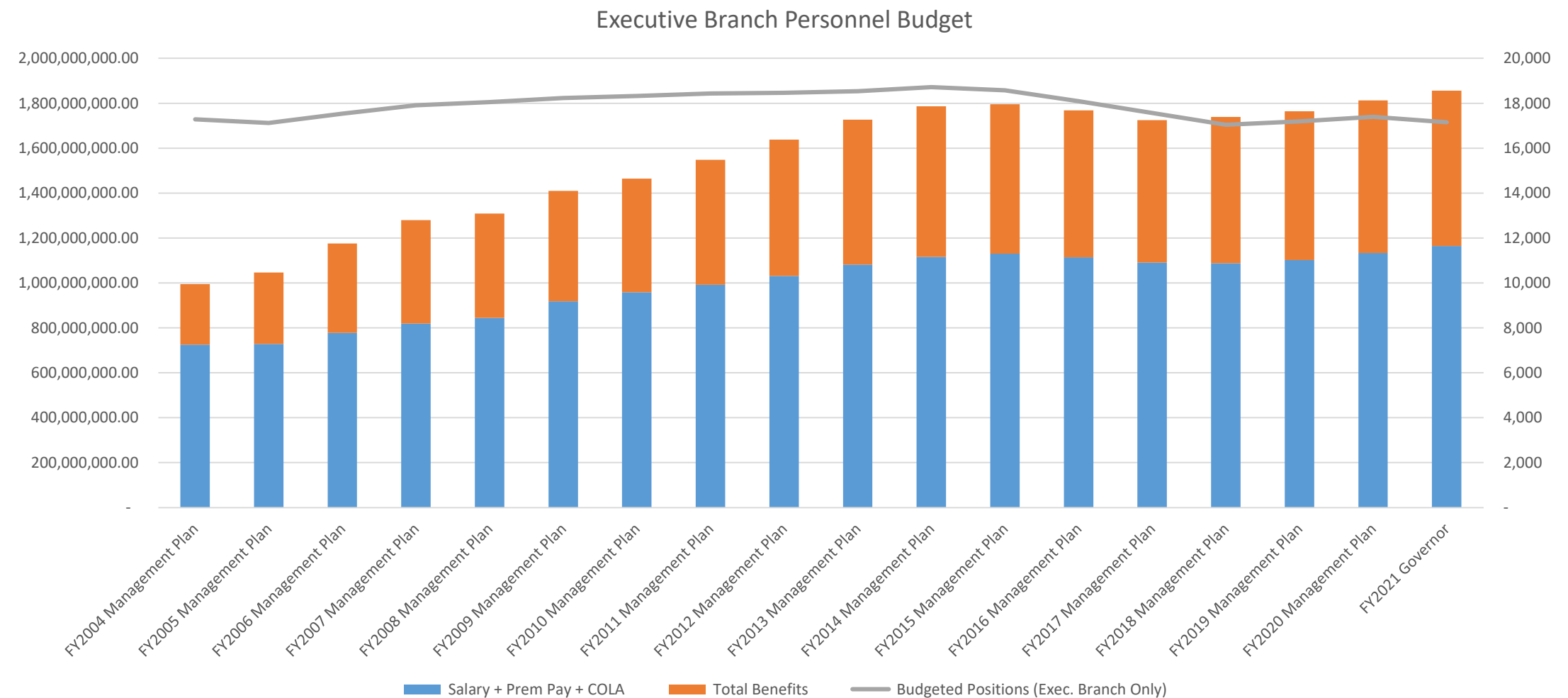


*Table excludes \$3.0 billion retirement deposit in FY2015

Budget Drivers: Debt Service Obligations

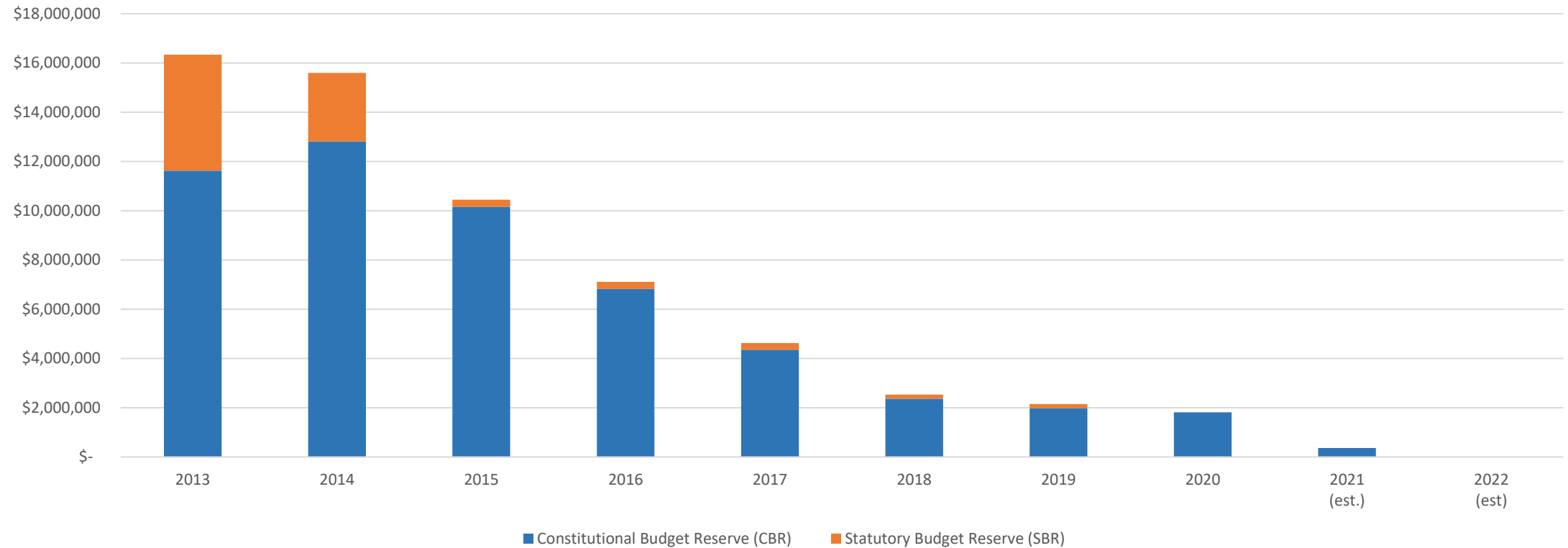


Budget Drivers: State Employee Costs



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
