Tab 1

Short Fiscal Summary - FY21/FY22 Budget

	($ Millions) (Non-duplicated Funds)	FY21		FY22		Change in UGF		Change in All Funds	
		UGF	All Funds	UGF	All Funds				
1	**Revenue**	**4,443.2**	**10,883.0**	**4,271.9**	**10,286.1**	**(171.3)**	**-4%**	**(596.9)**	**-5%**
2	UGF Revenue (Spring 2020 Forecast)	1,243.1	1,311.0	1,202.6	1,244.0	(40.5)	-3%	(67.0)	-5%
3	POMV Draw	3,091.5	3,091.5	3,069.3	3,069.3	(22.2)	-1%	(22.2)	-1%
4	Misc/Adjust/Non-UGF Revenue	108.6	6,480.5	-	5,972.8	(108.6)		(507.7)	-8%
5	**Appropriations**	**6,520.8**	**12,953.7**	**6,313.8**	**12,324.8**	**(207.0)**	**-3%**	**(628.9)**	**-5%**
6	**Operating Budget**	**4,490.0**	**9,708.4**	**4,231.3**	**8,826.2**	**(258.6)**	**-6%**	**(882.2)**	**-9%**
7	Agency Operations	4,008.9	8,349.9	3,810.5	8,073.5	(198.4)	-5%	(276.5)	-3%
8	Statewide Items **(1)**	446.3	1,339.8	420.8	752.7	(25.5)	-6%	(587.0)	-44%
9	Supplemental Appropriations	34.8	18.7	-	-	(34.8)		(18.7)	
10	**Capital Budget**	**125.3**	**1,271.9**	**58.5**	**1,433.2**	**(66.8)**	**-53%**	**161.4**	**13%**
11	Current Year Appropriations	120.3	1,201.9	58.5	1,433.2	(61.8)	-51%	231.3	19%
12	Supplemental Appropriations	5.0	69.9	-	-	(5.0)		(69.9)	
13	**Permanent Fund**	**1,905.5**	**1,973.4**	**2,023.9**	**2,065.3**	**118.4**	**6%**	**91.9**	**5%**
14	Permanent Fund Dividends	1,905.5	1,905.5	2,023.9	2,023.9	118.4	6%	118.4	6%
15	Inflation Proofing/Other Deposits	-	67.9	-	41.4				
16	**Pre-Transfer Surplus/(Deficit)**	**(2,077.7)**		**(2,041.9)**					
17	Permanent Fund Earnings Reserve Account	(1,225.5)		(2,023.9)					
	Other Fund Transfers	40.9		19.9					
18	**Post-Transfer Surplus/(Deficit)**	**(893.1)**		**(37.9)**					
19	CBR Direct Appropriations	(1,064.2)		-					
20	Draw After Direct CBR Appropriations	171.1		(37.9)					
21	**Total CBR Draw**	**(893.1)**		**(37.9)**					

Reserve Balances (EOY)	FY21	FY22
CBR	930.9	918.6
ERA	12,052.8	10,955.6

(1) FY22 includes Governor's proposed retirement system (PERS) legislation

State of Alaska Detailed Fiscal Summary--FY21 and FY22

($ millions)

		FY21 Management Plan + Governor's Supplementals					FY22 Governor					Change in UGF	
		Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Receipts	All Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Receipts	All Funds	$	%
1	**REVENUE**	4,443.2	1,069.8	739.6	4,630.4	10,883.0	4,271.9	990.7	948.6	4,074.8	10,286.1	(171.3)	-3.9%
2	Unrestricted General Fund Revenue (Fall 20 Forecast) **(1)**	**1,243.1**	67.9	-	-	**1,311.0**	**1,202.6**	41.4	-	-	**1,244.0**		
4	POMV Payout from ERA	3,091.5	-	-	-	3,091.5	3,069.3	-	-	-	3,069.3		
5	Carryforward, Repeals, and Reappropriations **(2)**	108.6	69.5	8.5	193.5	380.1	-	-	-	-	-		
6	Restricted Revenue **(3)**	-	932.4	731.1	4,436.9	6,100.4	-	949.3	948.6	4,074.8	5,972.8		
	APPROPRIATIONS												
7	**TOTAL OPERATING APPROPRIATIONS**	4,490.0	946.4	698.0	3,573.9	9,708.4	4,231.3	876.1	802.6	2,916.2	8,826.2	(258.6)	-5.8%
8	**Agency Operations**	4,013.7	815.6	620.7	2,909.9	8,359.9	3,810.5	785.4	606.0	2,871.5	8,073.5	(203.1)	-5.1%
9	**Current Fiscal Year Appropriations**	4,008.9	810.4	620.7	2,909.9	8,349.9	3,810.5	785.4	606.0	2,871.5	8,073.5	(198.4)	-4.9%
10	Agency Operations (Non-Formula) **(9)**	1,946.4	761.8	574.9	988.2	4,271.3	1,810.0	734.3	558.8	999.9	4,103.1	(136.4)	-7.0%
11	K-12 Foundation and Pupil Transportation (Formula)	1,260.5	-	30.3	20.8	1,311.6	1,233.7	-	31.7	20.8	1,286.3	(26.8)	-2.1%
12	Medicaid Services (Formula)	645.1	0.9	15.5	1,750.6	2,412.1	610.0	0.9	15.5	1,750.5	2,376.9	(35.1)	-5.4%
13	Other Formula Programs	157.0	47.7	-	97.8	302.5	156.8	50.2	-	100.2	307.2	(0.2)	-0.1%
14	Revised Programs Legislatively Approved (RPLs)	-	-	-	52.5	52.5	-	-	-	-	-	-	
15	*Duplicated Authorization (non-additive)* ***(4)***	-	-	*890.9*	-	*890.9*	-	-	*852.6*	-	*852.6*	-	
16	**Supplemental Appropriations (Agency Operations)**	**4.8**	**5.2**	-	-	**9.9**	-	-	-	-	-	(4.8)	
17	Supplemental Appropriations	*4.8*	*5.2*	`	-	9.9	-	-	-	-	-		
18	**Statewide Items**	476.3	130.8	77.4	664.0	1,348.5	420.8	90.7	196.6	44.7	752.7	(55.5)	-11.7%
19	**Current Fiscal Year Appropriations**	446.3	130.8	98.6	664.0	1,339.8	420.8	90.7	196.6	44.7	752.7	(25.5)	-5.7%
20	Debt Service	100.7	0.0	39.3	5.2	145.3	105.0	29.3	39.5	5.3	179.1	4.3	4.2%
21	Fund Capitalizations	-	**40.7**	**26.4**	**26.9**	**94.0**	**17.1**	**27.5**	**110.3**	**25.7**	**180.7**	17.1	
22	*Community Assistance*	-	-	-	-	-	-	*12.4*	-	-	*12.4*	-	
23	*REAA School Fund*	-	-	-	-	-	*17.1*	-	-	-	*17.1*	*17.1*	
24	*Other Fund Capitalization*	-	*40.7*	*26.4*	*26.9*	*94.0*	-	*15.1*	*110.3*	*25.7*	*151.2*	-	
25	State Payments to Retirement Systems **(9)**	345.6	-	-	-	345.6	342.0	-	-	-	342.0	(3.6)	-1.0%
26	Retirement System (PERS) Proposed Legislation **(5)**						(43.3)	4.6	24.9	13.8	(0.0)		
27	Shared Taxes	-	36.6	32.9	-	69.5	-	29.2	21.8	-	51.0	-	
28	Alaska Comprehensive Insurance Program	-	53.5	-	78.8	132.3	-	-	-	-	-	-	
29	Revised Programs Legislatively Approved (RPLs)				553.1	553.1							
30	*Duplicated Authorization (non-additive)* ***(4)***	-	-	*716.7*	-	*716.7*	-	-	*9.4*	-	*9.4*	-	
31	**Supplemental Appropriations (Statewide Items)**	**30.0**	-	**(21.3)**	-	**8.7**	-	-	-	-	-		
32	*Supplemental Appropriations*	30.0	-	(21.3)	-	8.7	-	-	-	-	-		
33	**TOTAL CAPITAL APPROPRIATIONS**	125.3	48.7	41.3	1,056.5	1,271.9	58.5	70.3	145.7	1,158.6	1,433.2	(66.8)	-53.3%
34	**Current Fiscal Year Appropriations**	120.3	25.2	37.7	1,018.7	1,201.9	58.5	70.3	145.7	1,158.6	1,433.2	(61.8)	-51.3%
35	Project Appropriations	120.3	25.2	37.4	983.3	1,166.2	58.5	70.3	145.7	1,158.6	1,433.2	(61.8)	
36	Revised Programs Legislatively Approved (RPLs)	-	-	0.3	35.4	35.7	-	-	-	-	-	-	
37	*Duplicated Authorization (non-additive)* ***(4)***	-	-	*17.7*	-	*17.7*	-	-	*30.5*	-	*30.5*	-	
38	**Supplemental Appropriations (Capital)**	**5.0**	**23.5**	**3.6**	**37.8**	**69.9**	-	-	-	-	-	(5.0)	
39	Capital Projects	5.0	23.5	3.6	37.8	69.9	-	-	-	-	-	(5.0)	-100.0%
40	*Duplicated Authorization (non-additive)* ***(4)***	-	-	*25.5*	-	*25.5*	-	-	-	-	-		
41	*Money on the Street (includes all fund sources)* ***(6)***	*125.3*	*48.7*	*84.5*	*1,056.5*	*1,315.1*	*58.5*	*70.3*	*176.3*	*1,158.6*	*1,463.8*		
42	**Pre-Permanent Fund Authorization** (unduplicated)	4,615.3	995.2	739.4	4,630.4	10,980.3	4,289.9	946.4	948.3	4,074.8	10,259.5	(325.4)	-7.1%
43	***Revenue less operating and capital appropriations***	*(172.2)*					*(18.0)*						
44	**Permanent Fund Appropriations**	1,905.5	67.9	-	-	1,973.4	2,023.9	41.4	-	-	2,065.3	118.4	6.2%
45	Permanent Fund Dividends **(9)**	680.0	-	-	-	680.0	2,023.9	-	-	-	2,023.9	1,343.9	197.6%
46	Amerada Hess Earnings to Alaska Capital Income Fund	-	67.9	-	-	67.9	-	41.4	-	-	41.4		
47	Inflation Proofing Deposits to Principal	-	-	-	-	-	-	-	-	-	-		
48	Inflation Proofing Deposits from ERA	-	-	-	-	-	-	-	-	-	-		
49	**Supplemental Appropriations (Permanent Fund)**	**1,225.5**	-	-	-	**1,225.5**	-	-	-	-	-	(1,225.5)	
50	Permanent Fund Dividends	1,225.5	-	-	-	1,225.5	-	-	-	-	-		
51	**Pre-Transfers Authorization** (unduplicated)	6,520.8	1,063.1	739.4	4,630.4	12,953.7	6,313.8	987.8	948.3	4,074.8	12,324.8	(207.0)	-3.2%
52	***Pre-Transfer Surplus/(Deficit) (8)***	*(2,077.7)*	***Revenue =***	***68.1%***	***of Appropriations***		*(2,041.9)*	***Revenue =***	***67.7%***	***of Appropriations***			

January 15, 2020

State of Alaska Detailed Fiscal Summary--FY21 and FY22

($ millions)

#		FY21 Management Plan + Governor's Supplementals					FY22 Governor					Change in UGF	
		Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Receipts	All Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Receipts	All Funds	$	%
53	**Fund Transfers (7)**	**(1,184.6)**	**6.7**	**0.2**	**-**	**(1,176.9)**	**(2,004.0)**	**3.0**	**0.3**	**-**	**23.1**	**(819.4)**	
54	**Current Fiscal Year Transfers**	30.4	2.9	0.2	-	33.6	19.9	3.0	0.3	-	23.1	(10.5)	
55	AK Marine Highway System Fund	14.5	-	-	-	14.5	-	-	-	-	-	(14.5)	
56	Alaska Capital Income Fund *(non-additive)*	-	-	-	-	-	5.3	-	-	-	5.3	-	
57	Oil & Hazardous Substance Fund	15.6	1.9	-	-	17.5	14.3	1.9	-	-	16.2	(1.3)	-8.0%
58	Other Fund Transfers	0.4	1.0	0.2	-	1.6	0.3	1.1	0.3	-	1.6	(0.0)	
59	**Supplemental Appropriations (Fund Transfers)**	(1,215.0)	3.8	-	-	(1,210.4)	(2,023.9)	-	-	-	-	(809.0)	
60	Permanent Fund Earnings Reserve Account	(1,225.5)	-	-	-	(1,225.5)	(2,023.9)						
61	Alaska Capital Income Fund (non-additive)	12.8	3.8	-	-	16.5	-	-	-	-	-	(12.8)	
62	Alaska Housing Capital Corporation	(0.8)											
63	Misc. GF Transfers	(1.4)	-	-	-	(1.4)	-	-	-	-	-	1.4	
64	**Post-Transfers Authorization** (unduplicated)	**5,336.3**	**1,069.8**	**739.6**	**4,630.4**	**11,776.8**	**4,309.8**	**990.7**	**948.6**	**4,074.8**	**12,348.0**	**(1,026.5)**	**-19.2%**
65	***Post-Transfer Surplus/(Deficit) to/(from) CBR (8) (9)***	*(893.1)*	*Revenue =*	*83.3%*	*of Appropriations*		*(37.9)*	*Revenue =*	*99.1%*	*of Appropriations*			
66	**FISCAL YEAR SUMMARY**	**5,336.3**	**1,069.8**	**739.6**	**4,630.4**	**11,776.8**	**4,309.8**	**990.7**	**948.6**	**4,074.8**	**10,324.0**	**(1,026.5)**	**-19.2%**
67	**Agency Operations**	4,013.7	815.6	620.7	2,909.9	8,359.9	3,810.5	785.4	606.0	2,871.5	8,073.5	(203.1)	-5.1%
68	Statewide Items	476.3	130.8	77.4	664.0	1,348.5	420.8	90.7	196.6	44.7	752.7	(55.5)	-11.7%
69	Permanent Fund Appropriations	1,905.5	67.9	-	-	1,973.4	2,023.9	41.4	-	-	2,065.3	118.4	6.2%
70	**Total Operating**	**6,395.5**	**1,014.3**	**698.0**	**3,573.9**	**11,681.8**	**6,255.3**	**917.5**	**802.6**	**2,916.2**	**10,891.6**	**(140.2)**	**-2.2%**
71	**Capital**	**125.3**	**48.7**	**41.3**	**1,056.5**	**1,271.9**	**58.5**	**70.3**	**145.7**	**1,158.6**	**1,433.2**	**(66.8)**	**-53.3%**
72	***Transfers***	*(1,184.6)*	*6.7*	*0.2*	*-*	*(1,176.9)*	*(2,004.0)*	*3.0*	*0.3*	*-*	*(2,000.8)*	*(819.4)*	

Notes:

January 15, 2020

(1) The Department of Revenue's Fall 2020 oil forecast for FY21 is 0.477 mbd at $45.32 per barrel; the FY22 forecast is 0.440 mbd at $48.00 per barrel.

(2) Carryforward is money that was appropriated in a prior year that is made available for spending in a later year via multiyear appropriations. Repeals increase revenue by reducing prior year authorization. Total carryforward into FY22 will be unknown until the close of FY21. Reappropriations to operating budget funds are counted as UGF revenue.

(3) Restricted revenue equals spending for each category. Designated general funds include 1) program receipts that are restricted to the program that generates the receipts and 2) revenue that is statutorily designated for a specific purpose. Other funds have stricter restrictions on usage, and federal funds originate from the federal government and can be used only for a particular purpose. Several appropriations for federal receipts include "open ended" authorization that allow the agencies to accept any amount of federal funds received in connection to COVID-19 response (Medicaid, Public Health Emergency Programs, Disaster Relief Fund, Unemployment Insurance, and Workforce Services). The amount of actual FY21/FY22 federal receipts for COVID-19 response may be greater than shown.

(4) Duplicated authorization is in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. Duplicated authorization also includes the expenditure of bond proceeds when debt service on bonds will be reflected in future operating budgets.

(5) Retirement legislation proposal to change the payroll rate for the Public Employee Retirement System (PERS) for State of Alaska employees from 22% to the annual actuarial rate, estimated to be 30.11% in FY22. The Public Employee Retirement System (PERS) unfunded liability is financed through a combination of contributions from PERS employers of 22 percent of payroll and a state assistance payment for the remaining liability made by the State of Alaska. The proposed change to the PERS statutes will impact the State of Alaska as a PERS employer by lifting the 22 percent cap on the payroll contribution for the State of Alaska only. All other

(6) Including duplicated fund sources in the amount of capital spending provides a valuable measure of "money on the street" because it includes projects funded with bond proceeds and other duplicated fund sources.

(7) "Fund Transfers" refer to appropriations that move money from one fund to another within the Treasury. Although transfers are not true expenditures, they reduce the amount of money available for other purposes so must be included in the calculation of the surplus/deficit. For reserve accounts, a positive number indicates a deposit and a negative number indicates a withdrawal. When money is withdrawn and spent, the expenditure is included in the operating or capital budget, as appropriate. For example, the appropriation to transfer court filing fees from the general fund to the civil legal services fund.

(8) Based on language in FY21's capital budget and the FY22 budget, the General Fund deficit for FY21 and FY22 will be drawn from the Constitutional Budget Reserve Fund. The CBR balance is estimated to be $917.9 million at the end of FY22, however general fund borrowing reduces the cash balance by approximately $500 million for cash flow purposes.

Differences in revenue and actual spending of appropriations impact the actual CBR balance. Operating appropriations may not be fully spent, capital appropriations are not fully spent in the fiscal year appropriated, settlements and investment income can be different than projected, disasters can occur, and appropriations based on estimates or based on actual revenue received can be different than estimated. Uncertainty associated with the COVID 19 pandemic, both on State income and expenditures, along with the impact of the federal response, may result in a change in the CBR draw and balance. This fiscal summary includes appropriations and RPLs authorized through December 10, 2021.

It is unlikely that the CBR will have sufficient cash to cover appropriations or general fund cash borrowing beyond FY22.

(9) Direct appropriations from the Constitutional Budget Reserve (CBR) are classified as unrestricted general funds. FY21 CBR appropriations total $1,064.2 and are: $575.1 million agency operating appropriations, $84.6 for State Retirement appropriations, $320 million for permanent fund dividends, $75 million for DHSS COVID-19 response.

The Governor's budget proposes direct FY21 CBR supplemental appropriations to reappropriate $30 million of the $75 million DHSS COVID-19 response appropriation to the Disaster Relief Fund and $9.5 million of capital projects to the Alaska Capital Income Fund. No direct CBR appropriations are proposed in the Governor's FY22 budget.

CBR Direct Appropriations	**FY21**	
Agency Operations	575.1	
DHSS Public Health Emergency COVID-19 Response	75.0	(Proposed $30M Reappropriation to Disaster Relief Fund)
State Retirement System	84.6	
Permanent Fund Dividends	320.0	
Proposed Capital Reappropriations to AK Capital Inc Fund	9.5	
Total CBR Direct Appropriations	**1,064.2**	

Projected Fund Balances -- FY21 and FY22

($ millions)

	FY21				FY22			
	BoY Balance	**In**	**Out**	**EoY Balance**	**BoY Balance**	**In**	**Out**	**EoY Balance**
Total Budget Reserves and Desginated Funds	**16,134.1**	**4,946.7**	**6,594.8**	**14,486.0**	**14,486.0**	**5,444.0**	**6,553.8**	**13,376.2**
Undesignated Reserves	**1,763.9**	**63.0**	**894.1**	**932.8**	**932.8**	**25.6**	**38.6**	**919.7**
Constitutional Budget Reserve Fund	1,762.0	62.0	893.1	930.9	930.9	25.6	37.9	918.6
Statutory Budget Reserve Fund	0.0	-	-	0.0	0.0	-	-	0.0
Alaska Housing Capital Corporation Fund	1.9	1.0	1.0	1.9	1.9	-	0.8	1.1
Select Designated Funds	**14,370.2**	**4,883.8**	**5,700.7**	**13,553.2**	**13,553.2**	**5,418.4**	**6,515.2**	**12,456.4**
Total Excluding Permanent Fund	**1,476.0**	**142.1**	**117.8**	**1,500.4**	**1,500.4**	**152.4**	**152.0**	**1,500.8**
Alaska Capital Income Fund	(5.9)	23.1	17.4	(0.3)	(0.3)	49.0	49.8	(1.0)
Alaska Higher Education Investment Fund	343.8	20.6	21.0	343.3	343.3	20.5	21.8	342.0
Community Assistance Fund	60.0	28.7	20.0	68.7	68.7	12.4	22.9	58.2
Power Cost Equalization Endowment	1,078.2	69.8	59.3	1,088.6	1,088.6	70.4	57.5	1,101.5
Permanent Fund Earnings Reserve Account*	**12,894.2**	**3,498.7**	**4,340.0**	**12,052.8**	**12,052.8**	**4,023.0**	**5,120.2**	**10,955.6**
Unrestricted General Fund Appropriations				6,520.8				6,313.8
Reserves Ratio (Undesignated Reserves / Pre-Transfer Budget)				14%				15%
Pre-Transfer Deficit				(2,077.7)				(2,041.9)
Years of Deficit Coverage (Undesignated Reserves / Pre-Transfer Deficit)				0.45				0.45

Permanent Savings

Permanent Fund Principal -- Market Value * (no appropriations allowed)	**52,408.1**	**768.7**	**0.0**	**53,176.8**	**53,176.8**	**481.0**	**0.0**	**53,657.8**

** Alaska Permanent Fund Corporation (APFC) median projection for FY21 and FY22 as of November 30, 2020.*

January 15, 2021

Executive Summary

As required by law, the Governor released his FY22 budget proposal to the public and the legislature on December 15, 2020. The Legislative Finance Division prepared this Overview of the Governor's Budget and "Subcommittee Books" for each agency in accordance with AS 24.20.211-.231.

The overview provides a starting point for legislative consideration of the Governor's spending and revenue plans. It does not discuss the merits of budget plans; it focuses on outlining the fiscal situation and presenting the budget in a way that provides simple, clear information to the legislature.

Alaska has a long-term fiscal challenge: the current fiscal year, Fiscal Year 2021 (FY21) is the ninth straight year of deficit spending. Though the State has reduced UGF expenditures by 43% over that time and increased revenue by setting up a structured draw from the Permanent Fund, we still face a structural deficit. During this period, the State has gone from $16.3 billion in reserves to under $1 billion at the end of this year.

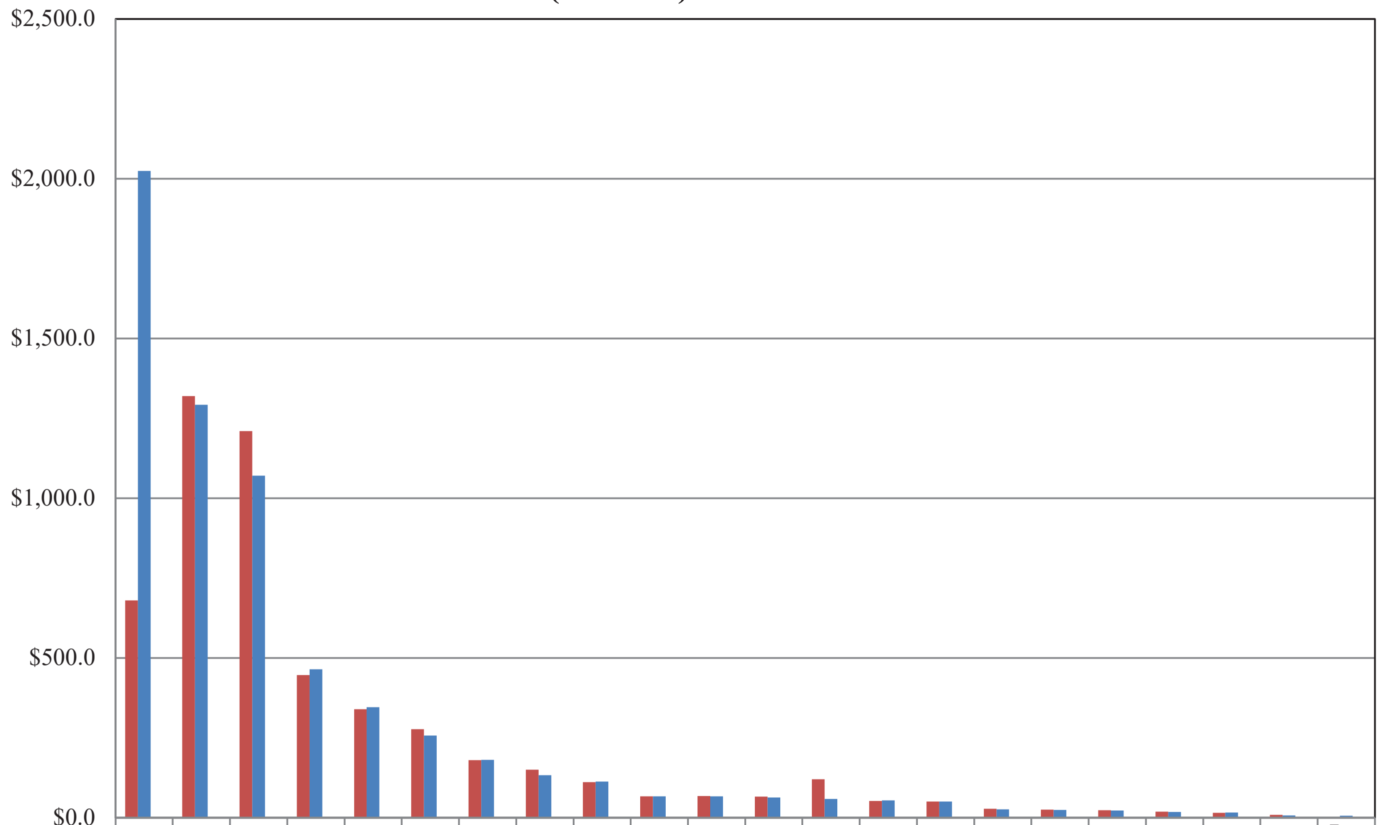
The Governor's FY22 budget request is smaller than the FY21 budget (other than the Permanent Fund Dividend) but still leaves a deficit of over $2 billion, which the Governor fills by increasing the draw from the Permanent Fund beyond the statutory sustainable draw. The Governor also draws an additional $1.2 billion from the Permanent Fund for a second dividend payment in FY21, for a total of $3.2 billion in overdraws from the Fund.

The Governor recognizes that this is unsustainable, however, and in his budget release he emphasized that these draws are necessary because of the COVID-19 pandemic. The Governor's long-term plan calls for balancing the budget in FY23 by adding $1.2 billion of unspecified new revenue, reducing the dividend by $400 million, and further reducing agency operations.

The legislature faces dual problems: a state struggling with a historic pandemic that has caused record unemployment and economic hardship, and a long-term budget crisis that has drained the State's budget reserves. The incoming legislature faces difficult choices that will have a lasting effect on the State of Alaska.

Swoop Graph - UGF Only

FY22 Governor Compared to FY21 Management Plan
(Millions)

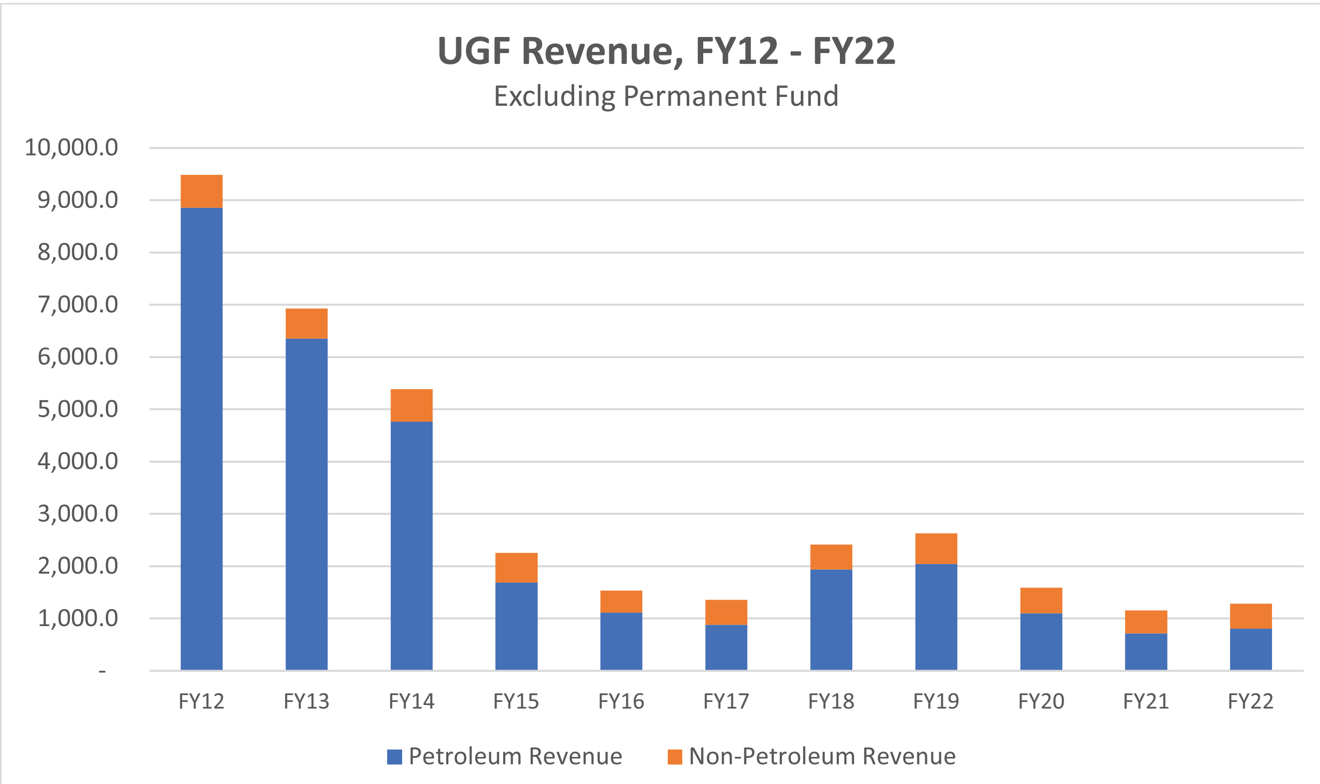


	PFDs	DEED	DHSS	Stwd	DOC	UA	DPS	DOTPF	Courts	DOA	Leg	DNR	Capital	Law	DF&G	DOR	GOV	DMVA	DLWD	DEC	DCCED	Exec Branch-wide
FY21 Mgmt Plan	680	1,320	1,210	446	339	277	180	150	111	67	67	66	120	52	51	28	25	23	19	15	8	-
FY22 Gov Budget	2,024	1,293	1,071	464	345	257	181	133	113	67	66	63	59	54	50	26	24	22	17	16	7	6
Cumulative Budget From Right	6,357	4,333	3,041	1,970	1,506	1,161	903	723	590	477	410	344	280	222	168	118	92	68	46	29	13	6

Alaska's Long-Term Fiscal Challenge

Fiscal Year 2021 represents the ninth straight year the State of Alaska has run a fiscal deficit, starting in FY13 when oil prices exceeded $100 per barrel. Large but manageable deficits in FY13 and FY14 gave way to multi-billion-dollar gaps when oil prices crashed in FY15.

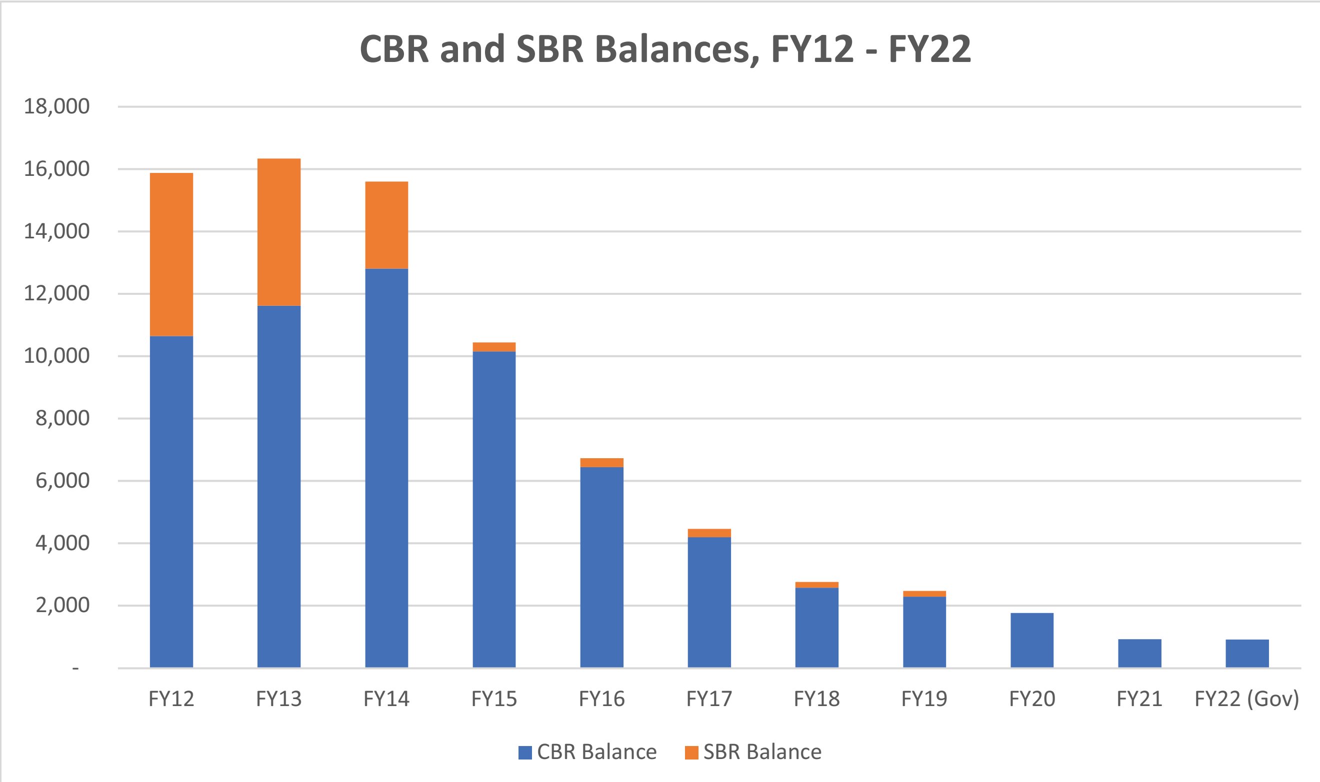
The degree to which petroleum revenue collapsed is striking: in FY12, UGF petroleum revenue totaled $8.9 billion, while in FY22 it is projected to total just $808.9 million. This is lowest total in *nominal* terms since FY78, the year oil began flowing down the Trans-Alaska Pipeline. In inflation-adjusted terms it is the lowest since FY75, the year construction began on the pipeline. This decline is primarily due to reduced production (current production is about a quarter of the peak) and lower prices.



This is not a temporary problem: while FY21 and FY22 likely represent a low point for Alaska's revenue outlook due to the coronavirus pandemic, the Department of Revenue projects petroleum revenue to increase by a few hundred million over the FY22 low. While there are some promising potential fields that could be developed to increase production, new fields like Pikka or Willow may take several years to provide significant production tax revenue. Even if the State's revenue position improves significantly (due to higher oil prices or increased production), the State would face a structural deficit, as it did in FY18 and FY19 when petroleum revenue was more than double its current level.

Alaska had ample budget reserves at its disposal to cushion the shock when revenue plummeted in FY15. The State's budget reserves peaked in FY13 with $16.3 billion combined in the Constitutional Budget Reserve (CBR) and Statutory Budget Reserve (SBR). Using budget reserves has shielded

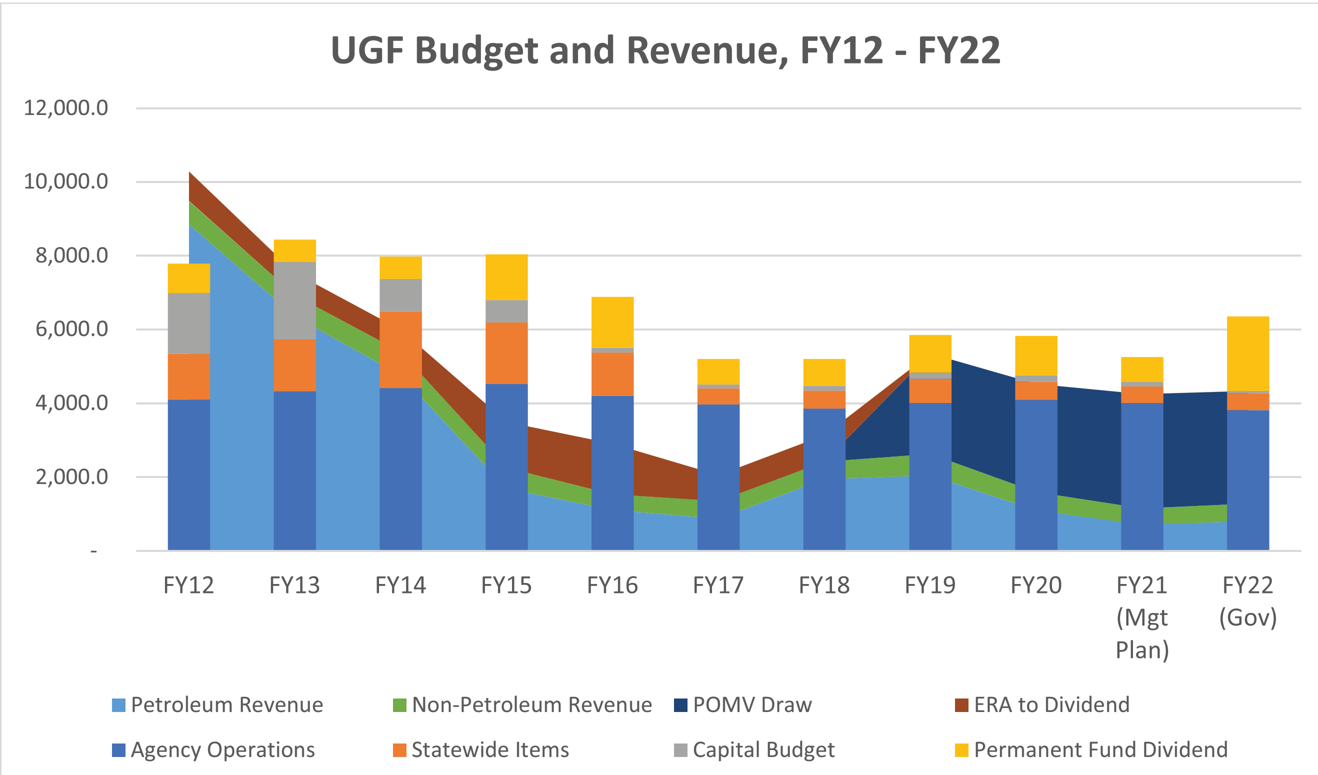
Alaska's economy from some of the impact of the budget problems. At the end of FY21, however, the SBR will be empty and the CBR is projected to hold under $1 billion, so we are now essentially out of spendable reserves. The remaining balance of the CBR can still serve as a cashflow tool but can no longer absorb the State's deficit spending.

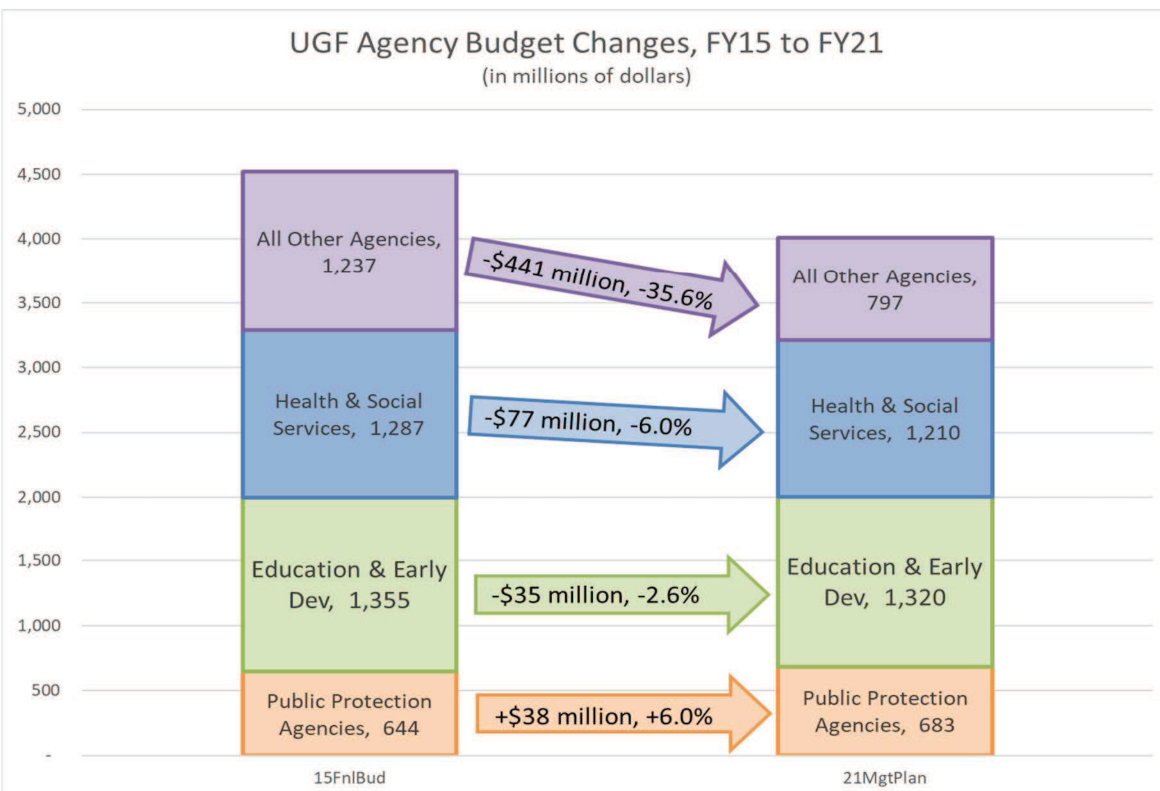


Heading into FY22, a structural deficit remains but is much smaller than it would have been without action by policymakers. It is tempting to regard nine years of budget deficits as wasted time, but in truth the legislature and Governors have managed to reduce the budget significantly and adopt a major revenue measure. These efforts have not been sufficient to eliminate the deficit, but they do improve our position.

The FY13 budget totaled $7.8 billion UGF, compared to just $4.5 billion in FY21 (a 43% reduction). By far the largest reduction was to the capital budget, which dropped from $2.1 billion UGF in FY13 to $120 million UGF in FY21. Reductions occurred in most major expenditure categories: statewide items fell from $1.4 billion in FY13 to $446 million in FY21, and agency operations fell from $4.5 billion at their peak in FY15 to $3.9 billion in FY21.

The only major item to increase over this period is the Permanent Fund Dividend, even though appropriations for this item have not followed the statutory formula since FY16. The FY14 dividend (following the statutory formula) was $900 per person and cost $604 million, while the FY21 dividend (appropriated below the statutory amount) was $992 per person and cost $680 million. From FY10 through FY14, the statutory PFD amount was depressed by the stock market crash of the 2008-2009 Great Recession. Starting in FY15, the recession fell out of the five-year average, so the statutory calculation doubled from $604 million in FY14 to $1.2 billion the following year; it is projected to cost just over $2 billion in FY22.





The agency operations reductions appear relatively modest compared to the size of the drop in revenue: the $514.2 million reduction in UGF spending from FY15 to FY21 represents an 11.4% decrease. Those reductions have not been equally spread, however. Public protection agencies (the departments of Corrections, Law, Public Safety, and the Judiciary) actually saw an increase of $38 million (6.0%). The Department of Education, which mostly consists of formula-driven funding for school districts, was reduced by $35 million (2.6%). Health and Social Services, which includes large formula-driven programs such as Medicaid, was reduced by $77 million (6.0%), although the FY21 budget was inflated somewhat by $95 million of one-time spending on the COVID-19 pandemic. Most of the reductions fell on the other twelve agencies, which saw their budgets reduced by $441 million (35.6%).

On the revenue side, Alaska adopted a Percent of Market Value (POMV) draw from the Permanent Fund starting in FY19, which is now the largest source of UGF revenue. This had a major impact on the deficit: without the POMV draw, the FY21 deficit would balloon from an estimated $900 million to over $3 billion. However, no broad-based revenue measures have been adopted. A few minor revenue-generation bills have been adopted, such as legislation increasing hunting and fishing license fees and a $0.0095 per gallon fee on motor fuels to support oil spill response, but these measures have had a limited impact on the deficit.

Despite these spending reductions and the POMV draw, Alaska still faces a massive deficit in FY22 and future years. Making up this gap from reserves is no longer possible, so the State now has a choice: enact some combination of spending cuts and revenue increases to eliminate the deficit or spend unsustainably out of the Permanent Fund or other accounts, which will make the deficit even larger in subsequent years.

Alaska's Fiscal Situation in FY22

Entering the FY22 budget year, Alaska faces a difficult budget situation. The COVID-19 pandemic damaged the State's economy and drove down oil prices even further, exacerbating the State's fiscal situation. There are insufficient budget reserves available to continue to fill the deficit.

FY22 Current Policy and Current Law Scenarios		
UGF Revenue	**4,271.9**	**4,271.9**
	Current Policy	**Current Law**
Agency Operations	3,887.9	3,887.9
Statewide Items	434.5	603.0
Capital Budget	150.0	150.0
Subtotal	**4,472.4**	**4,640.9**
PFD	680.0	2,023.9
Total Spending	**5,152.4**	**6,664.8**
Deficit	**(886.2)**	**(2,392.9)**

The Legislative Finance Division has two budget baselines for FY22, one reflecting current policy and the other reflecting current law. Both baselines assume that agency operations budgets match the FY22 Adjusted Base, which is the FY21 budget with one-time spending removed and contractual obligations added.[1] Both assume a capital budget of $150 million, which represents a typical capital budget over the past six years. The difference is their treatment of statewide items: in the current policy scenario, we assume that items will be funded as they were in FY21, while the current law scenario assumes that they will be funded in accordance with statutory formulas.

In FY21, the Governor vetoed all funding for school debt reimbursement, municipal capital project reimbursement, and the Regional Educational Attendance Area (REAA) fund capitalization. The legislature did not override these vetoes. The legislature also declined to fund the statutory calculation for oil and gas tax credit purchases (due to a bonding bill that was later ruled unconstitutional) and funded the PFD below the statutory calculation. The Current Policy scenario assumes that these policies continue into FY22. The Current Law scenario assumes that statutory calculations are followed for all these items.

Statewide Items Detail		
	Current Policy	**Current Law**
Debt Service	92.5	94.9
School Debt Reimbursement	-	54.2*
State Retirement Payments	342.0	342.0
REAA Fund Capitalization	-	34.2
Community Assistance	-	17.6**
Oil and Gas Tax Credits	-	60.0
Statewide Items Total	**434.5**	**603.0**
*Plus $29.3 million from the School Fund (DGF) **Plus $12.4 million from the PCE Fund (DGF)		

Under the Current Policy scenario, FY22 UGF spending would total $5.2 billion, leaving a deficit of $886.2 million. In the Current Law scenario, FY22 UGF spending would be about $6.7 billion, leaving an even greater deficit of about $2.4 billion.

To put this deficit in perspective, $2.4 billion is equal to 62% of UGF agency operations spending, or 52% of the non-PFD budget.

[1] The one exception is the K-12 formula; for this item, both scenarios use the FY22 projected formula amounts rather than the Adjusted Base figure, which represents the FY21 budgeted amount.

Governor's Budget Proposal

Overall View

The Governor's FY22 budget totals $6.3 billion UGF. This leaves a deficit of over $2 billion, which the Governor fills by making two draws from the ERA: a $3.1 billion POMV draw and a separate $2 billion draw for the FY22 statutory dividend. The Governor also proposes paying an additional $1.2 billion from the ERA for an FY21 supplemental PFD. In total, the Governor's budget proposal calls for $6.3 billion from the ERA, $3.2 billion above the statutory POMV draw.

The Governor's 10-year plan, however, points toward a path to a balanced budget in FY23. The Governor proposes to change the statutory PFD formula from 50% of statutory net income to 50% of the POMV draw, which reduces projected dividend payments by about $400 million below the current statute. His 10-year plan calls for about $100 million in agency operations reductions per year in FY23 and FY24 and then sub-inflationary growth in subsequent years. Most significantly, his plan calls for between $900 million and $1.2 billion in undefined "new revenue" beginning in FY23.

The Governor's plan aims to combine immediate economic stimulus with a longer-term solution to Alaska's budget challenge. The stimulus comes in the form of the supplemental FY21 PFD, the larger FY22 PFD, and a $350 million general obligation bond package. The long-term solutions come as a combination of reduced future PFDs, undefined future spending cuts, and undefined future revenue.

There are several challenges for this approach:

1. Overdrawing the ERA reduces the Permanent Fund's value, increasing future deficits and necessitating more significant budget reductions or revenue measures in the future.
2. The need for economic stimulus is acute and immediate, but the stimulative effect of a bond package and large fall PFD will not be felt for months. By then, the economy may be well on its way to a vaccine-fueled recovery.
3. Legislators and the Governor would need to quickly agree on new sources of revenue – to raise the $1.2 billion the Governor's plan requires in FY23, a new tax would need to take effect July 1, 2022. Such a plan would need to be enacted in the 2021 session to take effect that immediately. The Governor also indicated that future taxes should be subject to a popular vote, which may also impact the timeline if the legislature agrees.
4. The Governor has not yet stated which future budget reductions and new revenue he would support. Legislators may be wary of signing onto a plan without knowing what concepts the Governor would support or oppose.

In evaluating the Governor's plan, legislators will need to weigh the economic benefit of stimulus spending against the long-term cost of overdrawing the ERA. Each $1 billion drawn from the ERA increases the long-term deficit by $50 million in inflation-adjusted terms, so the Governor's $3.2 billion of overdraws will increase future deficits by $160 million per year in real terms. Is this a worthwhile trade? Should stimulus spending be targeted more narrowly? Will the federal government provide sufficient stimulus, or will federal efforts continue to stall? These are literally billion-dollar questions for the State, and legislators will need to weigh the trade-offs carefully.

A major risk with this plan is that it may prove easier to approve spending than deficit-filling measures. If the legislature agreed to the Governor's FY21/22 stimulus proposals but did not act on revenue measures or future spending reductions, Alaska's fiscal situation would become further unbalanced. The ERA could rapidly meet the same fate as the CBR and SBR if the legislature authorizes overdraws this year without taking action to address the long-term budget gap.

The Governor does not specify which potential new revenue sources he would support. For more information about potential revenue sources, see the chapter in this publication entitled "Revenue Requirements of the State."

The legislature could also choose an entirely different combination of spending reductions, dividend formula changes, and revenue increases to close the deficit. What is clear is that further delay is costly because the remaining funds available to bridge the gap are dwindling. Spending the ERA causes future deficits to grow, requiring more future taxes or spending reductions, and increases the risk of depleting the ERA. Spending designated reserves like the Power Cost Equalization fund would increase the need for UGF spending to maintain the programs they support. These DGF funds only combine for a $1.5 billion balance anyway, so even drawing these funds in full would only delay the problem slightly, not resolve it. With insufficient funds left in the CBR to fill the deficit in the Governor's budget, every year of delay will only cause the problem to grow.

Some advocates for the Governor's plan note that the Permanent Fund has greatly exceeded investment forecasts thus far in FY21, and therefore spending beyond the statutory draw poses no problems because the money is available. This argument ignores the central reasoning behind the adoption of the POMV draw in the first place: investment returns are inherently volatile, and a stable draw allows the State to budget predictably through the highs and lows. The ERA is not a budget reserve, it is the safety margin supplementing the source of the majority of the State's general fund revenue. There is enough money to support overdraws now but riding the upswing of a volatile stock market is an inherently risky strategy. If the additional earnings are left in the ERA, future POMV draws will be larger (meaning future deficits will be smaller) and the ERA will be more resilient against future downswings.

The legislature could reject the Governor's calls for stimulus spending and pass a budget with a smaller dividend, once again filling the deficit from the CBR. The Governor's budget, modified to include a reduced PFD that matches the FY21 payment, would leave a roughly $700 million deficit, which could be filled from the CBR. However, this does not avoid the need for additional budget reductions or revenue starting in FY23, since the CBR does not have a sufficient balance to fill the deficit in both years.

Governor's Agency Operations Changes

The Governor's budget for agency operations totals $3,810.5 million UGF, $77.4 million below LFD's baseline. Detailed analysis of these changes appears in the Agency Narratives section of this publication. A few highlights:

- Medicaid funding is reduced by $35.1 million UGF. However, the Governor's budget reappropriates FY21's estimated Medicaid lapse of $35 million to FY22 Medicaid operations. This effectively negates any reduced funding in FY22.

- The University of Alaska is reduced by $20 million UGF, per the three-year compact agreement between the Governor and the Board of Regents.
- The Department of Transportation and Public Facilities is reduced by $17.2 million UGF below Adjusted Base. $14.1 million of this is due to one-time fund source changes to utilize federal funds available to DOT through the CARES Act and $3.6 million is a reduction to the Alaska Marine Highway System.
- Public Assistance Administration is reduced by $3.4 million UGF ($7.0 million all funds) and 101 positions due to enhanced use of Electronic Document Management and telework.
- All other changes net to a reduction of $1.7 million.

The reductions in this budget illustrate the difficulty of making further large-scale operating cuts. The DOT fund changes will likely need to be reversed in FY23. The $35.1 million Medicaid reduction relies on one-time backstop funding; maintaining this funding level in FY23 will require a decrease in service level. This is the final year of the University's $70 million reduction compact. To make the deeper reductions proposed in FY23 and FY24 in the Governor's 10-year plan, larger statutory changes will need to be explored.

Governor's Statewide Operating Items

The Governor's budget for statewide items totals $464.1 million UGF, which is $29.6 million above LFD's Current Policy baseline, and $139.9 million below the Current Law Baseline.

School Debt Reimbursement and the REAA Fund

The Governor funds School Debt Reimbursement and the Regional Educational Attendance Area (REAA) fund at 50% of the statutory funding level. In FY21, the legislature's budget included full funding for these items, but the Governor vetoed it. The Governor's FY21 veto totaled $100.2 million, of which $84.3 million was UGF and $15.8 million came from the School Fund (DGF).

In FY22, the estimated amount for full funding of school debt reimbursement drops to $83.5 million, as several older projects are paid off and the moratorium on new debt continues. In addition, the vetoed money from the School Fund is still available, which reduces the UGF need for this item. As a result, full funding would require $54.2 million in addition to the School Fund balance. The Governor's 50% funding totals $12.5 million.

The Governor also funds the REAA capitalization at 50%, which is calculated to be $17.1 million. This amount is set by a statutory formula that links the school debt amount to the relative share of students in rural and urban communities. The fund is used without further appropriation by the Department of Education and Early Development for school construction and major maintenance in the REAAs. Over the past several years, reductions in school debt reimbursement have been matched by reductions to the REAA capitalization.

Oil and Gas Tax Credits

HB 331, a 2018 bill to establish the Alaska Tax Credit Certificate Bond Corporation to purchase oil and gas tax credits, was declared unconstitutional by the Alaska Supreme Court in September 2020. As a result, approximately $760 million of oil and gas tax credits are available for State purchase. AS 43.55.028(c) provides a formula for appropriations to the oil and gas tax credit fund to purchase these credits. When oil prices are below $60, that calculation is 15% of production taxes levied (not including tax credits taken against the production tax), which is an estimated $60 million in FY22. These purchases are subject to appropriation, and the legislature did not appropriate anything to the Tax Credit fund in FY21.

The Governor's budget includes the statutory $60 million deposit in FY22 but takes it from Alaska Industrial Development and Export Authority (AIDEA) Receipts, which are considered an Other fund source. The use of this fund source is clearly an attempt to lower the apparent cost of the budget, as there is no link between AIDEA and the tax credits. This item should be funded with UGF, if the legislature chooses to fund it. If the legislature determines that AIDEA has excessive funds on hand, it can either appropriate these funds directly to the general fund or change AIDEA's dividend calculation in statute. Using AIDEA receipts directly in the budget is not consistent with transparent budgeting practices.

Community Assistance

The Community Assistance Program provides funding to municipalities, unincorporated communities, and Native village councils in Alaska to support local government activities. The total distribution each year equals one-third of the balance of the Community Assistance Fund on June 30 of the previous fiscal year. This means that there is a built-in delay to the program: capitalization of the fund in FY22 will contribute to the payments made in FY23.

The current iteration of the program pays out base payments, which cost a total of about $19.5 million, and then distributes remaining funding on a per-capita basis. Per AS 29.60.850, the annual deposit into the fund may not exceed $30 million or the amount necessary to bring the fund balance to $90 million, whichever is greater. In FY20, the Governor twice vetoed $30 million deposits appropriated by the legislature and vetoed $1.3 million of the FY21 deposit made by the legislature. In FY22, the distribution will be $22.9 million total.

	FY21	**FY22 (Gov)**	**FY23**
Starting Balance	60.0	68.7	58.2
Distribution (1/3 of balance)	20.0	22.9	19.5
Deposit to Fund	28.7	12.4	?
Ending Balance	68.7	58.2	?

AS 42.45.085 provides that the Power Cost Equalization Endowment (PCE) Fund may be used as a funding source for this program if it has sufficient earnings. The statutory amount available from PCE to Community Assistance in FY22 is $12.4 million. However, this statute does not override AS 29.60.850, which allows the fund to be capitalized up to a $90 million balance; it merely provides one possible funding source for that capitalization. A larger capitalization using UGF would be allowable under the statute if the legislature wants to increase payments. Based on the Governor's proposed FY22 deposit, $19.5 million would flow out to local governments in FY23, roughly enough to pay the base payments but no per capita payments.

Other Statewide Items

The Governor's budget fully funds State debt and retirement obligations. It does not fund municipal capital project debt totaling about $2.4 million, which the Governor also vetoed in FY20 and FY21.

The Governor's December 15 budget submission included legislation regarding the Public Employee Retirement System (PERS), which is not actually built into his budget but is included in the accompanying fiscal summary. Currently, PERS employers (including the State of Alaska, many municipal governments, and some school district employers) pay 22% of employee payroll to the PERS trust to pay off the unfunded liability in that system. The 22% rate is set in statute, but the actuarial contribution in FY22 is 30.11% percent. The difference between the 22% cap and the actuarial rate is paid by the State with UGF, estimated to be $193.5 million in FY22.

The Governor's proposed legislation would eliminate the cap for the State as an employer and instead pay the full actuarial contribution, causing about $95 million of State costs to move from this statewide item to agency budgets. It would not affect rates for non-State employers, including subdivisions of the State such as State-owned corporations. The shift into agency operations allows some of the $95 million to be paid for with non-UGF fund sources. The Office of Management and Budget (OMB) estimates a savings of $43.3 million UGF, which will be shifted to other fund sources (primarily the federal government).

OMB's estimated savings includes a $10 million "buffer" for UGF to be used in place of funds sources that may prove unrealizable – not all of the identified non-UGF fund sources have additional receipts that could be used. The actual savings will be determined in a fiscal note when the bill is heard by the legislature.

Capital Budget

The Governor's FY22 capital budget submission totals $1.5 billion, of which $58.5 million is unrestricted general funds (UGF). The Governor's capital budget consists primarily of projects that leverage other Non-UGF fund sources. $7.5 million (12%) of the UGF in the Governor's capital budget is used to match federal funding totaling $1.16 billion. The remaining $101.6 million required match is covered through the Governor's proposed Alaska Housing Finance Corporation Statewide bonding package. The major federal match projects are:

- Federal-Aid Highway Match (Department of Transportation and Public Facilities) – ($71.2 million in AHFC Statewide Bonding) to match $680 million of federal funds;

- Federal-Aid Aviation State Match (Department of Transportation and Public Facilities) – ($14.7 million in AHFC Statewide Bonding) to match $190 million of federal funds; and

- Village Safe Water and Wastewater Infrastructure Projects (Department of Environmental Conservation) – ($15.7 million in AHFC Statewide Bonding, and $0.5 million in Statutory Designated Program Receipts) to match $52.3 million of federal funds.

The Governor's office has not provided any information regarding the estimated annual cost of servicing the AHFC bond debt going forward. The language of the proposed bond package states that the cost of debt service will be deducted from the annual divided that AHFC pays to the General fund, essentially making this an annual UGF cost in all but name. While this does lower the FY22 UGF amount, this mechanism cannot be counted on to reduce future capital budgets

The Governor's FY22 capital budget spends $49.3 million on the State's $1.3 billion backlog of deferred maintenance. No Deferred Maintenance (DM) funding was appropriated in FY21 and the Governor proposes a total of $13.3 million in supplemental DM spending. The Governor's budget does not include specific funding for the University of Alaska's DM backlog, which makes up the vast majority of the State's total backlog. Both the FY21 supplemental and the FY22 appropriations would be paid for out of the Alaska Capital Income Fund (ACIF).

For the second year in a row the budget does not include funding for School Construction or Major Maintenance. The Governor has announced that he will put forward a proposed General Obligation Bond package that may address one or both of these areas.

In FY21 no specific Capital budget was passed, though some items were included in the Operating bill (HB 205). This left approximately $172 million in unfunded Governor's proposed projects. The Governor approached this issue in three ways.:

- Through the Legislative Budget and Audit committee Revised Program Legislative (RPL) process
- By proposing a fast track supplemental bill
- By delaying the project or program until FY22

After taking these actions there are still around $54 million in unfunded projects; with some of them funded indirectly through Federal CARES act funding.

LFD Fiscal Model and Status Quo

The Legislative Finance Division's (LFD) fiscal model provides legislators with a projection tool that is designed to show the impact of policy changes on the State's fiscal situation. By default, it uses the Department of Revenue's revenue forecast, inflation and investment earnings rates from Callan (the State's investment consultant), and assumptions based on the current budget.

The scenario included on the following page provides projections of what would happen given model input assumptions and the Governor's FY22 and FY21 Fast Track Supplemental budgets adopted as-is with no additional budget cuts or revenue. This scenario is presented to show the magnitude of the fiscal problem that needs to be addressed, based on current forecasts. LFD is policy-neutral regarding the method of addressing the issue and therefore leaves any possible scenarios for fiscal improvement at the request of legislative committees or individual legislators.

Under these fiscal conditions, the FY21 Fast Track Supplemental would require an additional $1.2 billion from the ERA in addition to the POMV. The FY22 budget deficit is projected to be $2.2 billion, all of which would be drawn from the ERA. As a result, the ERA's balance would quickly erode and our total reserves would be insufficient to cover the State's budget deficit beginning in FY28. Over the model time span, fiscal deficits total almost $17 billion. That is the size of the issue that must be addressed through further budget reductions or revenue measures.

The second scenario depicts a scenario based on the Governor's 10-year plan. This plan suggests raising new revenue beginning with $1.2 billion in FY23 and decreasing to $900 million in FY30. The Governor's 10-year plan does not specify the source of this possible revenue. LFD's model of this scenario assumes a flat $1 billion per year of new revenue (the average value in the Governor's plan) rather than a fluctuating amount. The Governor is yet to propose a new tax or other revenue-generating measure. The Governor's scenario also assumes $100 million reductions to agency operations per year in FY23 and FY24 and 1.5% growth from FY25 on. An additional $43.3 million in savings from proposed legislation are included. In this scenario, the budget is balanced in FY23 and beyond.

LFD's assumptions for the scenario based on the Governor's plan differ slightly from those in the Governor's scenario, which causes LFD to show an FY23 deficit in the $200 million range even in the Governor's plan. These differences are caused by LFD's assumption of $50 million per year of UGF supplementals, LFD's assumption of a flat $1 billion per year in new revenues, versus a fluctuating amount, and some minor differences in baseline costs of statewide items.

Guide to LFD Fiscal Model Output

The LFD fiscal model output assumes that statutory inflation proofing does not occur until FY25, due to the additional $4 billion deposit made in FY20. The model assumes an additional $1.2 billion PFD in FY21, a statutory PFD beginning in FY22.

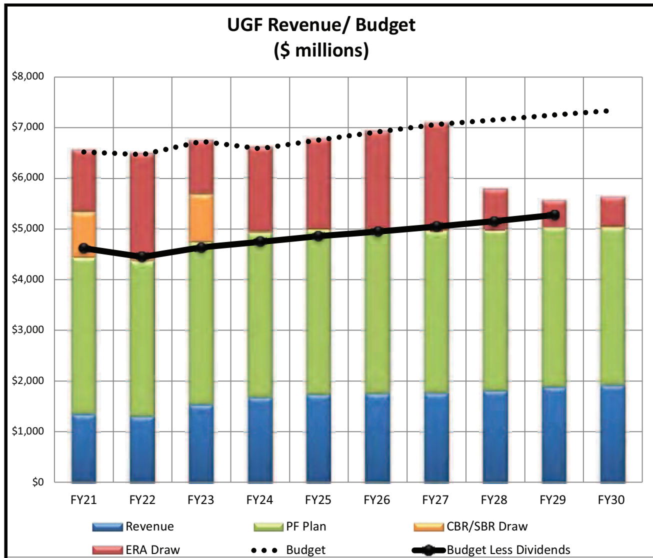
The model also assumes $50 million in supplemental appropriations per year, and the statutory draw to the oil and gas tax credit fund is made from the general fund.

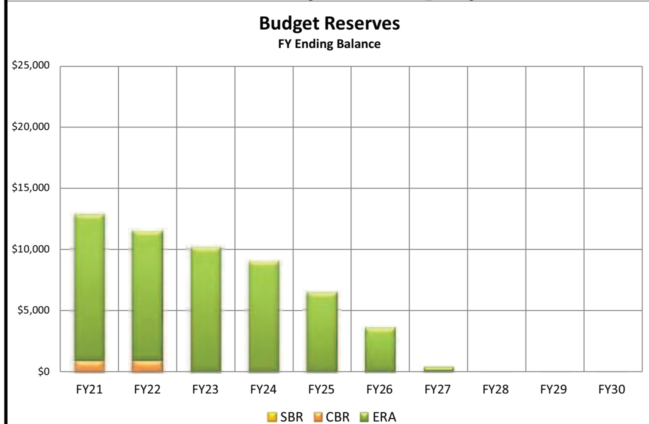
The second scenario differs from the Governor's 10-year plan for a few reasons. The 10-year plan does not include an assumption for supplemental appropriations. While the 10-year plan's undefined revenue averages out to $1 billion per year, the FY23 revenue is $1.2 billion. This differs from LFD's flat $1 billion.

The middle columns show variables and assumptions that can be modified in the model. The inputs included in the example use LFD's default assumptions as outlined above.

Left side: the top graph shows UGF revenue compared to the UGF budget, and which fund sources would be used to fill deficits. The next graph shows budget reserve balances, including the CBR, SBR, and ERA. The table on the bottom provides data on the total reserve balances, the size of the deficits, and how much of the deficit is being filled by the ERA.

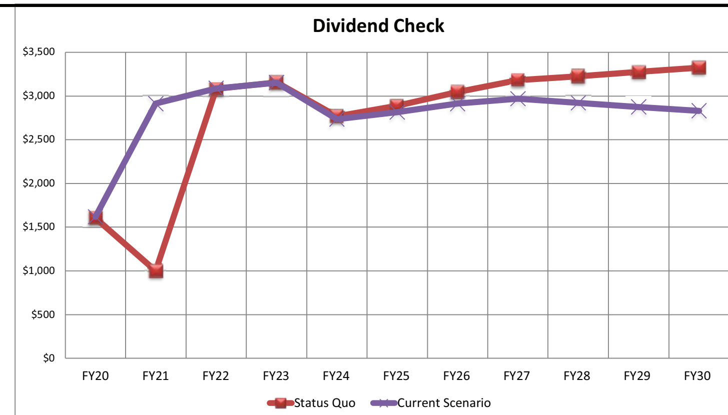
Right side: the top graph shows a comparison of the PFD per recipient under model assumptions vs. the statutory calculation. The middle graph shows how ERA overdraws affect future POMV calculations. Since the POMV calculation is based on a five-year average of the Permanent Fund value, each FY in the chart shows the total 5-year impact on the POMV calculation resulting from that FY's lower Permanent Fund value. The final graph shows the payouts from the ERA for dividends and the general fund. The bottom table summarizes the draws from the ERA.

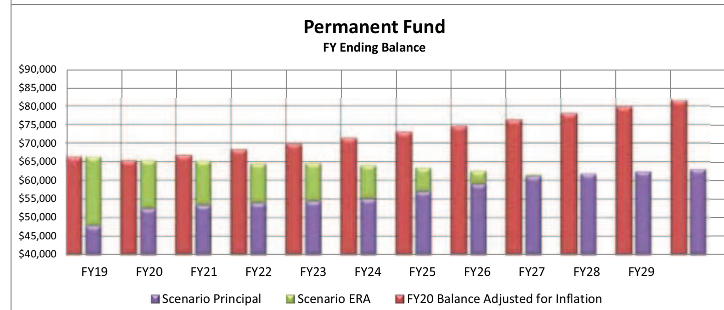


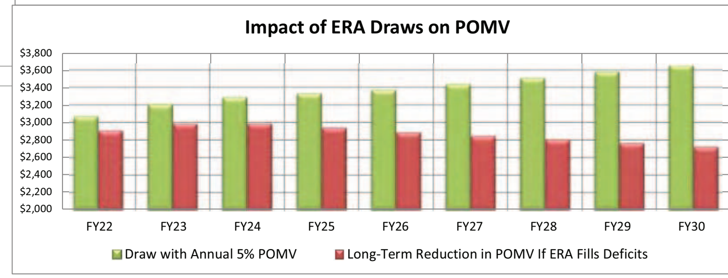


	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
ERA Bal.	11,912	10,579	10,163	9,018	6,424	3,541	358	0	0	0
Surplus/ (Deficit)	-2,119	-2,108	-2,017	-1,683	-1,795	-1,964	-2,119	-2,189	-2,248	-2,330
CBR/SBR Bal.	931	939	11	0	0	0	0	0	0	0
%Budget fr. Savings	32%	32%	30%	25%	26%	28%	30%	31%	31%	32%
Unplanned ERA Draw	1,225	2,070	1,063	1,658	1,785	1,954	2,109	787	528	590

Price Scenario		Fall Forecast
Production		Fall Forecast
COST VARIABLES		
Operating Budget		
Starting Point (FY22)		22 Gov
Growth Rate		2.25%
Budget Change (FY22+)	$	-
Tax Credit Payments		Statutory
School Debt Reimbursement		50%
Capital Budget (FY22-30)		FY22OMB10yrPlan
Supp Budget (FY22+)		50.0
REVENUE VARIABLES		
Sales Tax Type		N
Sales Tax Rate		0%
Income Tax		N
Motor Fuel Tax		N
Assumptions		
Inflation Rate		2.25%
PF Investment Return		Callan (6.48% FY21 then 6.75%)
% Realized		6.40%
Population Growth Rate		Labor Stats
CBR Earnings		2.25%
Reserve Priority		CBR
Minimum CBR Balance	$	-
Unplanned ERA Draws		Y
Permanent Fund Plan		**SB 26**
PLAN SPECIFICATIONS		
		Payout to GF
POMV Payout		5.00%
POMV Override		5.25%
Override Ends		21
		Dividend
FY22 Override		N
% of Stat Net Income to Div		50%
% of POMV Draw to Div		0%
Dividend Floor		0%
Floor Ends		0%
% of Royalties to Div		0%
Fixed Dividend	$	-
Repay Dividends		FY21 Only
Balanced Budget Dividends		N
POMV Deduction Before Div		None
		Other Provisions
New Royalties to PF		50%
All Royalties to PF		N

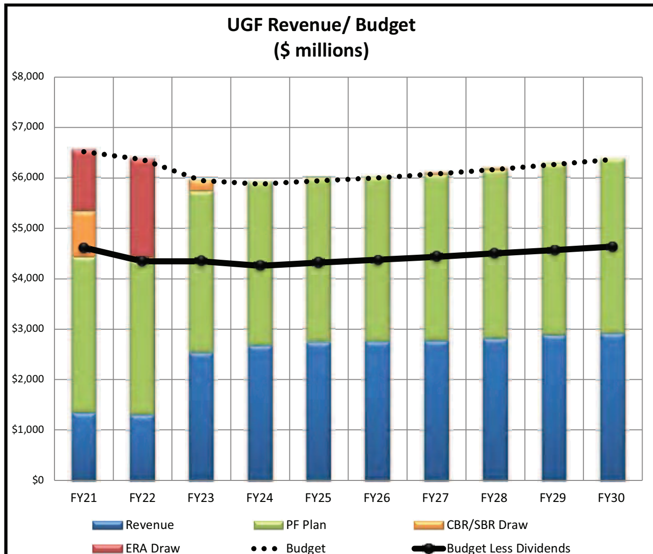


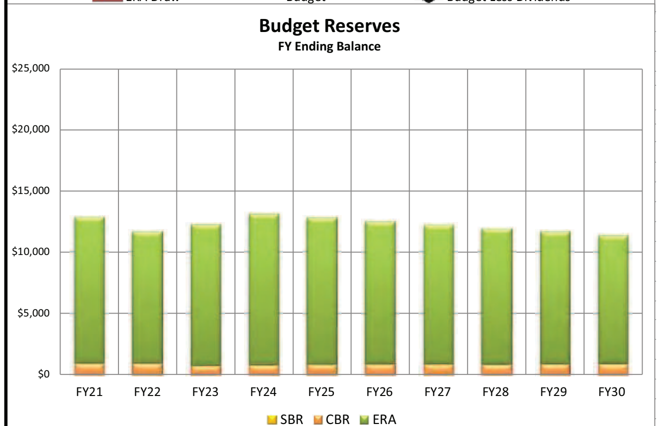




	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
POMV Draw	2,933	3,091	3,069	3,194	3,241	3,237	3,214	3,195	3,168	3,138	3,110
Inflation Proofing	4,758	-	-	-	-	1,079	1,111	1,144	-	-	-
Plan %	5.25%	5.25%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Effective %	4.4%	6.6%	7.9%	6.6%	7.6%	7.8%	8.2%	8.5%	6.4%	5.9%	5.9%

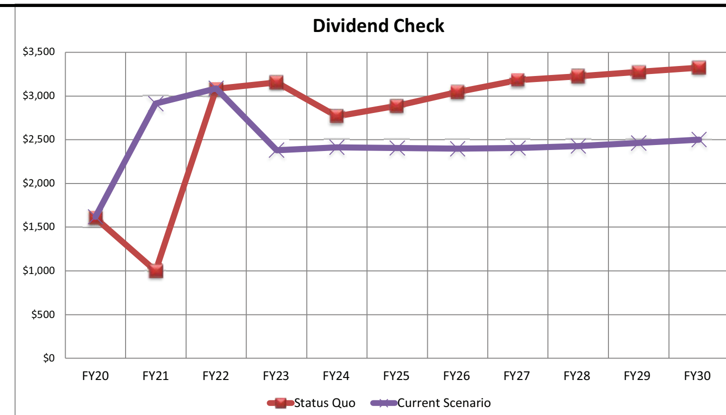
Scenario 1 - Status Quo

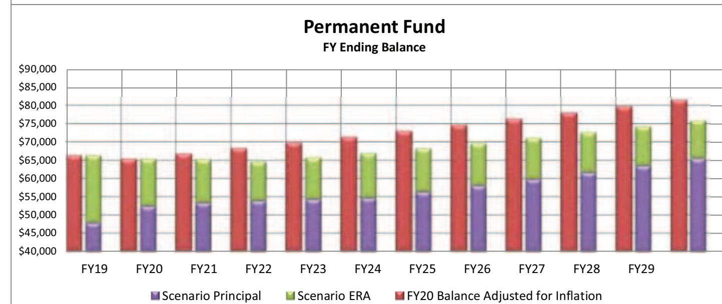


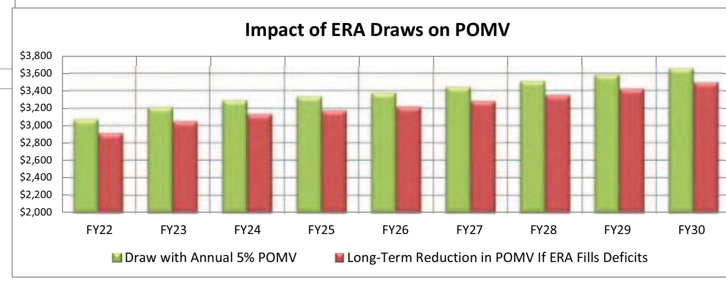


	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
ERA Bal.	11,912	10,694	11,479	12,288	11,933	11,622	11,335	11,059	10,774	10,476
Surplus/ (Deficit)	-2,119	-2,005	-231	24	29	-7	-44	-43	-3	-2
CBR/SBR Bal.	931	939	742	798	855	877	863	849	875	902
%Budget fr. Savings	32%	31%	4%	0%	0%	0%	1%	1%	0%	0%
Unplanned ERA Draw	1,225	1,967	0	0	0	0	0	0	0	0

Price Scenario	Fall Forecast
Production	Fall Forecast
COST VARIABLES	
Operating Budget	
Starting Point (FY22)	22 Gov
Growth Rate	-2.6% FY23, -2.7% FY24, 1.5% FY25+
Budget Change (FY22+)	$ (43.3)
Tax Credit Payments	None
School Debt Reimbursement	50%
Capital Budget (FY22-30)	FY22OMB10yrPlan
Supp Budget (FY22+)	50.0
REVENUE VARIABLES	
Sales Tax Type	N
Sales Tax Rate	0%
Income Tax	N
Motor Fuel Tax	N
Undefined New Revenue	**$1 Billion/yr, FY23+**
Assumptions	
Inflation Rate	2.25%
PF Investment Return	Callan (6.48% FY21 then 6.75%)
% Realized	6.40%
Population Growth Rate	Labor Stats
CBR Earnings	2.25%
Reserve Priority	CBR
Minimum CBR Balance	$ -
Unplanned ERA Draws	Y
Permanent Fund Plan	**Gov 50% of POMV**
PLAN SPECIFICATIONS	
	Payout to GF
POMV Payout	5.00%
POMV Override	5.25%
Override Ends	21
	Dividend
FY22 Override	Statutory
% of Stat Net Income to Div	0%
% of POMV Draw to Div	50%
Dividend Floor	0%
Floor Ends	0%
% of Royalties to Div	0%
Fixed Dividend	$ -
Repay Dividends	FY21 Only
Balanced Budget Dividends	N
POMV Deduction Before Div	None
	Other Provisions
New Royalties to PF	50%
All Royalties to PF	N







	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
POMV Draw	2,933	3,091	3,069	3,194	3,242	3,250	3,256	3,285	3,329	3,394	3,464
Inflation Proofing	4,758	-	-	-	-	1,079	1,111	1,144	1,178	1,213	1,250
Plan %	5.25%	5.25%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Effective %	4.4%	6.6%	7.7%	4.9%	4.9%	4.9%	4.8%	4.7%	4.7%	4.7%	4.7%

Scenario 2 - Governor's 10-Year Plan

Recap of 2020 Session and Overview of Governor's Supplemental Requests

The 2020 legislative session ended abruptly due to the coronavirus pandemic, forcing legislators to quickly wrap up work on the budget in March. As a result, the budget process diverged significantly from previous years.

Timeline of 2020 Budget Bills	
12/15/19	Governor's budget release
1/21/20	First day of session
2/26/20	House passes fast track supplemental bill (HB 234) without CBR access
3/2/20	Governor's first COVID-19 supplemental budget request
3/3/20	House passes operating (HB 205) and Mental Health (HB 206) budgets
3/11/20	Senate passes Mental Health (HB 206) budget with COVID-19 supplemental items, House concurs
3/18/20	Senate passes fast track supplemental (HB 234) with CBR access
3/23/20	Senate passes combined operating and capital budget (HB 205)
3/25/20	House concurs on fast track but CBR access fails
3/28/20	Conference Committee on HB 205 adopts budget bill; House and Senate pass bill with CBR access on 3/29

The FY20 budget process had also been unusual, with two rounds of appropriation bills and vetoes. That process was not wrapped up until the signing of SB 2002 and HB 2001 in August of 2019. In December 2019, the Governor submitted a fast track supplemental budget, HB 234, to fill emergent holes in the FY20 budget. The Governor's proposed fast track supplemental budget totaled $303.8 million UGF ($576.0 million all funds), covering items such as Medicaid and fire suppression. This exceeded the amount of UGF appropriations that could be made without a supermajority vote to access the CBR.

Without supermajority support for CBR access, the fast track bill languished in the Senate. On March 2nd, the Governor requested a supplemental appropriation for the State's response to the COVID-19 pandemic. Instead of attaching the items to the fast track, the legislature added them to the Mental Health budget bill, HB 206. The Mental Health bill is required by the terms of a legal settlement to contain only mental health items, but the Mental Health Trust agreed to waive this requirement to allow passage of this unique bill.

The House passed the operating budget on March 3rd, widely reported as the earliest in recent history. This allowed the Senate to act very quickly and pass its version of the operating budget on March 23rd, which again was historically early. The Senate followed an unusual, accelerated process: subcommittees met but did not close out and make official recommendations. Instead, subcommittees' informal recommendations were incorporated by the Senate Finance Committee. That committee also added most of the Governor's capital budget to the operating bill, making it an omnibus bill.

Not all of the Governor's proposed capital budget was incorporated into HB 205, however, as the legislature appeared to anticipate returning to session later in the year. LFD identified $172 million of projects ($34 million of which was funded with UGF) that were not added to the operating bill. These included routine items such as deferred maintenance and Fish and Game federal projects, as well as one-time requests such as technology upgrades for the Department of Administration.

Many of these "missing" capital projects are included in the Governor's FY21 fast track supplemental budget request. Others are incorporated into the Governor's FY22 request, which includes increased amounts for some projects. Several projects were also funded through the RPL process in August (see the “RPLs and Ratification Bill” section on the following page). See the Capital Budget Overview section of this publication for details on the status of the FY21 capital budget.

The Governor’s FY21 fast track also includes operating items to adjust Technical Vocational Education Program Account funding to address a shortfall, replace lost revenue in the Alaska Vocational Technical Center, and to replace administrative funding in the Department of Education and Early Development that was previously funded through the School Bond Debt Reimbursement appropriation that the Governor vetoed. The largest item is an additional Permanent Fund Dividend payment of about $1.2 billion; combined with the $992 check send out earlier in the fiscal year, the total distribution in FY21 would match the statutory calculation.

RPLs and Ratification Bill

The day before the legislature passed the operating budget, March 27, 2020, President Trump signed the Coronavirus Aide, Relief, and Economic Security Act (known as the CARES Act). This legislation resulted in a large flow of federal money to the State of Alaska, which had not been accounted for the in preparation of the FY20 and FY21 budgets.

The CARES Act provided a $1.25 billion from the COVID-19 Relief Fund (CRF) for the State to spend on COVID-19 relief but allowed the State to determine how to deploy this funding. It also provided over $280 million for specific purposes, including stimulus payments for Alaska fisheries, education funding, rural and international airport funding, and more. In some cases, the legislature had appropriated sufficient receipt authority to spend the added federal money without immediately modifying the budget. The legislature had granted open-ended federal receipt authority to the Department of Health and Social Services’ Public Health division, so the Governor directed $337.5 million to that division to be spent by State agencies for COVID-19 costs. In many other cases, however, there was not sufficient budgetary authority.

On May 1, the Governor proposed to distribute the federal funding using the Revised Program Legislative (RPL) process laid out in AS 37.07.080(h). This process allows for “the increase of an appropriation item based on additional federal or other program receipts” conditional on review by the Legislative Budget and Audit (LB&A) Committee. The Governor’s proposed RPLs included $562.5 million of grants to local governments, $290.0 million for Small Business Relief grants, $100.0 million for Alaska fisheries, and $490.0 million for Statewide Aviation and the Rural Airport System.

The LB&A Committee approved these RPLs on May 11, but not before noting concerns raised by Legislative Legal Services that these items were outside the scope of the RPL process and were vulnerable to legal challenge. That legal challenge came just two days later, prompting the legislature to return to session on May 18. The legislature approved HB 313 on May 20, which ratified the previous RPLs as valid appropriations.

The RPL process has been used twice so far in FY21. In August, the LB&A committee approved a package of RPLs that primarily consisted of capital projects that had not been included in HB 205. In December, the LB&A Committee approved a package of miscellaneous non-CARES Act items. The Governor proposed three more RPLs in January 2021 covering items from the December 2020 federal stimulus bill.

Revenue Requirements of the State

AS 24.20.231(2) provides that the Legislative Finance Division analyze the revenue requirements of the State. The following section provides a brief analysis along with potential revenue sources and any issues therein.

UGF revenue projections are approximately $2.1 billion less than what is needed to balance revenue with proposed appropriations in the Governor's FY22 budget. AS 37.07.020(c), Responsibilities of the Governor, states that "proposed expenditures may not exceed estimated revenue for the succeeding fiscal year." This statute requires that the Governor's December 15 budget proposal must be balanced with sufficient anticipated revenue to meet appropriations. The Governor's 10-year plan includes new revenue beginning in FY23 ranging from $900 million to $1.2 billion per year but does not specify the source.

New Revenue Options

To introduce additional revenue, the State could increase existing taxes or impose new ones. Alaska is the only state without a statewide broad-based tax, so existing taxes are primarily resource-based taxes or excise taxes on certain consumer items such as motor fuels, alcohol, and tobacco. Increasing existing taxes may cause Alaska to have higher rates than other states, but increases could bring in revenue quickly with minimal administrative costs. New taxes would take longer to set up and would require additional administrative costs. However, significant revenue could be generated with new broad-based taxes.

The following options are reflective of common practice in other states, and do not constitute a policy recommendation. Equity, economic impacts, efficiency, and other considerations are not presented here but should be addressed if the legislature chooses to explore revenue options.

Modify Existing Taxes

Oil and Gas Production Tax: Alaska's oil and gas production tax is projected to bring in $156.1 million in FY22. Past proposals to increase this tax have included raising the tax "floor" from 4% of gross revenue to 5% or higher; capping the per-taxable barrel credit at $5; or more complex changes proposed in the House version of Chapter 3, SSLA 17 (HB 111) or the Ballot Measure 1, which failed to pass in 2020.

Corporate Income Tax: The petroleum and non-petroleum corporate income taxes are projected to bring in a combined $5 million in FY22. This low amount (compared to $217.7 million in FY19) is due to economic conditions as well as provisions in the federal CARES Act which have allowed taxpayers to carryback losses against past tax liabilities. Alaska's 9.4% top marginal rate is the fourth highest in the US. Alaska is one of two states with a corporate income tax but no individual income tax (along with Florida), which results in C-Corporations paying taxes but S-Corporations not paying taxes (as their income flows through to the owners and personal income is not taxed). The Department of Revenue (DOR) estimates that taxing S-Corporations at the same rates as C-Corporations would raise $80 million in the first full year administered. Another potential change would be to decouple Alaska's tax code from the federal code, which would eliminate unanticipated shifts in revenue due to changes in federal tax law (such as the aforementioned CARES Act provision).

Other Resource Taxes: Alaska's Mining License Tax is estimated to bring in $43.3 million in FY22. The Fisheries Business and Fishery Resource Landing taxes are estimated to bring in $20.8 million in UGF revenue and an additional $24.2 million that is shared with municipal governments. National comparisons for these taxes are difficult.

Excise Taxes: Alaska imposes excise taxes on several consumer goods. The largest of these are:

- Tobacco taxes: Estimated FY22 revenue is $55.2 million, of which $37.9 million is UGF and $17.3 million is DGF. Alaska's cigarette tax of $2 per pack ranks 16th nationwide. The tax on other tobacco products is 75% of the wholesale price, which ranks 8th nationwide.
- Alcoholic beverage tax: $41.2 million, split equally between UGF and DGF. Alaska's tax is designed to tax all alcoholic beverages equally on a per-drink basis. The $12.50 per gallon tax on liquor and $2.50 per gallon tax on wine are the highest in the country, and the $1.07 per gallon tax on beer is second highest.
- Motor fuel tax: $34.7 million, all DGF. Alaska's $0.08 per gallon tax ranks 50th nationwide. Tripling Alaska's tax to the national median of $0.24 would bring in an additional $69.4 million.
- Marijuana taxes: $32.0 million, of which $8.0 million is UGF and $24.0 million is DGF. Alaska taxes $50/ounce for flowers, $15/ounce for stems and leaves, and $25/ounce for immature flowers/buds. National comparisons are challenging because many states have a mix of per-ounce and excise taxes. Eleven states currently permit and tax retail marijuana sales.

New Taxes

Income Tax

Income is taxed in 41 states, while two states exclusively tax dividends and interest. Alaska had an income tax from statehood until 1980, when it was repealed. Of these, 32 have progressive income taxes, and the remaining 9 have flat taxes. At the time of its repeal, Alaska's income tax brackets ranged from 3% to 14.5% and brought in $117 million in FY79. Adjusted for inflation and population, that is the equivalent of about $600 million in 2020.

The most recent income tax bill considered in Alaska, HB 115 (introduced in the 2017 session), had a progressive tax rate ranging from 2.5% to 7% and was estimated to bring in about $700 million per year. HB 115 called for implementation in the following January, so the first fiscal year would only see half a year of revenue.

DOR estimates an individual income tax levied at 10% of federal income tax liability would generate $350 million in the first full year administered. Using federal income tax liability would be consistent with Alaska's existing corporate income tax. However, most other states levy individual income taxes based on federal Adjusted Gross Income (AGI). LFD estimates an individual income tax based on 3% of AGI, with no exemptions or deductions, would generate $850 million in the first full year administered.

Sales Tax

Statewide sales taxes exist in 45 states, while four states have no state or local sales tax. Alaska is the only state that has no statewide sales tax but allows for the collection of local sales taxes. Of the 45 states with a statewide sales tax, 37 have additional municipal sales taxes. In Alaska, sales taxes may be levied at the city or borough level. As of 2019, 103 of Alaska's 129 taxing municipalities imposed sales taxes, at rates ranging from 1.5% to 7.5%.

The most recent statewide sales tax proposed in Alaska was HB/SB 5004 (introduced in 2016), which would have imposed a 3% sales tax with exemptions for groceries. It was projected to bring in $500 million per year. Like an income tax, a sales tax would likely take at least six months to implement.

DOR estimates a broad-based 4% sales tax including all services and exempting only prescription drugs, medical equipment, and business-to-business purchases to resale, would generate $1.2 billion in the first full year administered. DOR estimates that a 4% sales tax styled on Wyoming's sales and use tax would generate $630 million in the first full year administered. This tax would exempt groceries, prescription medicine, medical equipment, and all business-to-business sales and services.

Property Tax

All 50 states have property taxes that are applied by either local or municipal governments. Alaska has a statewide property tax for oil and gas property, but other property is taxed only at the municipal level. Fifteen of Alaska's nineteen boroughs levy personal property taxes, in addition to twenty-one cities (some of which are within boroughs). Some boroughs rely very heavily on property tax revenue, and Alaska's average property tax burden ranks 21st nationwide despite not being universally applied.

Alaska could impose a statewide property tax that excludes oil and gas property. Implementing such a tax would be administratively challenging because property values would have to be determined in any area of the state that does not already have a property tax. Unlike most states, Alaska does not require that real estate sale prices be reported publicly to ensure accurate assessments.

DOR estimates that a tax on all in-state property of 0.1% (10 mills) of assessed value would generate $117.5 million in the first full year administered.

Payroll Tax or Head Tax

Alaska had a $10 per worker "head tax" to pay for a portion of the education budget until its repeal in 1980. Such taxes are a flat amount per person rather than a percentage of income. No other state currently imposes a head tax.

Several pieces of legislation have proposed graduated head taxes or other payroll taxes. Such taxes could build on the existing payroll tax administered for worker's compensation so they could be implemented with fewer additional resources. However, these taxes would have a narrower base than an income tax because they exclude dividend and investment income, so their revenue-raising potential is more limited.

DOR estimates a $30 payroll tax on all resident and nonresident workers in Alaska would generate $13.5 million in the first full year administered. DOR estimated the initial implementation cost to be $11 million, with an additional $0.8 million in annual administration costs.

Multi-Agency Items: Rates, Consolidations, and Salary Adjustments

The Governor’s budget contains several changes that affect multiple agencies. This section provides an overview of these items so that readers can see an explanation in a single place.

Central Service Agency Rate Adjustments

Central service agencies such as the Division of Personnel and Labor Relations (DOPLR) and the Office of Information Technology (OIT) provide services that support programs across State agencies. These agencies are funded by charging other programs for their services. These rates are based on relevant cost drivers; for example, DOPLR costs are driven by employees, so other programs are charged based on the number of employees.

These rates are often set after budgets have been approved by the legislature, which causes strain on agencies if their rates turn out to be higher than expected. This can cause agencies to make mid-year expenditure reductions to ensure they can pay their rates, which may cause them to provide a lower service level than the legislature expected in preparing their budgets.

The Office of Management and Budget (OMB) and these central service agencies are working to change the rate structure to provide rates in advance to make costs more predictable during the budget development process. This process will also change the rate structure to be simpler, basing more rates on easy-to-understand metrics like employee counts.

Locking in rates in advance poses some risk to the rate-setting agencies, however, if their rates do not generate sufficient revenue to meet their expenditures. The Governor’s budget addresses this concern through adding appropriations (see Operating Language, Section 13) that allow OMB to transfer up to $5 million of lapsing general funds to cover unexpected shortfalls. $5 million represents about 3% of the total amount billed by these agencies.

There are several changes in agency budgets that are related to these changes. OMB will no longer charge agencies for its budget analysts, so it is no longer a central service agency (making it a more neutral party to distribute the lapsing funds). This shows up in the Office of the Governor’s budget as a fund change (see the Office of the Governor section of this publication). The Governor’s budget also reduces receipt authority for several central service agencies (OIT, DOPLR, and Accounting) so that their budgets are in line with anticipated revenue with the new rate structure (see the Department of Administration section of this publication). The Department of Corrections and the Department of Transportation and Public Facilities budgets also feature significant movement of funds within the agencies to match the new billing structures.

Administrative Consolidations and Reorganization

In the FY22 budget, the Governor continues the centralization process of many administrative functions begun under the previous governor. In FY22, procurement staff from all executive branch agencies will be consolidated into a new Office of Procurement and Property Management (OPPM) within the Department of Administration. 62 positions will be transferred into this new office from twelve agencies. This consolidation process is directed by Administrative Order 304, issued in February 2019. For more details on this new office, see the Department of Administration section of this publication.

The Statewide Contracting and Property allocation will no longer exist, and all remaining funding will be transferred to OPPM.

A separate reorganization effort continues in the Department of Transportation and Public Facilities' Division of Facilities Services. This division was established in FY19 to centralize facilities staff across agencies, covering State-owned buildings. In the FY22 budget, the Governor proposes transferring management of all State facilities from the Department of Administration to this division. This transfer includes lease management and facilities administration. For more details on the transfer, see the Department of Transportation and Public Facilities' section of this publication.

Salary Adjustments

The Governor's budget bill as submitted to the legislature consolidated contractual salary adjustments into a single statewide appropriation for each union. This structure is intended to clearly identify the fiscal impact of each change but poses some problems for the technical budget process.

The Governor's budget was written with the assumption that these salary adjustments will be moved to agency budgets. As drafted, it has negative fund sources in some allocations and Transfers in (TrIn transactions) and out (TrOut transactions) are often for amounts that include salary adjustments. Astute readers of budget reports on OMB's website may notice that totals slightly differ between reports, as some reports reflect the Governor's bill as written and others reflect the Governor's budget with the salary adjustments allocated to agencies. LFD's reports match the Governor's bill as transmitted, but additional minor adjustments by the legislature will be necessary to avoid negative appropriations.

The salary adjustments total $11.1 million, of which $6.1 million is UGF.

Tab 2

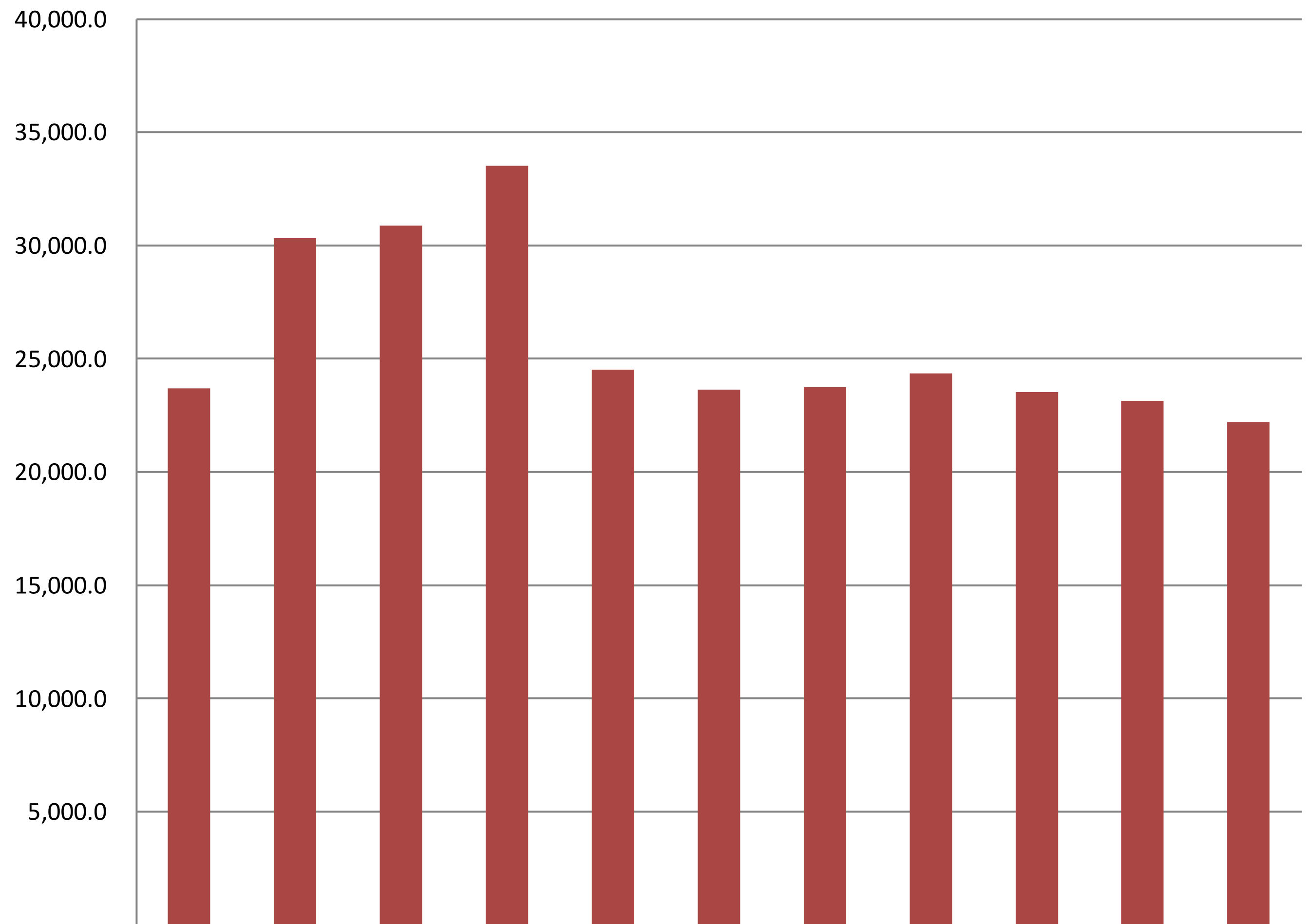
Department of Military and Veterans Affairs
Share of Total Agency Operations

(GF Only)

($ Thousands)

DMVA GF budget *decreased* by $1.5 million between FY12 and FY22 Governor; an average annual decline rate of -0.6%.

The FY22 GF budget equates to **$69 per resident worker** (based on 323,711 Alaskan workers).

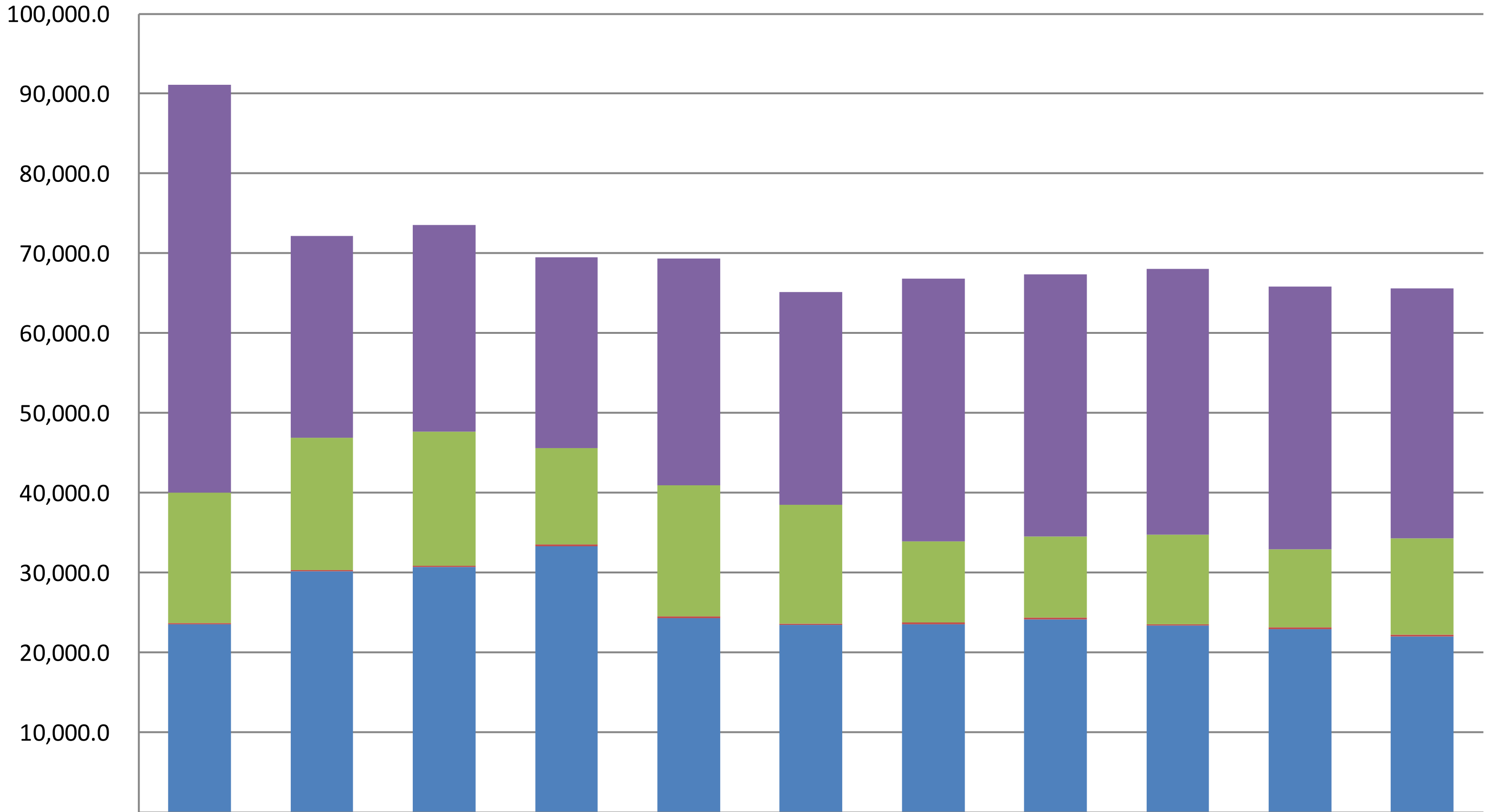


	12MgtPln	13MgtPln	14MgtPln	15MgtPln	16MgtPln	17MgtPln	18MgtPln	19MgtPln	20MgtPln	21MgtPln	22Gov
Total Agency Budget (GF Only)	23,691.1	30,331.0	30,872.4	33,512.7	24,506.1	23,618.5	23,746.4	24,335.6	23,520.3	23,142.4	22,213.0
Average of Agency Budget to Total Agencies Budgets	0.50%	0.61%	0.61%	0.64%	0.51%	0.50%	0.52%	0.51%	0.52%	0.48%	0.48%

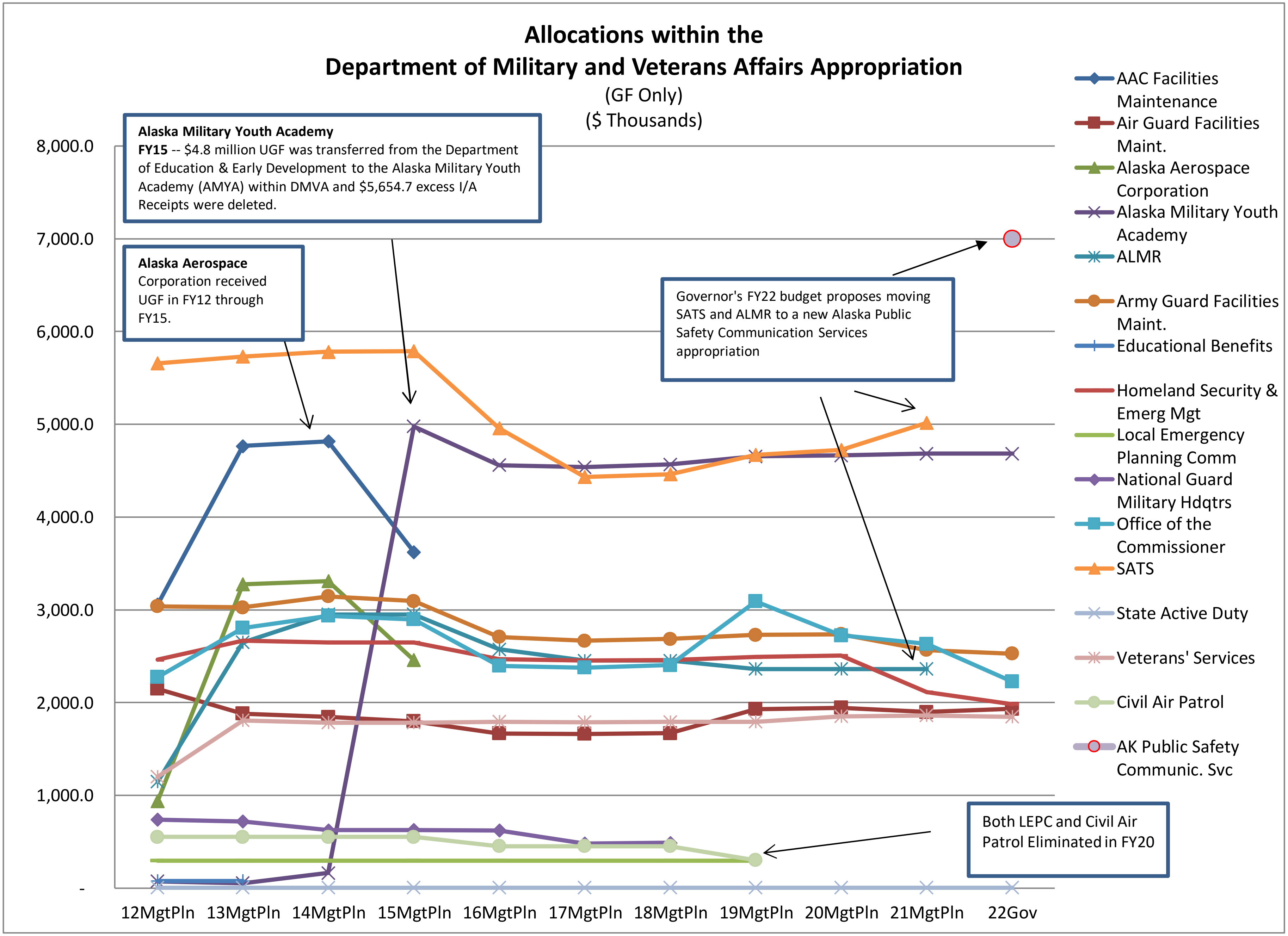
Department of Military and Veterans Affairs
Total Funding Comparison by Fund Group

(All Funds)
($ Thousands)

Between FY12 & FY22 Gov:
-UGF *decreased* by $1.5 million (6%)
-Other funds *decreased* by $4.3 million (-26%)
-DGF increased by $7.8 thousand (4%)
-Federal Funds *decreased* by $19.7 million (-39%)



	12MgtPln	13MgtPln	14MgtPln	15MgtPln	16MgtPln	17MgtPln	18MgtPln	19MgtPln	20MgtPln	21MgtPln	22Gov
Federal Receipts (Fed)	51,044.9	25,217.4	25,874.1	23,886.2	28,405.2	26,634.6	32,895.1	32,842.9	33,321.9	32,922.3	31,321.8
Other State Funds (Other)	16,341.0	16,582.7	16,770.8	12,105.6	16,400.8	14,875.8	10,191.9	10,185.3	11,195.7	9,747.9	12,051.7
Designated General (DGF)	178.4	178.4	178.4	178.4	178.4	178.4	178.4	178.4	178.4	186.2	186.2
Unrestricted General (UGF)	23,512.7	30,152.6	30,694.0	33,334.3	24,327.7	23,440.1	23,568.0	24,157.2	23,341.9	22,956.2	22,026.8


Allocations within the
Department of Military and Veterans Affairs Appropriation
(GF Only)
($ Thousands)
Alaska Military Youth Academy
FY15 -- $4.8 million UGF was transferred from the Department of Education & Early Development to the Alaska Military Youth Academy (AMYA) within DMVA and $5,654.7 excess I/A Receipts were deleted.
Alaska Aerospace Corporation received UGF in FY12 through FY15.
Governor's FY22 budget proposes moving SATS and ALMR to a new Alaska Public Safety Communication Services appropriation
Both LEPC and Civil Air Patrol Eliminated in FY20
8,000.0
7,000.0
6,000.0
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19MgtPln
20MgtPln
21MgtPln
22Gov
AAC Facilities Maintenance
Air Guard Facilities Maint.
Alaska Aerospace Corporation
Alaska Military Youth Academy
ALMR
Army Guard Facilities Maint.
Educational Benefits
Homeland Security & Emerg Mgt
Local Emergency Planning Comm
National Guard Military Hdqtrs
Office of the Commissioner
SATS
State Active Duty
Veterans' Services
Civil Air Patrol
AK Public Safety Communic. Svc

Tab 3

DMVA Program Priority Table

Program	*Constitutional Requirement*	*Federal Requirement*	*Statutory Req.*
Military & Veterans Affairs			
Office of the Commissioner	Yes Article III Sections 19 &25	Yes, to have Air & Army National Guard (ATAGs)	Yes Sec. 44.35.010, Sec. 26.05.160 and Sec. 26.05.180
Homeland Security & Emergency Management	Yes Article VII Sections 4 & 5	Yes, to receive federal disaster and mitigation funds	Yes Sec. 26.23.040
Local Emergency Planning Committee	No	No	Yes Sec. 26.23.073
Army Guard Facilities Maintenance	Yes Article III. Section 19	Yes, to have an Army National Guard	Yes Sec. 26.05.230
Air Guard Facilities Maintenance	Yes Article III. Section 19	Yes, in order to have an Air National Guard	Yes Sec. 26.05.230
Alaska Military Youth Academy	No, but function provided is required by Article VII. Section 1	Yes, in order to receive separate Dept. of Defense funding for youth intervention	Yes Sec. 44.35.020
Veterans' Services	Yes Article VII Sections 4 & 5	No, but federal benefits to Alaskans reduced by over 50% without it	Yes Sec. 44.35.020
State Active Duty	No, but militia is not available for state service without it	No	Yes Sec. 26.05.070
Alaska Aerospace Corporation			
Alaska Aerospace Corporation Headquarters	No		No
Alaska Aerospace Corporation Facilities Maintenance	No		No

Tab 4

Department of Military and Veterans' Affairs

FY21 - Summary of Significant Budget Issues

($ thousands)

Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
1	Military and Veterans' Affairs / Alaska Land Mobile Radio	Transfer Alaska Land Mobile Radio from the Department of Administration for Better Alignment	n/a	n/a	The legislature approved the transfer of the Alaska Land Mobile Radio (ALMR) to the Department of Military and Veterans' Affairs (DMVA) for better mission alignment. ALMR's primary purpose is to provide technology enabling 9-1-1 dispatch services supporting Alaskan public safety first responders and state agencies with interoperable communications. This structure change from the Department of Administration (DOA) to DMVA transfers $4,261.3 in total authority [$1,900.0 Fed/ $2,303.1 UGF/ $60.0 GF/Prgm].
2	Military and Veterans' Affairs / State of Alaska Telecommunications System	Transfer State of Alaska Telecommunications System from Dept. of Admin for Better Alignment	n/a	n/a	The legislature approved the transfer of the State of Alaska Telecommunications System (SATS) to the Department of Military and Veterans' Affairs (DMVA) for better mission alignment. One of the primary purposes of SATS is to assure that the State of Alaska telecommunications infrastructure and services are available to support state, local and federal agency business requirements.This structure change from the Department of Administration to DMVA transfers $4,795.0 in total authority [$4,705.0 UGF/ $90.0 GF/Prgm] and 25 PFT positions.
3	Military and Veterans' Affairs / State of Alaska Telecommunications System	GA 33 Add Authority to Align with Anticipated Expenditures	$280.5 Gen Fund (UGF)	$280.5 Gen Fund (UGF)	An Administrative Assistant II (02-6512) was transferred from the Division of Information Technology to authorize staff travel to state owned infrastructure sites. The position was transferred without associated funding which necessitated an increment to cover it's cost in DMVA. This travel will be to perform lifecycle refresh, perform annual maintenance, update equipment at end-of-life or end-of-support, and respond to outages, break fix or network interruptions.
4	Military and Veterans' Affairs / Homeland Security and Emergency Management	Reduce Matching Funding Due to Business Process Realignment and Efficiencies	($400.0) GF/Match (UGF)	($400.0) GF/Match (UGF)	The Department is maximizing the utilization of federal Emergency Management Performance Grant (EMPG) funding to cover costs that are currently being covered with state funds; reducing travel, services and commodities costs; and restructuring payments and workflows between the Division of Homeland Security and Emergency Management and the Division of Administrative Services.
5	Military and Veterans' Affairs / Army Guard Facilities Maintenance	Reduce Authority Due to Armory Divestiture Maintenance Savings	($50.0) Gen Fund (UGF)	($50.0) Gen Fund (UGF)	The Alaska Army National Guard is undergoing a long-term process of divesting properties that are no longer used by the National Guard. This decrement represents the savings from the divestiture of ten additional armories. **Fiscal Analyst Comment:** This modest reduction in operating costs reflects the

Department of Military and Veterans' Affairs

FY21 - Summary of Significant Budget Issues
($ thousands)

Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
5	Military and Veterans' Affairs / Army Guard Facilities Maintenance	Reduce Authority Due to Armory Divestiture Maintenance Savings	($50.0) Gen Fund (UGF)	($50.0) Gen Fund (UGF)	(continued) minimal maintenance provided for these facilities in recent years. The main savings from divestiture will be realized in avoided major maintenance costs in later years.
6	Military and Veterans' Affairs / Army Guard Facilities Maintenance	Reduce Authority Due to Janitorial Contract Savings	**Total: ($501.3)** ($378.3) Fed Rcpts (Fed) ($123.0) Gen Fund (UGF)	**Total: ($501.3)** ($378.3) Fed Rcpts (Fed) ($123.0) Gen Fund (UGF)	The department projects cost savings from reducing the frequency of jantorial visits and focusing on common areas only, for all buildings on Joint Base Elmendorf-Richardson and Eielson Air Force Base.
7	Military and Veterans' Affairs / Alaska Wing Civil Air Patrol	Transfer Civil Air Patrol from the Department of Public Safety For Better Alignment	n/a	n/a	The legislature moved the Civil Air Patrol allocation from the Department of Public Safety into the Department of Military and Veteran's Affairs, along with an increment of $250.0 in UGF funding, in HB 205 (Ch. 8, SLA 2020). The Governor vetoed the entire $250.0 amount and there is now no Civil Air Patrol allocation in either department.
8	Various	Replace UGF with CBR Direct 1001	n/a	**Net Zero** $5,739.4 CBR Fund (UGF) ($1,902.6) GF/ Match (UGF) ($3,836.8) Gen Fund (UGF)	The legislature funded 25% of numbers section UGF items directly from the Constitutional Budget Reserve (CBR) using fund code 1001. For the Department Military and Veterans' Affairs, that resulted in $5.8 million being switched from codes 1003 (GF Match) and 1004 (UGF) to code 1001. Subsequently the Governor vetoed $63.0 in CBR. The total CBR amount for the Department in the Enacted FY21 budget was $ 5.7 million. Because all three sources are counted as UGF, this change will have no impact on the agency's operations.

Tab 5

Department of Military and Veterans' Affairs

Summary of Budget Changes
($ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Military and Veterans' Affairs / Alaska Public Safety Communication Services (APSCS)	Establish New Allocation for Alaska Public Safety Communication Services (APSCS)	n/a	The Department believes that the current State of Alaska Telecommunications System (SATS) and the Alaska Land Mobile Radio (ALMR) allocations no longer accurately describe the service and functions currently provided. The Department believes that merging the two allocations and renaming it Alaska Public Safety Communication Services (APSCS) will more accurately describe the growing and evolving public safety communication services. **Fiscal Analyst Comment:** The Department took over operating SATS and ALMR from the Department of Administration in FY21. This proposed merging of the two allocations will allow the Department to move money more freely between the two systems, but without the budget transparency offered by having to transfer the money across allocations in Management Plan.
2	Military and Veterans' Affairs / Alaska Public Safety Communication Services (APSCS)	Transfer Channel Drive Lease from Department of Administration	$58.0 Gen Fund (UGF)	**Fiscal Analyst Comment:** This transfers the cost of the lease for the SATS facility after the allocation was moved from Department of Administration (DOA) to DMVA last year. This is an increment rather than a transfer because the corresponding funding source in DOA was Information Services Fund (ISF) and that fund source is not available to DMVA. There is a corresponding decrease in cost in DOA but in ISF receipts which are classified as an Other fund source. These two transactions offset each other but do represent an increase in UGF.
3	Military and Veterans' Affairs / State of Alaska Telecommunications System	Delete Vacant Communications Engineer I (02-3007)	($139.3) Gen Fund (UGF) **(1) PFT Position**	This position has been vacant since August of 2018. System-critical engineering work and decisions will continue to be completed by other staff, or in some cases, contracted out.
4	Military and Veterans' Affairs / State of Alaska Telecommunications System	Reduce Maintenance Expenditures	($300.0) Gen Fund (UGF)	Reduce maintenance on State of Alaska Telecommunications System equipment. Critical maintenance needs would continue to be met, and all other preventive/recommended needs would be prioritized. The impact of this reduction would be the continued growth of the maintenance backlog. However the Governor has requested $49.3 million for statewide deferred maintenance in his FY22 Capital Budget and the department is hoping for an allocation of funds to mitigate the backlog and address these specific needs.
5	Military and Veterans' Affairs / Office of the Commissioner	Delete Vacant Budget Analyst I (09-0228)	**Total: ($93.6)** ($7.2) Fed Rcpts (Fed) ($39.8) Gen Fund (UGF)	The position has been vacant since March of 2020. **Fiscal Analyst Comment:** The Department has a Budget Manager position to handle all budget work for the Department. This second position previously handled the Department's capital budget items and assisted the Budget Manager with their duties.

Department of Military and Veterans' Affairs
Summary of Budget Changes
($ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Military and Veterans' Affairs / Office of the Commissioner	Delete Vacant Budget Analyst I (09-0228)	(continued) ($44.0) I/A Rcpts (Other) ($2.6) CIP Rcpts (Other) **(1) PFT Position**	The position has been vacant since March of 2020. **Fiscal Analyst Comment:** The Department has a Budget Manager position to handle all budget work for the Department. This second position previously handled the Department's capital budget items and assisted the Budget Manager with their duties.
6	Military and Veterans' Affairs / Homeland Security and Emergency Management	Delete Vacant Deputy Director (09-0372) Due to Reorganization Efforts	**Total: ($153.4)** ($76.7) Fed Rcpts (Fed) ($76.7) GF/Match (UGF) **(1) PFT Position**	The position has been vacant since April of 2020.
7	Military and Veterans' Affairs / Homeland Security and Emergency Management	Reduce State Match Requirement for Emergency Management Performance Grant	($52.4) GF/Match (UGF)	The Emergency Management Program Grant federal grant requires a dollar for dollar match. Match funds can be provided by the state or by a community participant. The Division has authority to set the portion of match that will be provided by the State, and the amount required from the grant recipient. This year's proposal reduces the match provided with State UGF, and increases the applicant's match requirement.
8	Military and Veterans' Affairs / Homeland Security and Emergency Management	Capital Improvement Project Receipt Authority for Emergency Management Performance Grant	$2,000.0 CIP Rcpts (Other)	Personal services expenditures related to the capital Emergency Management Performance Grant (EMPG) will be coded to the capital appropriation but reported as part of operating at the end of the fiscal year as personal services must be reported on an annual basis. **Item 8 and 9 are related.**
9	Military and Veterans' Affairs / Homeland Security and Emergency Management	Transfer Federal Receipt Authority for Emergency Management Performance Grant to Capital	($3,000.0) Fed Rcpts (Fed)	This allows for increased flexibility to spend and retain funds over multiple fiscal years. There is a corresponding increase in the FY22 capital budget. **Item 8 and 9 are related.**
10	Military and Veterans' Affairs / Army Guard Facilities Maintenance	Increase Federal Receipt Authority to Align with Anticipated Revenue and Expenditures	$1,200.0 Fed Rcpts (Fed)	Federal spending increased due to a number of circumstances, principally: - Increased project volume under the Master Cooperative Agreement (MCA) with National Guard Bureau which are 100% federally reimbursed

Department of Military and Veterans' Affairs

Summary of Budget Changes
($ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
10	Military and Veterans' Affairs / Army Guard Facilities Maintenance	Increase Federal Receipt Authority to Align with Anticipated Revenue and Expenditures	$1,200.0 Fed Rcpts (Fed)	(continued) -COVID-19 travel restrictions allowed employees to put more time and attention into maintenance and repair activities at Joint Base Elmendorf-Richardson, where most facilities are 100% federally reimbursed -COVID-19 response and mitigation increased custodian/janitorial costs -Environmental work executed under Appendix 2 of the MCA is also 100% federally reimbursable. Under the appendix, the Division has executed multiple contracts for soil remediation/Spill Prevention, Control, and Countermeasure plan updates, Geographic Information Services, and identified additional Environmental Baseline Studies that will need to be performed.
11	Military and Veterans' Affairs / Army Guard Facilities Maintenance	Replace General Fund Authority with Federal Receipt Authority for Business Process Realignment and Efficiencies	**Net Zero** $162.5 Fed Rcpts (Fed) $13.9 GF/Match (UGF) ($176.4) Gen Fund (UGF)	This fund change is made possible by the reclass of the Division Operations Manager (09-0162) to a Building Maintenance Manager to allow for additional federal reimbursement at 75% FED/25% UGF, versus 100% UGF.
12	Military and Veterans' Affairs / Air Guard Facilities Maintenance	Reduce Unrestricted General Fund Authority Based on Prior Year Expenditures	($100.0) GF/Match (UGF)	The Department is confident that the decrement in matching funding will not impact the current level of Federal reimbursement. This reduction is intended to align authority with prior year actuals.
13	Military and Veterans' Affairs / Air Guard Facilities Maintenance	Delete Vacant Maintenance Generalist-Journey Position (09-0434)	**Total: ($105.4)** ($79.1) Fed Rcpts (Fed) ($26.3) GF/Match (UGF) **(1) PFT Position**	This position has been vacant since March of 2020.

Department of Military and Veterans' Affairs

Summary of Budget Changes

($ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
14	Military and Veterans' Affairs / Alaska Wing Civil Air Patrol	Civil Air Patrol Funding Entirely Vetoed in FY21	n/a	In FY21 the legislature moved the Civil Air Patrol allocation from the Department of Public Safety into the Department of Military and Veteran's Affairs, along with an increment of $250.0 in UGF funding, in HB 205 (Ch. 8, SLA 2020). The Governor vetoed the entire $250.0 amount and there is now no Civil Air Patrol allocation in either department.

Tab 6

DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

Military and Veterans' Affairs

Operating/Capital Budget (CCS HB 205)

It is the intent of the legislature that the Department of Military and Veterans' Affairs (DMVA) submit a report to the Legislative Finance Division by January 1, 2021 as to the status of the transfer of the Alaska Land Mobile Radio (ALMR) and the State of Alaska Telecommunications System (SATS) into the Department of Military and Veterans' Affairs. The report shall include a review of operational and administrative challenges, the transfer's impact on carrying out the Department's mission, and the Department's long-term plan for ALMR and SATS.

The Department of Military and Veterans Affairs will evaluate and provide to the Alaska Legislature by January 1, 2021 a report that analyzes the status of the transfer of the Alaska Land Mobile Radio (ALMR) and the State of Alaska Telecommunications Systems (SATS) into the Department of Military and Veterans' Affairs. The report will contain DVMA's:

- Review of operational and administrative challenges
- Statement on the impact of the transfer on carrying out the Department's mission
- Long-term plan for ALMR and SATS

Legislative Fiscal Analyst Comment: The Department provided the required report on December 21, 2020.

Tab 7

State of Alaska
FY2022 Governor's Operating Budget

Department of Military and Veterans Affairs

Department of Military and Veterans Affairs

Mission

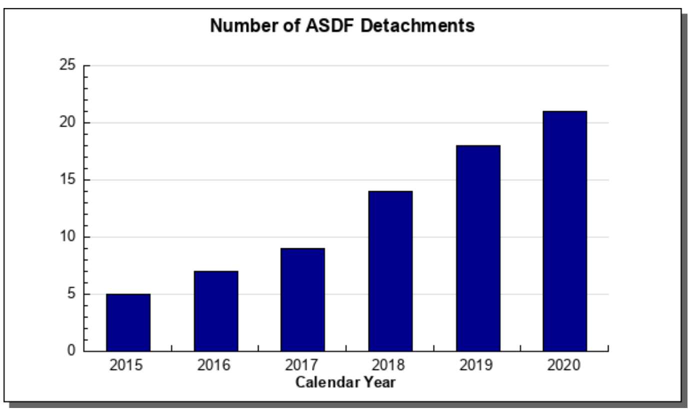
To provide military forces to accomplish military missions in the state and around the world; provide homeland security and defense; emergency response; veterans' services; and youth military style training and education. AS 26, AS 44.35

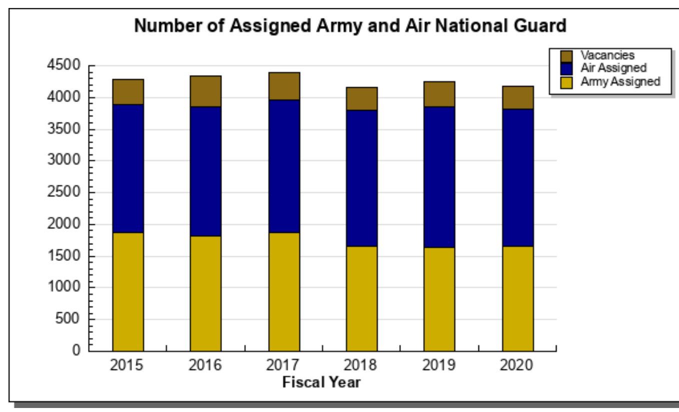
	Core Services (in priority order)	UGF	DGF	Other	Fed	Total	PFT	PPT	NP	% GF
1	Defend and Protect Alaska and the United States	6,233.6	27.4	4,961.4	21,149.7	32,372.1	126.0	0.0	0.0	27.1%
2	Disaster Preparedness/Response and Recovery	9,922.6	150.0	3,573.2	7,115.9	20,761.8	86.0	0.0	0.0	43.5%
3	Youth Intervention	4,813.9	1.0	1,147.1	4,305.0	10,267.0	69.0	0.0	0.0	20.8%
4	Outreach to Veterans and Military Families	1,986.1	7.8	66.1	351.7	2,411.7	4.0	0.0	0.0	8.6%
	FY2021 Management Plan	**22,956.2**	**186.2**	**9,747.9**	**32,922.3**	**65,812.6**	**285.0**	**0.0**	**0.0**	

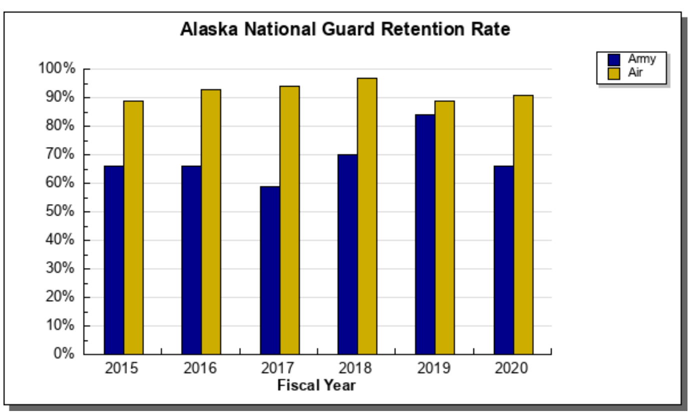
Measures by Core Service

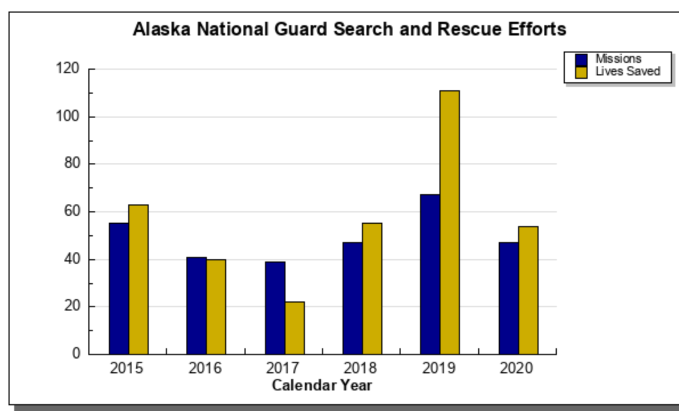
(Additional performance information is available on the web at https://omb.alaska.gov/results.)

1. Defend and Protect Alaska and the United States

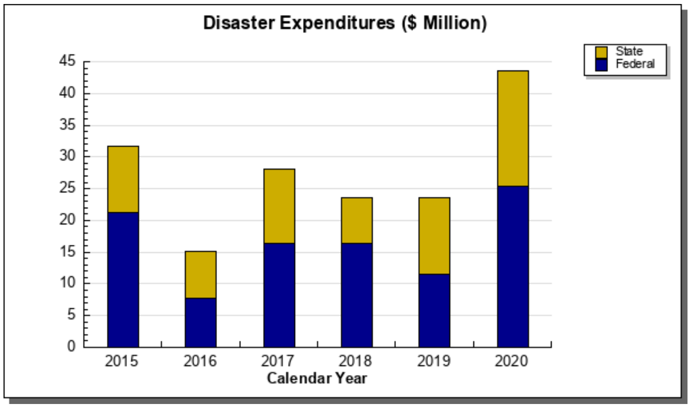


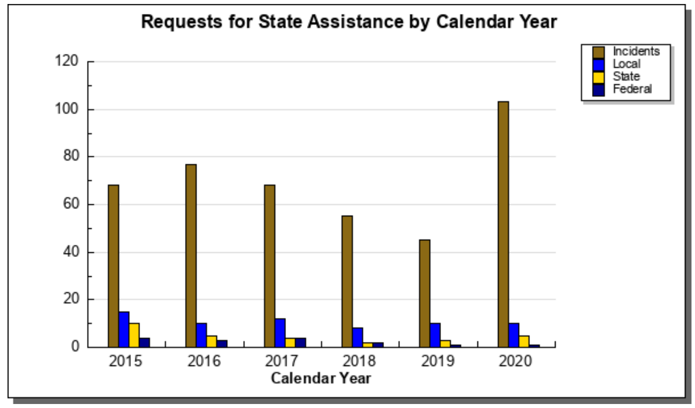


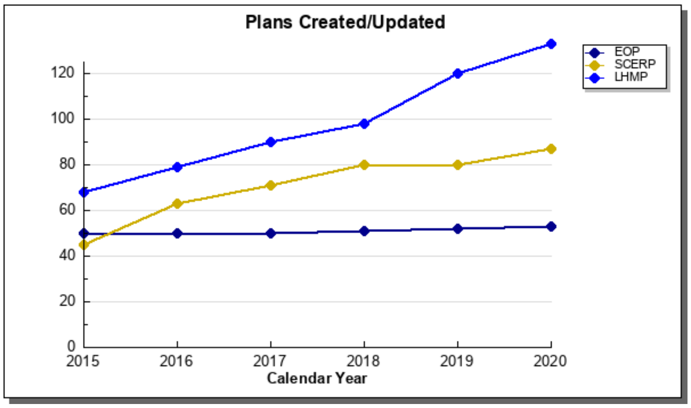


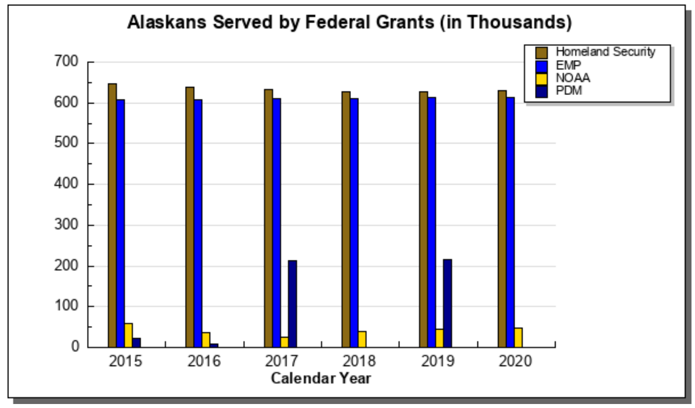


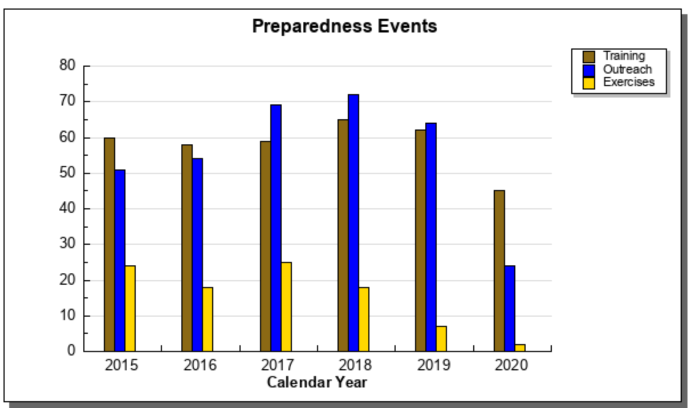
2. Disaster Preparedness/Response and Recovery



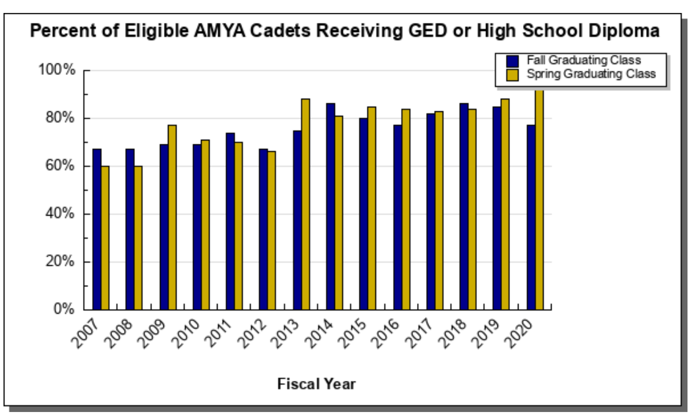


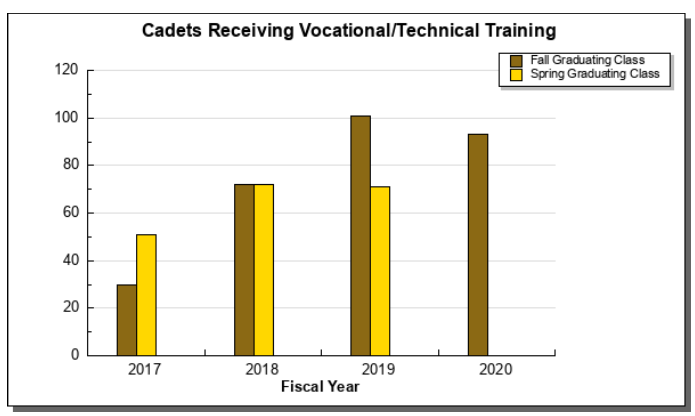


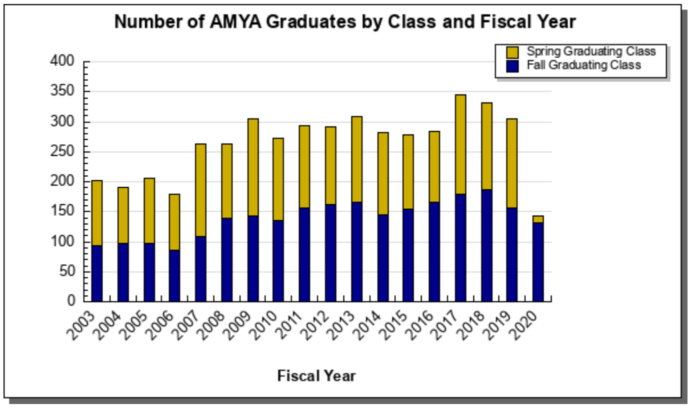


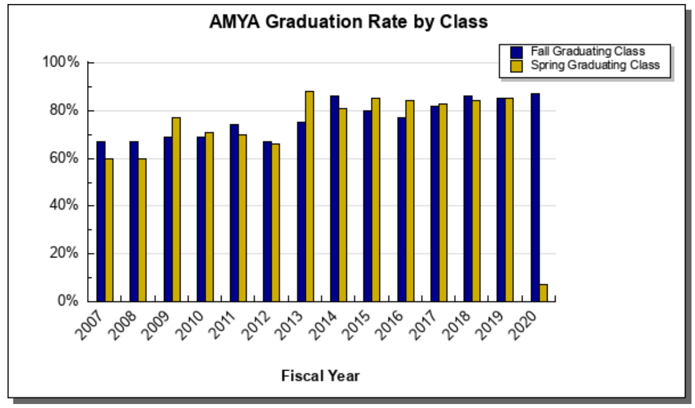


3. Youth Intervention

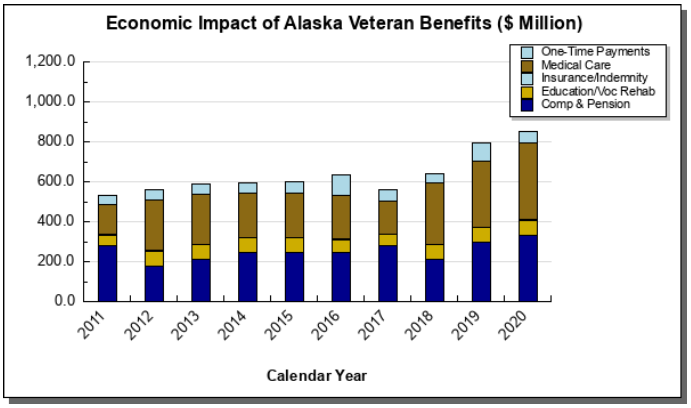


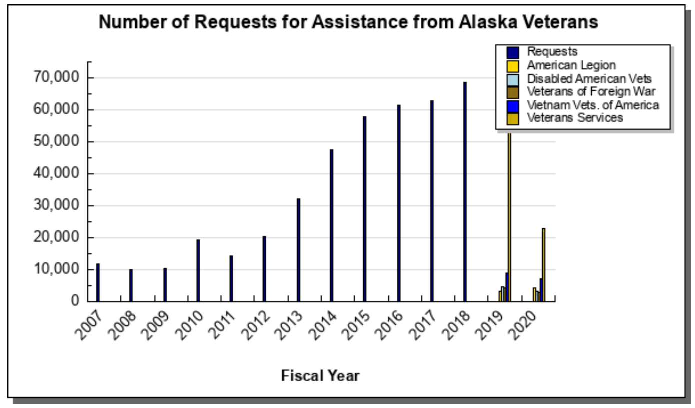


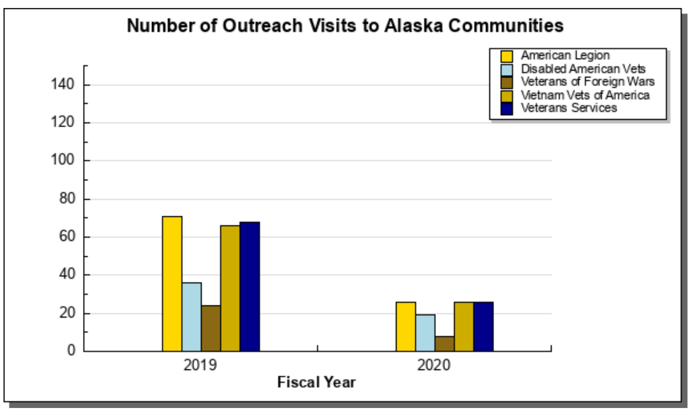


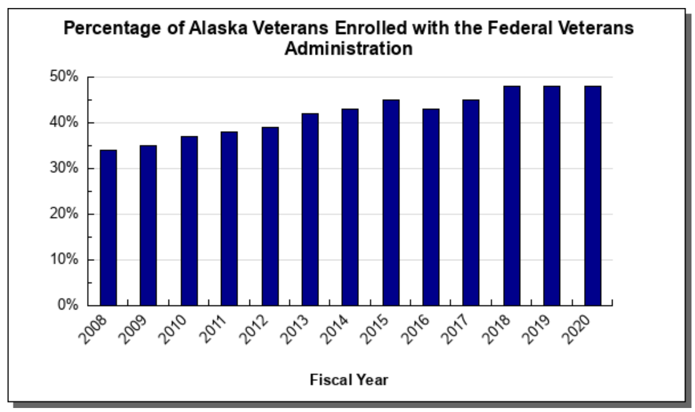


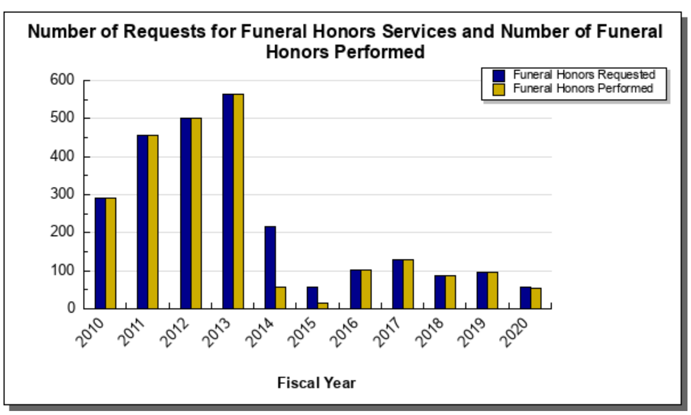
4. Outreach to Veterans and Military Families











Major Department Accomplishments in 2020

Defend and Protect Alaska and the United States

Alaska Air National Guard

The Alaska Air National Guard (AKANG) continued to execute a high operational tempo and deployment pace despite COVID-19 pandemic restrictions. In any given month, 30 to 40 Alaska Air National Guard members deployed around the world in support of multiple contingencies and operations.

The AKANG executed 24/7, 365-day operations in support of North American Aerospace Defense Command (NORAD) air defense missions, National Missile Warning and Space Surveillance, Search and Rescue, and C-17 strategic airlift taskings.

The AKANG controlled over 100 defensive packages to include intercepting twelve Russian Long-Range Aviation packages and enforcing two Presidential Temporary Flight Restrictions; tracked over 275,000 space objects; transferred over 11 million pounds of fuel to over 1,100 receivers; and flew over 4,000 flight hours. Alaska ANG members excelled in multiple world-wide deployments, operations, and international/national/state-level exercises throughout the year.

The AKANG played key roles in the domestic operations for the Covid-19 pandemic response. As part of the Joint Task Force, AKANG members executed Federal Emergency Management Agency requests, coordinated with the Department of Health and Social Services, assisted in the creation of the State of Alaska COVID surge plan, and provided subsequent support in establishing one of the top contact tracing programs in the country. AKANG members also volunteered and served local communities, organizations, and remote Alaskan villages.

The brave men and women of the AKANG conducted long-range rescue alert for NASA's first crewed rocket launch from US soil since the decommissioning of the Space Shuttle. The Rescue Coordination Center directed and executed 102 Search and Rescue missions in Alaska's extreme arctic conditions, saving 64 lives.

Alaska Army National Guard

In 2020, the 1st Battalion, 297th Infantry Regiment and 297th Military Police Company redeployed from Kosovo and Kuwait respectively. Soldiers conducted law enforcement, personnel security, peacekeeping, training, and advising missions. The 297th Regional Support Group deployed to Poland to provide support at eleven bases that host rotational U.S., Polish, and other NATO forces participating in the Atlantic Resolve mission. The Alaska Army National Guard (AKARNG) continued support of its Mongolian partners in Afghanistan by providing two liaison teams to serve as leadership and training mentors. Alaska's state partnership with Mongolia began in 2003, and continues the combat mission partnership it started in 2004.

Organizational leadership emphasis on creating a positive command climate contributed immensely to the Army Guard exceeding recruiting, retention, and end strength missions this year. Army Guard leadership continues its focus on maintaining good order and discipline by addressing misconduct through use of the Alaska Code of Military Justice and administrative actions. An AKARNG Judge Advocate was appointed as the Alaska National Guard Military Judge. In addition, the Governor appointed the Military Appeals Commission members and approved the Non-judicial Punishment update. Both were required so court marshals could be a viable tool for military discipline.

Alaska Aerospace Corporation (AAC)

Alaska Aerospace Corporation (AAC) maintains and operates the Pacific Spaceport Complex – Alaska (PSCA), a state-of-the-industry spaceport on Kodiak Island. PSCA remains the only commercial polar launch range available in the United States, offering both orbital and suborbital capabilities for commercial and government interests. PSCA has been the launch site for several missile defense tests, orbital missions, and is a prime orbital launch site for light-lift vehicles supporting small satellite for government and commercial customers. PSCA has become a force multiplier in being the alternative West Coast range to Vandenberg AFB, providing additional capacity to test national security missions from an existing spaceport.

AAC supported three Rocket Lab launches at Mahia, New Zealand with telemetry and flight safety services for launches of the Electron rocket. At the end of calendar year 2019, the team had completed all requirements for

Rocket Lab and the equipment returned to Kodiak for refurbishment and upgrades. This successfully completed a total of ten launches and closed out the most innovative and successful deployment in Alaska Aerospace's history.

As stated by the Missile Defense Agency, "The Israel Missile Defense Organization (IMDO) of the Directorate of Defense Research and Development (DDR&D) and the U.S. Missile Defense Agency (MDA) completed a successful flight test campaign with the Arrow-3 Interceptor missile. Flight Test Arrow-01 demonstrated the Israeli Arrow Weapon System's ability to conduct a high altitude hit-to-kill engagement. Interceptor tests were conducted that successfully destroyed target missiles. These tests were conducted at PSCA in Kodiak, Alaska."

Governor Dunleavy recognized Alaska Aerospace staff with the Denali Peak Performance Exceptional Team award for 2020. Specifically, this award recognizes our team's Range Safety & Telemetry System (RSTS) operations that supported Rocket Lab and Government missions.

PSCA hosted the prize-based Defense Advanced Research Projects Agency (DARPA) Launch Challenge. As noted by DARPA, "Today, space launch is a process that begins years in advance, and it relies on a limited number of launch ranges that have complex, expensive, and one-of-a-kind, fixed infrastructure. The DARPA Launch Challenge stressed the time, technology, systems, and processes that currently constrain access to space. The Challenge aimed to minimize launch infrastructure, improve responsiveness, and take advantage of advances in commercial launch cadence to demonstrate flexible launch capabilities in days rather than years, for our nation's defense." After an exhaustive year-plus long assessment of U.S. federal and commercial launch sites, PSCA was identified as the only location able to provide the responsiveness, capabilities, and agility to meet the Challenge's launch site needs. In February 2020, the launch campaign was held to quickly launch three small satellites into orbit with Astra Space's Rocket 3.0. The campaign ended 53-seconds short of lift-off when a rocket technical issue forced a scrub. Several lessons learned from the Challenge will inform and shape the future of responsive and agile military launch for years to come.

Alaska Aerospace upgraded PSCA spaceport capabilities, including enhancing orbital spaceport launch sites, improving site security capabilities, upgrading tracking and flight safety systems, and reducing launch logistics complexities.

Disaster Preparedness/Response and Recovery

Homeland Security and Emergency Management

Early in 2020, the division established a statewide Unified Command in the State Emergency Operations Center (SEOC) to support of Alaska's response to the COVID-19 pandemic. The division continued to support the state COVID-19 response throughout the year. In addition, the SEOC organized responses to two magnitude 7.5+ earthquakes near Sand Point, Alaska that resulted in tsunami warnings, evacuations and local declarations of disaster for earthquake damage. During 2020, the SEOC also responded to community declarations of disaster for flooding and fire.

In the area of preparedness, the Division of Homeland Security and Emergency Management (DHS&EM) scaled back many of its exercise, training and outreach events due to the COVID-19 virus. Nonetheless, DHS&EM still managed to provide instructional training to over 1,200 individuals from state, local and tribal entities during 24 specialized training events, with the vast majority of these events being web-based. Before the lockdowns and restrictions resulting from the virus went into effect, the division conducted 24 outreach events with various entities statewide. Outreach staff dedicated the bulk of their time to Public Information related to the COVID-19 response. As local communities were focused on responding to the virus, DHS&EM's exercise section concentrated on planning for Alaska Shield 2022 and interactive planning with the Alaska National Guard for participation in the Arctic Eagle 2022 exercise.

DHS&EM continued to see several successes in the areas of planning and preparedness, while simultaneously responding to, and recovering from, the 2018 Cook Inlet Earthquake (CIE), 2019 wildfires and the 2020 COVID-19 Pandemic. The recovery from the 2018 CIE has thus far resulted in nearly $50 million in Federal Emergency Management Agency (FEMA) restoration projects and nearly $30 million in assistance for individuals in Alaska. The 2019 wildfires destroyed dozens of homes in the Willow community and resulted in $700 thousand for repairs and rental assistance to survivors. The COVID-19 pandemic response has permeated all aspects of life across Alaska and federal assistance has taken many forms ranging from direct shipping of medical supplies to receiving additional funds from numerous agencies. FEMA Public Assistance grants alone are currently estimated at nearly $125 million.

In the area of Hazard Mitigation, the division was able to submit and seek approval for 18 projects totaling over $19 million in federal funding. The division has closed out the Pre-Disaster Grants for 2015 and 2016 and prepared over 20 projected mitigation plans for the grant years of 2018 and 2019 for rural communities. The State has received 10 Key Hazard Mitigation plans approved by FEMA and adopted by the communities, a significant step in qualifying for community eligibility for further funding for hazard mitigation projects. The division also submitted the Distribution Management Plan to FEMA for adoption, which is a significant step in the planning for a catastrophic natural disaster event in Alaska.

Alaska Public Safety Communication Services

On July 1, 2020, Alaska Land Mobile Radio and State of Alaska Telecommunications System components were transferred from the Department of Administration, Office of Information Technology to the Department of Military and Veterans Affairs. In SFY20, the Alaska Public Safety Communications Office:

- Carried 17,083,370 push to talk and 9,227,362 group calls supporting first responders and critical workforce missions at the state, local, Department of Defense (DOD), and federal levels through the Alaska Land Mobile Radio (ALMR) system
- Continued to respond to system equipment failures, perform maintenance, and upgrades during COVID-19 pandemic as critical infrastructure workforce
- Performed periodic maintenance inspections and service on the state and DOD Motorola radio system infrastructure equipment, ensuring high reliability of the shared public safety communications system
- Managed completion of the annual inventory of approximately 22,191 subscriber units belonging to 130-member agencies
- Provided support for the contract effort to replace the ALMR site radios at 72 State of Alaska sites
- Developed a new training and delivery program, including on-line courses related to ALMR services and systems that can be consumed in 15-minutes or less video segments
- Responded to 61 unscheduled major outages, repairing equipment and restoring service to full operating capability

Provided critical communications support to first responders during the 300 fires on the road system via the ALMR system

<u>Youth Intervention</u>

Alaska Military Youth Academy

The Alaska Military Youth Academy (AMYA) conducts two residential National Guard Youth ChalleNGe Program classes each fiscal year. In 2020, AMYA graduated classes 2020-1 and 2020-2 in January and July, the 53rd and 54th classes since inception. Youth ChalleNGe has two distinct phases. First, a holistic 22-week Residential Phase on the Camp Carroll Training Site, Joint Base Elmendorf Richardson, with separate housing for male and female cadets. Following graduation, the Post-Residential Phase is a 12-month mentoring period during which graduates return to their communities and apply life strategies learned to become more productive members of society. In 2020, AMYA excelled at placing 100% of its graduates in durable activities including re-enrolling in secondary education, enrolling in post-secondary education, enlisting in the military, or employment. This level of achievement places AMYA in the top five programs across the nation.

AMYA graduated 142 cadets who earned 93 high school diplomas or General Education Development (GEDs) diplomas. A select number of eligible students who enrolled with 13.5 high school credits completed online courses to recover credits towards award of a credential, and a number of students opted to return to high school to continue their education. Class 2020-1 had 76 students who returned to school following graduation. An average of 35 students per class meet this standard and 50 – 60% finish the courses. AMYA is one of 41 Challenge sites nationwide that offers Everfi™ Endeavor S.T.E.M. (science, technology, engineering, and math) courses to 50 eligible students per year. Moreover, AMYA offers EduTyping.com keyboarding skills courses to all cadets as a means of equipping this generation of learners with the ability to connect their texting skills with online curricula and assessment platforms.

Beyond traditional academic materials, AMYA cadets participated in several career field-related programs. The pre-apprenticeship Cadet work experience was embedded into the academic rotation for Class 2020-1, and was unfortunately canceled during 2020-2 due to the Pandemic. Grant funding from the Alaska Department of Labor and Workforce Development, (DOLWD) Youth Employment Initiative supported introduction to the Equipment & Engine Training Council's (EETC) Small Engine Repair course for 48 cadets. An additional 12 cadets participated in the Health Profession Opportunity Grant Program, and 10 took part in advanced physical training with Pacific Rim Athletics. Placement activities for all cadets focused on post-residential opportunities with introductions to Job Corps, AVTEC, military recruiters, and trade union-provided vocational training.

AMYA partners with active duty and guard members of the armed services to provide adult mentors and tutors for each class. Community stakeholders help with placement opportunities by conducting mock job interviews, guidance on resume' writing, and participating in Career Job Fairs. These alliances directly contribute to student employment, military service, and post-secondary education opportunities.

The AMYA counseling and nursing staff offer an experiential learning professional development environment for interns engaged in their practicum studies year-round through a Memorandum of Agreement with the University of Alaska Anchorage (UAA) School of Nursing, Walden University School of Nursing, and University of Alaska Anchorage (UAA) School of Social Work. To enhance the ability to meet the needs of the cadets at the Alaska Military Youth Academy, the Medical and Counseling section has partnered with several community agencies such as Cook Inlet Tribal Council for Life Coping Skills, and Full Spectrum Health for additional behavioral health services and collaborative medication management.

Outreach to Veterans and Military Families

Veterans' Services

The Office of Veterans' Affairs (OVA) establishes and sustains comprehensive advocacy programs for all of Alaska's Veterans, Active Duty, National Guard/Reserves and dependents.

In SFY2020, the Office of Veterans' Affairs had four full-time staff who maintained and managed several advocacy programs for Alaska's veterans including: Alaska Veterans Advisory Council (13 members), State Veterans Cemetery planning consultants, Alaska Territorial Guard task force, volunteer Tribal Veteran Representatives, Veterans town hall meetings, Funeral Honors, Veterans Memorial Grant Funds, Veteran Service Officer grants, and the Rural Veteran Outreach Program. Staff members also partnered with other veteran organizations and agencies to prevent homelessness, provide services, reduce suicide, and build connections that serve Veterans and their dependents throughout Alaska.

The economic impact of Alaska Veteran Benefits is significant, averaging just over $600 million annually over the past ten years. OVA remains keenly focused on connecting Veterans with benefits earned as a result of their service. In SFY2020, the combined OVA team assisted 40,511 Veterans, active duty, reserve component members, and family members, with federal and state benefits/claims questions and processing. Representatives completed 111 visits around the state, again reaching many veterans for the first time. There was a major down turn in access to those that OVA serves due to COVID-19 but the office is still serving our clients through a new appointment-only system and as a result of those efforts:

- The Veterans Affairs (VA) Mortgage Servicing Assistance program insured issuance of Certificates of Eligibility to 3,150 Veterans, resulting in over $997 million in home loans
- The VA Healthcare System served a total of 37,000 Veterans receiving care totaling $383 million in federal funds
- Compensation and pension increased annually by $35 million, for a total of $333 million federal funds – largest one-year increase and first year reaching this monumental amount
- Through successful navigation of the USDVA Appeals board, Veterans and families received over $56 million in single one-time payments
- 3,881 veterans attended higher education/certification in Alaska, expending over $74 million federal funds - $1 million increase

Additional successes include:

- Co- Sponsored 23 Veteran town halls and 7 virtual town halls – 649 Veterans across Alaska were provided direct assistance in the area of medical access and benefits
- Receipt of a $250,000 federal transportation grant, allowing 5916 Veterans to be funded travel for healthcare – Alaska is the only state in the nation selected
- Partnership with the US Department of Veterans Affairs resulted in 30 additional Tribal Veterans Representatives increasing the state-wide volunteer pool to 481, the largest Veteran's volunteer corps in the nation.

Key Department Challenges

Defend and Protect Alaska and the United States

Alaska Air National Guard

The AKANG aims to exceed all standards with the most mission-diverse, relevant, and resilient units in the nation; however, the COVID-19 pandemic has led to numerous personnel and mission challenges., Numerous AKANG members deployed to combat zones were involuntarily extended due to lockdowns and restrictions of movement. However, COVID-19 restrictions and reduced funding also prompted the National Guard Bureau to alter the Separation Physical and Health Evaluation program for returning deployers. Replacing contractor -ed exams with a form completed by the member, streamlined the process and reduced cost, giving more time back to returning deployers while meeting the intent of the exam.

The AKANG advocates for flight simulators for the Air National Guard HC-130J communities as a means of maintaining pilot training requirements, reducing cost for travel to CONUS-based simulator locations, and reducing wear and tear on the aircraft. Additionally, the Operational Loss Replacement (OLR) of seven HH-60G helicopters continues to bring challenges. There are commensurate positive changes in manpower, facilities, and training requirements.

The Air Force's decision to base F-35s at Eielson AFB continues to intensify the demand for tanker support stretching both base infrastructure and support. The need for proper federal resourcing to meet state and national operational requirements increases and requires investment from the mission owners to form a successful operational relationship. This approach is coupled with the desire to champion force development opportunities to shape state and military leaders and expand upon Alaska's unique multi-use capability in support of state/community/partners.

The AKANG addresses recruiting and retention challenges through creative means as the COVID-19 pandemic limits local events and other traditional recruiting activities. Through an increase in virtual events, national level campaigning in social media and radio advertisement, the AKANG continues efforts towards solid growth in our forces. Additionally, the AKANG continues to enhance community synergy, growing relationships with the Civil Air Patrol, Alaska Military Youth Academy, University of Alaska Anchorage, University of Alaska Fairbanks, and surrounding school districts. Statewide collaboration efforts with school counselors to post AKANG videos in their schools' online content serves as a conduit to reach potential recruits.

Alaska Army National Guard

AKARNG Facilities Maintenance Office (FMO) remains committed to improving the department's capital project execution rate. To achieve this, FMO will continue to communicate to the Office of Management and Budget (OMB) the need for deferred maintenance projects and requests for new capital appropriations. FMO will pursue alternative methods which could allow for higher execution of projects utilizing DMVA staff. If DMVA is able to execute more capital projects internally, this will help to facilitate quicker project completion timelines as well decrease costs.

The division will work to identify and prioritize projects, as it partners with the Office of Management and Budget and the Department of Transportation and Public Facilities on the State's evolving approach to addressing capital project and deferred maintenance needs

State matching funds are a key enabler of major military construction projects. States compete to secure federal military construction funds for major construction projects. Securing those projects is a complicated, time consuming process and states can go years without receiving a project.

Alaska Aerospace Corporation

While annual sustainment costs of a space launch facility, including personnel, infrastructure, business development, environmental, and other liabilities, remain a significant challenge, AAC streamlines its performance to provide cost competitive launch services to both government and commercial customers and has not received any general funds for operations and sustainment since FY2015.

Disaster Preparedness/Response and Recovery

Homeland Security and Emergency Management

With the increased COVID-19 risk to deploying personnel, a significant portion of the division's operational mission have moved to a virtual environment, reducing direct in-person communication with local communities, tribal organizations, and agency partners. DHS&EM and the SEOC continue to respond to requests for State assistance (monetary and technical) for events that fall outside of the scope of Alaska Statute 26.23.900. Events such as erosion, fuel shortages, and water shortages continue to challenge communities throughout Alaska. The SFY21 budget, with support from the Legislature, saw a significant influx of funding into the Disaster Relief Fund (DRF). Maintaining this legislatively-approved, readily available fund source is key to the State's ability to speed relief and recovery actions during various emergency scenarios.

Alaska Public Safety Communication Services

Alaska Public Safety Communication Services (APSCS) has gone through a period where a significant loss of highly experienced staff occurred as employees took jobs outside of State Government or elected to retire. The public safety communications systems and services portfolio requires highly specialized staff requiring extensive training and years of experience to successfully support the mission-critical, life-safety systems and customers. The office will be working to obtain specific vendor training as well as executing a robust on-the-job training program to develop both new hires and remaining staff to fill experience voids as a result of the personnel departures.
The system infrastructure is valued at approximately $200 million. Much of the system is decades old and requires continuous maintenance, repairs, and lifecycle refresh programs. The office will be making a concerted effort to accomplish preventative maintenance on the equipment and infrastructure as well as executing manufacturer recommended scheduled maintenance.

Youth Intervention

Alaska Military Youth Academy

During the early stages of the COVID-19 Pandemic, AMYA transitioned to a distant delivery model for the 145 Cadets who went home early from class 2020-2. The distant delivery model for an at-risk population presented significant challenges and limited success as only 10 cadets completed the program through graduation. Program candidates are typically behind in credits due to non-participation or failing in-person classes at a traditional school. AMYA continues to seek ways to ensure the program provides the greatest return on investment. AMYA's authorized staffing level was reduced from 89 to 69 between 2014 and 2019. The current staffing level supports a class graduation target between 100 and 125 with noticeable shortages in counseling and case management. AMYA experienced authorized absences due to COVID-19, driving a large increase in overtime costs to maintain a safe campus environment. Budgeted overtime amount is now more than double that from four years ago and based on the first three pay periods of this year, AMYA projects meeting or exceeding that budgeted amount by year end. That rate is accelerated due to COVID-19 staff impacts. Additionally, AMYA experiences an above average turnover rate with members departing at an increasing rate as they gain experience seeking other opportunities in law enforcement, fire services, corrections, or other similar career fields.

The majority of the facilities supporting the ChalleNGe program were built in the 1970s and were intended for limited use during Alaska Army National Guard training periods. While multiple modifications have occurred to support the ChalleNGe program, continued operations will require additional maintenance, renewal, and replacement to support future missions and requirements. The Division will work to identify and prioritize these within the Department, as it partners with the Office of Management and Budget and the Department of Transportation and Public Facilities on the State's evolving approach to addressing deferred maintenance needs.

Outreach to Veterans and Military Families

Veterans' Services

Challenges associated with designing, constructing, and operating an interment facility in Interior Alaska have proven many and varied. Fortunately, with strong partnership from the Department of Transportation & Public Facilities, Department of Natural Resources, and the Alaska Mental Health Trust, a more promising location for the proposed Interior Alaska Veterans Cemetery is being finalized. Still pending is the land sale of the old site, federal funding after the state match is completed, and after construction the annual operating costs will need to be funded.

The COVID-19 crisis resulted in significant challenges regarding workload and how OVA delivers services. The office has shifted to filing claims by appointment and is now able to serve clients by filing individual claims and placing the claims into the VA secure system so teleworking VA staff are able to continue processing new claims. This new process continues to move claims through the system, but the largest challenge today is personal physicals required for claims validation. This is a work in process.

Significant Changes in Results to be Delivered in FY2022

Defend and Protect Alaska and the United States

Alaska Air National Guard

The 168th Logistics Readiness Squadron continues to make great strides in the effort to stand up a petroleum, oil, and lubricant flight to provide critical ground refueling capability for both equipment and aircraft. Construction on the Long-Range Discrimination Radar is scheduled to be completed in 2021 with Initial Operational Capability soon after. Additionally, construction of a new wing medical facility is scheduled to break ground by the summer of 2022. The new medical facility will allow the 168th Medical Group to perform on-site medical and dental exams, consultations, audiograms, Public Health activities, pre/post deployment questionnaires, and routine training.

The 176th Wing is currently in the process of acquiring two additional mission sets. The 176th Communications Flight will migrate to a Cyber Squadron and provide Cyber Defense Teams to the AKANG mission. An association with the 11th Air Operations Center is also currently underway. The 176th Medical Group doubled its remote mission capabilities based on FY21 budget requests. The forecasted training budget will require a minimum 50% increase due to new Title 10 mission requirements and in preparation to execute the Arctic Strategy.

Alaska Army National Guard

Alaska Army Guard priorities for future military construction projects at Bryant Army Airfield (BAAF) on JBER are as follows: An aircraft maintenance hangar to provide hangar space and specialized work areas; a National Guard Readiness Center to provide aviation units with administrative, training and storage space that typically comes with a Readiness Center instead of using hangar space; and an Airfield Operations building for the Airfield Operations Activity to effectively run air operations.

Alaska Aerospace Corporation

Alaska Aerospace will strengthen the vision of the PSCA being a multi-user spaceport by continuing to support government missions, increase the launch cadence of commercial rockets, and add new launch vehicle operators to the spaceport’s customer list. Additional improvements and facility upgrades will enable efficient and effective access to space.

Disaster Preparedness/Response and Recovery

Homeland Security and Emergency Management

FY2022 division operations in the COVID-19 environment will continue to rely heavily on technology for virtual communications that is often not as available or effective for Alaska’s rural communities. The division is continuing to reach out to communities to conduct grant reviews and kickoffs virtually to ensure the safety of all citizens, while ensuring that all federal grant requirements are satisfactorily met.

Alaska Public Safety Communication Services

APSCS will continue to oversee and support implementation of the ALMR system hardware and software refresh currently under contract. Efforts will also be expanded to inform and work with all state, local and federal ALMR users to update their radio equipment and programming to optimize the system and improve interoperable communications. APSCS is executing funded deferred maintenance work and developing detailed documentation on existing deferred maintenance requirements.

Youth Intervention

Alaska Military Youth Academy

AMYA’s focus post-pandemic recovery will be on vocational exposure and post-residential placement. With a large population of Alaskan students attending school via distant delivery in the 2020-21 school year, the number of students who are at-risk of not graduating with their academic cohort will increase. Recruiting focus will turn to those students with an opportunity to turn their lives around on campus. AMYA’s program focus is on education for Alaska’s 16-18-year-old at risk youth to include completion of High School, or equivalent along with training in eight core components: Leadership/followership, Responsible Citizenship, Academic Excellence, Job Skills, Life Coping Skills, Health and Hygiene, Service to Community, and Physical Fitness. AMYA expanded opportunities for elective job skills training to encompass the entire academic phase to enable students to focus on their areas of interest. AMYA will continue to seek efficiencies through enhanced partnerships with other state, federal, and private sector entities to maximize the long-term success of Graduates in meeting the needs of the Alaska labor market. In an effort to build a pipeline for students following graduation, AMYA also is forging a relationship with the Department of Labor’s training and vocational programs such as Job Corps and AVTEC.

Outreach to Veterans and Military Families

Veterans' Services

The Alaskan VA Healthcare System started a new initiative to improve health care in Alaska. The first step was to break ground on a new 11,000sq ft Community Based Outpatient Clinic (CBOC) located in the community of Soldotna. This clinic will be completed in the summer of 2021 and add two more VA doctors and support staff to this area. After that, a full time CBOC was established in Homer and a doctor and staff are now serving at that new location. The Alaska VA announced they are relocating the CBOC on Ft Wainwright to a new 11,000sq ft facility in Fairbanks. This location is still under negotiations and at the same time they revealed their pending expansion for the CPOC in Wasilla. This will increase appointment availability significantly ensuring all who need care in each location will receive it. With the other medical partnerships in place, OVA has reached the highest level of care offered to enrolled Veterans. Alaska today has 98% medical coverage for Veterans.

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FY2022 Capital Budget Request

Project Title	Unrestricted Gen (UGF)	Designated Gen (DGF)	Other Funds	Federal Funds	Total Funds
Joint Base Elmendorf Richardson (JBER) Digital Control, Generator, and Preventative Maintenance	3,812,500	0	0	4,037,500	7,850,000
Kotzebue Tarmac Repair and Maintenance	4,812,500	0	0	387,500	5,200,000
Mass Notification System - Joint Base Elmendorf Richardson (JBER)	2,500,000	0	0	2,500,000	5,000,000
State Homeland Security Grant Programs	0	0	0	7,500,000	7,500,000
Department Total	**11,125,000**	**0**	**0**	**14,425,000**	**25,550,000**

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Summary of Department Budget Changes by RDU

From FY2021 Management Plan to FY2022 Governor

All dollars shown in thousands

	Unrestricted Gen (UGF)	Designated Gen (DGF)	Other Funds	Federal Funds	Total Funds
FY2021 Management Plan	**22,956.2**	**186.2**	**9,747.9**	**32,922.3**	**65,812.6**
One-time items:					
-Military & Veterans Affairs	0.0	-7.8	-10.9	0.0	-18.7
Adjustments which continue current level of service:					
-Military & Veterans Affairs	-123.0	0.0	20.4	218.0	115.4
Proposed budget increases:					
-Military & Veterans Affairs	58.0	7.8	2,360.9	1,400.0	3,826.7
Proposed budget decreases:					
-Military & Veterans Affairs	-824.9	0.0	-46.6	-3,163.0	-4,034.5
FY2022 Governor	**22,066.3**	**186.2**	**12,071.7**	**31,377.3**	**65,701.5**

Department Totals
Department of Military and Veterans Affairs

Description	FY2020 Actuals	FY2021 Conference Committee	FY2021 Authorized	FY2021 Management Plan	FY2022 Governor	FY2021 Management Plan vs FY2022 Governor	
Department Totals	69,890.0	66,063.0	65,813.0	65,812.6	65,701.5	-111.1	-0.2%
Objects of Expenditure:							
71000 Personal Services	28,264.8	31,800.1	31,800.1	31,547.5	31,462.7	-84.8	-0.3%
72000 Travel	587.7	1,550.1	1,550.1	1,381.2	1,225.1	-156.1	
73000 Services	33,202.7	27,369.6	27,119.6	27,033.6	27,921.3	887.7	3.3%
74000 Commodities	4,285.6	2,600.9	2,600.9	2,630.5	2,653.2	22.7	0.9%
75000 Capital Outlay	785.7	124.6	124.6	124.6	124.6	0.0	0.0%
77000 Grants, Benefits	2,763.5	2,609.9	2,609.9	3,087.4	2,306.8	-780.6	-25.3%
78000 Miscellaneous	0.0	7.8	7.8	7.8	7.8	0.0	0.0%
Funding Source:							
1001 CBR Fund (UGF)	0.0	5,801.9	5,739.4	5,739.4	0.0	-5,739.4	-100.0%
1002 Fed Rcpts (Fed)	41,838.3	32,922.3	32,922.3	32,922.3	31,377.3	-1,545.0	-4.7%
1003 G/F Match (UGF)	7,322.1	5,707.3	5,707.3	5,707.3	7,346.0	1,638.7	28.7%
1004 Gen Fund (UGF)	7,958.1	11,697.0	11,509.5	11,509.5	14,720.3	3,210.8	27.9%
1005 GF/Prgm (DGF)	0.0	178.4	178.4	178.4	178.4	0.0	0.0%
1007 I/A Rcpts (Other)	5,922.8	4,736.3	4,736.3	4,736.3	5,059.0	322.7	6.8%
1061 CIP Rcpts (Other)	1,568.3	1,336.6	1,336.6	1,336.6	3,337.7	2,001.1	149.7%
1101 AERO Rcpts (Other)	5,226.4	2,829.5	2,829.5	2,829.5	2,829.5	0.0	0.0%
1108 Stat Desig (Other)	43.1	835.0	835.0	835.0	835.0	0.0	0.0%
1181 Vets Endow (Other)	10.9	10.9	10.9	10.5	10.5	0.0	0.0%
1234 LicPlates (DGF)	0.0	7.8	7.8	7.8	7.8	0.0	0.0%
Totals:							
Unrestricted Gen (UGF)	15,280.2	23,206.2	22,956.2	22,956.2	22,066.3	-889.9	-3.9%
Designated Gen (DGF)	0.0	186.2	186.2	186.2	186.2	0.0	0.0%
Other Funds	12,771.5	9,748.3	9,748.3	9,747.9	12,071.7	2,323.8	23.8%
Federal Funds	41,838.3	32,922.3	32,922.3	32,922.3	31,377.3	-1,545.0	-4.7%
Positions:							
Permanent Full Time	264	288	288	285	281	-4	-1.4%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Component Summary Unrestricted General Funds Only
Department of Military and Veterans Affairs

Results Delivery Unit/ Component	FY2020 Actuals	FY2021 Conference Committee	FY2021 Authorized	FY2021 Management Plan	FY2022 Governor	FY2021 Management Plan vs FY2022 Governor	
Military & Veterans Affairs							
SATS	0.0	4,927.8	4,927.8	4,927.8	0.0	-4,927.8	-100.0%
ALMR	0.0	2,303.1	2,303.1	2,303.1	0.0	-2,303.1	-100.0%
Office of the Commissioner	2,566.0	2,633.4	2,633.4	2,633.4	2,233.9	-399.5	-15.2%
Homeland Security & Emerg Mgt	2,505.3	2,112.4	2,112.4	2,112.4	1,990.6	-121.8	-5.8%
Army Guard Facilities Maint.	2,174.5	2,540.0	2,540.0	2,540.0	2,503.2	-36.8	-1.4%
Air Guard Facilities Maint.	1,698.7	1,897.9	1,897.9	1,897.9	1,934.2	36.3	1.9%
Alaska Military Youth Academy	4,608.4	4,682.2	4,682.2	4,682.2	4,699.4	17.2	0.4%
Veterans' Services	1,722.3	1,854.4	1,854.4	1,854.4	1,842.5	-11.9	-0.6%
State Active Duty	5.0	5.0	5.0	5.0	5.0	0.0	0.0%
Civil Air Patrol	0.0	250.0	0.0	0.0	0.0	0.0	0.0%
AK Public Safety Communic. Svcs	0.0	0.0	0.0	0.0	6,857.5	6,857.5	100.0%
RDU Totals:	**15,280.2**	**23,206.2**	**22,956.2**	**22,956.2**	**22,066.3**	**-889.9**	**-3.9%**
Unrestricted Gen (UGF):	15,280.2	23,206.2	22,956.2	22,956.2	22,066.3	-889.9	-3.9%
Designated Gen (DGF):	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds:	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds:	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Total Funds:	**15,280.2**	**23,206.2**	**22,956.2**	**22,956.2**	**22,066.3**	**-889.9**	**-3.9%**

Component Summary All Funds
Department of Military and Veterans Affairs

Results Delivery Unit/ Component	FY2020 Actuals	FY2021 Conference Committee	FY2021 Authorized	FY2021 Management Plan	FY2022 Governor	FY2021 Management Plan vs FY2022 Governor	
Military & Veterans Affairs							
Veterans Memorial Endowment	10.9	0.0	0.0	0.0	0.0	0.0	0.0%
SATS	0.0	5,017.8	5,017.8	5,017.8	0.0	-5,017.8	-100.0%
ALMR	0.0	4,263.1	4,263.1	4,263.1	0.0	-4,263.1	-100.0%
Office of the Commissioner	5,182.8	5,992.1	5,992.1	5,992.1	5,547.7	-444.4	-7.4%
Homeland Security & Emerg Mgt	9,930.6	9,824.4	9,824.4	9,824.4	8,649.9	-1,174.5	-12.0%
Army Guard Facilities Maint.	12,141.2	10,624.9	10,624.9	10,624.9	11,968.1	1,343.2	12.6%
Air Guard Facilities Maint.	6,251.2	6,974.8	6,974.8	6,974.8	6,935.8	-39.0	-0.6%
Alaska Military Youth Academy	8,972.0	9,773.7	9,773.7	9,773.7	9,811.9	38.2	0.4%
Veterans' Services	2,042.2	2,224.8	2,224.8	2,224.4	2,213.2	-11.2	-0.5%
State Active Duty	1,466.2	325.0	325.0	325.0	325.0	0.0	0.0%
Civil Air Patrol	0.0	250.0	0.0	0.0	0.0	0.0	0.0%
AK Public Safety Communic. Svcs	0.0	0.0	0.0	0.0	9,457.5	9,457.5	100.0%
RDU Totals:	**45,997.1**	**55,270.6**	**55,020.6**	**55,020.2**	**54,909.1**	**-111.1**	**-0.2%**
Alaska Aerospace Corporation							
AK Aerospace Corp	2,369.2	4,228.1	4,228.1	4,076.4	4,076.4	0.0	0.0%
AAC Facilities Maintenance	21,523.7	6,564.3	6,564.3	6,716.0	6,716.0	0.0	0.0%
RDU Totals:	**23,892.9**	**10,792.4**	**10,792.4**	**10,792.4**	**10,792.4**	**0.0**	**0.0%**
Unrestricted Gen (UGF):	15,280.2	23,206.2	22,956.2	22,956.2	22,066.3	-889.9	-3.9%
Designated Gen (DGF):	0.0	186.2	186.2	186.2	186.2	0.0	0.0%
Other Funds:	12,771.5	9,748.3	9,748.3	9,747.9	12,071.7	2,323.8	23.8%
Federal Funds:	41,838.3	32,922.3	32,922.3	32,922.3	31,377.3	-1,545.0	-4.7%
Total Funds:	**69,890.0**	**66,063.0**	**65,813.0**	**65,812.6**	**65,701.5**	**-111.1**	**-0.2%**
Permanent Full Time:	264	288	288	285	281	-4	-1.4%
Permanent Part Time:	0	0	0	0	0	0	0.0%
Non Permanent:	0	0	0	0	0	0	0.0%
Total Positions:	**264**	**288**	**288**	**285**	**281**	**-4**	**-1.4%**

Inter-Agency Revenue Summary

Department of Military and Veterans Affairs
Revenue Type Inter-Agency Receipts Only

Scenario: FY2022 Governor (17280)

IRIS Revenue Type	IRIS Revenue Source Code	Component	Total
Department of Military and Veterans Affairs Totals:			**4,956.3**
5007 I/A Rcpts	5301 Inter-Agency Receipts	Courts - Department-wide	300.0
5007 I/A Rcpts	5301 Inter-Agency Receipts	E&ED - Department-wide	452.5
5007 I/A Rcpts	5301 Inter-Agency Receipts	H&SS - Department-wide	100.0
5007 I/A Rcpts	5301 Inter-Agency Receipts	Labor - Department-wide	103.3
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Air Guard Facilities Maint. (416)	40.5
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - AK Aerospace Corp (1424)	13.3
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Alaska Military Youth Academy (1969)	53.5
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Army Guard Facilities Maint. (415)	445.2
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Homeland Security & Emerg Mgt (2657)	995.9
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Veterans' Services (421)	56.5
5007 I/A Rcpts	5301 Inter-Agency Receipts	NatRes - Department-wide	2,048.3
5007 I/A Rcpts	5301 Inter-Agency Receipts	PubSaf - Department-wide	100.0
5061 CIP Rcpts	5351 Capital Improvement Project Inter-Agency	M&VA - Army Guard Facilities Maint. (415)	87.0
5061 CIP Rcpts	5351 Capital Improvement Project Inter-Agency	M&VA - Homeland Security & Emerg Mgt (2657)	146.9
5061 CIP Rcpts	5351 Capital Improvement Project Inter-Agency	PubSaf - Department-wide	13.4
RDU: Military & Veterans Affairs (530)			**4,956.3**
5007 I/A Rcpts	5301 Inter-Agency Receipts	Courts - Department-wide	300.0
5007 I/A Rcpts	5301 Inter-Agency Receipts	E&ED - Department-wide	452.5
5007 I/A Rcpts	5301 Inter-Agency Receipts	H&SS - Department-wide	100.0
5007 I/A Rcpts	5301 Inter-Agency Receipts	Labor - Department-wide	103.3
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Air Guard Facilities Maint. (416)	40.5
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - AK Aerospace Corp (1424)	13.3
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Alaska Military Youth Academy (1969)	53.5
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Army Guard Facilities Maint. (415)	445.2
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Homeland Security & Emerg Mgt (2657)	995.9
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Veterans' Services (421)	56.5
5007 I/A Rcpts	5301 Inter-Agency Receipts	NatRes - Department-wide	2,048.3
5007 I/A Rcpts	5301 Inter-Agency Receipts	PubSaf - Department-wide	100.0
5061 CIP Rcpts	5351 Capital Improvement Project Inter-Agency	M&VA - Army Guard Facilities Maint. (415)	87.0
5061 CIP Rcpts	5351 Capital Improvement Project Inter-Agency	M&VA - Homeland Security & Emerg Mgt (2657)	146.9
5061 CIP Rcpts	5351 Capital Improvement Project Inter-Agency	PubSaf - Department-wide	13.4
Component: Office of the Commissioner (414)			**1,350.1**
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Air Guard Facilities Maint. (416)	40.5
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - AK Aerospace Corp (1424)	13.3
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Alaska Military Youth Academy (1969)	53.5
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Army Guard Facilities Maint. (415)	93.5
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Homeland Security & Emerg Mgt (2657)	945.9
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Veterans' Services (421)	56.5
5061 CIP Rcpts	5351 Capital Improvement Project Inter-Agency	M&VA - Homeland Security & Emerg Mgt (2657)	146.9
Component: Homeland Security and Emergency Management (2657)			**1,998.3**
5007 I/A Rcpts	5301 Inter-Agency Receipts	NatRes - Department-wide	1,998.3
Component: Army Guard Facilities Maintenance (415)			**852.1**
5007 I/A Rcpts	5301 Inter-Agency Receipts	Courts - Department-wide	300.0
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Army Guard Facilities Maint. (415)	351.7
5007 I/A Rcpts	5301 Inter-Agency Receipts	PubSaf - Department-wide	100.0
5061 CIP Rcpts	5351 Capital Improvement Project Inter-Agency	M&VA - Army Guard Facilities Maint. (415)	87.0
5061 CIP Rcpts	5351 Capital Improvement Project Inter-Agency	PubSaf - Department-wide	13.4
Component: Alaska Military Youth Academy (1969)			**655.8**
5007 I/A Rcpts	5301 Inter-Agency Receipts	E&ED - Department-wide	452.5
5007 I/A Rcpts	5301 Inter-Agency Receipts	H&SS - Department-wide	100.0
5007 I/A Rcpts	5301 Inter-Agency Receipts	Labor - Department-wide	103.3
Component: State Active Duty (836)			**100.0**

Inter-Agency Revenue Summary
Department of Military and Veterans Affairs
Revenue Type Inter-Agency Receipts Only

Scenario: FY2022 Governor (17280)

IRIS Revenue Type	IRIS Revenue Source Code	Component	Total
5007 I/A Rcpts	5301 Inter-Agency Receipts	M&VA - Homeland Security & Emerg Mgt (2657)	50.0
5007 I/A Rcpts	5301 Inter-Agency Receipts	NatRes - Department-wide	50.0