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# Update on Fiscal Summary and Governor's Vetoes

Senate Finance Committee  
August 17, 2021  
Legislative Finance Division

## Short Fiscal Summary - FY21/FY22 Budget

| (\$ Millions)<br>(Non-duplicated Funds) |  | FY21<br>Budget   | FY22<br>Enacted | Change in UGF  |             |
|---|--|------------------|-----------------|----------------|-------------|
|   |  | UGF              | UGF             |                |             |
| 1                                       | <b>Revenue</b>                         | <b>4,767.3</b>   | <b>4,731.6</b>  | <b>(35.7)</b>  | <b>-1%</b>  |
| 2                                       | UGF Revenue (Spring 2021 Forecast)     | 1,571.9          | 1,662.3         | 90.4           | 6%          |
| 3                                       | POMV Draw                              | 3,091.5          | 3,069.3         | (22.2)         | -1%         |
| 4                                       | Misc/Adjust/Non-UGF Revenue            | 103.9            | -               | (103.9)        |             |
| 5                                       | <b>Appropriations</b>                  | <b>5,317.9</b>   | <b>4,511.0</b>  | <b>(806.8)</b> | <b>-15%</b> |
| 6                                       | <b>Operating Budget</b>                | <b>4,501.8</b>   | <b>4,262.7</b>  | <b>(239.1)</b> | <b>-5%</b>  |
| 7                                       | Agency Operations                      | 4,009.3          | 3,902.8         | (106.5)        | -3%         |
| 8                                       | Statewide Items                        | 446.3            | 360.0           | (86.3)         | -19%        |
| 9                                       | Supplemental Appropriations            | 46.3             | -               | (46.3)         |             |
| 10                                      | <b>Capital Budget</b>                  | <b>136.0</b>     | <b>239.8</b>    | <b>103.8</b>   | <b>76%</b>  |
| 11                                      | Current Year Appropriations            | 120.3            | 239.8           | 119.4          | 99%         |
| 12                                      | Supplemental Appropriations            | 15.7             | -               | (15.7)         |             |
| 13                                      | <b>Permanent Fund</b>                  | <b>680.0</b>     | <b>8.5</b>      | <b>(671.5)</b> | <b>-99%</b> |
| 14                                      | Permanent Fund Dividends               | 680.0            | 8.5             | (671.5)        | -99%        |
| 16                                      | <b>Pre-Transfer Surplus/(Deficit)</b>  | <b>(550.5)</b>   | <b>220.6</b>    |                |             |
| 17                                      | Statutory Budget Reserve               | 410.7            | -               |                |             |
|   | Other Fund Transfers                   | 44.0             | (316.0)         |                |             |
| 18                                      | <b>Post-Transfer Surplus/(Deficit)</b> | <b>(1,005.2)</b> | <b>536.6</b>    |                |             |

# Projected FY22 Fund Balances – With Reverse Sweep

|   |   | BoY Balance    | In             | Out/<br>(Deposit) | EoY Balance    |
|---|---|----------------|----------------|-------------------|----------------|
| <b>Total Budget Reserves and Designated Funds</b> |   | <b>2,500.6</b> | <b>1,436.3</b> | <b>927.4</b>      | <b>3,009.6</b> |
|   |   |                |                |                   |                |
| <b>Undesignated Reserves</b>                      |   | <b>827.6</b>   | <b>50.5</b>    | <b>(455.9)</b>    | <b>1,334.0</b> |
|   | Constitutional Budget Reserve Fund      | 415.7          | 50.5           | (536.6)           | 1,002.8        |
|   | Statutory Budget Reserve Fund           | 410.7          | -              | 80.7              | 330.1          |
|   | Alaska Housing Capital Corporation Fund | 1.1            | -              | -                 | 1.1            |
|   |   |                |                |                   |                |
| <b>Select Designated Funds</b>                    |   | <b>1,673.0</b> | <b>1,385.8</b> | <b>1,383.3</b>    | <b>1,675.5</b> |
|   | <b>Total Excluding Permanent Fund</b>   | <b>1,673.0</b> | <b>142.9</b>   | <b>140.4</b>      | <b>1,675.5</b> |
|   | Alaska Capital Income Fund              | 38.6           | 31.0           | 49.5              | 20.1           |
|   | Alaska Higher Education Investment Fund | 416.4          | 25.1           | 21.8              | 419.7          |
|   | Community Assistance Fund               | 68.7           | 12.4           | 22.9              | 58.2           |
|   | Power Cost Equalization Endowment       | 1,149.2        | 74.4           | 46.1              | 1,177.4        |

# Projected FY22 Fund Balances – Without Reverse Sweep

|   |   | FY22 Without Reverse Sweep (With Sweep) |                |                   |                |
|---|---|---|----------------|-------------------|----------------|
|   |   | BoY Balance                             | In             | Out/<br>(Deposit) | EoY Balance    |
| <b>Total Budget Reserves and Designated Funds</b> |   | <b>2,591.8</b>                          | <b>1,411.2</b> | <b>927.4</b>      | <b>3,075.6</b> |
|   |   |   |                |                   |                |
| <b>Undesignated Reserves</b>                      |   | <b>1,373.8</b>                          | <b>50.5</b>    | <b>(455.9)</b>    | <b>1,880.3</b> |
|   | Constitutional Budget Reserve Fund      | 1,373.8                                 | 50.5           | (536.6)           | 1,960.9        |
|   | Statutory Budget Reserve Fund           | -                                       | -              | 80.7              | (80.7)         |
|   | Alaska Housing Capital Corporation Fund | -                                       | -              | -                 | -              |
|   |   |   |                |                   |                |
| <b>Select Designated Funds</b>                    |   | <b>1,218.0</b>                          | <b>1,360.7</b> | <b>1,383.3</b>    | <b>1,195.4</b> |
|   | <b>Total Excluding Permanent Fund</b>   | <b>1,218.0</b>                          | <b>117.7</b>   | <b>140.4</b>      | <b>1,195.3</b> |
|   | Alaska Capital Income Fund              | -                                       | 31.0           | 49.5              | (18.5)         |
|   | Alaska Higher Education Investment Fund | -                                       | -              | 21.8              | (21.8)         |
|   | Community Assistance Fund               | 68.7                                    | 12.4           | 22.9              | 58.2           |
|   | Power Cost Equalization Endowment       | 1,149.2                                 | 74.4           | 46.1              | 1,177.4        |

Note: This analysis assumes only a change in the sweepability of the PCE Fund compared to the FY20 sweep.

# Summary of Governor's Vetoes

| Category  | UGF              | DGF            | Other          | Federal          | Total              |
|---|------------------|----------------|----------------|------------------|--------------------|
| Veto of Legislative Addition                                      | 57,454.6         | 1,700.0        | 650.0          | 3,753.2          | 64,557.8           |
| Partial Veto of Legislative Addition                              | 8,662.1          | 0.0            | 0.0            | 3,000.0          | 11,662.1           |
| Veto to Match Gov Proposed Reduction                              | 37,451.3         | 411.3          | 34.4           | 293.9            | 38,190.9           |
| Veto of Funding from a Different Source than Proposed by Governor | 1,197.5          | 0.0            | 0.0            | 0.0              | 1,197.5            |
| Other Operating Items   | 684,456.6        | 0.0            | 639.8          | 0.0              | 685,096.3          |
| Capital Projects  | 107,644.3        | 4,000.0        | 0.0            | 220,000.0        | 331,644.3          |
| <b>Total</b>  | <b>896,866.3</b> | <b>6,111.3</b> | <b>1,324.2</b> | <b>227,047.1</b> | <b>1,131,348.9</b> |

# Vetoed of Legislative Additions

| Department                   | Allocation                       | UGF             | DGF            | Other        | Fed            | Total           |
|------------------------------|----------------------------------|-----------------|----------------|--------------|----------------|-----------------|
| Administration               | Public Broadcasting Commission   | 46.7            | -              | -            | -              | 46.7            |
| Administration               | Public Broadcasting - Radio      | 2,036.6         | -              | -            | -              | 2,036.6         |
| Administration               | Public Broadcasting - T.V.       | 633.3           | -              | -            | -              | 633.3           |
| Education & Early Dev        | Pre-Kindergarten Grants          | 2,500.0         | -              | -            | -              | 2,500.0         |
| Education & Early Dev        | Library Operations               | 635.9           | -              | -            | -              | 635.9           |
| Fish and Game                | Sport Fisheries                  | -               | -              | 650.0        | -              | 650.0           |
| Health & Social Services     | BH Treatment and Recovery Grants | 250.0           | 1,000.0        | -            | -              | 1,250.0         |
| Health & Social Services     | BH Treatment and Recovery Grants | -               | 500.0          | -            | -              | 500.0           |
| Health & Social Services     | Designated Eval & Treatment      | 3,500.0         | -              | -            | -              | 3,500.0         |
| Health & Social Services     | Front Line Social Workers        | 3,400.0         | -              | -            | -              | 3,400.0         |
| Health & Social Services     | Front Line Social Workers        | 1,220.0         | -              | -            | -              | 1,220.0         |
| Health & Social Services     | Nursing                          | 1,250.0         | -              | -            | -              | 1,250.0         |
| Health & Social Services     | Commissioner's Office            | 379.7           | -              | -            | 253.2          | 632.9           |
| Health & Social Services     | Medicaid Services                | -               | -              | -            | 3,500.0        | 3,500.0         |
| Law                          | Janus v AFSCME Legal Contracts   | 20.0            | -              | -            | -              | 20.0            |
| Military & Veterans' Affairs | Civil Air Patrol                 | 250.0           | -              | -            | -              | 250.0           |
| Natural Resources            | Parks Management & Access        | -               | 200.0          | -            | -              | 200.0           |
| Revenue                      | Tax Division                     | 221.0           | -              | -            | -              | 221.0           |
| Transportation               | Northern Highways & Aviation     | 2,190.5         | -              | -            | -              | 2,190.5         |
| Fund Capitalization          | Community Assistance Fund        | 17,605.2        | -              | -            | -              | 17,605.2        |
| Fund Capitalization (FY21)   | Community Assistance Fund        | 21,315.7        | -              | -            | -              | 21,315.7        |
|                              | <b>Total</b>                     | <b>57,454.6</b> | <b>1,700.0</b> | <b>650.0</b> | <b>3,753.2</b> | <b>63,557.8</b> |

# Partial Vetoes of Legislative Additions

| Agency                         | Allocation                     | Fund Code     | Legislative Addition | Veto Amount | Enacted Amount |
|--------------------------------|--------------------------------|---------------|----------------------|-------------|----------------|
| Commerce, Community & Econ Dev | Community and Regional Affairs | 1004 Gen Fund | 370.0                | (185.0)     | 185.0          |
| Commerce, Community & Econ Dev | Alaska Seafood Marketing Inst  | 1269 CSLFRF   | 10,000.0             | (3,000.0)   | 7,000.0        |
| Transportation                 | Marine Highway System          | 1004 Gen Fund | 25,298.9             | (8,477.1)   | 16,851.8       |

- DCCED project is a named recipient grant to the Native Village of Napaimute for the Kuskokwim Ice Road.
- AMHS legislative addition figure includes only the addition to the full-year funding level and reflects an increase in all funds. The Governor's veto only affected UGF. The legislature also appropriated an additional six months of funding to move AMHS to a calendar year funding basis.

# Veto to Match Governor's Proposed Reductions

| Department                     | Allocation                       | UGF             | DGF          | Other       | Fed          | Total           |
|--------------------------------|----------------------------------|-----------------|--------------|-------------|--------------|-----------------|
| Commerce, Community & Econ Dev | Community & Regional Affairs     | 400.0           | -            | -           | -            | 400.0           |
| Education & Early Dev          | State System of Support          | 109.2           | -            | -           | -            | 109.2           |
| Education & Early Dev          | Library Operations               | 91.9            | -            | -           | -            | 91.9            |
| Education & Early Dev          | Museum Operations                | 86.9            | -            | -           | -            | 86.9            |
| Education & Early Dev          | Archives                         | 89.6            | -            | -           | -            | 89.6            |
| Environmental Conservation     | Spill Prevention and Response    | -               | 411.3        | 21.6        | 29.8         | 462.7           |
| Health & Social Services       | BH Treatment and Recovery Grants | 200.0           | -            | -           | -            | 200.0           |
| Health & Social Services       | Behavioral Health Administration | 34.5            | -            | -           | -            | 34.5            |
| Health & Social Services       | Children's Services Management   | 81.3            | -            | -           | -            | 81.3            |
| Health & Social Services       | Front Line Social Workers        | 206.4           | -            | -           | -            | 206.4           |
| Health & Social Services       | Family Preservation              | 22.4            | -            | -           | 264.1        | 286.5           |
| Health & Social Services       | Foster Care Special Need         | 57.7            | -            | -           | -            | 57.7            |
| Health & Social Services       | McLaughlin Youth Center          | 155.3           | -            | 12.8        | -            | 168.1           |
| Health & Social Services       | Probation Services               | 118.6           | -            | -           | -            | 118.6           |
| Health & Social Services       | Probation Services               | 67.2            | -            | -           | -            | 67.2            |
| Health & Social Services       | Youth Courts                     | 88.2            | -            | -           | -            | 88.2            |
| Health & Social Services       | General Relief/Temp Assistance   | 164.9           | -            | -           | -            | 164.9           |
| Health & Social Services       | Public Assistance Field Svcs     | 858.2           | -            | -           | -            | 858.2           |
| Health & Social Services       | Medicaid Services                | 17,500.0        | -            | -           | -            | 17,500.0        |
| Fund Capitalization            | REAA School Fund                 | 17,119.0        | -            | -           | -            | 17,119.0        |
|                                | <b>Total</b>                     | <b>37,451.3</b> | <b>411.3</b> | <b>34.4</b> | <b>293.9</b> | <b>38,190.9</b> |



# Other Operating Vetoes

| Item                         | Fund Source                  | Amount    |
|------------------------------|------------------------------|-----------|
| Legislator Per Diem          | 1004 Gen Fund                | 1,995.0   |
| Permanent Fund Dividend      | 1004 Gen Fund, 1243 SBR Fund | 662,461.5 |
| DOR Treasury Management Fees | 1066 Pub School              | 639.8     |

- The PFD veto left \$8.5 million for administrative costs in the PFD Division within DOR.
- The Treasury veto was due to an inadvertent over-appropriation of the Public School Trust Fund. This was noticed during Conference Committee but too late for the legislature to fix it, so the Legislative Finance Division alerted the Office of Management and Budget to the issue. This veto will require a supplemental appropriation to the Department of Revenue.

# Capital Project Vetoes

| Department                           | Allocation   | UGF              | DGF            | Other      | Fed              | Total            |
|--------------------------------------|--|------------------|----------------|------------|------------------|------------------|
| Commerce, Community & Econ Dev       | Alaska Travel Industry Association   | 10,000.0         | -              | -          | -                | 10,000.0         |
| Education and Early Development      | Major Maintenance Grant Fund for School Major Maintenance                      | 21,642.3         | -              | -          | -                | 21,642.3         |
| Education and Early Development      | Mt. Edgecumbe High School Repairs  | 3,882.0          | 4,000.0        | -          | -                | 7,882.0          |
| Health and Social Services           | MH: Assistive Technology   | 500.0            | -              | -          | -                | 500.0            |
| Health and Social Services           | MH: Home Modification and Upgrades to Retain Housing                           | 900.0            | -              | -          | -                | 900.0            |
| Health and Social Services           | MH: Deferred Maintenance and Accessibility Improvements                        | 250.0            | -              | -          | -                | 250.0            |
| Labor and Workforce Development      | Alaska Vocational Technical Center Upgrades                                    | 12,500.0         | -              | -          | -                | 12,500.0         |
| Natural Resources                    | Fairbanks to Seward Multi-Use Recreation Trail Construction                    | 13,200.0         | -              | -          | -                | 13,200.0         |
| Revenue                              | MH: AHFC Beneficiary and Special Needs Housing                                 | 1,500.0          | -              | -          | -                | 1,500.0          |
| Transportation and Public Facilities | Craig Harbor   | 4,400.0          | -              | -          | -                | 4,400.0          |
| Transportation and Public Facilities | Municipal Harbor Facility Grant Fund   | 7,320.0          | -              | -          | -                | 7,320.0          |
| Transportation and Public Facilities | Contingency  | -                | -              | -          | 70,000.0         | 70,000.0         |
| Transportation and Public Facilities | Project Acceleration   | -                | -              | -          | 150,000.0        | 150,000.0        |
| University of Alaska                 | UAA Building Energy Performance Upgrades                                       | 10,900.0         | -              | -          | -                | 10,900.0         |
| University of Alaska                 | Bartlett and Moore Hall Modernization: Restrooms and Sanitation Infrastructure | 18,650.0         | -              | -          | -                | 18,650.0         |
| University of Alaska                 | UAS Juneau Campus Roof and Fuel Tank Replacements                              | 1,000.0          | -              | -          | -                | 1,000.0          |
| University of Alaska                 | UAS Juneau Campus Safety Improvements and Regulatory Compliance                | 1,000.0          | -              | -          | -                | 1,000.0          |
|                                      | <b>Totals</b>  | <b>107,644.3</b> | <b>4,000.0</b> | <b>0.0</b> | <b>220,000.0</b> | <b>331,644.3</b> |

# Questions?

## Contact Information

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