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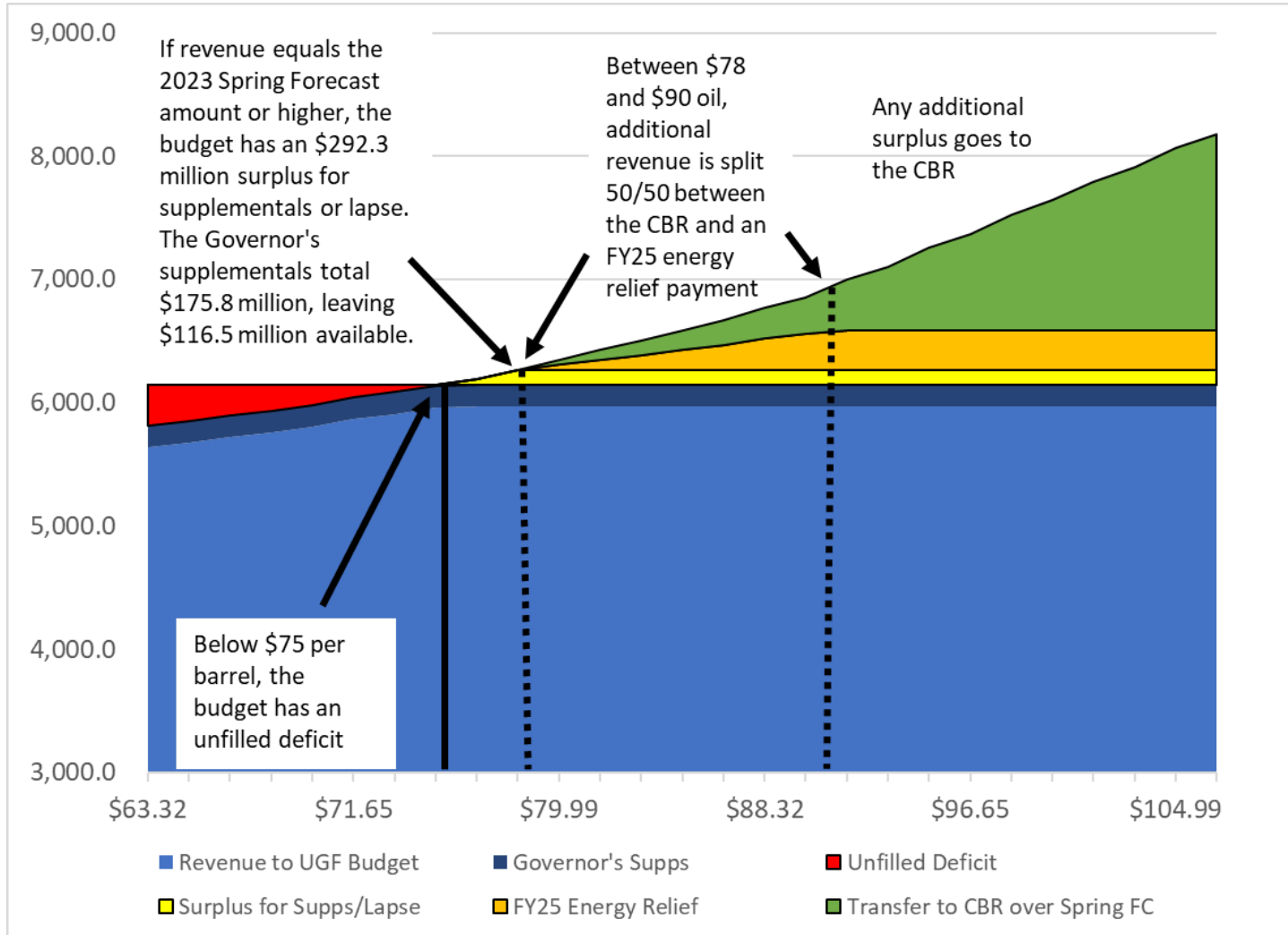
Fiscal Update

House Finance Committee
March 20, 2024
Legislative Finance Division

Fiscal Summary of Governor's Amended Budget: Spring Forecast

| FY24-FY25 Governor's Amended Budget (UGF Only) | | | | |
|--|----------------|----------------|----------------|--------------|
| | FY24 | FY25 | Difference | |
| Spring Revenue Forecast | 6,591.7 | 6,448.5 | (143.2) | -2.2% |
| Agency Operations | 4,411.1 | 4,344.5 | (66.6) | -1.5% |
| Statewide Items | 346.8 | 365.0 | 18.2 | 5.3% |
| Capital Budget | 360.2 | 297.1 | (63.1) | -17.5% |
| Permanent Fund Dividend | 881.5 | 2,303.7 | 1,422.2 | 161.3% |
| Energy Relief (for FY25 PFD) | 143.3 | - | (143.3) | -100.0% |
| Total Budget (pre-Supplementals) | 6,142.9 | 7,310.4 | 1,167.5 | 18.5% |
| Pre-Transfer Surplus/(Deficit) | 448.9 | (861.9) | | |
| Fund Transfers | 156.5 | 5.3 | | |
| Post-Transfer Surplus/(Deficit) | 292.3 | (867.1) | | |
| Governor's Supplementals | 175.8 | | | |
| Post-Transfer Surplus/Deficit | 116.5 | | | |

FY24 Budget and Oil Revenue



Changes in House Operating CS Compared to Governor's Amended Budget

- House CS (HCS1) is \$6.6 million UGF above GovAmend for agency operations.
 - \$10.0 million UGF for movement of a University capital budget to the operating budget – this nets out of the total impact.
 - The Governor's 3/13 operating amendments, which were not introduced until after HCS1, added \$2.0 million UGF.
- HCS1 is \$5.0 million UGF below GovAmend for statewide items.
- HCS1 added \$5.2 million UGF to the Mental Health Capital appropriations above GovAmend to match the Mental Health Trust's recommendations.
 - This and the above movement of the UA project combine to an impact on the capital budget of a \$4.8 million reduction below the Governor's budget.

Fiscal Summary of House CS1: Spring Forecast

| FY24-FY25 HCS1/GovAmend (UGF Only) | | | | |
|---|----------------|----------------|------------------|---------------|
| | FY24 | FY25 | Difference | |
| Spring Revenue Forecast | 6,591.7 | 6,448.5 | (143.2) | -2.2% |
| Agency Operations (HCS1) | 4,411.1 | 4,349.1 | (62.0) | -1.4% |
| Statewide Items (HCS1) | 346.8 | 360.0 | 13.2 | 3.8% |
| Capital Budget (GovAmd+, HCS1 Impacts) | 360.2 | 288.7 | (71.5) | -19.9% |
| Permanent Fund Dividend (HCS1) | 881.5 | - | (881.5) | -100.0% |
| Energy Relief (for FY25 PFD) | 143.3 | - | (143.3) | -100.0% |
| Total Budget (pre-Supplementals) | 6,142.9 | 4,997.7 | (1,328.2) | -21.0% |
| Pre-Transfer Surplus/(Deficit) | 448.9 | 1,450.8 | | |
| Fund Transfers (HCS1) | 156.5 | 5.3 | | |
| Post-Transfer Surplus/(Deficit) | 292.3 | 1,445.5 | | |
| Governor's Supplementals | 175.8 | | | |
| Post-Transfer Surplus/Deficit | 116.5 | | | |

Major Outstanding Items

- SB 140 (Education bill) fiscal notes totaled \$241.3 million.
 - Many of the items such as the BSA and pupil transportation increases could be converted to one-time item budget items or addressed in a subsequent bill.
 - However, it will likely be too late to address broadband this year with another bill – that funding (\$39.4 million) may need to wait until FY26.
- Senior Benefits Legislation (SB 170): Passed Senate with \$23.5 million UGF fiscal note.
- Alaska Marine Highway: Shortfall in CY25 of up to \$38.0 million (assuming the same size grant as CY24 and a 7-ship schedule).
- Ongoing Employee Bargaining Negotiations: four unions (Alaska Correctional Officers Association, Alaska Public Employees Association Supervisory Unit, Labor, Trades and Crafts, and new University of Alaska Graduate Student Employees union) are currently negotiating new contracts to begin in FY25.

Other Potential Budget Items

| Item | Governor Amount | Full List | Note |
|--------------------------|------------------------|------------------|---|
| Renewable Energy Fund | 5.0 | 32.0 | Gov amount is top 2+ projects |
| School Construction | 4.0 | 260.5 | Gov amount is top project |
| School Major Maintenance | 4.3 | 249.1 | Gov amount is top 2 projects |
| Deferred Maintenance | 28.2 | 2,182.5 | University (\$1.5 billion of backlog) requests additional \$35.0 million through HB 236 |

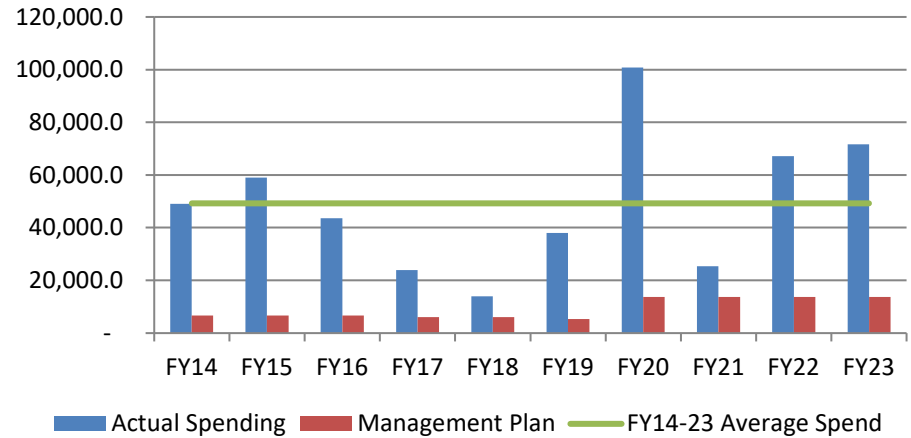
Other Potential Budget Items (cont.)

- Governor vetoed \$30.0 million FY24 capitalization of Community Assistance Fund; without that, the FY25 distribution will be \$20.0 million instead of the full \$30.0 million.
 - HCS1 includes \$10.0 million in FY25 to increase distribution to \$30.0 million, but no additional capitalization.
- Fiscal notes for bills that have passed one body include:
 - HB 89 (Childcare): \$5.9 million UGF cost and \$4.8 million revenue reduction
 - SB 22 (Juneteenth): \$882.0 UGF cost
 - SB 104 (Civil Legal Services Fund): \$444.8 UGF cost
 - SB 24 (Mental Health Education): \$256.0 UGF cost
 - HB 129 (Voter Registration): \$115.2 UGF cost
- Legislative capital budget additions and district projects are not yet included.
- Other potential additions include:
 - University of Alaska (\$18.6 million UGF operating difference between Regents' request and Governor's budget, \$27.0 million difference in the capital budget). House subcommittee changed \$10.0 million in the operating budget to UGF from University Receipts.
 - Replacing one-time items from FY24 (childcare \$7.5 million, Council on Domestic Violence and Sexual Assault \$3.7 million, Head Start \$2.5 million, etc.)
 - Additional items that emerge in legislative process.

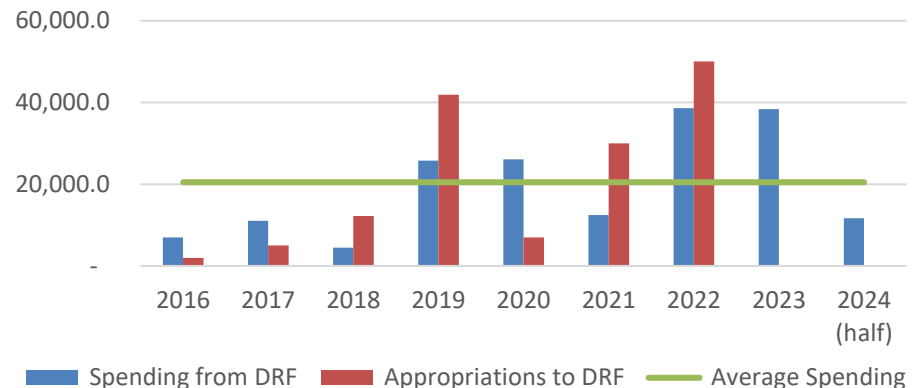
Fire and Disaster Funding

- FY14-23 actual UGF spending for Fire Suppression averaged \$49.3 million. The FY25 Governor’s budget is \$14.2 million, a difference of **\$35.1 million**.
- The FY24 Governor’s supplemental includes \$75.0 million for this purpose.
- Underbudgeting this item leads to routine supplemental needs.
- FY16-23 average spending from the Disaster Relief Fund is \$20.5 million. The Governor’s FY25 budget requests \$5.0 million, a difference of **\$15.5 million**.
- Disasters are unpredictable, but annually funding the average usage would make the budget more consistent.

Fire Suppression Initial UGF Budget vs. Actual Expenditures, FY14-23



Disaster Relief Fund UGF Deposits vs. Expenditures, FY16-24



Change in Budgeted Positions

| Agency | 24MgtPln | GovAmd+ | Difference | % |
|--------------------------------|---------------|---------------|------------|-------------|
| Administration | 1,178 | 1,185 | 7 | 0.6% |
| Commerce, Community & Econ Dev | 557 | 572 | 15 | 2.7% |
| Corrections | 2,124 | 2,124 | 0 | 0.0% |
| Education & Early Dev | 285 | 287 | 2 | 0.7% |
| Environmental Conservation | 546 | 546 | 0 | 0.0% |
| Family and Community Services | 1,866 | 1,866 | 0 | 0.0% |
| Fish and Game | 829 | 842 | 13 | 1.6% |
| Governor | 145 | 146 | 1 | 0.7% |
| Health | 1,537 | 1,542 | 5 | 0.3% |
| Labor & Workforce Dev | 679 | 680 | 1 | 0.1% |
| Law | 566 | 600 | 34 | 6.0% |
| Military & Veterans' Affairs | 274 | 282 | 8 | 2.9% |
| Natural Resources | 738 | 745 | 7 | 0.9% |
| Public Safety | 991 | 1,003 | 12 | 1.2% |
| Revenue | 835 | 835 | 0 | 0.0% |
| Transportation | 3,007 | 3,011 | 4 | 0.1% |
| University of Alaska | 3,664 | 3,664 | 0 | 0.0% |
| Judiciary | 748 | 754 | 6 | 0.8% |
| Legislature | 270 | 270 | 0 | 0.0% |
| Total | 20,839 | 20,954 | 115 | 0.6% |

Questions?

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