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Overview:

FY01

Budget

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The Fiscal Year 2001 Budget:

legislative fiscal analyst overview of the governor's request



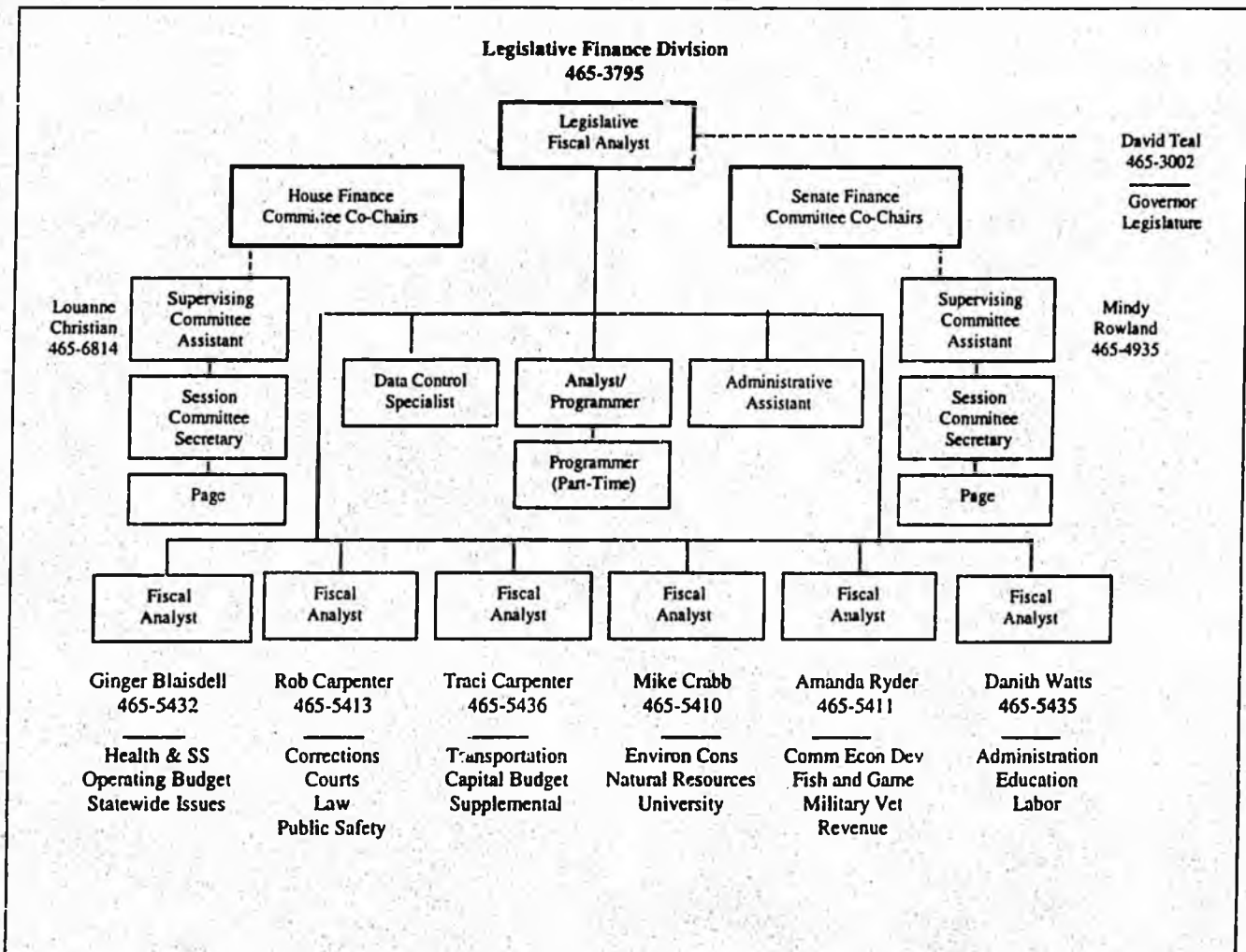
Legislative Finance Division

<http://www.legfin.state.ak.us/>

The Legislative Fiscal Analyst Office has a professional, non-partisan staff that provides general budget analysis for members of the legislature and specifically supports the Legislative Budget and Audit Committee and the House and Senate standing finance committees. Each fiscal analyst is assigned agency areas of responsibility. Duties of the office are to:

- (1) analyze the budget and appropriation requests of each department, institution, bureau, board, commission or other agency of state government;
- (2) analyze the revenue requirements of the state;
- (3) provide the finance committees of the legislature with comprehensive budget review and fiscal analysis services;
- (4) cooperate with the Office of Management and Budget in establishing a comprehensive system for state budgeting and financial management as set out in the Executive Budget Act (AS 37.07);
- (5) complete studies and prepare reports, memoranda or other materials as directed by the Legislative Budget and Audit Committee;
- (6) with the governor's permission, designate the legislative fiscal analyst to serve ex officio on the governor's budget review committee. [AS 24.20.231]

Legislative Finance Budget System. The system tracks budget transactions and provides comparative reports for committees and subcommittees. In addition, the system is used to produce the Governor's budget request books, the general appropriations bills, Conference Committee reports and a breakdown of the capital budget by election district.



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INTRODUCTION

By law, the Governor's proposed budget for the upcoming fiscal year is submitted to the legislature and made public on December 15 of each year. The following summary and analysis of the Governor's proposed FY01 budget was prepared by the Legislative Finance Division in accordance with responsibilities assigned by Alaska Statute 24.20.211-231.

SUMMARY ANALYSIS

The most significant fiscal issue facing the State is that anticipated general fund expenditures are significantly greater than projected general fund revenue. In recent years, the Constitutional Budget Reserve (CBR) Fund has been used to fill the gap between revenue and expenditures.

Recent high oil prices reduced (by half) the projected fiscal gap for FY00 to about \$500 million. The Fall 1999 forecast by the Department of Revenue shows that general fund revenues in FY01 are expected to be \$240 million less than in FY00. The primary reason for the decline is an anticipated drop in oil prices (from \$20.11/bbl to \$18.26/bbl). The Governor's classification of the last of the AHFC/AIDEA dividends as "other funds" accounts for \$17.4 million of the reduction.

The Governor's request to spend an additional \$109 million in general funds combines with revenue reductions to enlarge the anticipated fiscal gap (by \$350 million) to nearly \$840 million for FY01. Continued annual withdrawals of this amount would exhaust the Constitutional Budget Reserve account in FY04.

Our analysis shows general fund increases (compared to FY00 Authorized) in the following areas:

Operating Budget:	\$72.0 million
Capital Budget:	\$18.3 million
Debt Service/other	<u>\$19.1 million</u>
Total:	\$109.4 million

The \$109.4 million does not include all anticipated supplemental spending for FY00. The "place holder" used by the Governor for FY00 supplementals is \$16.5 million, but a footnote states "Due to underfunding in most formula programs and no funding for disasters, the supplemental amount is expected to be considerably higher." We have not revised the Governor's figure because no formal supplemental requests have been submitted. However, we have identified potential general fund supplemental requests totaling \$50 million, more than \$33 million above the place holder.

Federal receipt authority for FY01 is down \$131 million, up \$15 million in the operating budget but down \$144 million in the capital budget. Requests for authorization to spend other fund sources is down nearly \$5 million, with a \$60 million increase in the operating budget of set by \$60 million decrease in the capital budget.

Major general funds changes in the Governor's proposed budget include:

- a \$23 million increase in formula programs in the Department of Health and Social Services,
- a \$10 million increase in non-formula programs in the Department of Health and Social Services,
- a \$20 million decrease in K-12 foundation formula funding, offset by \$14 million increases in other education formula programs,
- a \$12 million increase in non-formula funding in the Department of Education and Early Development and
- a \$17 million increase for the University.

In addition, the Power Cost Equalization program and programs using tobacco settlement funds may have less money available than the requested level of authorization. These and other budget issues are discussed in the "agency" portion of this overview.

No funding for collective bargaining agreements for state employee salary increases were included in the FY01 Governor's proposed budget. The University of Alaska, as the exception, includes \$6.4 million for salary increases, nearly \$5.2 million of which is general funds.

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The Legislative Finance Division has few technical disagreements with the Governor's FY01 proposed budget. We believe that a change to the Quality Schools formula should be addressed via legislation (with a fiscal note) rather than as an increment. The Governor's treatment of the issue overstates the budget request by over \$7 million. In addition, the budget includes a new fund source code that the Legislative Finance Division classifies as general funds rather than using the Governor's "other funds" designation. The Governor's treatment of the new receipts understates the general fund request by \$1.4 million.

As noted above, all AHFC dividends now appear in the "other" column. By removing dividends from the general fund revenue stream, the Governor is able to reduce the apparent amount of general fund spending. Treating the dividends as they were treated in FY00 would increase the Governor's general fund budget request (by \$15 million) to \$124 million.

Although the Legislative Finance Division does not typically forecast revenue, we do review the Governor's projections. It appears that FY01 Tobacco Settlement Receipts are overstated by over \$9 million. This is not reflected in the fiscal summary that follows. The impact of overstating general fund revenue is that the draw from the Constitutional Budget Reserve Fund is understated (unless authority to spend is restricted to the amount received).

Some of the Governor's FY01 proposed budget transaction classifications have been highlighted to better reflect the nature of last year's appropriations. More specifically, we believe that some special appropriations and reappropriations should appear as one-time funding rather than as additions to the base budget.

In some instances, the Governor's FY01 Operating Budget request includes funding provided by FY00 fiscal notes, special appropriations or repeal/appropriations as part of an agency's FY01 base request. The Legislative Finance Division reviewed these transactions and identified special-funded increments as "one-time-items" and reduced the Governor's Adjusted Base for the FY01 budget request accordingly. We then added an increment to reverse the reduction, leaving the budget at the same level requested by the Governor.

This process is not meant to imply that there is no continuing need for funding in the affected programs; it is the source of funds or method/level of funding that could be considered to be one-time transactions. As stated above, the items are highlighted for review by subcommittees; the list is not intended to be a recommendation for funding reductions. The one-time items included in the Legislative Finance Division's analysis of the Governor's budget follow:

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SPECIAL-FUNDED INCREMENTS IN THE GOVERNOR'S FY01 OPERATING BUDGET

Department/ BRU	Component	Description	Amount
Administration			
Centralized Admin Svcs	Retirement & Benefits	SB 9 Computer System Changes	72.4
Motor Vehicles	Motor Vehicles	Reappropriation	350.0
Community and Economic Development			
Comm Asst & Econ Dev	Comm & Business Dev	Fund Tourism Development	2,077.9
	Comm & Business Dev	ATMC Operating Expenses	4,635.5
Rural Energy Program	Power Cost Equalization	PCE Operating Costs	3,600.0
Occupational Licensing	Occupational Licensing	Surety Fund Balance	60.7
Trade and Tourism	Trade and Development	Business License Revenue	150.0
Education and Early Development			
Kotzebue Tech Center	Kotzebue Tech Center	Reappropriation for Operations	609.0
Environmental Conservation			
Environmental Health	Food Safety Sanitation	Updating Regulations	3.0
Contaminated Sites	Contaminated Sites	SB 128 Oil Spill fiscal note	70.0
Law			
Civil Division	Governmental Affairs	Bank of America Investigation	555.2
Statehood Defense	Statehood Defense	Submerged Lands Litigation	380.0
Public Safety			
Council on Domestic Viol	CDVSA	Operating costs	125.0
Revenue			
Permanent Fund Corp	PFC Custody Mgt Fees	HB 156 Investment Fees	3,154.6
Transportation and Public Facilities			
Administration and Supt	Unallocated Reduction	Reappropriation	700.0
Statewide Facility Maint	Northern Region Facil	Harborview facility maintenance	235.0
University of Alaska			
University of Alaska	Budget Reduction/Add	Offset GF Reduction	400.0
TOTAL amount of One-Time Items changed to Increments by Legislative Finance			17,178.3

Fiscal Summary--FY00/FY01

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(\$ millions)

	FY00 Authorized				FY01 Governor				FY00 to FY01 General Purpose
	General Purpose	Federal	Other	Total	General Purpose	Federal	Other	Total	
REVENUE (Excludes Permanent Fund Earnings)									
Unrestricted General Purpose Revenue	1,786.7	0.0	0.0	1,786.7	1,566.2	0.0	0.0	1,566.2	(220.5)
AIDEA Receipts	0.0	0.0	18.0	18.0	0.0	0.0	18.5	18.5	0.0
AHFC Receipts	17.4	0.0	67.2	84.6	0.0	0.0	67.0	67.0	(17.4)
Federal and Other Funds	0.0	1,794.4	660.7	2,465.0	0.0	1,663.0	654.7	2,317.7	0.0
Revenue Added after Publication of Forecast	0.0	0.0	0.0	0.0	1.4	0.0	0.0	1.4	1.4
Total Revenue	1,804.1	1,794.4	745.9	4,354.4	1,567.6	1,663.0	740.2	3,970.8	(236.5)
AUTHORIZATION TO SPEND									
Operating (1)	2,134.8	916.4	518.4	3,569.6	2,206.7	931.8	579.5	3,718.1	72.0
Agency Operations (Non-Formula)	1,085.9	520.8	920.0	2,526.7	1,134.3	528.7	949.5	2,612.5	48.4
Formula Programs	1,048.9	392.7	60.5	1,502.0	1,068.6	400.1	54.9	1,523.6	19.7
Estimated Appropriations (2)	0.0	0.0	0.0	0.0	3.9	3.0	38.8	45.7	3.9
Revised Programs (Actuals only)	0.0	3.0	1.0	4.0	0.0	0.0	0.0	0.0	0.0
Duplicated Authorization	0.0	0.0	(463.1)	(463.1)	0.0	0.0	(463.7)	(463.7)	0.0
Capital	83.3	850.3	149.4	1,083.0	101.6	706.4	90.2	898.1	18.3
Project Appropriations	81.3	848.6	184.9	1,114.8	101.6	706.4	127.1	935.1	20.4
Estimated Appropriations (2)	2.0	0.0	8.7	10.7	0.0	0.0	0.4	0.4	(2.0)
Revised Programs (Actuals only)	0.0	1.7	1.7	3.3	0.0	0.0	0.0	0.0	0.0
Duplicated Authorization	0.0	0.0	(45.9)	(45.9)	0.0	0.0	(37.3)	(37.3)	0.0
Statewide (Unduplicated)	76.8	27.6	78.1	182.5	95.9	24.8	70.5	191.2	19.1
Debt Retirement (3)	7.1	0.0	63.1	70.2	19.3	0.0	53.9	73.3	12.3
Non-Debt Fund Capitalization	53.2	27.6	15.0	95.8	56.2	24.8	16.6	97.6	2.9
Special Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplementals (4)	16.5	0.0	0.0	16.5	15.4	0.0	0.0	15.4	(1.1)
New Legislation (5)	0.0	0.0	0.0	0.0	5.0	0.0	0.0	5.0	5.0
TOTAL AUTHORIZATION (unduplicated) (excludes Permanent Fund Earnings)	2,294.8	1,794.4	745.9	4,835.1	2,404.3	1,663.0	740.2	4,807.5	109.4
From Constitutional Budget Reserve	490.7				836.7				

Revenue Assumptions:
Price per Barrel of Oil \$20.11
Oil Production (MMb/day) 1.058

Fall 99 Forecast
\$18.26
1.045

Notes:

- The General Purpose column includes appropriations from the general fund, Constitutional Budget Reserve Fund and Investment Loss Trust Fund.
- (1) Shared Taxes and Fishery Enhancement Tax Receipts are "pass throughs" that are excluded from the budget.
- (2) Includes items for which no precise appropriation is specified. Excludes debt service and fund capitalization.
- (3) Includes \$2.45 million appropriated to the State Bond Committee for debt retirement in FY00 and \$24.5 million of FY99 AHFC earnings used to reduce FY00 debt service.
- (4) The supplemental appropriations and cost of new legislation are estimates.
- (5) Authorization/expenditures associated with new legislation in the prior year is included in other categories.

Fiscal Summary--FY00/FY01

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(\$ millions)

Constitutional Budget Reserve and Permanent Fund Account Balances

	Constitutional Budget Reserve	Permanent Fund			
		Permanent Fund Total	Principal	Earnings Reserve	Unrealized Gains
Beginning Balance at July 1, 1999	2,628.3	25,131.7	19,000.9	2,590.4	3,540.4
Settlements	30.0	-	27.0	(27.0)	-
Earnings/Dedicated Revenues	123.7	1,195.8	218.2	2,276.0	(1,298.4)
Permanent Fund Inflation Proofing		-	372.0	(372.0)	-
Permanent Fund Dividends		(1,174.4)	-	(1,174.4)	-
Transfer to General Fund	(490.7)	-	-	-	-
Balance Adjustments					
Ending Balance at June 30, 2000	<u>2,291.3</u>	<u>25,153.1</u>	<u>19,618.1</u>	<u>3,293.0</u>	<u>2,242.0</u>
Net Additions to Account Balance	<u>(337.0)</u>	<u>21.4</u>	<u>617.2</u>	<u>702.6</u>	<u>(1,298.4)</u>
Beginning Balance at July 1, 2000	2,291.3	25,153.1	19,618.1	3,293.0	2,242.0
Settlements	150.0	-	31.0	(31.0)	-
Earnings/Dedicated Revenues	96.2	2,165.6	191.6	2,190.0	(216.0)
Permanent Fund Inflation Proofing		-	596.0	(596.0)	-
Permanent Fund Dividends		(1,215.4)	-	(1,215.4)	-
Transfer to General Fund	(836.7)	-	-	-	-
Balance Adjustments					
Ending Balance at June 30, 2001	<u>1,700.8</u>	<u>26,103.3</u>	<u>20,436.7</u>	<u>3,640.6</u>	<u>2,026.0</u>
Net Additions to Account Balance	<u>(590.5)</u>	<u>950.2</u>	<u>818.6</u>	<u>347.6</u>	<u>(216.0)</u>

Permanent Fund information is from the Department of Revenue's Fall 99 forecast.

Total Authorization (all fund sources)	FY00	FY01	FY00 to FY01
Total Authorization (from Fiscal Summary page 1)	4,835.1	4,807.5	(27.6)
Permanent Fund Inflation Proofing	372.0	596.0	224.0
Permanent Fund Dividends	1,174.4	1,215.4	41.0
Total	6,381.5	6,618.9	237.4

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Definitions of Funds

General Purpose expenditures include general fund match, general fund program receipts and "pure" general fund expenditures. They also include some other expenditure codes that are separated for tracking purposes. "Tracking codes" include general fund mental health, Pioneers' home receipts and tobacco settlement receipts.

Federal Restricted expenditures include all federal funds received and spent by the State. Federal funds typically can be used only for the specific purposes for which they are received.

Dedicated expenditures as provided for in the Constitution include expenditures by the School Fund (cigarette tax), Public School Fund, Second Injury Fund, Fisherman's Fund and the Fish and Game fund.

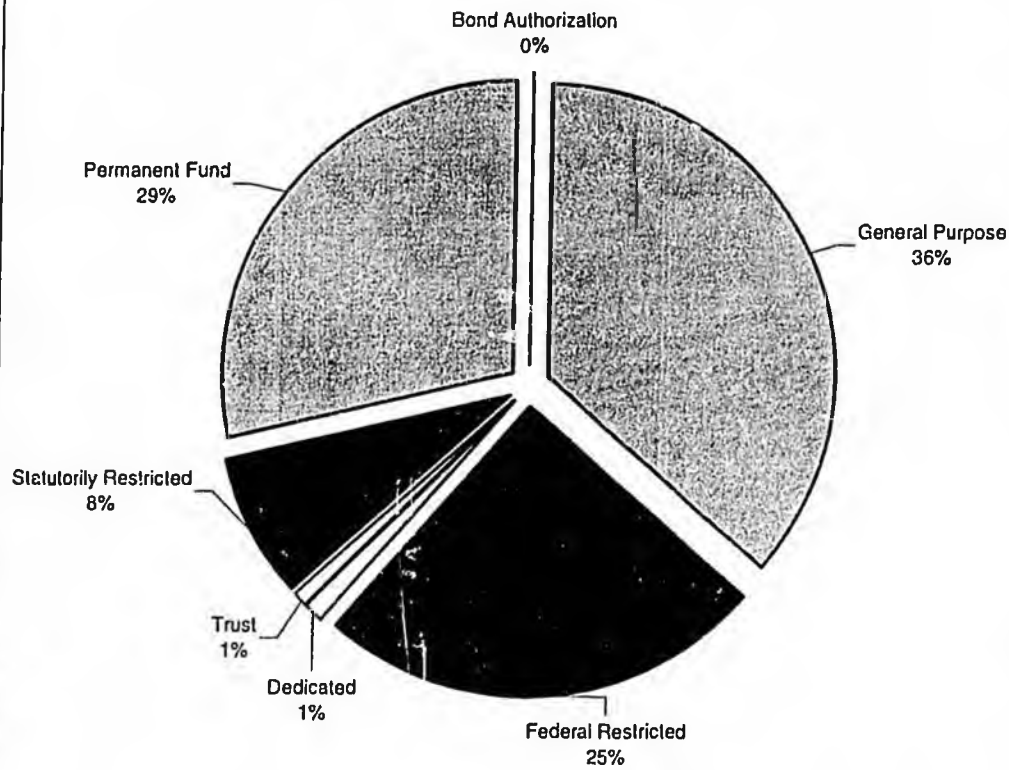
Trusts include the Alaska Advance College Tuition Payment Fund, the Alyeska Settlement Fund, the Mental Health Trust, the Exxon Valdez Oil Spill Restoration Fund and several funds associated with public employee retirement systems.

Statutorily Restricted expenditures include tuition, food and service fees and interest earned by the University of Alaska; several State loan and enterprise funds; the Marine Highway Fund; receipts of several State corporations and the disaster relief fund.

Permanent Fund expenditures include inflation proofing deposits into the Fund, dividends and administrative costs. They also include special deposits to the Fund as appropriated by the legislature.

State of Alaska Expenditures by Category--FY00

Total Expenditures = \$6.62 billion



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ANTICIPATED FY00 SUPPLEMENTAL REQUESTS

The preceding fiscal summary adopts the estimates for supplemental appropriations and new legislation that the Governor presented in his similar fiscal summary. With regard to the \$16.5 million anticipated supplemental, the Governor's summary notes that "Due to underfunding in most formula programs and no funding for disasters, the supplemental amount is expected to be considerably higher."

Potential supplemental requests totaling nearly three times the \$16.5 million specified in the Governor's proposal have been identified. The Legislative Finance Division has not revised the Governor's figure (because no formal requests have been submitted) but anticipates the following:

Program	Anticipated General Fund Request	Most Common Purpose for Supplemental
Administration		
Longevity Bonus	\$2.4 million	Fewer individuals out of the program
Leasing	\$1.0 million	Lease Costs
Public Defender Agency	\$0.8 million	IncreaseJ costs and personnel time
Office of Public Advocacy	\$0.3 million	Increased costs and personnel time
Pioneers Homes	\$0.5 million	Increased receipt authority for residents
Corrections 5 Yr Avg	\$4.5 million	Prisoner transportation & Cleary Settlement
Health and Social Services		
Medicaid Services Ratification	\$2.2 million	FY99 Shortfall
Medicaid Services	\$6.3 million	FY00 Underfunding
AK Longevity Bonus Hold Harm	\$0.4 million	FY00 Underfunding
Catastrophic and Chronic Illness	\$0.7 million	FY00 Unanticipated expense increase
Welfare Reform	\$1.5 million	Continuing Welfare Reform Support
Foster Care	\$3.0 million	FY00 Underfunding
Law 5 Yr Avg	\$7.4 million	Settlement costs widely vary year-to-year
Military Vet Affairs 5 Yr Avg	\$5.6 million	Disaster Costs
Natural Resources		
Firefighting Ratification	\$3.9 million	Firefighting Costs May 28, 1999 disaster
Firefighting Supplemental	<u>\$9.3 million</u>	Firefighting Costs July 15, 1999 disaster
TOTAL \$49.8 million		

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POSITION COMPARISON

At the close of the 1999 session, the legislature enacted a budget and bills that identified 17,801 full-time and 2,828 part-time positions. In absorbing unallocated and miscellaneous reductions and making other adjustments based on legislative action, there was a reduction of 43 full-time and 26 part-time positions. These adjustments produce the FY00 authorized position count shown in the table below.

As the Governor implemented the FY00 budget, 33 full-time positions were added and 10 part-time positions were deleted. Under the Governor's management plan, the overall position count remained slightly lower than the number presented at the close of the 1999 legislative session.

The chart below compares FY00 Authorized position count to the Governor's FY01 budget request.

Department	Permanent Full Time			Permanent Part Time		
	FY00 Authorized PFT	FY01 Gov PFT	Change PFT	FY00 Authorized PPT	FY01 Gov PPT	Change PPT
Administration	1,338	1,353	15	113	114	1
Community & Economic Dev.	466	465	-1	10	10	0
Corrections	1,364	1,369	5	0	4	4
Education	369	366	-3	107	109	2
Environmental Conservation	479	464	-15	5	5	0
Fish and Game	823	823	0	893	885	-8
Office the Governor	177	175	-2	4	4	0
Health and Social Services	2,169	2,256	87	60	62	2
Labor	736	750	14	98	93	-5
Law	450	450	0	11	16	5
Military and Veterans Affairs	219	229	10	3	1	-2
Natural Resources	555	552	-3	240	238	-2
Public Safety	740	724	-16	27	22	-5
Revenue	786	799	13	30	26	-4
Transportation/Public Facilities	2,816	2,842	26	644	633	-11
University Alaska	3,387	3,387	0	233	233	0
Alaska Court System	665	671	6	50	52	2
Legislature	219	219	0	274	274	0
TOTALS	17,758	17,894	136	2,802	2,781	-21

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NEW FUND SOURCE CODES

The Legislative Finance Division generates a "full disclosure" fiscal summary directly from the Legislative Finance Budget System. Several new codes were required in order to handle partially duplicated appropriations. The Legislative Finance Division added the following codes for that purpose:

1134 Fish and Game General Funds (F&G GF)

Criminal fines, penalties and forfeitures (as described in section 9 of Ch 84 SLA 99, for example) go into the general fund and are then appropriated to the Fish and Game fund. In order to separate this duplicated portion of the Fish and Game Fund from the non-duplicated portion of the fund, code 1134 will be used to record transactions involving the GF portion of the Fish and Game Fund.

1135 Alaska Marine Highway System General Funds (AMHS GF)

Recent operating bills have included language (section 15, Ch 84, SLA 99 for example) that appropriates general funds to the Alaska Marine Highway System (AMHS) fund. General funds then become indistinguishable from AMHS operating receipts that flow into the fund. The GF appropriations are duplicated by appropriations from the AMHS fund. In order to separate the duplicated portion of the AMHS fund from the operating receipts in the fund, code 1135 will be used to record transactions involving the GF portion of the AMHS Fund.

1136 Supplemental Benefits System Inter-agency Receipts (SBS I/A)

1137 Deferred Compensation Inter-agency Receipts (DComp I/A)

1138 Health Insurance Inter-agency Receipts (HIth I/A)

Fund code 1017 (Benefits Systems) does not differentiate between receipts from agencies (duplicated) and receipts from sources outside agencies (unduplicated). Codes 1136, 1137 and 1138 will be used to record transactions involving the duplicated portion of receipts in SBS, deferred compensation and health, respectively.

1139 Alaska Housing Finance Corporation Dividend (AHFC Div)

1140 Alaska Industrial Development and Export Agency Dividend (AIDEA Div)

These codes will allow differentiation between corporate receipts used for internal operations of AHFC and AIDEA, respectively, and the amount the corporations provide to the State as "dividends." Dividends paid to the GF will show as revenue; the new codes will be used for tracking non-GF dividends to the State.

1141 Regulatory Commission of Alaska Receipts (RCA Repts)

This code tracks receipts of the Regulatory Commission of Alaska. It replaces code 1110 APUC Receipts.

Each year the Office of Management and Budget (OMB) typically requests additional fund source codes in the Governor's budget request. The following codes were added at the request of OMB.

1142 Retiree Health Insurance Fund/Major Medical (RHIF/MM)

1143 Retiree Health Insurance Fund/Long-Term Care Fund (RHIF/LTC)

These codes track Treasury's administrative costs of investing monies in these retirement accounts. The codes allow treatment consistent with other funds that Treasury invests.

1144 Clean Water Bond Fund Receipts

A separate fund source code was added to track proceeds and expenditures from the sale of Clean Water Bonds.

1145 Art in Public Places Fund

The Art in Public Places Fund source code was created so that the balance of the Art in Public Places account could be appropriated. This account was established as a sub-fund of the general fund in 1990 and was used as a holding account for art enhancements to state building projects. In past years, money has been deposited into this account and not fully spent.

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1146 Fee Supported Increase

The Office of Management and Budget used this fund source code for presentation purposes. However, it is used in the Governor's bill as an actual fund source and is classified as non-general funds. The Legislative Finance Division determined that revenues into this fund include fees that may be more appropriately classified as general funds. Four agencies request authority to use this fund source code for the following purposes:

Department	Amount	Purpose
Administration	\$525.0	Pioneers Homes
Community and Economic Development	\$496.0	Occupational Licensing
Public Safety	\$135.7	AK Police Standards Council
	\$200.0	AK Criminal Records and ID
Transportation and Public Facilities	<u>\$65.3</u>	Measurement Standards and Commercial Vehicle Enforcement
TOTAL	\$1,422.0	

1147 Public Building Fund

This new fund source was created by OMB and can be used to track state facility maintenance costs. The creation of the fund was introduced in SLA 99 as HB 112 and remains in the Senate Finance Committee for further referral. The interagency receipts that will flow into the fund are intended to allow the Department of Administration to implement a pilot rent project that will provide cost effective management, better maintenance, and assure more efficient use of space for the following eight State owned facilities.

Building Name	Annual Costs
Robert B. Atwood Building, Anchorage	\$2,129.7
Douglas Island Center Building, Douglas	\$185.0
Fairbanks Regional Office Building, Fairbanks	\$439.0
Alaska Office Building, Juneau	\$271.0
Court Plaza Building, Juneau	\$198.0
Community Building, Juneau	\$57.0
Public Safety Building, Juneau	\$97.0
State Office Building, Juneau	\$1,006.8
Total Building Maintenance Costs	\$4,443.5

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PUBLIC BUILDING FUND

The Public Building Fund is intended to track state facility maintenance costs. Three components in two departments—the Leases component in the Department of Administration and the Northern and Southeast Region Facilities (NSRF) components in the Department of Transportation and Public Facilities—have transferred the costs of maintaining state-owned facilities to newly created components in each agency. Under this pilot project, each agency has funding and is responsible for paying "rent" to the Department of Administration for facility maintenance. The funding to the Department of Administration is received via Reimbursable Services Agreements (RSA) from agencies and is budgeted as I/A Receipts (Public Building Fund).

House Bill 112 (SLA 99) remains in the Senate Finance Committee. The passage of this bill would allow funds received from the agencies to be retained in the Public Building Fund at the end of each fiscal year. The primary benefit of retaining a balance would be that costs of long term maintenance projects (such as structural repairs) would come from the balance rather than being absorbed by the affected agency. Planners are hopeful that the balance of the Public Building Fund would be sufficient to absorb the cost of these projects. If the fund is not established, any unspent balance of the RSAs must be returned to the appropriate agencies each year.

One advantage of the plan is that it captures additional non-general fund money for rent. The danger (from the individual agency perspective) is that agency rent payments could be increased without appropriations to fund the increased costs.

The following spreadsheet shows the scheduled transfers to each agency, corresponding increments and amounts transferred back to the Department of Administration for managing state facilities.

	Increments by Agency in FY01 Gov						Agency State Rent Total	DOA Risk Mgmt	State Rent Maintenance TOTAL
	Gen Fund Transferred from DOA	Gen Fund Transferred from DOT/PF	General ¹ for Rent	Federal for Rent	Other ² for Rent	I/A ³ for Rent			
Administration	46.6	418.0			166.3	260.1	891.0	8.4	899.4
Comm & Econ Dev	174.2	322.1					496.3	3.7	500.0
Corrections		86.3					86.3	2.0	88.3
Educ & Early Dev		260.7					260.7	1.7	262.4
Fish and Game		169.6					169.6	4.7	174.3
Governor	307.4	122.1					429.5	0.8	430.3
Health & Social Svcs		449.3		175.7			625.0	6.7	631.7
Labor & Work Dev		259.7		15.0		11.9	286.6	1.3	287.9
Legislature		99.2					99.2	0.8	100.0
Natural Resources	1,268.6						1,268.6	0.0	1,268.6
Public Safety		88.7				3.7	92.4	4.5	96.9
Revenue	206.6		66.4	537.5	223.0	26.5	1,060.0	2.6	1,062.6
Transportation/PF		11.4					11.4	0.1	11.5
Statewide TOTAL	2,003.4	2,287.1	66.4	728.2	389.3	302.2	5,776.6	37.3	5,813.9

¹The General Fund increment of \$66.4 is additional GF/Program Receipts for the Child Support Enforcement Agency.

²Other Funds increments are primarily retirement funds of \$166.3 for Administration and multiple funds of \$223.0 for Revenue (MH Admin, retirement investment funds, PFD Fund and federal indirect cost reimbursement).

³Additional I/A Receipts authority in the Department of Administration is collected from DOA divisions.

Source: Dept. of Administration

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Upon reviewing the Governor's detailed budget descriptions for affected agencies and the "Public Building Fund" spreadsheet from the Department of Administration, only a few hundred dollars in discrepancies are noted and could be contributed to rounding.

	Expected State Rent Reported in Facilities	Expected State Rent Reported in Facil Admin	Budgeted TOTAL	DOA Spreadsheet State Rent TOTAL
Administration	882.2	17.3	899.5	899.4
Comm & Econ Dev	486.6	13.4	500.0	500.0
Corrections	86.6	1.6	88.2	88.3
Educ & Early Dev	258.3	4.1	262.4	262.4
Fish and Game	171.1	3.2	174.3	174.3
Governor	420.7	9.6	430.3	430.3
Health & Social Svcs	619.9	11.8	631.7	631.7
Labor & Work Dev	283.7	4.2	287.9	287.9
Legislature	98.2	1.9	100.1	100.0
Natural Resources	1,229.2	39.4	1,268.6	1,268.6
Public Safety	95.1	1.8	96.9	96.9
Revenue	1,033.7	28.9	1,062.6	1,062.6
Transportation/PF	11.2	0.2	11.4	11.5
Total Agencies	5,676.5	137.4	5,813.9	5,813.9
AHFC Private Rent I/A	875.3	28.1	903.4	
Court Plaza Private Rent GF	50.8	1.0	51.8	
Sub-Total	6,602.6	166.5		
TOTAL			6,769.1	5,813.9

The difference from the amount expected to be collected in the Department of Administration is the nearly \$1 million collected in private rent payments to AHFC for the Atwood Building and to the Department of Administration for the Court Plaza Building in Juneau.

The Department of Administration Facilities and Facilities Administration components request increments of inter-agency receipts and general fund program receipts totaling \$6.8 million.

The Department of Administration provided several spreadsheets detailing the new Public Building Fund and Facility Rental Pool Rates. Although costs have been noted both by agency and by building for maintenance and operations and risk management costs, it is impossible to draw conclusions in terms of annual impact. The Governor's requested increments do not necessarily match those found on the spreadsheets provided. If collections to the Public Building Fund exceed rent expenditures and normal operating costs, it may be possible to build a balance of sufficient magnitude to address deferred maintenance costs. On the other hand, agency costs will increase if the fund is insufficient to build such a balance and even to provide normal, long-term maintenance. In the first year (only), agencies will be held harmless for any rise in costs.

legislative fiscal analyst overview of the governor's FY01 request

TOBACCO SETTLEMENT RECEIPTS

On November 23, 1998, the attorneys general of forty-six states, five commonwealths and territories, and the District of Columbia reached an agreement with the five major tobacco companies, which represent 97.5 percent of the tobacco industry. Worth \$206 billion over the next twenty-six years, the settlement will provide payments to states based on a formula developed by state attorneys general. Four additional states—Florida, Minnesota, Mississippi, and Texas—individually settled with the tobacco industry for more than \$40 billion.

Under the provisions of the agreement, states had to meet certain technical requirements prior to receiving any settlement payments. Alaska's signing bonus of \$8,194,049 was held in escrow until Alaska (and 80% of all other states that settled in this agreement) met the requirements. Alaska's signing bonus and interest earned – a total of \$8.4 million – was deposited into the general fund on December 15, 1999.

Until the year 2004, each state will receive two payments per year, an initial payment and an annual payment. In 2004, the initial payment will no longer be paid to states, however in future years other adjustments may be paid to states. An unanticipated resolution in the settlement was a volume adjustment based on national tobacco sales that would adjust (up or down) the initial and annual payments to states. The signing bonus was not affected by this adjustment.

The 2000 initial payment of \$8,439,870 was adjusted to \$7,342,687 (a 13% decrease) due to lower-than-anticipated tobacco product sales. The rate of the adjustment will fluctuate with tobacco sales, but Alaska can anticipate an estimated 13% decrease in future payments. The anticipated payments for FY00 were the signing bonus of \$8,194,049 plus the initial and annual payments of \$21,890,915. Payments of \$8,429,728 for the signing bonus (including interest) and \$19,045,094 for the initial/annual payment are more realistic for FY00. The amount of Tobacco Settlement Receipts appropriated for FY00 was \$29,832,300, or \$2,347,336 greater than the adjusted amount likely to be received.

The Governor's proposed FY01 budget requests expenditure authority at the unadjusted FY00 level (\$29,832,300). After adjustments, the initial and annual receipt payments will total approximately \$20,565,642. Using this fund source code as a tracking tool gives the perception that Alaska is receiving revenues equal to the amount appropriated. Because Tobacco Settlement Receipts are part of the state's general fund, a shortfall in revenues will come from the general fund.

The legislature could restrict spending to the actual amount received from this source by adding language similar to that used to address federal and other program receipts in FY00 (section 7(c), Ch 84, SLA 99) which restricts expenditure authority to the actual amount received.

A better estimate of the FY01 receipts to be expected may be available in April, after the first annual adjusted payment is received.

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STATUTORY DESIGNATED PROGRAM RECEIPTS

By law (AS 37.05.146) fees, charges, income earned on assets and other state money received by a state agency in connection with the performance of its functions are accounted for within, and appropriated from, the general fund unless otherwise specified in section 146. The Governor introduced GF Designated Program Receipts to the legislature in session year 1996 and \$26.7 million was authorized for expenditure in FY97.

The following year, the legislature passed SB 55 (Chapter 59, SLA 97) amending Alaska Statute 37 as follows:

AS 37.05.146. Definition of program receipts and non-general fund program receipts.

(3) designated program receipts; in this paragraph "designated program receipts" means money received by the state from a source other than the state or federal government that is restricted to a specific use by the terms of a gift, grant, bequest or contract.

With adoption of this language, the Statutory Designated Program Receipts (SDPR) fund code was allowed as a "non-general fund" code. Strict review of uses of the fund was conducted. The Divisions of Legislative Finance and Legislative Audit assisted the legislature in determining whether or not particular receipts could be considered SDPR or should remain General Fund Program Receipts (GFPR). Each year the Governor's budget requested additional program receipts to be classified as SDPR, thereby removing expenditures from the general fund group.

Historical use of GF Designated Program Receipts in FY 97 only, and SDPR shown below:

FY97	FY98	FY99	FY00	FY01
Auth	Auth	Auth	Auth	Gov
26,671.5	11,516.0	15,132.4	21,906.6	27,110.5

Significant changes in the use of this fund source code include:

Department, Component	FY99 Actual	FY00 Auth	FY01 Gov
Administration, AK Oil and Gas Conservation Commission	0	\$2,601.3	\$2,768.3
Community Econ Devel, AK Tourism Marketing Council	\$1,269.9	1,299.9	0
Corrections, Admin and Operations (correctional centers)	0	0	2,668.0
Education, AK Vocational Technical Center	188.3	1,207.5	1,207.5
Environmental Conservation, Food Safety and Sanitation	0	0	219.8
Fish and Game, agency-wide	2,050.7*	3,481.0	3,510.4
Health and Social Services*, AK Psychiatric Institute	0	100.0	2,200.0
Labor, Employment Services	170.0	274.1	424.1
Law, Civil Division (Fair Business Practices & Govt Affairs)	0	505.0	505.0
Military and Vet Affairs, Army Guard Facilities Maintenance	30.0	185.0	185.0
Natural Resources, Pipeline Coordinator	2,500.0	3,011.6	3,319.2
Natural Resources, Land and Geological Development	170.9	573.1	613.1
Public Safety, agency-wide	79.8	511.3	749.4
Revenue, Commissioner's Office	0	491.6	491.6
Transportation/Public Facilities, agency-wide	243.8	848.2	1,046.7

* FY99 Actuals indicated that Commercial Fisheries Special Projects were over-authorized in this fund code by approximately \$700.0. FY99 Authorization was \$1,798.5 and FY99 Actual expenditures were \$1,095.8. FY99 Actuals also indicate that the Department of Health and Social Services, Women, Infants and Children (WIC) program may be over-authorized by nearly \$600.0. FY99 Authorization was \$3,700.0 and FY99 Actual expenditures were \$3,126.3.

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HB 40 (CH 58, SLA 1999)

MERGING COMMUNITY & REGIONAL AFFAIRS WITH OTHER STATE AGENCIES

HB 40 Programs Origination			HB 40 Programs Final Destination		
From	Component	FY00 Budget	To	Component	FY01
C&RA	Office of the Commissioner <i>FY00 Budget is Conference Committee \$530.8 plus a negative fiscal note of (\$158.6).</i>	372.2	C&ED	Commissioner's Office	301.9
			E&ED	Child Care Assistance & Licensing	70.3
C&RA	Administrative Services <i>FY00 Budget is Conference Committee \$1,925.4 plus a negative fiscal note of (\$196.9).</i>	1,728.5	C&ED	Administrative Services	858.5
			C&ED	Community & Business Development	252.0
			E&ED	Child Care Assistance & Licensing	177.8
			L&WD	Management Services	440.2
C&RA	One Stop	3,000.0	L&WD	Employment Services	3,000.0
C&RA	Data & Word Processing	798.2	C&ED	Administrative Services	351.4
			C&ED	Community & Business Development	20.0
			E&ED	Child Care Assistance & Licensing	174.6
			L&WD	Data Processing	252.2
C&RA	Unallocated Reduction	-111.4	C&ED	Community & Business Development	-31.4
			C&ED	Administrative Services	-5.1
			C&ED	Energy Operations	-33.2
			E&ED	Child Care Assistance & Licensing	-26.9
			L&WD	Management Services	-5.1
			L&WD	Statewide Service Delivery	-9.7
C&RA	State Facilities Maintenance	6.7	C&ED	DCEJ State Facilities Rent	6.7
C&RA	National Forest Receipts	10,000.0	C&ED	National Program Receipts	10,000.0
C&RA	State Revenue Sharing	14,389.2	C&ED	State Revenue Sharing	14,389.2
C&RA	Municipal Assistance	17,504.2	C&ED	Municipal Assistance	17,504.2
C&RA	Local Government Management	2,783.8	C&ED	Community & Business Development	2,783.8
C&RA	State Assessor	150.2	C&ED	Community & Business Development	150.2
C&RA	Local Boundary Commission	248.3	C&ED	Community & Business Development	248.3
C&RA	Statewide Assistance	6,750.8	C&ED	Community & Business Development	5,750.8
			C&ED	Fisheries Business Tax	1,000.0
C&RA	National Petroleum Reserve	50.0	C&ED	Community & Business Development	50.0
C&RA	Community & Economic Development	1,497.3	C&ED	Community & Business Development	1,497.3

NOTE: This is a map for direction on where to look in the Governor's Request for programs transferred by HB 40. The numbers shown under the FY 01 column do not reflect what may actually be requested in FY 01, but are provided to assure that all FY 00 appropriations are accounted for.

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HB 40 (CH 58, SLA 1999)

MERGING COMMUNITY & REGIONAL AFFAIRS WITH OTHER STATE AGENCIES

HB 40 Programs Origination

HB 40 Programs Final Destination

From	Component	FY00 Budget	To	Component	FY01
C&RA	Child Care	3,668.4	E&ED	Child Care Assistance & Licensing	3,668.4
C&RA	Day Care Assistance	20,185.1	E&ED	Child Care Assistance & Licensing	20,185.1
C&RA	Head Start Grants	6,029.2	E&ED	Head Start Grants	6,029.2
C&RA	Job Training Partnership Act	14,361.4	L&WD	Job Training Partnership Act	14,361.4
C&RA	State Training & Employment Program	1,512.3	L&WD	State Training & Employment Program	1,512.3
C&P.A.	Statewide Service Delivery	12,417.5	L&WD	Statewide Service Delivery	12,417.5
C&RA	Community Development Assistance	3,003.5	E&ED	Child Care Assistance & Licensing	246.3
			E&ED	Special Programs	2,757.2
C&RA	Energy Operations	2,184.5	C&ED	Energy Operations	2,184.5
C&RA	Power Cost Equalization	12,100.0	C&ED	Power Cost Equalization	12,100.0
C&RA	Circuit Rider	300.0	C&ED	Circuit Rider	300.0
Total Community & Regional Affairs		134,929.9			134,929.9
ADMIN	Administrative Services (Municipal Capital Matching Grants)	65.7	C&ED	Community & Business Development	65.7
C&ED	CH 84, SLA 99, Sec. 44, Page 51, Line 8 <i>FY00 Budget is a fiscal note for HB-10 relocation costs at Community & Economic Development</i>	175.0	C&ED	Administrative Services	175.0
E&ED	Special & Supplemental Services (Adult Basic Education)	2,386.8	L&WD	Adult Basic Education	2,386.8
E&ED	Administrative Services (Adult Basic Education)	138.7	L&WD	Vocational Rehabilitation Administration	138.7
E&ED	Vocational Rehabilitation BRU	23,763.6	L&WD	Vocational Rehabilitation BRU	23,763.6
GOV	Alaska Human Resources Investment Council	400.2	L&WD	Alaska Human Resources Investment Council	400.2
H&SS	Family Preservation (Child Care Licensing)	170.3	E&ED	Child Care Assistance & Licensing	170.3
H&SS	Child Care Benefits (Child Care Development Block Grant)	11,484.7	E&ED	Child Care Assistance & Licensing	11,484.7
Total Other Departments		38,585.0			38,585.0
Net Result of HB 40 Consolidation:		173,514.9			173,514.9

ADMIN	Administration	GOV	Office of the Governor
C&RA	Community & Regional Affairs	H&SS	Health & Social Services
C&ED	Community & Economic Development	L&WD	Labor & Workforce Development
E&ED	Education & Early Development		

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OPERATING BUDGET

Excluding Permanent Fund dividends and Permanent Fund inflation proofing, the Governor's proposed FY01 operating budget is \$4.3 billion. This request is \$64.6 million more than FY00 Authorized. The Governor proposes a general fund increment of \$72 million for a \$2.2 billion general fund operating budget in FY01. Note that these amounts differ from those presented in the fiscal summary. In the summary, debt service, fund transfers and other duplicated expenditures have been removed from the operating totals.

Because the operating budget includes money for purposes other than state operations, it is useful to separate expenditures into two categories shown below.

Formula Programs include payments to municipalities, non-profits and individuals. They generally require increases proportionate with Alaska's population.

Agency Operations (non-formula) include costs associated with management and implementation of the state's services as required by federal law, state statute or regulation, or discretionary programs.

	FY99 Actuals	FY00 Auth	FY01 Gov	FY00 Auth - FY01 Gov
TOTAL FUNDS				
Formula Programs	\$ 1,521,782.9	\$ 1,573,921.8	\$1,576,423.3	\$ 2,501.5
Agency Operations	\$ 2,364,331.9	\$ 2,680,059.5	\$2,742,147.2	\$ 62,087.7
Operating Total	\$ 3,886,114.8	\$ 4,253,981.3	\$4,318,570.5	\$ 64,589.2

In the Governor's FY01 request, general funds make up approximately 68% of the total formula program funding and 44% of the agency operations funding. For comparison, general funds made up approximately 67% of the total formula program funding and 43% of the agency operations funding in the FY00 authorized budget.

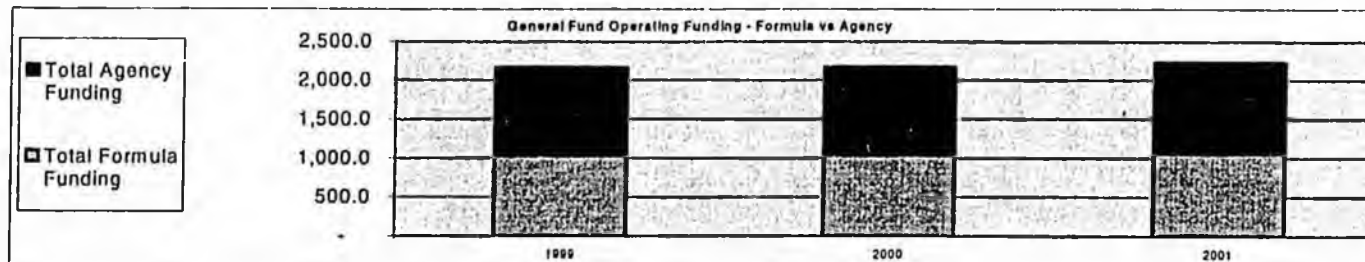
	FY99 Actuals	FY00 Auth	FY01 Gov	FY00 Auth - FY01 Gov
GENERAL FUNDS				
Formula Programs	\$ 1,039,828.8	\$1,048,872.8	\$1,068,579.3	\$ 19,706.5
Agency Operations	\$ 1,121,178.9	\$ 1,146,185.5	\$1,212,019.8	\$ 65,834.3
Operating GF Total	\$ 2,161,007.7	\$ 2,195,058.3	\$2,280,599.1	\$ 85,540.8

Additional detail on formulas programs is presented in the following tables.

AGENCY OPERATING BUDGETS FORMULA/NON-FORMULA PROGRAM FUNDING

General Funds, Constitutional Budget Reserve Funds, and Investment Loss Trust Fund (in \$ millions)

	1999 Actuals			2000 Authorized			2001 Governor's Request			Change from FY00 to FY01		
	Formula	Agency	Total	Formula	Agency	Total	Formula	Agency	Total	Formula	Agency	Total
Administration	64.6	112.9	177.5	56.4	111.4	167.8	56.4	110.3	166.7	-	(1.1)	(1.1)
Comm & Economic Development	52.2	30.4	82.6	28.5	30.4	58.9	31.9	33.5	65.4	3.4	3.1	6.5
Corrections	-	143.2	143.2	-	145.8	145.8	-	146.6	146.6	-	0.8	0.8
Education	674.9	30.7	705.6	707.9	26.0	733.9	702.0	37.8	739.8	(5.9)	11.8	5.9
Environmental Conservation	-	12.3	12.3	-	12.0	12.0	-	12.0	12.0	-	-	-
Fish and Game	-	33.5	33.5	-	32.9	32.9	-	33.0	33.0	-	0.1	0.1
Governor	-	17.0	17.0	-	17.1	17.1	-	17.3	17.3	-	0.2	0.2
Health and Social Services	247.0	177.9	424.9	255.0	184.3	439.3	277.4	193.7	471.1	22.4	9.4	31.8
Labor	-	12.8	12.8	-	14.4	14.4	-	14.7	14.7	-	0.3	0.3
Law	-	27.9	27.9	-	27.1	27.1	-	25.9	25.9	-	(1.2)	(1.2)
Military & Veterans Affairs	1.1	11.7	12.8	1.1	6.8	7.9	0.9	7.7	8.6	(0.2)	0.9	0.7
Natural Resources	-	49.5	49.5	-	37.3	37.3	-	38.1	38.1	-	0.8	0.8
Public Safety	-	77.3	77.3	-	77.9	77.9	-	79.8	79.8	-	1.9	1.9
Revenue	-	11.5	11.5	-	11.6	11.6	-	12.1	12.1	-	0.5	0.5
Transportation/Public Facilities	-	128.7	128.7	-	127.3	127.3	-	125.6	125.6	-	(1.7)	(1.7)
University of Alaska	-	167.0	167.0	-	175.2	175.2	-	189.3	189.3	-	14.1	14.1
Court System	-	49.7	49.7	-	49.6	49.6	-	54.0	54.0	-	4.4	4.4
Legislature	-	30.4	30.4	-	34.2	34.2	-	33.8	33.8	-	(0.4)	(0.4)
FY00 Salary Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Total:	1,039.8	1,124.4	2,164.2	1,048.9	1,121.3	2,170.2	1,068.6	1,165.2	2,233.8	19.7	43.9	63.6
Percent:	48%	52%	100%	48%	52%	100%	48%	52%	100%	1.88%	3.92%	2.93%



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FORMULA FUNDED PROGRAMS
General Funds, Constitutional Budget Reserve Funds, and Investment Loss Trust Funds
(in \$ thousands)

	FY97	FY98	FY99	FY00	FY01
	Actual	Actual	Actual	Authorized	Governor
ADMINISTRATION					
Longevity Bonus Program	71,950.8	68,031.9	63,528.6	55,302.1	55,302.1
Retirement & Benefits/EPORS	950.6	1,077.1	1,106.3	1,111.5	1,111.5
Subtotal	72,901.4	69,109.0	64,634.9	56,413.6	56,413.6
COMMERCE & ECON DEVEL					
Renters Equivalency Rebate	299.8	300.0	300.0	-	-
Municipal Revenue Sharing	24,170.0	22,717.2	21,583.8	12,855.2	14,389.2
Municipal Assistance	29,402.3	27,638.2	26,256.3	15,638.2	17,504.2
Subtotal	53,872.1	50,655.4	52,156.9	28,493.4	31,893.4
EDUCATION					
Public School Foundation	611,138.8	620,731.1	631,070.6	660,650.5	648,233.1
Tuition Students	2,235.6	2,213.9	1,921.2	2,225.0	2,225.0
Boarding Home Grants	180.7	161.7	185.9	185.9	185.9
Youth in Detention	785.3	557.5	800.0	800.0	1,600.0
Schools for the Handicapped	3,685.6	3,734.9	3,801.7	3,840.5	4,515.3
Pupil Transportation	32,842.2	35,195.2	36,609.6	39,775.1	44,855.0
Community Schools	482.3	499.3	500.0	400.0	400.0
Subtotal	651,350.5	663,093.6	674,889.0	707,877.0	702,014.3
HEALTH & SOC. SVS.					
ATAP (Formerly AFDC)	52,267.8	43,422.9	40,005.0	37,417.2	37,417.2
Adult Public Assistance	40,572.0	41,924.3	44,065.4	45,592.0	48,599.6
General Relief Assistance	950.3	625.2	829.3	1,041.9	1,041.9
Old Age Asst.-ALB Hold Harmless	2,482.9	2,472.7	2,377.2	1,907.2	2,100.3
Tribal Assistance	-	-	-	2,108.7	2,108.7
Medicaid State Programs	-	4,590.3	2,369.5	2,359.9	2,283.5
Catastrophic & Chronic Illness	-	-	3,045.0	3,045.0	4,304.4
Medicaid Services	139,362.9	117,187.6	130,128.1	136,899.8	152,338.4
Medicaid Asst.-ALB Hold Harmless	43.3	50.7	-	-	-
General Relief Medical	3,412.9	4,189.7	-	-	-
Waivers Services	4,890.0	8,303.2	-	-	-
Child Care Benefits	3,302.1	4,224.4	6,104.3	6,104.3	3,000.0
Foster Care	9,134.0	9,949.4	12,813.8	11,560.0	15,709.0
Subsidized Adoptions/Guardians	4,295.8	4,963.8	5,305.9	6,948.3	8,475.2
Social Services Block Grant Offset	(4,893.2)	-	-	-	-
Subtotal	255,820.8	241,904.2	247,043.5	254,984.3	277,378.2
MILITARY & VETS AFFAIRS					
National Guard Retirement	1,434.9	1,434.9	1,104.5	1,104.5	879.8
Total Agency Formula Funding	1,035,379.7	1,026,197.1	1,039,828.8	1,048,872.8	1,068,579.3

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legislative fiscal analyst overview of the governor's FY01 request

CAPITAL BUDGET

The Governor's FY01 spending plan for capital projects is \$935.4 million, including \$7.5 million of projects contained in the mental health bill. Also included in the capital bill are \$19 million in appropriations to capitalize the Alaska clean water fund and the Alaska drinking water fund.

Compared to the capital budget enacted in FY00, the Governor's FY01 request is down \$144 million in federal receipts, but up \$18.3 million in general purpose spending. It should be noted, however, that the Governor proposed \$11.9 million less in general purpose spending than was originally proposed for FY00.

The corporate dividend from AIDEA is \$18.5 million, half a million dollars more than FY00. As in FY00, the proposed use of the dividend is to capitalize the municipal and unincorporated community capital matching grant funds at \$15.0 million. The remaining \$3.5 million is allocated to the University of Alaska Fairbanks. The capital budget portion of the corporate dividend from AHFC, \$52 million, is proposed for senior and low-income housing, mental health facilities, and water and sewer projects.

The Governor's capital budget does *not* include funding for the underground storage tank (UST) assistance program. The ten-year deadline under 40 CFR Part 280, requiring all UST's to be upgraded or closed, expired December 22, 1998. According to newsletters published by the Department of Environmental Conservation, 77 percent of UST's in Alaska had been upgraded or closed by January of 1999, and the remainder were under federal or state agreement to be upgraded or closed. Five million dollars was appropriated to the storage tank assistance fund in FY00. It is anticipated that the majority of work under those agreements has been accomplished.

Below is a table of Governor's original funding requests for the past three years showing a trend in increasing requests from year to year:

	FY99 Governor's Original	FY00 Governor's Original	FY01 Governor's Original	Change from FY00 to FY01
Total Capital Projects	\$ 915.5	\$ 933.0	\$ 950.4	\$ 17.4
Duplicate Expenditures	(\$ 47.3)	(\$ 48.0)	(\$ 37.3)	\$ 10.7
Unduplicated Capital Project Expenditures	\$ 868.2	\$ 885.0	\$ 913.1	\$ 28.1
Federal Restricted	\$ 473.3	\$ 633.9	\$ 706.4	\$ 72.5
General Purpose	\$ 104.0	\$ 113.5	\$ 101.6	(\$ 11.9)
Other Funds	\$ 338.2	\$ 185.6	\$ 142.4	(\$ 43.2)
Other Funds Unduplicated	\$ 290.9	\$ 137.6	\$ 105.1	(\$ 32.5)

Note: The total capital projects line includes \$15 million for the Municipal and Unincorporated Community Capital Matching Grant programs that is treated as a fund transfer in the fiscal summary. This provides a more accurate picture of capital project spending once duplicate expenditures are removed.

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DEBT SERVICE

Annual appropriations to satisfy the State's debt service and other long-term obligations are determined for the following categories: general obligation bonds; lease-purchase financing; municipal school debt reimbursement; and revenue bonds. The State has no general obligation bond indebtedness in FY01 as the last payment on outstanding issues was made in October of 1999.

Debt service for general obligation bonds, lease-purchase financing, and a portion of school debt reimbursement is paid from the Alaska debt retirement fund (ADRF). Historically, the ADRF is funded with appropriations from the State's general fund. The Governor's operating budget bill, however, proposes a mixture of \$15.8 million in general funds and \$15 million in AHFC Dividend funds to transfer to the debt retirement fund.

The remainder of the amount for municipal school debt reimbursement is appropriated from the School Fund. The School Fund consists of all proceeds derived from the payment of taxes, fees, penalties and license fees under the Cigarette Tax Act (AS 43.50.010-180). Revenue from this source is projected to be \$29.4 million for FY01.

Appropriations for outstanding debt service on revenue bonds are made from the funds specified in statute for that purpose. The only current outstanding revenue bonds are International Airports Revenue Bonds, payment for which is appropriated from the international airports revenue fund. The Governor proposes to issue \$1.6 million of Alaska Clean Water Fund Revenue Bonds in FY01. The proceeds will be used to capitalize the Alaska clean water fund and match federal dollars for the Alaska clean water loan program. This is not a long-term debt obligation as the Governor's operating budget bill appropriates \$1.7 million from the interest earnings of the Alaska clean water fund for payment of the principal, interest, financing costs and trustee fees on the bonds issued. The planned method to capitalize the Alaska clean water fund in future budgets is unknown.

Included under the section for state debt and other obligations is an appropriation of \$3.5 million of general funds to the Department of Administration for the lease payment on the Robert B. Atwood Building.

Debt Service Expenditures for FY01 by Fund Source:	\$78,805,019
General Fund:	3,541,385
Alaska Debt Retirement Fund:	\$36,339,322
School Fund:	29,337,335
Total GF State Supported Debt:	69,218,042
International Airport Revenue Fund:	7,906,977
Alaska Clean Water Fund:	1,680,000

Alaska Debt Retirement Fund

Projected Balance at 6/30/00	\$5,538,366¹
General Fund Appropriation	\$15,793,430
AHFC Dividend Appropriation	\$15,007,526
<i>Available for FY01</i>	<i>\$86,184,617</i>
Less:	
Lease-Finance Obligations	(\$12,857,805)
School Debt Reimbursement	(\$23,481,517)
Total Required Debt Service	(\$36,339,322)
Projected Balance at 6/30/01	\$49,845,295

School Fund

Balance Forward at 6/30/99	\$11,647,424
FY00 Projected Revenue	\$30,100,000
Available for FY00	\$41,747,424
Less FY00 Appropriation	(\$45,664,700)
Potential Shortfall in FY00²	(\$3,917,276)
Balance at 6/30/00 if No Shortfall	\$ 0
FY01 Projected Revenue	\$29,400,000
Less FY01 Request	(\$29,337,335)
Projected Balance at 6/30/01	\$62,665

¹ This balance includes \$2,450,000 that will be transferred from the general fund to the ADRF if Sec. 69, ch.2, FSSLA 1999 is amended as proposed under Sec. 29(i) of the Governor's operating budget fill.

² Given the proposed decrement of \$20 million in the K12 Foundation Program for FY01, it is assumed a like amount is available in FY00 that will be proposed by the Governor for Reappropriation in a supplemental appropriations bill.

CONSTITUTIONAL BUDGET RESERVE FUND

The Alaska legislature enacted SJR 5 during the 1990 session, and provisions of the measure were incorporated in the Alaska Constitution as Article IX, section 17 effective on January 2, 1991. Article IX, section 17 establishes the constitutional budget reserve as a separate fund in the state treasury. It provides for the deposit of certain tax and mineral revenue dispute settlements into the fund, establishes limitations on appropriations from the fund, and requires that amounts withdrawn from the fund be repaid.

Chapter 5 SLA 94 amended Title 37 (The Executive Budget Act) to provide guidance in the administration of the constitutional budget reserve fund, particularly in relation to providing definitions of the broad terms used in section 17, e.g., "administrative proceeding" and "amount available for appropriation." The legislation defined the "amount available for appropriation" as the annually recurring unrestricted general fund revenues, plus general fund program receipts, and any general fund balance carried forward from the previous fiscal year. The courts subsequently found this definition too narrow even though this definition had longstanding use in the state budget process and state financial reporting.

The extent of judicial guidance is the Supreme Court's finding that the "amount available for appropriation" includes all moneys over which the legislature has retained the power to appropriate and which requires further appropriation before expenditure.

The court has included and specifically mentioned as "available for appropriation" such funds as:

- trust receipts, e.g., federal funds;
- railbelt energy funds (and by its reasoning, other energy funds like the power cost equalization fund);
- educational facilities and maintenance construction fund;
- marine highway system vessel replacement fund (and by its reasoning, other funds in the general fund like the marine highway fund for system operations); and
- permanent fund earnings reserve account because appropriations may be made from it and it is not subject to expenditure without legislative action.

With respect to the earnings reserve account, the court held that it must be considered as "available for appropriation", but is not subject to the section 17(d) repayment provision because it is not in the general fund. The Supreme Court, in its May 24, 1994 decision, did provide some guidance regarding the section 17(d) repayment provision: "we see no reason to give 'available for appropriation' a different meaning in subsection (d) than we did in subsection (b). We recognize, however, that the payback provision in section 17(d) is limited only to those funds which are 'available for appropriation' and 'in the general fund'." Thus, available funds that are not in the general fund, such as the permanent fund earnings reserve account, need not be deposited in the budget reserve in order to satisfy the repayment provision.

The Supreme Court has excluded from its definition of "funds available":

- moneys which already have been validly committed by the legislature for some purpose; and
- non-liquid assets owned by the state that are not available so long as they remain non-liquid.

The appropriations from the constitutional budget reserve fund under the provisions of section 17(c) require a $\frac{3}{4}$ vote of each body of the legislature. Section 17(c) allows withdrawals for any purpose. Section 17(b) allows withdrawals with a simple majority vote. Section 17(b) applies only to withdrawals sufficient to provide for appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year.

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COMPREHENSIVE INTEGRATED MENTAL HEALTH PROGRAM

The Alaska Mental Health Trust Authority (Authority) administers the Mental Health Trust established in perpetuity. It has a fiduciary responsibility to its beneficiaries to enhance and protect the Trust and to provide leadership in advocacy, planning, implementation, and funding of a comprehensive integrated mental health program to improve the lives and circumstances of its beneficiaries.

THE TRUST'S BENEFICIARIES

- People with mental illness
- People with mental retardation and similar disabilities
- Chronic alcoholics with psychosis;
- People with dementia.

THE TRUST'S RESPONSIBILITIES

- Manage the land and cash assets of the Trust in perpetuity
- Provide leadership and advocacy for beneficiaries;
- Recommend the state's budget for the Comprehensive Integrated Mental Health Program.

Mental Health Lands Trust Settlement: The Settlement reconstituted the trust established by the Alaska Mental Health Enabling Act of 1956 with trust land totaling approximately 930,000 acres. The settlement also required the state to:

1. provide a cash payment of \$200 million into a newly created mental health trust fund;
2. establish a Trust Authority;
3. to return the principal of the trust fund; and perpetually use the income of the trust pay for trust administration costs and ensure improvements and continuation of the integrated, comprehensive mental health program.

Chapter 6, SLA 94: \$200 million was appropriated to the mental health trust fund from the following sources:

Mental health trust income account	\$33,000.0
DNR mental health trust income in the general fund	\$11,700.0
Proceeds from sale of DNR land sale contract portfolio	\$25,000.0
Budget reserve fund	\$130,300.0

This appropriation was finalized after the superior court of the State of Alaska made its final determination that the state has satisfied its obligation to reconstitute the Mental Health Trust.

The Mental Health Trust Authority Authorized Receipts (MHTAAR) fund source is comprised of income generated from the \$200 million trust fund's earnings, land sale/lease proceeds, and land use royalties. Mental Health Trust income provides approximately \$10 million per year for MHTAAR funded projects and mental health trust administrative costs.

Management of the Trust: The Permanent Fund Corporation manages the trust principal, the Mental Health Trust Lands Office (Dept. of Natural Resources) manages the land, and the Mental Health Trust Authority (Dept. of Revenue) and its Board make recommendations for project funding. *One unique provision of the settlement grants the Authority the power to appropriate mental health trust income without legislative approval.* Most Authority appropriations are made to state agencies that require legislative appropriation to spend the funds.

Separate Appropriation Bill: AS 37.14.001 establishes the responsibilities and authority for management of the Mental Health Trust. The statute requires that a separate appropriation bill limited to appropriations for the state's integrated comprehensive mental health program be submitted to the legislature. If appropriations in the bill submitted by the governor, or by the legislature, differ from those proposed by the Authority, the bill must be accompanied by a report explaining the reasons for the differences.

Legislative Fiscal Analyst Comment: The separate appropriation bill for operating mental health projects includes GF/MH and MHTAAR fund sources. Capital projects may use other fund sources for clearly defined mental health related projects. The FY00 budget classified some mental health project funding with Tobacco Settlement Receipts. This funding is not included in the governor's mental health bill.

The **Comprehensive Integrated Mental Health Program (CIMHP)** is funded with earnings from the Trust and the state's general fund. Fund source names used to identify funds used for the MH Program are:

- MHTAAR – Mental Health Trust Authority Authorized Receipts from earnings of the Trust

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- GF/MH – General Fund/Mental Health
- MHTAdmin – used only to fund the Mental Health Trust Authority administrative costs
- MHTIA – Mental Health Trust Income Account has not been used since FY95.

The Authority uses two approaches to request funding for the CIMHP.

1. The GF/MH funding process follows a similar budget process as other state agencies where adjustments are shown based on appropriations made the previous fiscal year.
2. The MHTAAR fund source is allocated by the Authority after reviewing projects already promised for multi-years, then considering requests approved by the beneficiary boards and departments before they request legislative approval for state funded programs. MHTAAR funding is not based on prior year appropriations.

Mental Health Funding: In the following graph you will see a significant increase in mental health funding from FY89 to FY95 using the MHTIA fund classification. A \$7 million drop in mental health funds occurred in FY96 as the settlement specifically identified the kinds of programs that should use mental health funds. Since the settlement, the mental health budget has increased from \$117,628,900 to a requested \$145,375.9 in FY01.

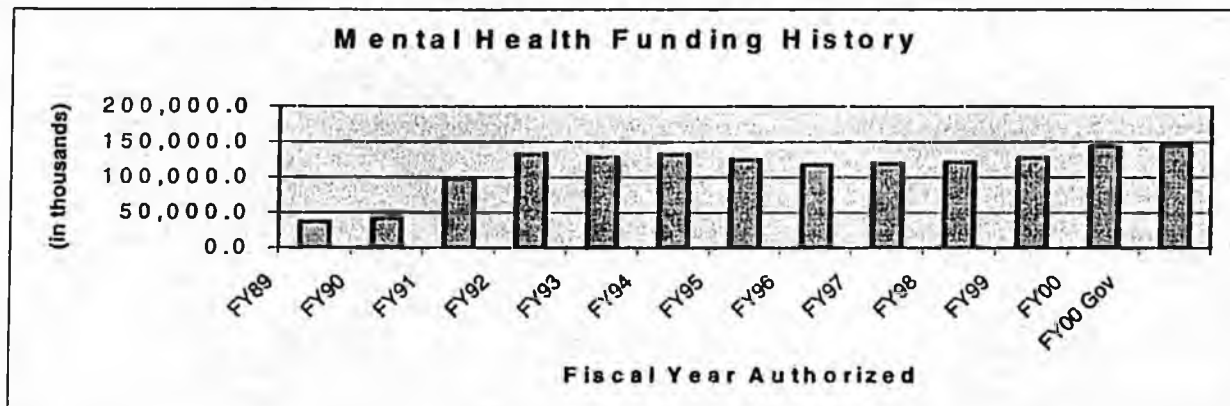
STATEWIDE TOTAL APPROPRIATIONS

MHTIA fund source only (pre settlement)

FY89	FY90	FY91	FY92	FY93	FY94	FY95
36,426.6	41,675.1	98,092.1	132,386.9	128,314.4	132,079.1	124,656.4

GF/MH, Fed Rcpts, MHTAAR, MHTAdmin, and AHFC Rcpts

FY96	FY97	FY98	FY99	FY00	FY01 Gov
117,628.9	119,184.3	121,335.5	127,498.8	143,808.5	145,375.9



The Department of Administration requests an \$831.0 increase of GF/MH, \$350.0 in Senior Services for ADRD training and \$481.0 in Legal and Advocacy Services to reduce the ratio of public guardians to children served. The Senior Services component also requests nearly \$600.0 in MHTAAR for ADRD related illness programs.

The Department of Health and Social Services mental health budget is increased significantly due to GF/MH finding increment requested in the Alaska Psychiatric Institute component of nearly \$4.1 million. The agency's total increment of GF/MH is off set by a reduction of funding in Community Health and Developmentally Disabled Grants components.

The Governor's mental health capital projects decreased \$6 million from last year's request, primarily for the decrease in Federal funding for the API 2000 building project.

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COMPREHENSIVE INTEGRATED MENTAL HEALTH PROGRAM FUNDING SUMMARY

	GF/MH	MHTAAR	MH Admin	Total
FY00 Conference Committee	123,138.3	6,377.8	907.4	130,423.5
Special Appropriations		56.0		56.0
FY00 Authorized	123,138.3	6,433.8	907.4	130,479.5
Transfers In	1.0	59.0		60.0
Transfers Out	(1.0)	(59.0)		(60.0)
FY00 Management Plan	123,138.3	6,433.8	907.4	130,479.5
One Time Item		(966.0)		(966.0)
Transfers In	5,294.7			5,294.7
Transfers Out	(5,294.7)			(5,294.7)
FY01 Adjusted Base	123,138.3	5,467.8	907.4	129,513.5
Fund Source Changes	2,232.7	(450.0)		1,782.7
Increments	1,688.3	5,491.0	38.9	7,218.2
Decrements		(641.2)		(641.2)
FY00 Governor Request	127,059.2	9,867.6	946.3	137,873.2

CAPITAL BUDGET FISCAL SUMMARY

Department	GF/MH Fund#	MHTAAR	AHFC Dividend	Total
Department of Administration		308.2		308.2
Department of Corrections		150.0		150.0
Department of Health and Social Services	150.0	2,925.0	649.5	3,724.5
Department of Natural Resources			870.0	870.0
Department of Revenue		200.0	1,750.0	1,950.0
Department of Transportation & PF			500.0	500.0
Total Capital Budget Request	150.0	3,583.2	3,769.5	7,502.7

INTRODUCTION TO AGENCY NARRATIVES AND FINANCIAL SUMMARIES

Fiscal analysts have prepared a narrative description and analysis of significant issues in the operating budgets of their assigned agencies. An agency financial summary accompanies the narratives.

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DEPARTMENT OF ADMINISTRATION

The Department of Administration provides basic internal services to other state agencies and also serves as an umbrella agency for a group of diverse social service, justice, and regulatory agencies. The Divisions of Personnel, Finance, General Services, Retirement and Benefits, Risk Management, and Information Services provide services to other state agencies. The Divisions of Senior Services, Alaska Longevity Programs, Motor Vehicles, the Public Defender Agency, and the Office of Public Advocacy provide services to the public.

SIGNIFICANT CHANGES

- The Governor's request for the Department of Administration is \$8.4 million above the FY00 Management Plan. The net change includes the following increases by fund source categories:

\$ 3,370,200	General Purpose Funds
\$ 265,600	Federal Restricted Receipts
\$ 4,743,600	Other Funds

- Facilities Rent Program - The most significant increase in the Department of Administration budget is \$6,769,100 for the new Facilities Rent program (\$6,602,600 for the program's initial budget plus \$166,500 for management costs). The purposes of the rent program are to improve facility maintenance, avoid additional deferred maintenance, leverage federal and other non-general funds, and create an incentive for the efficient use of state facility space.

Legislative Fiscal Analyst Comment: A new funding source, Public Building Fund, is used in the Governor's budget. This type of funding, which the Governor considers non-GF, is proposed in House Bill No. 112. The legislation would establish the Alaska public building fund as an internal service fund for facility rents and expenses. House Bill No. 112 was passed by the House and is in the Senate Finance Committee.

- Legal and Advocacy Services – An increase of \$2.9 million (of which \$2.2 million is GF and GF/MH) would fund 20 new/reinstated positions to handle the growing number of Child in Need of Aid cases; bring public guardianship caseloads into line with national standards (from 93 cases down to 20-40 cases/guardian); move children who have been in state custody for more than 15 months into permanent placement; and provide for necessary travel to rural court locations.
- Centralized Administrative Services – Changes in this area include significant increases in Interagency (I/A) Receipts in the Office of the Commissioner and Administrative Services components. The total increase amounts to \$624,800 and is transferred from other internal department components to offset the FY00 unallocated GF reduction of \$665,800. Also, general fund increases are requested for the Divisions of Finance and Personnel for information technology costs for accounting and personnel systems support (\$200,000) and for the new employment recruiting system, Workplace Alaska (\$130,000).

Legislative Fiscal Analyst Comment: The Commissioner's Office budget increases by 79% comparing the FY00 Management Plan to the FY01 Governor; the Administrative Services budget increases by 40%. Once detail is received, it will be possible to determine which budgets will be assessed cuts (through reimbursable services agreements) to maintain this level of funding in the Commissioner's and Administrative Services' budgets.

- Leases – An increase of \$1,043,600 GF has been included in this program to replace the reduced level of funding received in FY00. The increment would provide full funding for lease costs in FY01.

Legislative Fiscal Analyst Comment: The Governor's Austerity Reduction resulted in an amendment to reduce the FY00 lease budget by \$916,500 GF. In addition, the FY00 Conference Committee removed partial increment funding for leasing (\$1,017,300 GF). This FY01 request replaces those funds. The department's FY00 impact statement noted that a \$1 million supplemental may be needed to cover the FY00 shortages.

- Information Services – An increase of \$357,700 (Information Services Fund) is requested for computer hardware and software maintenance as well as increased costs for use of telecommunication and internet-based

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systems by state agencies. Receipts will be collected from users; the increase is already built into FY01 projected rates.

Legislative Fiscal Analyst Comment: This request amounts to a 1.8% increase in funding for the program. No change occurred between FY00 CC and FY00 MgtPlan. The department's impact statement indicated that the FY00 unallocated reduction would fall heavily in the Information Technology Group but that did not happen.

- Labor Agreements Miscellaneous Items – The Supervisory Unit contract stipulates that funding be made available for supervisor training. The amount for FY01 has been determined to be \$50,000 and an increment has been submitted for that amount.

Legislative Fiscal Analyst Comment: The Governor's budget was submitted with this increase as a 'Miscellaneous Adjustment'. Since LFD sees this as a request for new funds, it has been changed to an 'Increment' to be reviewed with all other increments. Also, the department has indicated that this may be a supplemental request in FY00.

- Pioneers Homes – Additional funds (\$525,000) are requested to cover increased costs of this program, a major portion of which is related to contractual costs for a newly negotiated food service contract.

Legislative Fiscal Analyst Comment: A new fund source in the "Other Funds" category, Fee Supported Increase, was introduced in the Governor's budget. In previous years, these receipts would have been classified as Pioneers Homes Receipts. LFD reclassified the fund source as part of the "General Purpose" group.

- Senior Services – An increase of \$1.7 million allows for expansion of the following:
 - 1) licensing and monitoring of assisted living homes throughout Alaska - \$150,000 General Fund;
 - 2) protective services for eligible needy vulnerable adults - \$200,000 General Fund;
 - 3) programs related to the Older Americans Act - \$400,000 Federal Receipts; and
 - 4) mental health related programs - \$350,000 GF/MH and \$583,100 MHTAAR.
- Alaska Oil and Gas Conservation Commission – The Commission's request for \$167,000 Statutory Designated Program Receipts would cover increased costs for computer related professional services, replacement of inspector safety equipment, and costs associated with hosting the 2001 International Oil and Gas Conservation Commission Conference.
- Alaska Public Offices Commission – The Governor's request reflects the addition of \$70,000 GF for costs associated with statewide primary and general elections in FY01.
- Motor Vehicles – This program is reduced by \$77,100 in federal receipts for conducting a survey related to the licensing program and by \$107,800 in I/A Receipts for four non-perm positions no longer budgeted in Fairbanks.
- The net change in positions for the department shows an increase of seven PFT positions, an increase of one PPT position, and an increase of one budgeted non-perm position.

ORGANIZATIONAL CHANGES

- The Governor's FY01 budget includes a facilities rent program for eight state office buildings (six in Juneau, and one each in Anchorage and Fairbanks). Tenant agencies will pay rent to a central facilities management office in the Department of Administration. A new appropriation has been established to collect rent and administer this program.
- The department has also established another new appropriation, Administration State Facilities Rent, to capture expenditures related to rent specifically attributable to the Department of Administration.
- The only other organizational change within this department is the elimination of the Y2K Coordination Office.

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DEPARTMENT OF ADMINISTRATION FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	163,030.3	7,340.4	87,161.1	257,531.8
FY00 Fiscal Note	5.0	100.0	2,673.7	2,778.7
Special Appropriation	370.6	75.3	4,539.3	4,985.2
Agency Transfer Out	(65.7)			(65.7)
FY00 Authorized	163,340.2	7,515.7	94,374.1	265,230.0
Transfer In	184.9		58.4	243.3
Transfer Out	(184.9)		(58.4)	(243.3)
FY00 Management Plan	163,340.2	7,515.7	94,374.1	265,230.0
One Time Item	(370.6)	(75.3)	(5,826.7)	(6,272.6)
Agency Transfer In	464.6			464.6
Agency Transfer Out	(2,003.4)			(2,003.4)
Transfer In	50.0			50.0
Transfer Out	(50.0)			(50.0)
FY01 Adjusted Base	161,430.8	7,440.4	88,547.4	257,418.6
Fund Source Change	2.0		(2.0)	0.0
Increment	5,207.6	418.0	13,429.2	19,054.8
Decrement		(77.1)	(2,856.9)	(2,934.0)
Language Section	70.0			70.0
FY01 Governor Request	166,710.4	7,781.3	99,117.7	273,609.4

Position Summary	PFT	PPT
FY00 Authorized	1,338	113
FY01 Governor Request	1,353	114
Net Change	15	1

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DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

HB 40 merged many of the functions of the Department of Community & Regional Affairs with the Department of Commerce & Economic Development. The combined department is now called the Department of Community & Economic Development (DCED). DCED provides a wide range of services to private businesses and aids in protecting the public by regulating certain industries. Development services provide general assistance and access to capital markets for businesses, coordinate numerous state loan programs, manage programs aimed at key economic sectors such as electric power generation, tourism, aerospace, mining, and fishing. Additionally, the department participates in the domestic and international marketing of Alaskan products and attractions. The public protection function regulates banking, securities and corporations, insurance, occupations and public utilities.

In addition to the above services, DCED also provides services to local governments and unincorporated communities in the form of grants and direct technical assistance. It administers programs offering assistance in the areas of government and financial management, utility management and power cost equalization, energy development, public planning processes, land use planning, and capital project planning.

SIGNIFICANT ISSUES

- The Department's FY01 budget is \$5.1 million above the Governor's FY00 Management Plan. The Department's request for \$6.6 million in additional general fund authorization is offset by a \$250,000 reduction in federal funds and a \$1.2 million reduction in other fund sources.
- Much of the increase in general funds is due to a fund source shift of \$3.4 million in Municipal Assistance/Revenue Sharing. Other GF increases include a transfer of \$496,300 for State Facilities Rent, \$700,000 for ASMI, \$300,000 in Insurance Operations, and \$1,000,000 in Occupational Licensing.

Legislative Fiscal Analyst Comment: The legislature appropriated a long-overlooked portion of the State Employment and Training (STEP) account balance to Municipal Assistance/Revenue Sharing in FY00. This was a one-time funding source that is replaced by GF in the Governor's FY01 budget request.

- Federal funds have decreased by \$250,000 (-1.3%). The majority of this reduction is in the Circuit Rider BRU, which is requesting a funding source change of \$200,000 from federal receipts to general funds. Much of the reduction in other fund sources is associated with organizational changes in tourism.

Legislative Fiscal Analyst Comment: The fund source change in the Circuit Rider BRU reverses a fund source change in the HB 40 fiscal note.

- The Alaska Seafood Marketing Institute (ASMI) Governor's request is \$11.2 million, including an additional \$700,000 in GF/Program receipt authority that would be carried forward from FY00.
- The Governor's FY01 request of \$15.7 million for the Power Cost Equalization (PCE) component is the same as in FY00.

Legislative Fiscal Analyst Comment: As in FY00, the amount of cash backing appropriations for PCE is debatable. In FY00, PCE's share of the Four Damn Pool fund was increased to 60 percent. Pool money and general funds were to be supplemented with surplus money from a National Petroleum Reserve Alaska (NPRA) distribution to the state. However, municipal grants to communities affected by petroleum development have priority on these funds, and grant applications total \$30 million more than the amount available. Grant awards will not be made until January 20, 2000, but there is a possibility that PCE will not receive the anticipated NPRA funding. Funding in FY01 is similarly insecure.

- Community & Business Development's decrement of \$126,200 reflects a decision to charge travel and contractual costs directly to capital projects.

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- The Alaska Aerospace Development Corporation Facilities Maintenance component has asked for an increment of \$801,400 in CIP receipts to fund personal/contractual services and supplies for a new maintenance component for the Kodiak Launch Complex.
- The Alaska Industrial Development and Export Authority (AIDEA) is requesting an increment of \$1,585,900 in I/A receipts for Energy Operations. In addition, AIDEA's Facilities Maintenance component request for an increment of \$104,000 in AIDEA receipts will be used for increased facilities costs due to additional space requirements.
- The Occupational Licensing component is requesting four increments totaling \$496,000 in Fee Supported Increase funds. An increment for \$200,000 would fund an assistant attorney general and a paralegal to clear a backlog of cases that the department claims is weakening the enforcement of licensing laws and minimum standards of competence. A \$50,000 increment would provide funds for board member participation in twenty-five national conferences. An increment of \$140,000 would fund the Alaska Colleagues in Caring project. Colleagues in Caring is a consortium of nurses, educators, hospitals and other employers whose goal is to ensure an adequate supply of nurses to meet Alaska's future needs. An increment of \$106,000 would allow the Board of Registration of Architects, Engineers and Land Surveyors to improve communication with Alaska design professionals, to participate in establishing national regulatory policy, to automate licensing, and to improve administration of licensing examinations.

Legislative Fiscal Analyst Comment: OMB classified a new fund source ("fee supported services") in the "other funds" category. This office reclassified the requests as general funds.

ORGANIZATIONAL CHANGES

- In addition to the organizational changes associated with HB 40, DCED's Tourism BRU was eliminated by HB 136/SB 107. Several functions previously performed by DCED's Division of Tourism Development have been transferred to the Community and Business Development component.

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DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	37,905.6	21,507.0	48,967.0	108,379.6
FY00 Fiscal Note	(343.6)	200.0		(143.6)
Special Appropriation	21,987.3		5,055.5	27,042.8
Unallocated Reduction Spread	31.4			31.4
Agency Transfer In	1,341.3		503.1	1,844.4
Agency Transfer Out	(1,993.6)	(2,742.4)	(2,663.3)	(7,399.3)
FY00 Authorized	58,928.4	18,964.6	51,862.3	129,755.3
Transfer In	773.1	4,050.0	2,376.2	7,199.3
Transfer Out	(773.1)	(4,050.0)	(2,376.2)	(7,199.3)
FY00 Management Plan	58,928.4	18,964.6	51,862.3	129,755.3
One Time Item	(5,643.6)	(50.0)	(6,355.4)	(12,049.0)
Agency Transfer In	496.3			496.3
Transfer In	10,096.0	19,199.0	6,154.2	35,449.2
Transfer Out	(10,096.0)	(19,199.0)	(6,154.2)	(35,449.2)
FY01 Adjusted Base	53,781.1	18,914.6	45,506.9	118,202.6
Fund Source Change	3,600.0	(200.0)	(3,400.0)	0.0
Increment	6,014.6		8,126.7	14,141.3
Decrement			(132.9)	(132.9)
Language Section	2,000.0		600.0	2,600.0
FY01 Governor Request	65,395.7	18,714.6	50,700.7	134,811.0

Position Summary	PFT	PPT
FY00 Authorized	466	10
FY01 Governor Request	465	10
Net Change	(1)	0

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DEPARTMENT OF CORRECTIONS

The primary responsibilities of the Department of Corrections are to administer the state's penal institutions and supervise the probation and parole of offenders. As part of an effort to rehabilitate inmates, the department manages education and sex offender programs, alcohol counseling, medical services, community residential centers and contract jails.

The Governor's proposed budget for the Department of Corrections is \$3.3 million above the FY00 Management Plan. This change is made up of a \$718,300 net increase in general fund appropriations and a \$2,595,600 net increase in other fund appropriations.

<u>Funding Source</u>	<u>Increments</u>	<u>Decrements</u>	<u>Fund Change</u>	<u>Total</u>
1004 Gen fund	\$ 2,456,300	\$ -	\$ -	\$ 2,456,300
1005 GF/Prgm	25,000	-	(1,993,000)	(1,968,000)
1037 GF/MH	-	-	230,000	230,000
1108 Stat Desig	675,000	-	1,993,000	2,668,000
1092 MHTAAR	82,900	(300)	(230,000)	(147,400)
1002 Fed Rcpts	75,000	-	-	75,000
	<u>\$ 3,314,200</u>	<u>\$ (300)</u>	<u>\$ -</u>	<u>\$ 3,313,900</u>

SIGNIFICANT CHANGES

- The Administration & Operations BRU requests the following:

Data and Word Processing requests \$240,000 of general funds to continue the development and operation of a new management information system.

Inmate Programs requests \$100,000 of general funds to re-establish the Inmate Substance Abuse Treatment Program in correctional institutions that ceased providing service due to inadequate funding, and \$82,900 of Mental Health Trust Authority Authorized Receipts (MHTAAR) to provide the necessary match for federal Residential Substance Abuse Treatment monies.

Inmate Health Care requests \$25,000 of GF/Program Receipt authority for fees collected from inmates during in-house medical visits, and a \$230,000 fund change from MHTAAR to GF/Mental Health in order to complete the transfer of funding for the Hiland Mountain Women's Psychiatric Unit and to fund a Mental Health Planner position.

Electronic Monitoring requests \$450,000 of Statutory Designated Program Receipts (SDPR) to expand the program by 70 slots, and a \$195,600 fund change from GF/Program Receipts to SDPR for tracking and monitoring the program.

Institution Directors Office requests \$75,000 in Federal Receipt authority and \$225,000 in SDPR for billings attributable to the housing of federal and municipal prisoners. The correctional centers request a combined \$1,797,400 fund change from GF/Program Receipt to SDPR for the same purpose.

- The Community Residential Centers BRU requests \$100,000 of general funds to expand the Community Residential Center Offender Supervision Program, which is used as a cost-effective alternative to incarceration.
- The Out of State Contractual BRU requests \$1,900,000 of general funds to manage prisoner population growth and to maintain in-state correctional facilities within emergency capacity.
- The Alternative Institutional Housing BRU requests \$30,000 of general funds for increased staffing costs to provide security coverage in tents to be erected at the Palmer Correctional Center.

ORGANIZATIONAL CHANGES

- Electronic Monitoring is being removed from the Institution Director's Office and established as a separate component of the Administration & Operations BRU.

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DEPARTMENT OF CORRECTIONS FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	145,848.8	6,477.0	14,773.7	167,099.5
Transfer In	86.5			86.5
Transfer Out	(86.5)			(86.5)
FY00 Authorized	145,848.8	6,477.0	14,773.7	167,099.5
Transfer In	925.4	39.1	82.4	1,046.9
Transfer Out	(925.4)	(39.1)	(82.4)	(1,046.9)
FY00 Management Plan	145,848.8	6,477.0	14,773.7	167,099.5
Agency Transfer In	86.3			86.3
Transfer In	325.1			325.1
Transfer Out	(325.1)			(325.1)
FY01 Adjusted Base	145,935.1	6,477.0	14,773.7	167,185.8
Fund Source Change	(1,763.0)		1,763.0	0.0
Increment	2,395.0	75.0	757.9	3,227.9
Decrement			(0.3)	(0.3)
FY01 Governor Request	146,567.1	6,552.0	17,294.3	170,413.4

Position Summary	PFT	PPT
FY00 Authorized	1,364	0
FY01 Governor Request	1,369	4
Net Change	5	4

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DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

The Department of Education and Early Development (E&ED) is responsible for funding and regulating the state's K-12 schools as well as administration of debt reimbursement and grants for school construction. With the implementation of Chapter 58, SLA99 (HB 40), the former 'Department of Education' took on new responsibilities and a new name. Early development programs from the former Department of Community and Regional Affairs and Children's Trust Programs from the Department of Health and Social Services were transferred in and Vocational Rehabilitation and Adult Basic Education programs were transferred to the Department of Labor and Workforce Development. Effective July 1, 2000, the department will also take on the responsibility for Child Care Licensing with the consolidation of resources transferred from the Department of Health and Social Services.

In addition to the programs mentioned, the department is responsible for the following: Alyeska Central School, Commissions and Boards (including Professional Teaching Practices Commission and the Alaska State Council on the Arts), Kotzebue Technical Center Operations Grant, Alaska Vocational Technical Center Operations, Mt. Edgecumbe Boarding School, Alaska Library and Museums, Alaska Postsecondary Education Commission, and E&ED State Facilities Maintenance.

SIGNIFICANT CHANGES

- The Governor's request for the Department of Education and Early Development is \$11.8 million below the FY00 Management Plan. Several changes reflect reorganization initiated by HB 40.
- K-12 Support – Foundation Program Only – There is a net decrease of \$11.6 million in this formula program. A proposed decrement in State Aid Entitlement of almost \$20 million GF (due to student enrollment projections, required local effort and impact aid receipts) is offset with increments for the Public School Trust Fund of \$802,800 and Quality School Grants of \$7,552,300 (GF). (The Governor is proposing to increase the amount per Average Daily Membership (ADM) from \$16 to \$52 to help students meet higher academic standards in reading, writing, and mathematics.)

Legislative Fiscal Analyst Comment: The Governor's budget reflects the increase for Quality School Grants as an increment. Since the amount/ADM can only be changed in statute (AS 14.17.480(a) Quality school funding), this should not appear as an increment, but as a fiscal note associated with the proposed Governor's bill.

- K-12 Support – Non-Foundation Program components – An overall increase of \$6,554,700 in these formula programs is reflected as follows:
 - 1) Youth in Detention - increase of \$800,000 (GF) for a rise in the number of students served at seven youth facilities statewide;
 - 2) Schools for the Handicapped – increase of \$700,000 (GF) primarily for out-of-state placements serving seriously disturbed youth who cannot receive appropriate treatment in Alaska; and
 - 3) Pupil Transportation – increase of approximately \$5.1 million (GF) for 100% reimbursement of approved projected transportation costs for both district-operated and contracted bus routes.
- School Debt Reimbursement – A \$19.1 million decrease (comprised of \$16,327,400 School Fund and \$2,777,000 Debt Retirement Fund) is proposed due to declining projected reimbursement of bonds for municipal school construction.
- Early Development – The request includes increases of \$11.5 million GF, \$12.2 million Federal Receipts and \$69,800 Statutory Designated Program Receipts. This program is divided into the following four areas:
 - 1) Child Nutrition – A net zero transfer of funds from Donated Commodities (\$275,000) and Child Nutrition Administration (\$727,700) and a decrease of excess federal authority (\$50,000) yield an overall increase of \$952,700 (\$907,600 Fed Repts and \$45,100 GF Match);
 - 2) Child Care Assistance & Licensing - A change of \$31.5 million is due to \$36 million of net zero transfers that consolidate the Child Care Development Fund and Child Care Licensing from the Department of

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Health and Social Services and the Department of Community and Regional Affairs; and three increments (totaling \$6.3 million - split into \$6.1 million GF and \$200,000 Fed Rcpts) for the Child Care Subsidy Program, Child Care Operating Grants, and Child Care Licensing;

- 3) Head Start Grants – The Governor's budget includes \$2 million GF for program expansion;
 - 4) Special Programs – This is a new component in FY01 that incorporates specialized services for targeted populations within Early Development. Net zero transfers of \$2.9 million (of which \$77,500 is GF) and an increment of \$857,600 in I/A Receipts for the Evenstart Program make up the new budget structure.
- Children's Trust Programs – This program would increase \$60,000 in Children's Trust Fund Earnings for grant awards to community-based projects promoting awareness and prevention of child abuse and neglect in Alaska.
 - Commissions and Boards – The Alaska State Council on the Arts would increase by \$75,600 for Art in Public Places Fund (a new fund source) to develop several traveling exhibits to showcase the artistic wealth of Alaska.
 - Alaska Vocational Technical Center Operations – An increase in Federal Receipts of \$100,000 would allow managers to pursue federal grants that enhance training programs.
 - Alaska Library and Museums – Museum Operations would increase \$30,000 in Federal Receipts for the Museum & Library Services Grant to support museum services and outreach programs. A \$38,000 GF/PR increase would allow for a proposed \$1 increase in summer museum admission fees at each museum. There is also a proposed decrease of \$56,000 GF to reduce Sheldon Jackson Museum operations to 10 months.
 - The net change in positions for the department shows an increase of four PFT positions and an increase of one PPT position.

ORGANIZATIONAL CHANGES

- The department has established a new budget component within State Facilities Maintenance BRU to capture expenditures related to State Facilities Rent.
- The Early Development BRU was established in FY00 (with the changes described in HB 40) to maximize coordination of related programs, increase efficiency, and improve customer service. Additional restructuring of programs in FY01 consolidates Child Nutrition Administration (formerly in the Teaching and Learning Support BRU) and Donated Commodities (formerly in the Executive Administration PRU) into Child Nutrition. Further changes incorporate Child Care, Day Care Assistance Programs, and the transfer of licensing from the Department of Health and Social Services into a new component—Child Care Assistance & Licensing.
- A new component, Special Programs, is created to absorb the transfer of the Alaska State Community Service Commission (Americorps) from the Department of Labor & Workforce Development, the intra-agency transfer of the Homeless Program and the Alaska Child Indicators Initiative Project.

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DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	734,645.9	124,020.2	127,484.0	986,150.1
Special Appropriation	609.0			609.0
Unallocated Reduction Spread	10.6			10.6
Agency Transfer In	351.5		312.3	663.8
Agency Transfer Out	(1,736.8)	(650.0)	(138.7)	(2,525.5)
FY00 Authorized	733,880.2	123,370.2	127,657.6	984,908.0
FY00 Management Plan	733,880.2	123,370.2	127,657.6	984,908.0
Agency Transfer In	3,612.8	10,924.4	135.7	14,672.9
Transfer In	570.6	1,394.8	24,048.5	26,013.9
Transfer Out	(570.6)	(1,394.8)	(24,048.5)	(26,013.9)
FY01 Adjusted Base	737,493.0	134,294.6	127,793.3	999,580.9
One Time Item	(609.0)			(609.0)
Increment	22,896.6	330.0	1,796.0	25,022.6
Decrement	(20,050.9)	(25.3)	(30,911.7)	(50,987.9)
Language Section	100.0			100.0
FY01 Governor Request	739,829.7	134,599.3	98,677.6	973,106.6

Position Summary	PFT	PPT
FY00 Authorized	369	107
FY01 Governor Request	366	109
Net Change	(3)	2

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DEPARTMENT OF ENVIRONMENTAL CONSERVATION

The Department of Environmental Conservation is a technical assistance, regulatory and grant-in-aid agency responsible for protecting the environment and public health. The agency administers programs for prevention and response to air, land, and water pollution; enforces standards of sanitation in public facilities; assures wholesome fish and dairy products for consumers; and provides financial and technical assistance to municipalities and local communities for water, sewer, and solid waste projects. It also has lead responsibility for oil spill management and oversees the disposition of the Oil and Hazardous Substance Release Response and Prevention Fund.

SIGNIFICANT ISSUES

- The Department of Environmental Conservation's FY01 budget request is \$511,300 below the department's FY00 Management Plan. The reductions include \$111,600 in general funds, \$265,500 in federal funds, and \$134,200 in other funds.

Legislative Fiscal Analyst Comment: In December, the State of Alaska received \$18.5 million from the federal spill liability fund created under the Oil Pollution Act of 1990 (OPA 90). OPA 90 specifies that the funds be used for petroleum related purposes. The \$18.5 million is FY00 money and the legislature may wish to consider appropriating it in a supplemental bill.

- The Administrative BRU contains a decrease of two PFT positions and an overall funding reduction of \$135,500. The reduction in funding is a combination of the cost associated with one of the two PFT position reductions and a one-time appropriation for Y2K of \$75,000 in Oil/Haz Funds.
- The Environmental Health BRU requests an overall funding reduction of \$122,300. The reduction is a result of a \$172,300 (and 2 PFT positions) decrease associated with anticipated federal receipts in the Laboratory Services component that failed to materialize. The Drinking Water component requests one additional PFT position and an increase of \$25,000 in federal receipts and in GF Match for work associated with the Safe Drinking Water Act.

Legislative Fiscal Analyst Comment: The legislature denied the department's FY00 request for a \$50,000 increase in GF Program Receipts and one PFT position for compliance with the Safe Drinking Water Act.

- A fund source change in the Food Safety & Sanitation component would replace \$219,800 in federal receipts with Statutory Designated Program Receipts. The change would fund the replacement of three previously cut environmental health officers in Dutch Harbor, Tok, and Fairbanks. The additional staff would provide fresh/frozen seafood and other low risk inspections.

Legislative Fiscal Analyst Comment: Statutory Designated Program Receipts are receipts received for projects initiated by a third party. The receipts described above may more appropriately be described as GF Program Receipts.

- The Air & Water Quality BRU includes no new funding increments or decrements from FY00 levels. However, seven PFT positions have been reduced in the Water Quality component due to reductions in the permitting program for processing state wastewater permits and certifying federal permits.
- The Contaminated Sites Program BRU contains a decrease of \$90,800 in Storage Tank Assistance Funds due to the expiration of contractual administrative support services for the Board of Storage Tank Assistance.

Legislative Fiscal Analyst Comment: The Contaminated Sites Program received a special appropriation (associated with SB 128) for \$185,000 in Oil/Haz Funding and \$200,000 in Storage Tank Assistance Funds. The departmental fiscal note associated with SB 128 projected a second-year reduction of \$70,000 in Storage Tank Assistance Funds.

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- The Local Emergency Planning Committees BRU includes a reduction of \$162,700 in Oil/Haz Funds. The statutory maximum funding level for this component is three percent of the estimated annual balance in the prevention account. The request reduces funding to the maximum statutory level.
- The Facility Construction & Operations BRU has a fund source change from GF Match to federal receipts totaling \$118,000 due to a reduction in GF Match requirements.

ORGANIZATIONAL CHANGES

- Statewide Public Services is a separate appropriation rather than a component under the Environmental Health appropriation.

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DEPARTMENT OF ENVIRONMENTAL CONSERVATION FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	12,070.3	14,612.8	20,711.7	47,394.8
FY00 Fiscal Note			3.0	3.0
Special Appropriation			460.0	460.0
FY00 Authorized	12,070.3	14,612.8	21,174.7	47,857.8
FY00 Management Plan	12,070.3	14,612.8	21,174.7	47,857.8
One Time Item			(148.0)	(148.0)
FY01 Adjusted Base	12,070.3	14,612.8	21,026.7	47,709.8
Fund Source Change	(118.8)	(101.0)	219.8	0.0
Increment	25.0	25.0	73.0	123.0
Decrement	(17.8)	(189.5)	(279.0)	(486.3)
FY01 Governor Request	11,958.7	14,347.3	21,040.5	47,346.5

Position Summary	PFT	PPT
FY00 Authorized	479	5
FY01 Governor Request	464	5
Net Change	(15)	0

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DEPARTMENT OF FISH AND GAME

The Department of Fish and Game is responsible for the management, protection, and enhancement of the fish, wildlife, and aquatic plant resources of the state in keeping with social, environmental, and economic needs. The department manages these resources in accordance with regulations adopted by the Boards of Fisheries and Game, and the Commercial Fisheries Entry Commission.

SIGNIFICANT ISSUES

- The Governor's request for FY01 is \$15,546,900 (13.9%) above the FY00 Management Plan. The increase is due primarily to a \$14,000,000 appropriation of federal receipts in the language section of the Governor's bill.

Legislative Fiscal Analyst Comment: The \$14 million figure is an OMB estimate. Of that amount, \$11 million is not technically appropriated; section 9(a) merely states that the Congress has appropriated \$11 million to the U.S. Departments of the Interior and Agriculture to manage subsistence fisheries in Alaska. Section 9(b) provides no precise statement directing where the remaining \$3 million is to be allocated within the department. We placed the entire amount in the Subsistence BRU.

- Although there is an apparent \$12,359,400 increase in federal dollars in FY01, there is a decrease of \$1,640,400 in federal funding if the \$14,000,000 Language Section appropriation is not considered. In addition, a reduction in available EVOS funding has resulted in decrements in Commercial Fisheries, Subsistence, and Habitat totaling \$1,302,200. To offset some of these reductions in federal funding and EVOS funding, as well as to promote other programs discussed below, Fish and Game fund increments of \$2,896,000 have been requested.
- Commercial Fisheries seeks a \$600,000 increment in Fish & Game funds to develop new State-managed fisheries for groundfish and shellfish that are either new or recently expanded, and for which ADF&G lacks adequate information. Language would allow the Fisheries Development component to carry forward \$700,000 in test fisheries receipts. The Capital Improvement Position Costs component requests an increment of \$255,800 in CIP receipts that will provide additional authority to support personal services costs associated with the Nearshore Marine Research Grant and the Western Alaska Disaster Grant.
- The Division of Sport Fisheries requests a decrement of \$1,357,200 in federal receipts because current projections of available Federal Aid in Sport Fish Restoration funds (DJ/WB) have decreased significantly from previous years. This has caused the Division to shift the funding of some projects to the Fish and Game Fund and curtail or eliminate others. Sport Fisheries requests an increment of \$1,907,500 in Fish and Game fund receipts to offset this reduction. An increment for \$150,000 SDPR is also requested.
- Wildlife Conservation requests an increment of \$388,500 in Fish and Game fund receipts to cover the maintenance and operation of two existing shooting ranges in Anchorage and Fairbanks, and to build a new indoor range in Juneau. User fees will be charged and the revenue deposited into the Fish and Game Fund. Range maintenance and operational costs are anticipated to be approximately \$200,000 per year for all three ranges. The balance of this increment will be used to fund increases in operational costs for field work in species management and research programs.
- The Habitat component is requesting a fund change of \$120,000 in federal receipts to \$91,300 in I/A receipts and \$29,400 in SDPR. Decrements of \$156,700 in federal receipts have also been requested. Habitat Permitting/Title 16 requests an increment of \$162,900 in I/A receipt authority to meet anticipated receipts. Most of the I/A receipts will be coming from DNR's Forest Practice funds and DEC from funds obtained in the settlement for Cruise Ship Dumping.

ORGANIZATIONAL CHANGES

- There are no significant organizational changes proposed in the Department of Fish and Game's budget.

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DEPARTMENT OF FISH AND GAME FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	32,964.2	33,939.2	44,915.3	111,818.7
FY00 Fiscal Note	(105.1)		105.1	0.0
FY00 Authorized	32,859.1	33,939.2	45,020.4	111,818.7
Transfer In	642.7			642.7
Transfer Out	(642.7)			(642.7)
FY00 Management Plan	32,859.1	33,939.2	45,020.4	111,818.7
Agency Transfer In	169.6			169.6
Transfer In	170.1	817.0	648.0	1,635.1
Transfer Out	(170.1)	(817.0)	(648.0)	(1,635.1)
FY01 Adjusted Base	33,028.7	33,939.2	45,020.4	111,988.3
Fund Source Change		(120.7)	120.7	0.0
Increment			3,499.4	3,499.4
Decrement		(1,519.9)	(1,302.2)	(2,822.1)
Language Section		14,000.0	700.0	14,700.0
FY01 Governor Request	33,028.7	46,298.6	48,038.3	127,365.6

Position Summary	PFT	PPT
FY00 Authorized	823	893
FY01 Governor Request	823	885
Net Change	0	(8)

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OFFICE OF THE GOVERNOR

The Governor's Office is responsible for the operation of the executive branch of Alaska State government with duties conferred by the *Alaska Constitution* and statutes. The Office has the following BRUs: Human Rights Commission, Executive Operations, Office of Management and Budget, Governmental Coordination and Elections.

SIGNIFICANT ISSUES

- A \$933,600 GF appropriation for contingencies has been backed out of the Executive Operations BRU.
- An Office of Management and Budget decrement of \$50,000 and one PFT reflects the winding down of the Automated Budget System project.
- Governmental Coordination requests an increment of \$282,700 in order to use all available federal receipts.
- Elections requests a general fund increment of \$1.6 million for costs associated with the FY01 statewide primary and general elections. Costs associated with a FY00 special election have been removed from the FY01 request.

ORGANIZATIONAL CHANGES

- The Alaska Human Resource Investment Council will be transferred to the Department of Labor and Workforce Development effective July 1, 2000.
- The Commissions/Special Offices BRU was renamed the Human Rights Commission to reflect the absence of other components within the BRU.
- Governmental Coordination was separated from the Office of Management and Budget BRU and is now a separate appropriation.

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OFFICE OF THE GOVERNOR FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	15,302.8	3,072.8		18,375.6
Special Appropriation	1,835.6			1,835.6
FY00 Authorized	17,138.4	3,072.8	0.0	20,211.2
FY00 Management Plan	17,138.4	3,072.8	0.0	20,211.2
One Time Item	(1,835.6)			(1,835.6)
Agency Transfer In	429.5			429.5
Transfer In	345.6			345.6
Transfer Out	(345.6)			(345.6)
FY01 Adjusted Base	15,732.3	3,072.8	0.0	18,805.1
Increment		288.7		288.7
Decrement	(50.0)			(50.0)
Language Section	1,629.0			1,629.0
FY01 Governor Request	17,311.3	3,361.5	0.0	20,672.8

Position Summary	PFT	PPT
FY00 Authorized	177	4
FY01 Governor Request	175	4
Net Change	(2)	0

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DEPARTMENT OF HEALTH AND SOCIAL SERVICES

The Department of Health and Social Services (DHSS) provides direct services in the areas of public and medical assistance, child protection, treatment and prevention of substance abuse and mental health, as well as grants to local providers for additional services to the public. More than half the budget is made up of entitlement programs, including the following formula programs: Alaska Temporary Assistance Program (ATAP), Adult Public Assistance, General Relief Assistance (GRA), Medicaid, General Relief Medical, Foster Care and Subsidized Adoption/Guardianship. The Permanent Fund Dividend and Alaska Longevity Bonus Hold Harmless programs are also included in the department.

SIGNIFICANT ISSUES

- The Department of Health and Social Services requests continued use of \$29.8 million Tobacco Settlement Receipts. The actual amount of Tobacco Settlement Receipts for FY01 is in question. If the amount received from the tobacco companies is less than the amount authorized, the deficit amount may be paid from the general fund.

Legislative Fiscal Analyst Comment: The legislature could restrict spending to the actual amount received from this source by adding language similar to that used to address federal and other program receipts in FY00 (section 7(c), CH 84, SLA 99) which restricts expenditure authority to the actual amount received.

- The department's FY01 request is \$29.6 million above the FY00 Management Plan. That amount is the net of the increments and decrements as shown below:

	Increments		Decrements
General Funds	\$35,041,100	General Funds	\$0
Federal Funds	\$28,447,400	Federal Funds	(\$18,232,500)
Other Funds	<u>\$7,887,700</u>	Other Funds	<u>(\$9,846,500)</u>
Total Increments	\$71,376,200	Total Decrements	(\$28,078,800)

- Net changes (including increments, decrements, transfers and fund source changes) are shown below for Formula and Non-Formula Programs:

FORMULA		NON-FORMULA	
General Funds	\$22,393,900	General Funds	\$9,428,700
Federal Funds	(\$6,537,800)	Federal Funds	\$6,640,000
Other Funds	<u>(\$2,965,600)</u>	Other Funds	<u>\$650,000</u>
Formula Total	\$12,890,500	Non-formula Total	\$16,718,700

- 87 new permanent full-time and two new part-time positions are requested. The significant net position increments are in the following areas:

BRU/Component	Full-Time
Front Line Social Workers	10
Juvenile Justice BRU	
Ketchikan Youth Facility	15
McLaughlin Youth Facility	21
Mat-Su Youth Corr. Center	18

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Due to a decline in spending on welfare payments, the Division of Public Assistance is requesting a net decrease of \$11.7 million federal funds and I/A Receipts from FY00 Authorized. Adult Public Assistance continues to increase nearly 5% annually. A general fund increment of \$3 million is requested to fully fund the anticipated caseload.

Legislative Fiscal Analyst Comment: In past years, the legislature elected to allow some reinvestment of the reductions in other public assistance related programs and budgeted some of the reductions as savings. The department is continuing to reinvest some of the Welfare-to-Work savings.

	FY96 Actual	FY97 Actual	FY98 Actual	FY99 Actual	FY00 Auth	FY01 Gov
Adult Pub Asst	41,675.5	43,886.3	45,528.8	47,766.3	49,740.4	52,970.9
% growth from prior year		5.3%	3.7%	4.9%	4.1%	6.5%

- Catastrophic and Chronic Illness Assistance anticipates a \$677,700 shortfall of general funds and will request supplemental funding for FY00 in addition to an increment of \$1,259.4 for FY01. The FY01 Governor's Request reflects a 42% increase from FY99 Actuals.
- The foster care components in the Purchased Services BRU have been combined into one component named Foster Care. The foster care funding had been structured in a single component until FY98 when the legislature divided the single component into four areas: base rate, augmented rate, special need and Alaska Youth Initiative. Caseloads for the different foster care programs have grown from 12% to 24% annually. This expectation for continued growth is carried into the FY01 Governor's request. Supplemental requests have been funded for the past three fiscal years (FY97 \$750.0, FY98 854.2, and FY99 \$821.2). The legislature can expect a supplemental request of \$4 million for FY01. Increments for foster care components total slightly more than \$7 million.
- The Front Line Social Workers component requests ten new positions and an increment of \$1.4 million for FY01 to reduce the social worker vacancy rate to 2%. With increasing population and the department's goals to meet "zero-tolerance," staff growth for the Front Line Social Workers component for a three year timeline would have increased 186 positions. In FY00 no new positions were authorized and ten new positions are requested for FY01. Additional training and support for existing positions has increased the longevity of personnel, causing the department to request a lower vacancy rate.
- The total amount of increments requested in the Juvenile Justice BRU is \$3.4 million. The Department requests 54 permanent full-time positions for FY01 to staff new or expanded youth correctional facilities. McLaughlin, Ketchikan and the Mat-Su youth correctional facilities request the majority of the staff and increments.

ORGANIZATIONAL CHANGES

- Most Child Care Benefits functions have been transferred to the Department of Education and Early Development as part of the statewide reorganization due to HB 40.
- The foster care components in the Purchased Services BRU have been combined into one component named Foster Care.

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DEPARTMENT OF HEALTH AND SOCIAL SERVICES FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	438,604.9	486,213.7	81,263.8	1,006,082.4
FY00 Fiscal Note	70.9	13.3		84.2
Special Appropriation		1,800.0	656.0	2,456.0
FY00 Authorized	438,675.8	488,027.0	81,919.8	1,008,622.6
Transfer In	1,231.7	210.3		1,442.0
Transfer Out	(1,231.7)	(210.3)		(1,442.0)
FY00 Management Plan	438,675.8	488,027.0	81,919.8	1,008,622.6
One Time Item	(13.2)	(1,813.3)	(656.0)	(2,482.5)
Agency Transfer In	449.3			449.3
Agency Transfer Out	(3,274.6)	(8,380.4)		(11,655.0)
Transfer In	15,798.9	3,077.8	1,129.4	20,006.1
Transfer Out	(15,798.9)	(3,077.8)	(1,129.4)	(20,006.1)
FY01 Adjusted Base	435,837.3	477,833.3	81,263.8	994,934.4
Fund Source Change	220.0	80.8	(300.8)	0.0
Increment	35,041.1	28,447.4	7,887.7	71,376.2
Decrement		(18,232.3)	(9,846.5)	(28,078.8)
FY01 Governor Request	471,098.4	488,129.2	79,004.2	1,038,231.8

Position Summary	PFT	PPT
FY00 Authorized	2,169	60
FY01 Governor Request	2,256	62
Net Change	87	2

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DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

The Department of Labor and Workforce Development is responsible for enforcement of laws and regulations pertaining to work hours, wages, and job safety. With the implementation of HB 40 and the reorganization of several departments, the former 'Department of Labor' took on a new name plus added responsibilities for Vocational Rehabilitation and Adult Basic Education (transferred from the Department of Education and Early Development).

Labor and Workforce Development provides employment services and administers the Unemployment Insurance, Worker's Compensation, and Fishermen's Fund programs. The Division of Vocational Rehabilitation assists individuals with disabilities to overcome barriers to employment, independence and community integration. The department also provides inspection services for mechanical devices and pressure vessels to assure compliance with established safety standards and compiles, analyzes, and prepares reports on labor market, consumer price, and population statistics.

SIGNIFICANT CHANGES

- The Department of Labor and Workforce Development request is \$6,441,000 below the FY00 Management Plan. Several changes reflect reorganization initiated by HB 40.
- Employment Services – An increase of \$2 million in this area would provide full authorization for anticipated federal grant awards. A combination of transfers and increments accounts for this change. Surplus Federal Receipt authorization would come from the Job Training Partnership Act program and the Trade Readjustment Allowance federal grant. The remainder of the increase is due to increments for reimbursable services agreements (\$358,200) and to allow statutory designated program receipts (\$150,000) for shared costs from non-state partners co-locating in one-stop offices.
- Unemployment Insurance (UI) – An increment of \$900,000 would provide federal authorization necessary to fully expend available UI funds. The increase is primarily for overhead/contractual services costs associated with automated system upgrades such as the telephonic voice response system for UI benefits claimants.
- Job Training Partnership Act (JTPA) – Due to unrealized federal funding, this program would transfer \$2,797,200 in federal receipt authority to other departmental programs (Employment Services, Unemployment Insurance, Data Processing, and Management Services).
- State Training Employment Program (STEP) – A reduction of \$1,512,300 reflects elimination of Interagency Receipts that are no longer required because the two STEP components from the former Departments of Community and Regional Affairs and Labor were merged into one by HB 40. There is no impact on service.
- Community Development Assistance – Although HB 40 transferred this program from the Department of Community and Regional Affairs to the Department of Labor and Workforce Development effective July 1, 1999, Administrative Order No. 185 transferred the State Community Service Commission to the Department of Education and Early Development effective October 1, 1999. (\$2,757,200 with 2 PFT positions)
- One-Stop – This component is eliminated in the Governor's FY01 budget. Of the total \$3,000,000 budget, \$1,189,700 in federal receipt authority would be transferred to Employment Services. The remaining \$1,810,300 would be taken as a decrement. The three-year federal One Stop grant awarded to facilitate the development of a one-stop employment and training system terminates effective 6/30/99.
- Office of the Commissioner – A request for \$84,500 in I/A Receipts would fund a Special Assistant position deleted by the Legislature.
- Administrative Services – An increase of \$885,200 reflects a net zero transfer from the Department of Transportation and Public Facilities of \$259,700 for State Facilities Rent and a \$589,000 increase in the Data Processing component. Of the latter amount, \$363,400 is due to I/A Receipts that would be collected from other

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components within Labor for department data processing support. The balance comes from a direct transfer of funds including 6 full-time positions from other internal departmental programs. Labor Market Information increases slightly overall due to the net change caused by the deletion of federal receipt authority (\$95.5) for the Federal National Occupational Information Coordinating Committee grant that terminates on July 1, 2000, and the increase - \$132.0 in Statutory Designated Program Receipts - for the Workforce Information Council and for America's Learning Exchange Contract.

- Worker's Compensation - No significant change in this program.
- Labor Standards and Safety - The Governor's request reflects carryforward authorization from FY00 (estimated at \$100,000 GF/PR) for the Alaska Safety Advisory Council for costs of the 2001 annual governor's safety conference.
- Vocational Rehabilitation - There is an overall decrease in this program of \$1.6 million, primarily due to a decrease in federal funds for the Business Enterprise Program (previously anticipated contracts have not materialized).
- The net change in positions for the department shows an increase of two permanent, full-time positions and a decrease of five non-perm positions.

ORGANIZATIONAL CHANGES

- The department has established a new budget component within the Administrative Services BRU to capture expenditures related to State Facilities Rent.
- In accordance with Sec. 23, Ch. 58, SLA99 (HB 40), the Alaska Human Resource Investment Council will be transferred (effective July 1, 2000) from the Office of the Governor to the Department of Labor and Workforce Development Office of the Commissioner.
- HB 40 transferred the Division of Vocational Rehabilitation and the Adult Basic Education program, both from the Department of Education and Early Development, and the State Training Employment Program and Community Development Assistance from the Department of Community and Regional Affairs.
- Two components transferred to Labor and Workforce Development from the Department of Community and Regional Affairs by HB 40 do *not* continue in the department in FY01. The One Stop component within Employment Security is zeroed out since no funding is available from the three-year federal One Stop grant effective FY01. The Community Development Assistance component (within Employment Security) was transferred to the Department of Education and Early Development by Administrative Order No. 185, effective October 1, 1999.

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DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	12,356.9	79,549.1	19,549.6	111,455.6
Unallocated Reduction Spread	(42.0)			(42.0)
Agency Transfer In	2,103.3	3,392.4	1,986.6	7,482.3
FY00 Authorized	14,418.2	82,941.5	21,536.2	118,895.9
Transfer In	87.4	1,236.3		1,323.7
Transfer Out	(87.4)	(1,236.3)		(1,323.7)
FY00 Management Plan	14,418.2	82,941.5	21,536.2	118,895.9
Agency Transfer In	259.7			259.7
Agency Transfer Out	(77.5)	(2,544.0)	(135.7)	(2,757.2)
Transfer In		3,614.9		3,614.9
Transfer Out		(3,614.9)		(3,614.9)
FY01 Adjusted Base	14,600.4	80,397.5	21,400.5	116,398.4
Increment			1,129.8	1,129.8
Decrement		(3,405.8)	(1,767.5)	(5,173.3)
Language Section	100.0			100.0
FY01 Governor Request	14,700.4	76,991.7	20,762.8	112,454.9

Position Summary	PFT	PPT
FY00 Authorized	736	98
FY01 Governor Request	750	93
Net Change	14	(5)

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DEPARTMENT OF LAW

The Department of Law protects the state's sovereignty, prosecutes crime, represents and advises the state in all civil matters, and provides other legal services to state government.

The Governor's proposed budget for the Department of Law is \$1.1 million below the FY00 Management Plan. This change is made up of a \$1,225,200 decrease in general fund appropriations and a \$121,200 increase in other fund appropriations.

SIGNIFICANT CHANGES

- The Criminal Division BRU budget backs out \$165,000 GF in one-time appropriations for tort reform and medical procedures.
- The Civil Division BRU requests the following:
 - Commercial Section* requests \$62,000 of interagency receipt authority to reclassify an associate attorney to an attorney.
 - Fair Business Practices* requests \$45,000 of I/A receipts authority to fund a part-time paraprofessional position to assist with student loan collections.
 - The *Governmental Affairs Section* backs out \$230,000 GF related to a one-time item (Bank of America investigation) but not \$325,000 of statutory designated program receipts (SDPR) for the same purpose.
 - The *Special Litigation* Section backs out \$79,700 GF in one-time appropriations for tort reform and medical procedures.
- Oil and Gas Litigation and Legal Services BRU backs out a \$750,000 GF in one-time appropriation for issues related to the BP AMOCO-ARCO merger.

ORGANIZATIONAL CHANGES

- The Department of Law proposes no organizational changes.

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DEPARTMENT OF LAW FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	25,480.2	476.1	17,496.7	43,453.0
Special Appropriation	1,605.2		325.0	1,930.2
FY00 Authorized	27,085.4	476.1	17,821.7	45,383.2
Transfer In	298.9		138.0	436.9
Transfer Out	(298.9)		(138.0)	(436.9)
FY00 Management Plan	27,085.4	476.1	17,821.7	45,383.2
One Time Item	(1,605.2)		(325.0)	(1,930.2)
Transfer In	156.7		260.4	417.1
Transfer Out	(156.7)		(260.4)	(417.1)
FY01 Adjusted Base	25,480.2	476.1	17,496.7	43,453.0
Increment	610.2		446.2	1,056.4
Decrement	(230.2)			(230.2)
FY01 Governor Request	25,860.2	476.1	17,942.9	44,279.2

Position Summary	PFT	PPT
FY00 Authorized	450	11
FY01 Governor Request	450	16
Net Change	0	5

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DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

The Department of Military and Veterans' Affairs is responsible for the State's military operations, disaster planning and control, and veterans' programs. In addition, it operates the Alaska Military Youth Academy, which provides a military style high school for "at risk" youth.

SIGNIFICANT ISSUES

- The Governor's request for FY01 is \$1,391,800 (4%) above the FY00 Management Plan. General fund spending would increase by \$706,200 (9%), most of which can be attributed to Disaster Planning and Control's \$630,000 replacement of I/A receipts with general funds. Increments of \$595,000 in grants and \$227,000 for the New Facilities Kulis ANG Base are responsible for a major portion of the \$1,028,100 (4.4%) increase in federal funds.
- Disaster Planning & Control requests an increment of \$276,000 in federal funds to aid in preparations to respond to incidents of domestic terrorism. An additional increment of \$319,000 in federal receipts will pass through to communities for emergency preparedness efforts. This amount was mistakenly taken out of the FY00 budget then replaced with a RPL.
- Disaster Planning & Control is also requesting a fund change of \$630,200 in I/A receipts to general funds. To maintain the present level of service, general funds will need to be used for base operations. The Division's day-to-day activities have been funded through I/A receipts from the Disaster Relief Fund (DRF). However, the DRF will have insufficient funding available to pay for base staff in FY01 because the I/A receipts previously used were balances from "old" disasters. As "old" disasters are closed this option will no longer be available.
- A decrement of \$193,400 in Local Emergency Planning Committee Grants from DEC's Oil & Hazardous Substance Response Fund (OHSRF) would reduce authority to the maximum statutory level, which is three percent of the balance in the prevention account.
- The Office of the Commissioner has asked for an increment of \$140,000 in I/A receipts for increased cost allocation plan recoveries from various DMVA programs.
- The National Guard Military Headquarters is asking for an increment of \$130,000 in general funds to hire a National Missile Defense (NMD) State Action Officer.
- The Alaska Military Youth Academy (AMYA) has asked for three increments. A \$200,000 increment in I/A receipts would pay for three Team Leader positions, overtime and project employees who are filling in for the regular staff. A second increment for \$200,000 in I/A receipts would fund the kitchen's staff salaries, supplies, and equipment. This increment will free up enough money to add an Administrative Assistant. An increment of \$162,200 in federal receipts would adjust federal authorization from 65% federal match in FY00 to 60% federal match for FY01.
- The Retirement Benefits component requests a decrement of \$224,000 in general funds. This request is based on a recent projection by Retirement & Benefits that FY01 and FY02 retirement cost will decline to \$879,784.

ORGANIZATIONAL CHANGES

- There are no organizational changes proposed in the Department of Military and Veterans' Affairs budget.

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DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	7,883.9	23,406.2	3,326.6	34,616.7
FY00 Authorized	7,883.9	23,406.2	3,326.6	34,616.7
FY00 Management Plan	7,883.9	23,406.2	3,326.6	34,616.7
Fund Source Change	630.2		(630.2)	0.0
Increment	300.7	1,028.1	577.0	1,905.8
Decrement	(224.7)		(289.3)	(514.0)
FY01 Governor Request	8,590.1	24,434.3	2,984.1	36,008.5

Position Summary	PFT	PPT
FY00 Authorized	219	3
FY01 Governor Request	229	1
Net Change	10	(2)

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DEPARTMENT OF NATURAL RESOURCES

The Department of Natural Resources manages the State of Alaska's land, water, forests, grasslands, petroleum, minerals, parks, agriculture programs, and related development activities. The mission of the department is to develop, conserve, and enhance renewable and non-renewable natural resources for present and future Alaskans.

SIGNIFICANT ISSUES

- The Department of Natural Resources request is \$292,700 above the department's FY00 Management Plan. The request includes a reduction of three PFT positions, an increase of one PFT position, and an increase of eight non-permanent positions.
- The Management and Administration BRU request for \$108,500 includes \$53,000 in Interagency Receipts in the Commissioner's Office for support of operations, \$309,000 in Interagency Receipts for support of the Public Services Office, and a net reduction of \$253,500 in the Trustee Council Projects component. The Trustee Council Projects component net reduction is a decrease of \$532,700 in Exxon Valdez Oil Spill Settlement Funds as the restoration project begins to draw to a close and an increase of \$270,000 in federal receipts for the expansion of the Cook Inlet Information and Monitoring System to include Non-EVOS related information.
- The Information/Data Management BRU requests a net decrease of \$115,200. An increment of \$150,000 in CIP Receipts for the federally funded Online Mining Claim Permitting and Processing Project is offset by a decrease of \$250,000 in CIP Receipts associated with the completion of the federally funded Land Status Mapping Project and a reduction of \$100,200 in federal receipts for anticipated grants in FY01. The Interdepartmental DP Chargeback component requests an increase of \$85,000 in Interagency Receipts for computer, network, and mainframe support functions.
- The Resource Development BRU requests a net reduction of \$40,100. The Mental Health Lands Administration component requests an increment of \$46,400 in Mental Health Trust Authority Authorized Receipts for the implementation of its information management system. The Oil and Hazardous Waste Spill Response Program (and the associated funding of \$82,500 in Interagency Oil/Haz Funds and \$4,000 in Interagency Receipts) has been moved to other components.
- The Forest Management and Development BRU requests a reduction of \$437,000. The reduction includes \$121,000 in Interagency Receipts for the Monitoring of Forestry Practices Act, \$66,000 in Interagency Receipts for the Tanana River Dynamics Project and \$250,000 in General Fund Program Receipts for Value Added Timber Sales.

Legislative Fiscal Analyst Comment: Legislative Finance corrected the department's recording of the fund source for Value Added Timber Sales. A \$250,000 appropriation was recorded as General Funds rather than General Fund Program Receipts.
- The Oil and Gas Development BRU requests a net increase of \$369,200. The Oil and Gas Development component requests \$47,100 in federal receipts for travel and training costs associated with the Federal Minerals Management Service Audit Program and \$14,500 in Interagency Oil/Haz Funds for State and Industry Spill Contingency Planning Support. The Pipeline Coordinator component requests \$307,600 for increases in the Alyeska Pipeline Service budget and for the Trans-Alaska Pipeline System right-of-way contract renewal.
- The Minerals, Land and Water BRU is new. It was created by combining the Division of Land with the Division of Mining & Water. The components within the Mining, Geological, Water Development, and Land Development BRUs were transferred to this BRU and several new components were created. Requested funding for the Minerals, Land and Water BRU is \$509,500 less than in FY00.
- The Geological Development component requests a net funding increase of \$81,200. Increments include \$5,100 in CIP Receipts to cover costs associated with work on existing projects, \$36,100 in federal receipts for

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anticipated increases in federal grants, and \$40,000 in Statutory Designated Program Receipts for the NPRA/Western Arctic Mapping Project. Special appropriations of \$340,700 in Public School Funds for the appraisal of Public School Lands and \$250,000 in General Fund Program Receipts associated with preparations of land sales have been backed out of the budget.

Legislative Fiscal Analyst Comment: Legislative Finance added a fund change transaction (\$250,000 from General Funds to General Fund Program Receipts) to reflect the appropriation language.

- The Parks and Recreation Management BRU requests a net funding decrease of \$434,800. The Parks Management component requests increases of \$22,000 in Statutory Designated Program Receipts for the Junior Ranger Program and \$50,000 for maintenance needs, improved volunteer training and supervision at the four largest park areas within Alaska. The Parks Access component requests a funding increase of \$93,200 in CIP Receipts for parks staff and a reduction of \$600,000 in federal receipts associated with the shifting of the federally funded Alaskan Boating Safety Project from the operating budget to the capital budget to accommodate projects that cross the State's fiscal year.
- The Agricultural Development BRU requests a net increase of \$83,000, including a \$17,000 reduction in federal receipts for the USDA's Conservation Reserve Program and a \$100,000 increase in CIP Receipts for the Agricultural Land Disposal Project.
- The Facilities Maintenance BRU contains a new component titled DNR State Facilities Rent. An agency transfer of \$1,268,600 in General Funds from the Department of Administration is included within this component for the payment of rent associated with the Atwood Building.

ORGANIZATIONAL CHANGES

- The Department created a new BRU titled Minerals, Land, and Water. The department combined the Division of Land with the Division of Mining and Water to form the new BRU. Several new components were created to place emphasis on the various functions performed within this BRU. The components are Claims, Permits, and Leases; Land Sales & Municipal Entitlements; Title Acquisition & Defense; and Directors' Office/Mining, Land, and Water.
- The Public Services Office has been moved from the Land Development BRU to the Management & Administration BRU.
- The Computer Services Center was moved from the Information Resource Management component to the Interdepartmental DP Chargeback component.
- The department eliminated the need for the Oil & Hazardous Waste Spill Response component within the Resource Development BRU by budgeting in the components performing those program duties.
- The department has created a new component within the Facilities Maintenance BRU titled DNR State Facilities Rent.

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DEPARTMENT OF NATURAL RESOURCES FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	36,787.3	11,429.3	16,770.2	64,986.8
Special Appropriation	500.0		527.7	1,027.7
FY00 Authorized	37,287.3	11,429.3	17,297.9	66,014.5
FY00 Management Plan	37,287.3	11,429.3	17,297.9	66,014.5
One Time Item	(500.0)		(527.7)	(1,027.7)
Agency Transfer In	1,268.6			1,268.6
Transfer In	7,992.4	747.6	1,043.1	9,783.1
Transfer Out	(7,992.4)	(747.6)	(1,043.1)	(9,783.1)
FY01 Adjusted Base	38,055.9	11,429.3	16,770.2	66,255.4
Increment	50.0	353.4	1,225.8	1,629.2
Decrement		(717.2)	(860.2)	(1,577.4)
FY01 Governor Request	38,105.9	11,065.5	17,135.8	66,307.2

Position Summary	PFT	PPT
FY00 Authorized	555	240
FY01 Governor Request	552	238
Net Change	(3)	(2)

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DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety is Alaska's primary law enforcement agency for federal, state, and local laws. The mandate of the department is to prevent loss of life and property as a result of illegal or unsafe acts. The department enforces criminal laws, traffic laws, and state fish and game regulations, and provides public protection programs for fire and traffic safety. Public Safety also serves as the umbrella agency for the Council on Domestic Violence and Sexual Assault, the Violent Crimes Compensation Board, the Alaska Police Standards Council, and the Alaska Fire Standards Council.

SIGNIFICANT CHANGES

- The Governor's proposed budget for the Department of Public Safety is \$2.8 million above the FY00 Management Plan. This change is made up of a \$1,909,600 net increase in the general fund group and a \$932,200 net increase in other funds.

<u>Funding Source</u>	<u>Increments</u>	<u>Decrements</u>	<u>Fund Change</u>	<u>Total</u>
1004 Gen fund	\$ 1,728,100	-	\$ 141,500	\$ 1,869,600
1005 GF/Prgm	40,000	-	-	40,000
1007 I/A Rcpts	1,339,400	(1,417,000)	-	(77,600)
1024 Fish/Game	-	-	(141,500)	(141,500)
1108 Stat Desig	238,100	-	-	238,100
1050 PFD Fund	630,000	-	120,000	750,000
1002 Fed Rcpts	283,200	-	(120,000)	163,200
Total -	\$ 4,258,800	\$ (1,417,000)	\$ -	\$ 2,841,800

Legislative Fiscal Analyst Comment: OMB classified "fee supported services" increments of \$135,700 by the Police Standards Council, and \$200,000 by Criminal Records, as "other funds." This office reclassified the requests as general funds.

- The Fish and Wildlife Protection (FWP) BRU requests \$99,600 of general funds to cover an increase in risk management and insurance costs for the Aircraft Section and Marine Enforcement components. An additional \$56,900 of general funds would improve maintenance of the department's aircraft fleet and \$141,500 of general funds is requested as a fund source change to cover an anticipated shortfall in Fish and Game Fund criminal fines.
- The Fire Prevention BRU requests \$138,100 of general funds to adopt the International Building Code and provide for annual, versus biannual, fire inspection of schools and assembly buildings. A \$100,000 increment of Statutory Designated Program Receipts (SDPR) would provide fire emergency response training to cruise ships. The Alaska Fire Standards Council (AS 18.70.320-369) becomes effective July 1, 2000. An increment of \$120,000 in general funds and \$100,000 in SDPR is proposed for initial enactment.
- The Alaska State Troopers (AST) BRU requests \$185,300 of federal receipt authority for federal law enforcement grants, and \$318,900 of I/A receipts authority for the Federal Violence Against Women Act (VAWA) STOP Project. An additional \$38,100 of SDPR authority would fund commissioned officer housing units in Kotzebue and St. Mary's.
- The Alaska State Trooper Detachments BRU requests \$101,500 of I/A receipts for Drug Abuse Resistance Education (DARE) training, and \$124,000 of I/A receipts to provide overtime funding to assure the Governor's security and to ensure traffic enforcement in construction zones. A decrement of \$1,417,500 would delete 22 Court Services Officers and associated support costs due to the lack of interagency funding from the court system.

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- The Village Public Safety Officer Program (VPSO) BRU requests a general fund increment of \$600,000. This 15% increase over the FY00 budget would increase VPSO salaries.
- The Alaska Police Standards Council BRU requests a general fund increment of \$135,700 to fund police certification training and to support the Interior and Anchorage academies.
- The Violent Crimes Compensation Board BRU requests \$300,000 in Permanent Funds to cover an increase in the number of claims received and awarded. The BRU also requests \$97,900 of federal receipt authority. The federal grant that the compensation program applies for annually is based upon a percentage of expended state funds.
- The Council on Domestic Violence and Sexual Assault BRU requests \$100,000 of Permanent Funds to replace the inadvertent deletion of funding in FY00 for victim's needs support, and \$230,000 of PFD funds to cover increased requests for all services throughout the state.
- The Batterer's Intervention Program BRU requests a \$120,000 fund change from federal receipts to PFD funds in order to replace one-time federal funding.
- The Statewide Support BRU requests \$238,500 in general funds for the Laboratory Services component to complete and bring on-line the DNA Identification system and to reinstate DWI drug testing. A general fund increment of \$90,600 would create a new position in the Alaska Public Safety Information Network component and \$200,000 in general funds plus, \$60,700 of I/A receipts would allow for continued criminal history and fingerprint checks.
- FWP Enforcement and Investigative Services, FWP Aircraft Section, Fire Prevention Operations, AST Special Projects, AST Criminal Investigations Bureau, AST Detachments, and VPSO Support request a total of \$728,700 of I/A receipts authority to better reflect historical trends in unbudgeted RSA's and personal services costs.

ORGANIZATIONAL CHANGES

- There are no organizational changes.

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DEPARTMENT OF PUBLIC SAFETY FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	77,793.9	10,237.3	9,379.3	97,410.5
Special Appropriation	125.0			125.0
FY00 Authorized	77,918.9	10,237.3	9,379.3	97,535.5
FY00 Management Plan	77,918.9	10,237.3	9,379.3	97,535.5
One Time Item	(125.0)			(125.0)
Agency Transfer In	88.7			88.7
Transfer In	127.6			127.6
Transfer Out	(127.6)			(127.6)
FY01 Adjusted Base	77,882.6	10,237.3	9,379.3	97,499.2
Fund Source Change	141.5	(120.0)	(21.5)	0.0
Increment	1,804.4	283.2	2,207.5	4,295.1
Decrement			(1,417.0)	(1,417.0)
FY01 Governor Request	79,828.5	10,400.5	10,148.3	100,377.3

Position Summary	PFT	PPT
FY00 Authorized	740	27
FY01 Governor Request	724	22
Net Change	(16)	(5)

legislative fiscal analyst overview of the governor's FY01 request

DEPARTMENT OF REVENUE

The Department of Revenue's responsibilities include administration and enforcement of Alaska's tax laws, investment of most state funds, collection of fees and taxes and operation of the child support enforcement, charitable gaming, debt management and Permanent Fund Dividend programs. The Department of Revenue also provides support and financial advice to the following boards and authorities: the Municipal Bond Bank Authority, State Bond Committee, Royalty Oil and Gas Advisory Board, Medical Facilities Authorities, Permanent Fund Corporation, Alaska Mental Health Trust Authority, Alcoholic Beverage Control Board, Alaska Housing Finance Corporation, State Assessment Review Board, Alaska Gas Pipeline Financing Authority, Alaska State Pension Investment Board and the Public School Fund Advisory Board.

SIGNIFICANT ISSUES

- The Governor's request for FY01 is \$8,753,700 (4.6%) above the FY00 Management Plan. General fund authority accounts for \$495,800 of the increase, with over half the increase attributable to charges for State Facilities Rent. Other funds would increase by \$6,784,200. The largest chunk of this increase is \$6,100,500 of Permanent Fund receipts for increased investment management and custody fees.
- The Child Support Enforcement Division (CSED) requests increments totaling \$937,500, including \$230,000 in federal receipts and \$119,100 in GF/Program Receipts for the Smart Start Initiative. The combination of new federal welfare reform legislation, public demands for expanded customer services, a new computer system, stiffening federal compliance timeframes, and an ever-increasing caseload has created problems with client service and difficulty adhering to the federal requirements. To meet the above needs, the increment would be used to hire nine additional staff. The other major increment for CSED is \$537,500 in federal receipts for State Facilities Rent.
- The Alaska Permanent Fund Corporation (APFC) BRU requests an increment of \$314,700 in Permanent Fund Receipts for increased operating costs of the fund. In addition, PFC Custody and Management Fees has requested an increment \$6,100,500 for increased management and custody fees for equity investments.

Legislative Fiscal Analyst Comment: The HB 156 fiscal note put \$3,154,600 into the FY00 budget to cover management fees for equity investments. The fiscal note indicated that management fee expenditures in FY01 would be \$6,175,700. The request would add \$6,100,500 to the \$3,154,600 appropriated for FY00, leaving the component with over \$9.2 million in authorization.

- The Alaska Housing Finance Corporation (AHFC) requests three increments totaling \$768,100. An increment of \$430,800 in federal receipts for the Welfare-to-Work program would allow AHFC to issue approximately 600 new Section 8 Rental Assistance Vouchers to families that are engaged in work activity while on welfare. An increment of \$215,800 in federal receipts would provide funding for project-based Section 8 Contract Administration. An increment of \$121,500 in CIP funds would pay for building inspectors on construction sites during key construction periods.
- The Tax Division requests an increment for \$112,500 to receive I/A receipts from DOT/PF for motor fuel tax compliance.
- Treasury Management requests an increment of \$436,500 from various funds they manage.
- The Alaska State Pension Investment Board requests a decrement of \$57,900 in P/E Retirement and Teacher Retirement funds due to a reduction in costs.

ORGANIZATIONAL CHANGES

- The Income and Excise Audit component and the Oil and Gas Audit component merged to become the Tax Division under the Revenue Operations BRU.

legislative fiscal analyst overview of the governor's FY01 request

DEPARTMENT OF REVENUE FUNDING SUMMARY

	General purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	8,851.5	32,289.0	100,664.9	141,805.4
FY00 Fiscal Note			3,154.6	3,154.6
Special Appropriation	2,769.1			2,769.1
FY00 Authorized	11,620.6	32,289.0	103,819.5	147,729.1
Transfer In	2.7	2.0	2.1	6.8
Transfer Out	(2.7)	(2.0)	(2.1)	(6.8)
FY00 Management Plan	11,620.6	32,289.0	103,819.5	147,729.1
One Time Item			(3,304.6)	(3,304.6)
Agency Transfer In	206.6			206.6
Transfer In	6,371.7		302.8	6,674.5
Transfer Out	(6,371.7)		(302.8)	(6,674.5)
FY01 Adjusted Base	11,827.2	32,289.0	100,514.9	144,631.1
Fund Source Change	3.7	(3.7)	0.0	0.0
Increment	285.5	1,498.0	10,225.1	12,008.6
Decrement		(20.6)	(136.3)	(156.9)
FY01 Governor Request	12,116.4	33,762.7	110,603.7	156,482.8
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Position Summary	PFT	PPT		
FY00 Authorized	786	30		
FY01 Governor Request	799	26		
Net Change	13	(4)		

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legislative fiscal analyst overview of the governor's FY01 request

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

The Department of Transportation and Public Facilities is responsible for the planning, design, construction, operation, and maintenance of the state's transportation and public facility infrastructure, including: highways and ferries; airports, airstrips, and seaplane facilities; harbors, jetties, dikes, and breakwaters; and buildings. The Department also bears responsibility for enforcement of commercial vehicle standards and testing and certification of weight and measurement devices used in commercial transactions.

SIGNIFICANT CHANGES

- The net change in funding requested for FY01 is \$1,457,800 above the Governor's FY00 Management Plan.
- General purpose spending would decrease overall by \$1.7 million. The decrease results from the transfer of \$2,287,100 to various agencies for the new State Facilities Rent pool and a decrement of \$220,000 related to maintenance of the Harborview facility in Valdez. These decreases are offset by increases of \$776,700 in two appropriations: Highways and Aviation, and Measurement Standards and Commercial Vehicle Enforcement.
- The creation of the State Facilities Rent pool will not affect the facilities maintenance services provided by the Department. An increment of \$2,287,100 in interagency receipt authority is requested to offset the corresponding transfer out of general funds. Agencies that occupy space in buildings in the rent pool will pay the Department of Administration. DOA will contract with the Department of Transportation for building maintenance.
- The Measurement Standards and Commercial Vehicle Enforcement (MS&CVE) appropriation contains a new component titled "DOT State Facilities Rent" and an agency transfer in of \$11,400 in general funds for participation in the State Facilities Rent pool.
- Northern Region Facilities received a one-time general fund appropriation of \$235,000 to maintain the Harborview facility during FY00. The Department eliminates \$220,000 of that special appropriation and proposes to retain \$15,000 annually to maintain a cold shutdown of the facility.
- Central Region Highways and Aviation requests \$702,000 in general funds for maintenance work associated with the opening of the Whittier Tunnel in the summer of 2000. The contractor will be maintaining the tunnel itself for two years; however, there are additional costs for maintaining the highway leading up to the tunnel as well as the attendant parking lots and staging areas.
- A decrease of \$534,700 in federal receipt authority results from the termination of the Y2K appropriation in March of 2000. However, increases in capital improvement project (CIP) receipt authority totaling \$908,200 reflect the capture of federal dollars through the capital budget.
- Measurement Standards and Commercial Vehicle Enforcement anticipates two new federal grants from the Office of Motor Carrier Safety; one for increased commercial vehicle enforcement (\$300,000) and one for design and deployment of a Commercial Vehicle Information Systems and Networks project (\$112,000). The Governor's FY01 capital budget contains a request for \$700,000 of federal receipts for Commercial Vehicle Safety Enforcement.
- MS&CVE also proposes an increment of \$65,300 in a new fund classification called fee supported program receipts. According to the Department's budget detail, these receipts will be generated from "increased measurement device registration fees" and will be used to purchase a vehicle and other equipment for commercial vehicle safety inspections.

Legislative Fiscal Analyst Comment: The Legislative Finance Division has included this new fund source in the general purpose fund group and recommends discussion at the finance subcommittee level to determine if these receipts are more appropriately classified as general fund program receipts.

- Increments totaling \$1.5 million of international airport revenue funds (IARF) are requested for the Anchorage and Fairbanks International Airports. The increases are for safety and maintenance oriented uses prompted by the expansion of facilities, growth in cargo operations, and federal advisories and requirements in safety, health, and environmental protection.

legislative fiscal analyst overview of the governor's FY01 request

- Marine Engineering requests two new Vessel Construction Managers and \$175,800 in CIP receipt authorization to implement the transition from existing long-haul, overnight passenger service to the point-to-point dayboat service described in the Southeast Area Transportation Plan. Existing capital appropriations combined with the FY01 capital request provide over \$60 million in federal funds for new ferry acquisition and existing ferry refurbishment.
- The Marine Highway System also proposes to add an Assistant Traffic Manager and \$85,000 in marine highway system funds to the Vessel Operations Management component. This position will serve as a marketing manager responsible for increasing ridership and revenues for the Alaska Marine Highway System.
- Two increments totaling \$198,500 in statutory designated program receipts (SDPR) are requested for resolution of right-of-way issues and employee housing.

Legislative Fiscal Analyst Comment: These and other requests for SDPR authority are listed in the statewide section of this document as items that bear further scrutiny to determine if the SDPR classification is appropriate.

- The only significant change in line item expenditures is an increase to commodities of \$1.9 million. This is due largely to an adjustment in the Department's Indirect Cost Allocation Plan to incorporate indirect costs eligible for federal reimbursement that were previously captured by unbudgeted reimbursable service agreements with capital projects. Transfers from the personal services line to contractual services and commodities total \$1,390,700 for this purpose. Additionally, the Department saved \$299,800 in IARF by switching fund sources to CIP receipts so that indirect costs previously paid with airport revenues will be reimbursed with federal dollars. This adjustment conforms to OMB Circular A87 by treating indirect costs throughout the Department in a like manner at a consistent rate.
- OMB Circular A87 also defines items of equipment with acquisition costs of less than \$5,000 as supplies. Accordingly, the Department transferred \$399,400 from equipment to commodities.

ORGANIZATIONAL CHANGES

- No major organizational changes are proposed for FY01.
- Two changes are made programatically, shifting responsibility between divisions. The Air Carrier Compliance program is transferred from the Division of Measurement Standards and Commercial Vehicle Enforcement to Statewide Aviation. The Delegation of Construction Authority program is transferred to Contracting, Procurement, and Appeals within the Commissioner's Office from Statewide Design and Engineering Services. Neither of these changes has any significant monetary impact.
- All the Materials sections in the Central Region are combined under Statewide Design and Engineering Services.
- The three regional highways and aviation appropriations are combined into one appropriation with the regional components as allocations.
- Three new components are created and one renamed under the International Airports appropriation. Building and Custodial are combined for the new component titled "Facilities" and Field Maintenance and Equipment Maintenance are combined for the new component titled "Field and Equipment Maintenance," one each under the Anchorage and Fairbanks International Airports. This results in a corresponding elimination of six components.
- The Marine Vessel Operations appropriation is eliminated so that all Alaska Marine Highway System allocations are now housed in the Marine Highway System appropriation.

legislative fiscal analyst overview of the governor's FY01 request

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	126,392.3	1,428.2	207,889.8	335,710.3
Special Appropriation	935.0	534.7	53.1	1,522.8
FY00 Authorized	127,327.3	1,962.9	207,942.9	337,233.1
Transfer In	6.2		1,261.0	1,267.2
Transfer Out	(6.2)		(1,261.0)	(1,267.2)
FY00 Management Plan	127,327.3	1,962.9	207,942.9	337,233.1
One Time Item	(935.0)	(534.7)	(53.1)	(1,522.8)
Agency Transfer In	11.4			11.4
Agency Transfer Out	(2,287.1)			(2,287.1)
Transfer In	109.5		20,333.7	20,443.2
Transfer Out	(109.5)		(20,333.7)	(20,443.2)
FY01 Adjusted Base	124,116.6	1,428.2	207,889.8	333,434.6
Increment	1,702.3		4,644.6	6,346.9
Decrement	(220.0)		(870.6)	(1,090.6)
FY01 Governor Request	125,598.9	1,428.2	211,663.8	338,690.9
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Position Summary	PFT	PPT		
FY00 Authorized	2,816	644		
FY01 Governor Request	2,842	633		
Net Change	26	(11)		

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legislative fiscal analyst overview of the governor's FY01 request

UNIVERSITY OF ALASKA

The major task of the University is to provide Alaska residents with high quality academic and technical programs. In recent years the budget has been developed around these major themes: ensure safe and well-maintained facilities; improve the quality, breadth and accessibility of university academic programs; address academic and fiscal effectiveness and accountability; support Alaska's industrial structure, economic development and cultural richness; and contribute to the state's, the nation's and the international research agenda. The University of Alaska has regional centers in Anchorage, Fairbanks and Juneau. The university centers are responsible for the colleges and extension centers located throughout the state. The only community college separately accredited is the Prince William Sound Community College.

SIGNIFICANT ISSUES

- The Board of Regents' FY01 request is \$46,349,400 above FY00 funding levels. The Governor's budget includes all increments requested by the Board of Regents as follows:

- \$16,957,700 in General Funds;
- 14,256,100 in University Receipts;
- 4,159,800 in Dorm, Food, and Auxiliary Receipts;
- 9,743,800 in Federal Receipts;
- 3,000,000 in Indirect Cost Recovery;
- 102,000 in Mental Health Trust Authority Authorized Receipts; and
- 1,000,000 in Alaska Science & Technology Funds

\$49,219,400 Total Funding Increase

\$(2,870,000) Reduction in Non-General Funds for Y2K (FY00 Management Plan to FY01 Governor)

\$46,349,400 Total Net Increase

- The University's request can be divided by program area as follows:

Program Initiative	Total Funds	General Fund	Non-GF
Maintaining a Solid Foundation	\$15,352,400	\$11,657,100	\$ 3,695,300
Developing Alaska's Leaders	1,432,000	964,600	467,400
Meeting Alaska's Employment Needs	9,904,000	2,217,000	7,687,000
Diversifying Alaska's Economy	7,531,000	2,119,000	5,412,000
Non-General Fund Adjustments	<u>15,000,000</u>		<u>15,000,000</u>
	<u>\$49,219,400</u>	<u>\$16,957,700</u>	<u>\$32,261,700</u>

Legislative Fiscal Analyst Comment: The University's request makes it appear that the first four initiatives are partially funded by \$2,720,400 in increased student tuition and fees. However, there is a decrement of \$2,720,400 (student tuition and fees) in the Non-General Fund Adjustments program, indicating no net change in authorization to spend student tuition and fees. The apparent fee support of the first four initiatives may be authorization without cash to back the appropriation.

- Maintaining a Solid Foundation. General Funds of \$8,392,100 have been requested to meet contractual salary obligations and fixed cost increases in equipment, services, utilities, and facility maintenance and repair. In addition, \$1,710,000 in General Funds have been requested for ensuring academic quality through the replacement of core faculty lost to the Retirement Incentive Program. General Funds of \$1,555,000 would provide funding for maintaining high tech instructional equipment, developing faculty and staff for distance based instruction, and developing effective information solutions for functions such as student recruitment.

Legislative Fiscal Analyst Comment: The University received funding for salary increases in FY00. The University is requesting an increase of \$6,426,300 for contractual, non-represented, and policy-driven salary increases.

legislative fiscal analyst overview of the governor's FY01 request

- **Developing Alaska's Leaders.** The requested funding level of \$1,432,000 is intended to attract and retain Alaskan students by providing additional recruitment efforts, student services, advising, counseling, student assessment, and mentoring and bridge programs.
- **Meeting Alaska's Employment Needs.** Funding requests of \$2,217,000 in General Funds and \$7,687,000 in Non-General Funds will allow the University to expand programs in healthcare, vocational education, teacher education, and continue support for the Alaska Quality Schools Initiative.
- **Diversifying Alaska's Economy.** Funding requests of \$2,119,000 in General Funds and \$5,412,000 in Non-General Funds would enable the University to develop industries that will capitalize on Alaska's unique location and abundant resources. Programs in the areas of logistics, information technology and data retrieval, and natural resources management are the focus of this initiative.
- **Non-General Fund Adjustments.** Increments totaling \$15,000,000 would be utilized for North Pacific Marine Research, the Dinkum Sands Settlement Research Initiative, the NASA Satellite Aperture Radar Facility, and the continuation of the UA Scholars Program.

Legislative Fiscal Analyst Comment: The fiscal note for the UA Scholars Program projected FY01 expenditures of \$1,360,800. The University requested a \$2,000,000 increment (University Receipts) for the UA Scholars Program, plus \$494,100 appropriated in FY00, putting the total requested funding level approximately \$1,000,000 above the level identified in the fiscal note.

- The University budget contains no position increases or decreases.

ORGANIZATIONAL CHANGES

- There are no organizational changes.

legislative fiscal analyst overview of the governor's FY01 request

UNIVERSITY OF ALASKA FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	171,944.1	63,434.2	230,423.5	465,801.8
FY00 Fiscal Note			494.1	494.1
Special Appropriation	400.0		2,870.0	3,270.0
Transfer In	10,661.0	181.5	2,225.6	13,068.1
Transfer Out	(10,661.0)	(181.5)	(2,225.6)	(13,068.1)
FY00 Authorized	172,344.1	63,434.2	233,787.6	469,565.9
Transfer In	3,202.7			3,202.7
Transfer Out	(3,202.7)			(3,202.7)
FY00 Management Plan	172,344.1	63,434.2	233,787.6	469,565.9
One Time Item	(400.0)		(2,870.0)	(3,270.0)
FY01 Adjusted Base	171,944.1	63,434.2	230,917.6	466,295.9
Increment	17,357.7	9,743.8	25,238.3	52,339.8
Decrement			(2,720.4)	(2,720.4)
FY01 Governor Request	189,301.8	73,178.0	253,435.5	515,915.3

Position Summary	PFT	PPT
FY00 Authorized	3,387	233
FY01 Governor Request	3,387	233
Net Change	0	0

legislative fiscal analyst overview of the governor's FY01 request

ALASKA COURT SYSTEM

The Alaska Court System constitutes the Judicial Branch of the state's government. There are four levels of courts in the Alaska Court System, each with different powers, duties and responsibilities. Alaska has no city, county or borough courts. Alaska has a unified, centrally administered, and totally state-funded judicial system.

The four levels of courts in the Alaska Court System are the supreme court, the court of appeals, the superior court and the district court. The supreme court and the superior court were established in the Alaska Constitution. The district court was established by state statute in 1959 and the court of appeals was established by state statute in 1980. Jurisdiction and other areas of the judicial responsibility for each level of court are set out in Title 22 of the Alaska Statutes.

The Alaska Court System budget is presented in three Budget Request Units, the Alaska Court System, the Commission on Judicial Conduct, and the Judicial Council.

SIGNIFICANT ISSUES

The Governor's proposed budget for the Alaska Court System is \$4.5 million above the FY00 Management Plan. This change is comprised of \$4,611,400 in general fund increments and the elimination of a \$115,800 one-time items. The individual BRU proposals are as follows:

- The Alaska Court System requests increments totaling \$4,388,800. Of this amount, the Appellate Courts component is requesting \$79,000 for equipment; the Administration and Support component is requesting \$297,200 for personal services, travel and equipment; and the Trial Courts component is requesting \$4,012,600. The Trial Courts increment includes \$2,996,400 to improve security in courthouses, \$167,700 for three new court clerks and a library assistant, \$42,500 for travel and moving, \$312,900 for costs associated with the new Fairbanks courthouse, \$250,000 for computer equipment upgrades, \$133,300 for data processing fees associated with the state's Wide Area Network, and \$109,800 to increase juror pay from \$25/day to \$27.50/day.
- The Commission on Judicial Conduct requests \$15,000 to fully fund two staff positions that are currently under funded and \$13,500 to replace a copier.
- The Judicial Council requests \$194,100 to conduct a review of the criminal justice process.

ORGANIZATIONAL CHANGES

- The Court System proposes no organizational changes in this budget request.

legislative fiscal analyst overview of the governor's FY01 request

ALASKA COURT SYSTEM FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	49,405.0	315.0		49,720.0
Special Appropriation	115.8		119.2	235.0
FY00 Authorized	49,520.8	315.0	119.2	49,955.0
FY00 Management Plan	49,520.8	315.0	119.2	49,955.0
One Time Item	(115.8)		(119.2)	(235.0)
FY01 Adjusted Base	49,405.0	315.0	0.0	49,720.0
Increment	4,611.4			4,611.4
Decrement		(15.0)		(15.0)
FY01 Governor Request	54,016.4	300.0	0.0	54,316.4

Position Summary	PFT	PPT
FY00 Authorized	665	50
FY01 Governor Request	671	52
Net Change	6	2

legislative fiscal analyst overview of the governor's FY01 request

ALASKA LEGISLATURE

The Alaska State Legislature is the legislative branch of state government as provided in the *Alaska Constitution* and in statute. The legislative branch includes the sixty members and their office staffs, and the following legislative BRUs and components:

Legislative Budget and Audit Committee

Legislative State Facilities Rent
Legislative Audit
Legislative Finance
Ombudsman
Committee Expenses

Legislative Council (Legislative Affairs Agency)

Salaries and Allowances
Administrative Services
Session Expenses
Council & Subcommittees
Legal and Research Services
Select Committee on Ethics

Legislative Operating Budget

- With the exception of the removal of a one-time appropriation for Y2K and the transfer of funds for rent in state-owned facilities, the operating budget proposed in the Governor's FY01 bill is unchanged from the FY00 authorized level.
- As in the past, the bill displays a tentative agency request for information purposes. The actual legislative budget request will be developed and submitted in its final form to the appropriate oversight and finance committees during the course of the session.

ORGANIZATIONAL CHANGES

- There are no organization changes proposed in the Governor's budget.

legislative fiscal analyst overview of the governor's FY01 request

ALASKA LEGISLATURE FUNDING SUMMARY

	General Purpose	Federal Restricted	Other Funds	Total
FY00 Conference Committee	31,440.3	0.0	65.0	31,505.3
FY00 Fiscal Note	26.0			26.0
Special Appropriation	2,280.2		489.7	2,769.9
FY00 Authorized	33,746.5	0.0	554.7	34,301.2
FY00 Management Plan	33,746.5	0.0	554.7	34,301.2
One Time Item			(489.7)	(489.7)
Agency Transfer In	99.2			99.2
FY01 Governor Request	33,845.7	0.0	65.0	33,910.7

Position Summary	PFT	PPT
FY00 Authorized	219	274
FY01 Governor Request	219	274
Net Change	0	0