

1/13/04

OVERVIEW:

OMB

HFIN

FILE

Taking Responsibility Today for Alaska's Tomorrow

Jobs, Hope, and Accountability

Governor's Proposed FY 05 Budget
January 13, 2004
House Finance Committee

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Governor's FY 05 Parameters

- Limit CBR draw to \$400 million
- Spend less than FY 04
 - Had to cover \$145 million in increased costs
 - Absorbing \$34 million in employer costs
 - Covering \$7 million in merit step increases
 - Covering \$62 million in formula programs
 - Covering \$42 million in increased debt

Our Budget Plan

- Control spending
- Make government smaller, more effective
- Stabilize revenues over the short term
- Increase revenues over the long term

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Our Approach

- Policy drives spending decisions
- Ensure public value
 - Strategically align resources with mission
 - Performance targets set, results measured
- Target administrative savings first; cuts to direct services last

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FY 05 General Fund Spending

Revenues

1	Unrestricted GF Revenues	\$1,724
2	New revenues	\$53
4	Total	\$1,777

Spending

5	Operating Budget	\$2,143
6	Capital	\$40
7	Debt/Other	\$51
8	Allowance for FY05 Supps	\$13
9	Allowance for new legislation	\$5
10	Total	\$2,252

11	Revenues v spending	(\$475)
12	CBR Draw	\$400
13	Revenue (Shortfall)/Surplus	(\$75)
14	New revenue thru legislation	\$78
15	Adj Revenue (Shortfall)/Surplus	\$3
16	FY05 spending vs FY04	(\$49)

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FY 05 Spending - All Funds

	FY 04	FY 05	05 v 04
Spending			
General Funds	\$ 2,301	\$ 2,252	\$ (49)
Other State Funds*	\$ 1,123	\$ 1,002	\$ (121)
Subtotal	\$ 3,424	\$ 3,254	\$ (170)
Federal Funds	\$ 2,610	\$ 2,861	\$ 251
Total Spending	\$ 6,034	\$ 6,115	\$ 81
Positions	22,600	22,198	(402)

*Excludes spending of PF earnings

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Administrative Savings

- Consolidate Human Resources in Administration
- Enterprise-wide IT standards, coordination
- Consolidate administrative functions within department
- Reduce layers of mid-management
- Eliminate funded, but vacant positions
- Maximize charges to grants to cover admin costs

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Missions & Measures

- Strategic framework for each department
 - Mission
 - Desired end results
 - Strategies to achieve end result
 - Performance targets
 - Measure of success in achieving target

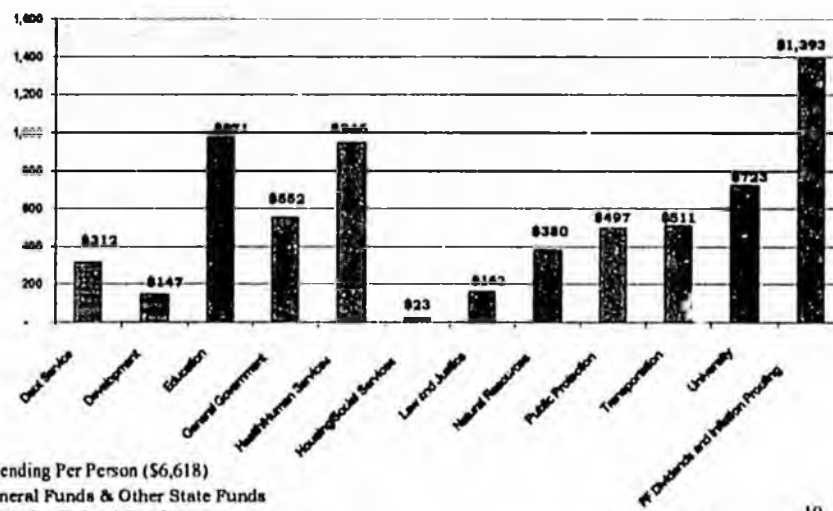
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Missions & Measures

- Ensures public value
- Strategically aligns resources with mission
- Sets targets and measure results
- Reports accountability to Legislature, citizens
- Gives managers information by which program performance can improve

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Spending Per Capita* in FY 05 by Category



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Investment in Public Safety

- 20 troopers, 5 court service officers
 - Located primarily in rural Alaska
- Six criminal prosecutors
- Nine civil attorneys
- Six public defenders
- 14 social workers, 7 associate social workers

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Investment in Education

- K-12
 - Fund as provided by law
 - K-12 foundation program
 - School debt
 - Pupil transportation
- University
 - 5% (\$10.6 million) for Regent priorities

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Investment in Resource Development

- Natural Resources
 - Oil & Gas Division new positions
 - Alaska Peninsula oil and gas lease
 - Gas pipeline
 - NPR-A
 - Coastal Management “Permit Portal”

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Capital Budget

- \$1.4 billion in all funds
 - \$124 million higher than FY 04
 - \$1.3 billion Federal funds
 - \$216 million FF for Juneau Access
 - \$ million for Gravina Island crossing
- Leverage state dollars with bond proceeds
 - Alaska Student Loan Corporation
 - AHFC

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Investment in Infrastructure

- Road, highway, ferry, airport projects
 - \$977 million in Federal funds
- Water, sewer, solid waste projects
 - \$79 million for VSW projects
 - State's share financed by AHFC bonds

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ASLC Bond Proposal

- Way for ASLC to repay state for initial investment
- Multi-year plan
 - \$75 million in year one
 - \$100 million in year two
 - \$85 million in year three
- No impact to student loan programs
- Future loan repayments pay debt
 - No draw on state's general treasury

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Unrestricted GF Revenues

- Fall forecast
 - \$1,724 based on \$24.65/bbl
 - +\$200 million above Spring forecast
 - -\$299 million below FY 04
- Initial new revenue proposals
 - Transient accommodation - \$32 million
 - Tobacco - \$36 million
 - Cruise ship gambling - \$3 million
 - Pull tabs - \$2 million
 - Shore-side guided tour activities - \$5 million

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CBR Projected Balance

- FY 04 year-end: \$1,883
 - FY 04 draw of \$278 million
- FY 05 year-end: \$1,585
 - FY 05 draw of \$400 million
- Policy: \$1 billion minimum balance

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Impact on CBR Balance Available

CBRF Balances FY 2004 - FY 2012

