

**1/23/12
OFFICE OF
MANAGEMENT AND
BUDGET:
FY2013 BUDGET
OVERVIEW AND
FISCAL SUMMARY**

<TARGET><BILL></BILL><SUBJECT>1-23-12 OFFICE OF
MANAGEMENT AND BUDGET FY2013 BUDGET OVERVIEW AND FISCAL
SUMMARY</SUBJECT><COMM>SFIN27</COMM></TARGET>

FY2013 Budget Overview



Senate Finance Committee

January 23, 2012

Office of Management and Budget

Budget Vision

Governor Parnell's vision

Economic Growth and Strengthening Families



Budget Principles

Guiding principles

- **Fiscal Restraint**
- **Strategic Investments**
- **Cash Reserves**
- **Focus on Results**



Budget Priorities

Focus on Administration's strategic investment priorities

- **Resource Development**
- **Education**
- **Public Safety**
- **Transportation/Infrastructure**
- **Military Support**



FY2012/2013 Revenue

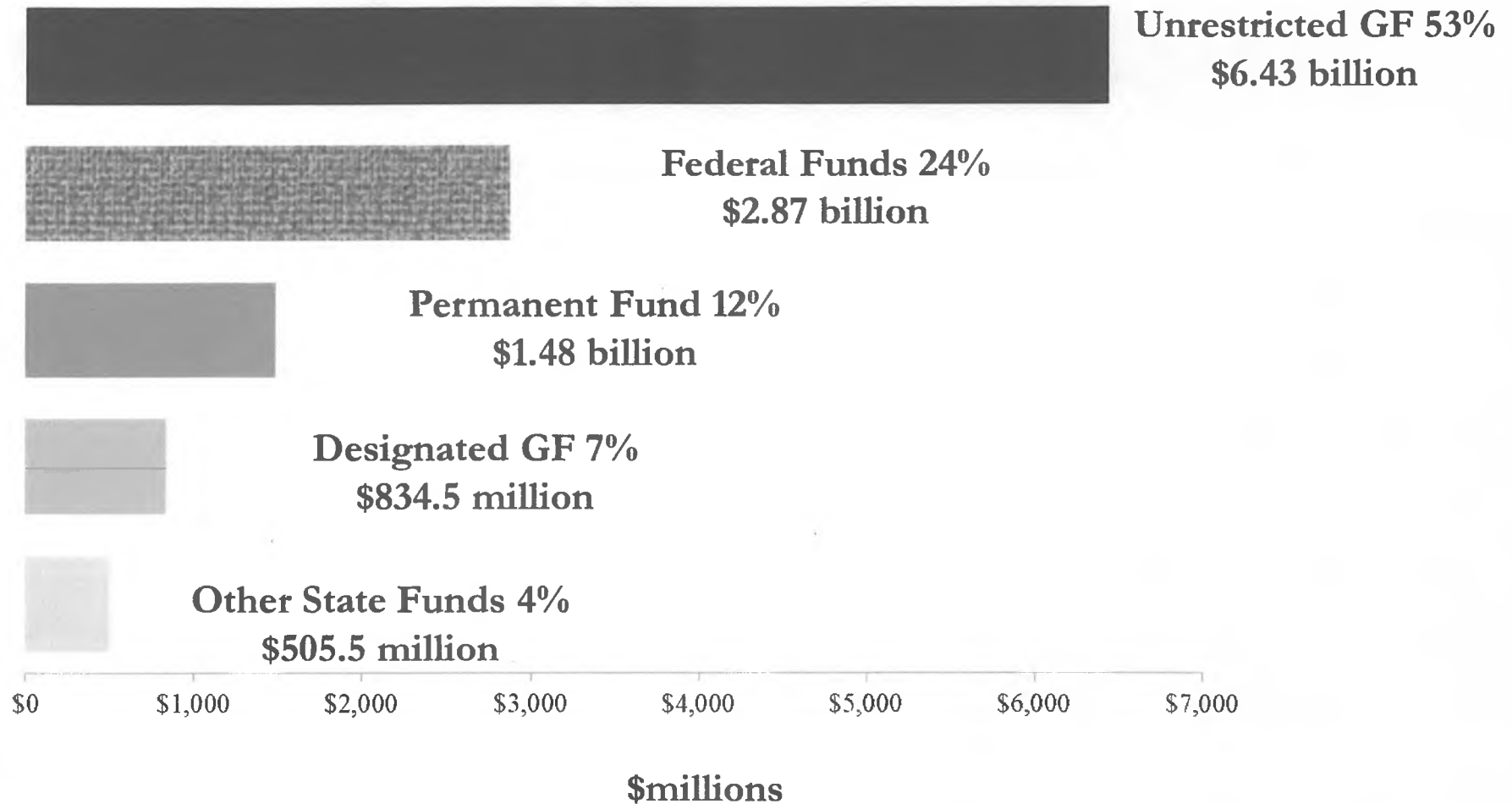
Budget Restraint = Surplus

Unrestricted General Funds	FY2012	FY2013
Revenue (FY12 includes \$53.6 reapprop./carry forward)	\$8,981.5	\$8,217.7
Spending	<u>-\$7,041.8</u>	<u>-\$6,430.2</u>
Projected Balance	\$1,939.7	\$1,787.5
Opportunity to Save		\$3,727.2



FY2013 Budget Sources of Funds

Total FY2013 Budget \$12.1 Billion



FY2013 Budget Priorities

Jobs for Alaskans

- **Resource Development**
 - **Roads to Resources \$28.5 million**
 - **Streamline Permitting \$3.3 million**
 - **Strategic Minerals/Shale Oil Assessment \$3.8 million**



FY2013 Budget Priorities

Preparing Alaska's Students for Success

- **Education**

- Full funding & forward funding for K-12 education and pupil transportation \$1.17 B
- TRS Assistance payment \$302.7 million
- Alaska Performance Scholarships \$8.0 million
- School Construction \$61.0 million (2 projects)
- Major Maintenance \$23.9 million (14 projects)



FY2013 Budget Priorities

Safe Homes and Strong Families

- **Public Safety**

- Choose Respect**

- Prevention and Intervention \$3.3 million
 - Support for Survivors \$3.2 million
 - Law Enforcement \$5.3 million

- Disaster Preparedness**

- Emergency Food Supplies \$4.9 million
 - Interior Search & Rescue Helicopter \$3.0 million



FY2013 Budget Priorities

Build and Maintain Alaska's Infrastructure

- **Transportation/Infrastructure**

Over \$1 billion for Statewide infrastructure projects

- Highways and Aviation \$938.3 million
- Municipal Water & Sewer \$32.0 million
- Municipal Harbor Grants \$23.1 million
- Port GO Bond package \$350.0 million

Energy

- Renewable Energy Grant Fund \$25.0 million
- Weatherization/Home Energy \$51.5 million
- Bulk Fuel & Rural Power System upgrades \$15.0 million
- Power Cost Equalization \$38.2 million

Deferred Maintenance \$100.0 million



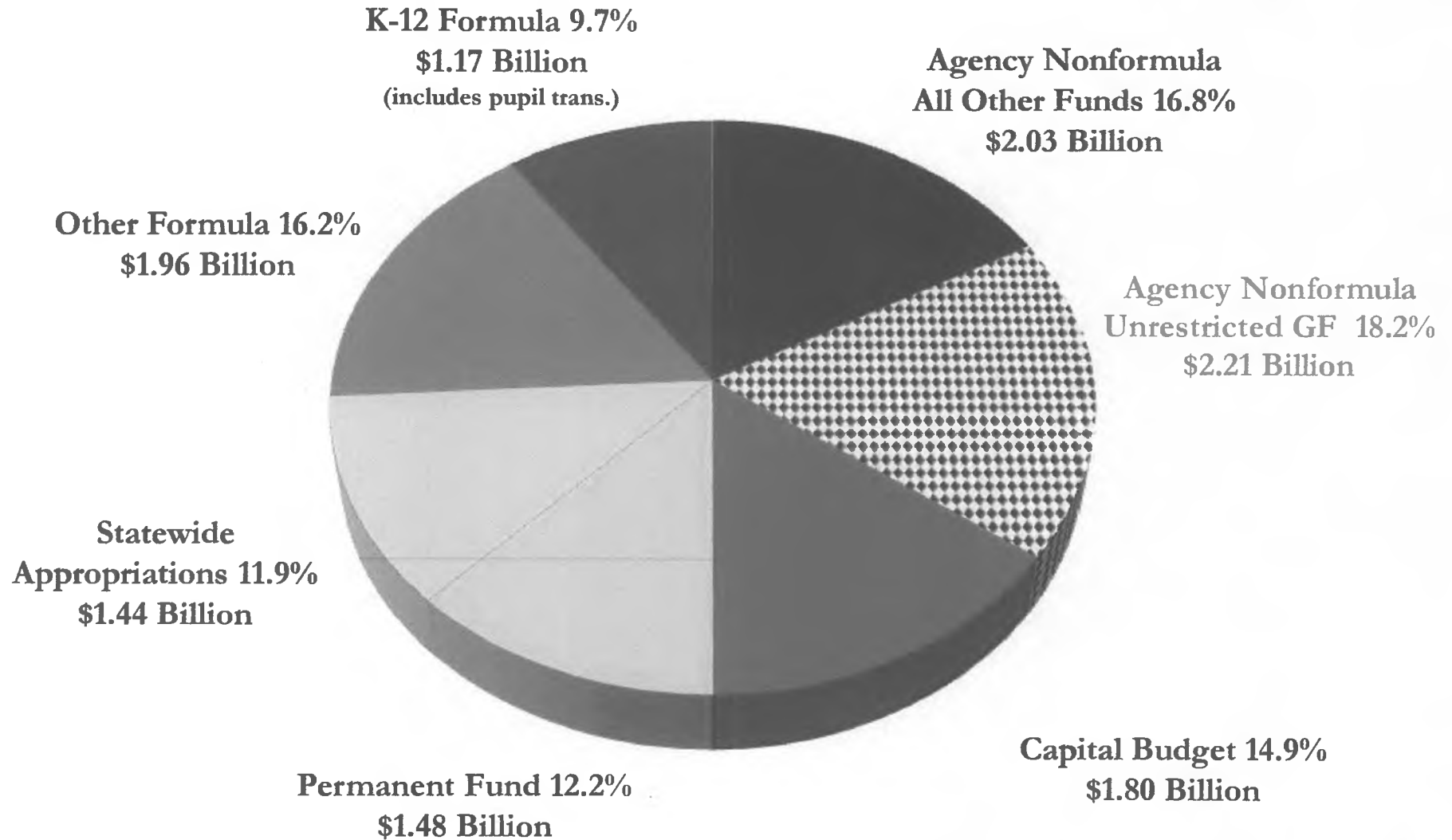
FY2013 Budget Priorities

Strengthen Military Missions and Support Alaska's Military families

- **Military Support**
 - **Army and Air Guard Facilities \$4.0 million**
 - **Veteran's Services and Outreach \$0.7 million**
 - **Veteran's Cemetery \$2.0 million**
 - **Alaska Aerospace Corporation \$8.0 million**



FY2013 Expenditures by Category



Total Funds = \$12,120.6 million

Net Transfers/Savings = \$9.6 million



FY2013 Operating Budget Highlights

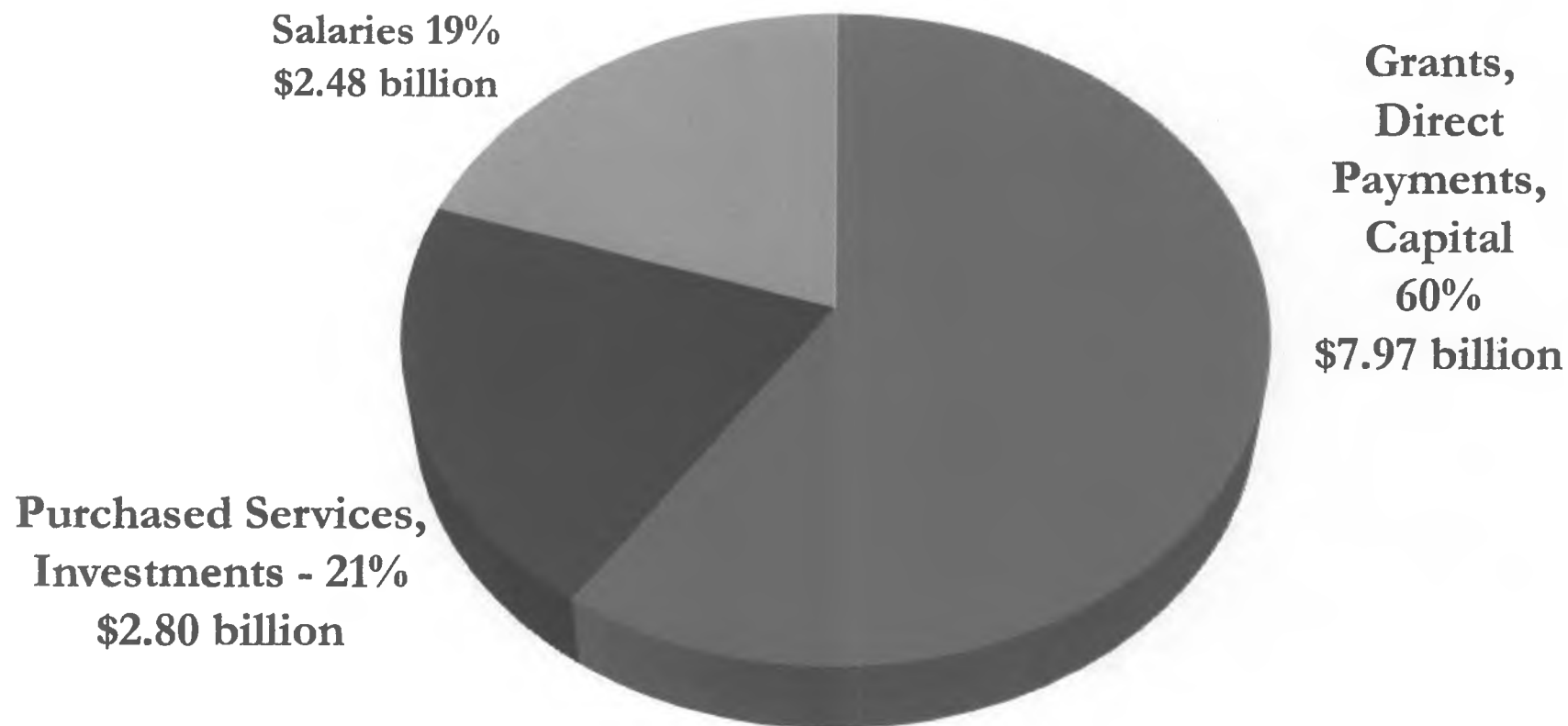
Restrain growth

- Deleted 288 positions
- Fully fund K-12 Education and Pupil Transportation \$1.17 billion
- Medicaid growth \$130.5 million
- Salary & Benefit increases \$66.0 million
- Goose Creek \$29.1 million
- Tourism Marketing \$16.0 million



FY2013 Budget- Another Perspective

60% of Alaska's budget benefits communities, organizations and individuals through grants, direct payments and capital project funding



Includes duplicate funds, savings, investments and the Permanent Fund



For More Information on the Budget

<http://www.omb.alaska.gov>

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State of Alaska
Fiscal 2013 Governor Fiscal Summary
(dollars shown in millions)

	FY2012 Authorized					FY2013 Governor					UGF Change	UGF % Change	Total % Change
	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Total Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Total Funds			
1 REVENUE	8,981.5	787.3	514.1	3,112.9	13,395.8	8,217.7	834.5	505.0	2,868.9	12,426.1			
2 Total Unrestricted General Fund Revenues (A) (\$109.33, \$109.47)	8,927.9				8,927.9	8,217.7				8,217.7			
3 Reappropriations and Carry Forward (B)	53.6	0.6	0.2	54.4	108.8					0.0			
4 Restricted Revenue (C)		786.7	513.9	3,058.5	4,359.1		834.5	505.0	2,868.9	4,208.4			
5 APPROPRIATIONS													
6 Total Operating	5,324.1	738.6	456.2	2,010.6	8,529.5	5,566.9	749.0	475.5	2,033.4	8,824.8	242.8	4.6%	3.5%
7 Agency Operations	4,082.2	707.2	413.0	1,988.6	7,190.9	4,214.5	725.4	432.7	2,006.1	7,378.6	132.3	3.2%	2.6%
8 Agency Operations (Non-formula)	1,942.2	650.0	407.4	997.5	3,997.1	2,028.0	667.4	429.1	933.9	4,058.4	85.8	4.4%	1.5%
9 Legislature and Courts Operations	175.5	0.6	1.0	1.7	178.8	182.5	0.6	0.8	1.7	185.5	6.9	4.0%	3.8%
10 Total K-12 Foundation and Pupil Transportation (D)	1,157.5	12.4		20.8	1,190.6	1,139.7	13.3		20.8	1,173.8	[17.8]	-1.5%	-1.4%
11 Agency Operations (Formula)	806.9	44.2	2.8	966.6	1,820.6	864.3	44.1	2.8	1,049.7	1,961.0	57.4	7.1%	7.7%
12 Revised Programs Legislatively Approved			1.8	2.0	3.8			0.0		0.0			
13 Duplicated Authorizations Non-additive (E)			693.4		693.4			723.5		723.5			
14 Statewide Operations	1,241.9	31.5	43.1	22.1	1,338.6	1,352.4	23.6	42.8	27.3	1,446.2	110.5	8.9%	8.0%
15 Debt Service (F)	243.7	21.6	43.1	13.0	321.4	218.7	21.8	42.6	18.2	301.4	[25.0]	-10.3%	-6.2%
16 Fund Capitalizations (G)	7.5	9.9	0.0	9.1	26.5	5.0	1.8	0.0	9.1	16.0			
17 Direct Appropriations to Retirement	479.5				479.5	610.5				610.5	131.0	27.3%	27.3%
18 Revenue Sharing	60.0				60.0	60.0				60.0			
19 Oil and Gas Tax Credits	400.0				400.0	400.0				400.0			
20 Judgments, Claims and Settlements	1.2				1.2					0.0			
21 Supplementals	50.0				50.0	50.0				50.0			
22 New Legislation					0.0	8.2		0.2		8.4			
23 Duplicated Authorizations Non-additive (E)			15.8		15.8			11.2		11.2			
24 Total Capital	1,557.1	44.5	49.2	1,081.2	2,731.9	882.0	81.0	20.6	820.5	1,804.2	[675.0]	-43.4%	-34.0%
25 Project Appropriations	1,494.7	44.5	49.2	1,078.1	2,666.5	762.0	81.0	20.6	818.8	1,682.5	[732.6]	-49.0%	-36.9%
26 AMHS Vessel Replacement Fund/Alaska Class Ferry					0.0	60.0				60.0	60.0		
27 GO Bond Package \$350Million Non-additive (H)					0.0			350.0		350.0	0.0		
28 Revised Programs Legislatively Approved				0.6	0.6					0.0	0.0		
29 AGIA Reimbursement Fund	60.0			2.4	60.0	60.0			1.7	60.0			
30 Other Fund Capitalizations (G)	2.4				4.8					1.7			
31 Duplicated Authorizations Non-additive (E)			[47.5]		[47.5]			42.7		42.7			
32 Pre-Transfer Authorization	6,881.1	783.1	505.4	3,091.8	11,261.5	6,448.9	830.0	496.1	2,853.9	10,629.0	[432.2]	-6.3%	-5.6%
33 Pre-Transfer Balance to/(from) BBR	2,100.4					1,768.8							
34 Transfers/Savings	160.7	4.2	8.8	21.1	194.7	[18.7]	4.5	8.8	15.0	9.6			
35 Designated Savings													
36 Public Education Fund - Budget Year Draw (I)	(1,137.5)				(1,137.5)	(1,139.7)				(1,139.7)			
37 Public Education Fund - Future Year Funding (D)	1,105.7				1,105.7	1,139.7				1,139.7			
38 Regional Educational Attendance Area School Fund	0.0				0.0	35.5				35.5			
39 Renewable Energy Grant Fund (I)	26.6				26.6	25.0				25.0			
40 In-State Gas Pipeline Fund (J)	200.0				200.0					0.0			
41 Education Grants/Performance Scholarships Fund (J)	400.0				400.0					0.0			
42 Railbelt Energy Fund	[65.7]				[65.7]					0.0			
43 Alternative Energy Conservation RLF	2.5				2.5					0.0			
44 AMHS Vessel Replacement Fund					0.0	[60.0]				[60.0]			
45 Undesignated Savings													
46 Statutory Budget Reserve	50.0				50.0					0.0			
47 Cruise Ship Gambling Tax (K)	[31.0]				[31.0]								
48 AHFC Subsidiary - AHCC Receipts (J)	200.0				200.0					0.0			
49 AHFC Subsidiary - (to In-State Gas Pipeline Fund) (J)	[200.0]				[200.0]					0.0			
50 AHFC Subsidiary - (to Scholarship Fund) (J)	[400.0]				[400.0]					[29.0]			
51 Other Transfers (L)	10.0	4.2	8.8	21.1	44.0	9.8	4.5	8.8	15.0	38.1			
52 Total Authorization to Spend with Savings	7,041.8	787.3	514.1	3,112.9	11,456.1	6,430.2	834.5	505.0	2,868.9	10,638.6	[611.6]	-8.7%	-7.1%
53 Post-Transfer Balance to/(from) BBR	1,939.7					1,787.5							
54 Permanent Fund Appropriations	0.0	1,521.0	0.0	0.0	1,521.0	0.0	1,482.0	0.0	0.0	1,482.0			
55 PF Dividends / PFD Division Operations (M)		652.0			652.0		572.0			572.0			
56 PF Inflation Proofing		847.0			847.0		888.0			888.0			
57 AK Capital Income Fund (Am Heas) (N)		22.0			22.0		22.0			22.0			
58 Total Authorization to Spend with Permanent Fund	7,041.8	2,308.3	514.1	3,112.9	12,977.1	6,430.2	2,316.5	505.0	2,868.9	12,120.6	[611.6]	-8.7%	-6.6%

	FY2012 Authorized					FY2013 Governor					UGF Change	UGF % Change	Total % Change
	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Total Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Total Funds			
59 Fiscal Year Summary (Includes Permanent Fund)	7,041.8	2,308.3	514.1	3,112.9	12,977.1	6,430.2	2,316.5	505.0	2,868.9	12,120.6	(611.6)	-8.7%	-6.6%
60 Agency Operations	4,082.2	707.2	413.0	1,988.6	7,190.9	4,214.5	725.4	432.7	2,006.1	7,378.6	132.3	3.2%	2.6%
61 Statewide Totals	1,241.9	31.5	43.1	22.1	1,338.6	1,352.4	23.6	42.8	27.3	1,446.2	110.5	8.9%	8.0%
62 Total Operating	5,324.1	738.6	456.2	2,010.6	8,529.5	5,566.9	749.0	475.5	2,033.4	8,824.8	242.8	4.6%	3.5%
63 Capital	1,557.1	44.5	49.2	1,081.2	2,731.9	882.0	81.0	20.6	820.5	1,804.2	(675.0)	-43.4%	-34.0%
64 Total Authorization Pre-Transfers/Savings	6,881.1	783.1	505.4	3,091.8	11,261.5	6,448.9	830.0	496.1	2,853.9	10,629.0			
65 Transfers/Savings	160.7	4.2	8.8	21.1	194.7	(18.7)	4.5	8.8	15.0	9.6			
66 Total Authorization to Spend with Savings	7,041.8	787.3	514.1	3,112.9	11,456.1	6,430.2	834.5	505.0	2,868.9	10,638.6	(611.6)	-8.7%	-7.1%
67 Permanent Fund Appropriations	0.0	1,521.0	0.0	0.0	1,521.0	0.0	1,482.0	0.0	0.0	1,482.0			

Notes

A Total Unrestricted General Fund Revenue: Line 2 is based on information from the Department of Revenue Fall 2011 Revenue Forecast.

Unrestricted General Fund Revenue	FY2012	FY2013
Oil Price (ANS West Coast Spot per barrel)	\$109.33	\$109.47
Average ANS oil production (bbl, per day)	0.574	0.555
Unrestricted General Fund Revenue	\$8,927.9	\$8,217.7

Corporate Dividends	FY2012	FY2013
Alaska Industrial Development and Export Authority (AIDEA)	\$29.4	\$20.4
Alaska Housing Finance Corporation for Projects	\$17.0	\$16.5
Total as Unrestricted General Funds	\$46.4	\$36.9
Total AHFC Dividend for Capital Projects and Debt Service	\$23.1	\$27.3

B Reappropriations and Carry Forward: Includes fund sources for reappropriations and other appropriations (typically roll-forwards of prior year authorizations - including American Recovery and Reinvestment Act of 2009 (ARRA) Federal Receipts) that do not require additional FY2012 or FY2013 revenue.

C Restricted Revenue: Other revenue not included as Unrestricted General Fund Revenues in the Revenue Sources Book, such as Federal Receipts and University Receipts.

D Public Education Fund: Legislation in 2005 established the Public Education Fund (PEF). One of the effects of this legislation was to remove expenditures for K-12 Public Education from Agency Operations (Formula) on line 11. The FY2012 and FY2013 proposed total K-12 Foundation Program and Pupil Transportation expenditures are shown on line 10. The table below shows the amount of K-12 Foundation Formula and Pupil Transportation being expensed from the Public Education Fund, since expenditures from the fund do not require appropriation.

Public Education Fund Expenditures	FY2012	FY2013	FY2014
K-12 Foundation Formula	\$1,074,840.1	\$1,077,513.3	\$1,077,513.3
Pupil Transportation	\$62,665.8	\$62,302.7	\$62,202.7
Total	1,137,505.9	1,139,716.0	1,139,716.0

E Duplicated Authorizations: These appropriations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. The most significant examples of these type of expenditures include operating payments from Interagency Receipts, Capital Improvement Project Receipts and General Obligation Bonds.

F Debt Service: The Debt Service line includes actual payment of debt obligations, primarily General Obligation Bonds, State debt reimbursement programs such as School Debt reimbursement, Certificates of Participation (lease-financing), and International Airports Revenue Bonds.

G Fund Capitalizations: Operating Fund Capitalizations includes fund transfers to the Alaska Children's Trust Grant Account, Disaster Relief Fund and the Crime Victim Compensation Fund on line 16. Line 30 consists of the Emerging Technology Fund transfers.

H GO Bond Package: The Governor proposes a General Obligation (GO) Bond package for port projects, subject to voter approval in November, 2012.

I Renewable Energy Grant Fund: The Renewable Energy Grant Fund is capitalized with \$26.6 million Unrestricted General Funds in FY2012, and \$25 million Unrestricted General Funds in FY2013. \$36.6 million in FY2012, and \$25 million in FY2013, in grants are appropriated from the Renewable Energy Grant Fund in line 25 in the Designated General Funds column.

J AHFC Subsidiary Account -- Education Grants and In-State Gasline Fund Transfers: In the FY2012 column - The Legislature appropriated \$400.0 million from the General Fund to the Alaska Housing Capital Corporation account (aka AHFC Subsidiary Account) in FY2011 (SLA 2011, Chapter 5 (SB46), Section 20(d)), and \$200.0 million from the General Fund to the Alaska Housing Capital Corporation account in FY2012 (Id., Section 20(c))(line 48). Those fund transfers were then appropriated from the Alaska Housing Capital Corporation account; \$200.0 million to an In-State Gasline Fund (Id., Section 20(e)), and \$400.0 million to an Education Grants/Performance Scholarships Fund (Id., Section 20(f)). Each of those appropriations is contingent on the passage of legislation establishing the respective funds by the Twenty-Seventh Alaska State Legislature. Those contingent appropriations are included in this summary on lines 40, 41, 49 and 50. In the FY2013 column (line 50), the Governor proposes using \$21.0 million in AHCC Receipts for capital projects and \$8.0 million for Alaska Performance Scholarships.

K Cruise Ship Gambling Tax: The unspent balance of Cruise Ship Gambling Tax, prior to FY2012, appropriated for capital projects in line 25.

L Other Transfers: Includes capitalization of various State funds, such as the Fish and Game Fund, Oil and Hazardous Substance Release Prevention and Response Accounts, and others.

M PF Dividends / PFD Division Operations: Line 55 includes both the amounts for Permanent Fund Dividend (PFD) checks and other State operating costs of the PFD.

Permanent Fund Dividend Fund Other Expenditures	FY2012	FY2013
Department of Revenue, Division of Permanent Fund Dividend operations	\$8.1	\$8.2
Department of Health and Social Services, Public Assistance PFD Hold Harmless	\$16.3	\$16.8
Total	\$24.4	\$25.0

The financial information for the Permanent Fund section (lines 54-58) is from the Alaska Permanent Fund Corporation Fund Financial History & Projections as of October 31, 2011. These financial statements are available on the Alaska Permanent Fund website: www.APFC.org.

N Alaska Capital Income Fund: The Alaska Capital Income Fund is authorized by AS 37.05.565. The fund consists of income earned on money awarded as a result of the State vs. Amerada Hess royalty case, estimated to be \$28-29 million per year, plus other appropriations. Those projections have been reduced in the FY2012 and FY2013 columns per the Alaska Permanent Fund Corporation Fund Financial History & Projections as of October 31, 2011.

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